



CGI GROUP INC.

**EMPLOYEE SHARE PURCHASE PLAN PROSPECTUS FOR CERTAIN
EMPLOYEES OF CGI GROUP INC. AND ITS SUBSIDIARIES IN THE EUROPEAN
ECONOMIC AREA**

8 March 2018

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriate independent financial adviser authorised under Financial Services and Markets Act 2000 (FSMA) if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in your own jurisdiction.

This document comprises a prospectus relating to CGI Group Inc. (**CGI** or the **Company**) and has been prepared in accordance with the prospectus rules of the Financial Conduct Authority (**FCA**) made under section 73A of FSMA (the **Prospectus Rules**) and the European Securities and Markets Authority's short form disclosure regime for offers to employees. This prospectus has been approved by the FCA in accordance with section 87A of FSMA and has been filed with the FCA and will be made available to the public in accordance with section 3.2 of the Prospectus Rules.

This prospectus has been issued by CGI in relation to the acquisition from time to time of Class A subordinate voting shares in CGI (**Class A Shares**) by eligible employees of CGI and its subsidiaries (the **Group**) within the United Kingdom and (pursuant to Article 17 of Prospectus Directive 2003/71/EC as amended (the **Prospectus Directive**)) within the European Economic Area (**EEA**), pursuant to the Group's 'Employee Share Purchase Plan for Certain Employees of CGI Group Inc. and its Subsidiaries' (the **Share Purchase Plan**) and not for any other purpose.

This prospectus will be passported, pursuant to Article 17 of the Prospectus Directive, into Belgium, the Czech Republic, Denmark, Estonia, Finland, Germany, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Republic of Lithuania, Romania, the Slovak Republic, Spain and Sweden. A list of names of the regulators in each of these jurisdictions is set out in Part 3 of this prospectus.

CGI GROUP INC.

(incorporated in Canada under the Companies Act (Québec), predecessor to the Business Corporations Act (Québec), with registered number 1142478016)

The offer(s), the subject of this prospectus, are not made to the general public or to any person other than eligible employees of the Group located in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, Germany, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Republic of Lithuania, Romania, the Slovak Republic, Spain and Sweden. Only such eligible employees of the Group may acquire Class A Shares pursuant to this prospectus in accordance with the plan documents of the Share Purchase Plan.

No new Class A Shares (or any other securities of CGI) will be issued in connection with this prospectus. The Class A Shares which are available to be purchased under the Share Purchase Plan are either listed on the New York Stock Exchange or the Toronto Stock Exchange. No Class A Shares (or any other securities of CGI) are listed or admitted to trading on a regulated market within the EEA. As at the date of this prospectus, there is no intention to make an application for the Class A Shares, the subject of this prospectus, to be listed or admitted to trading on any such EEA regulated market.

CGI and its directors (each a **Director** and together, the **Directors**) accept responsibility for the information contained in this prospectus. To the best of the knowledge of CGI and its Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this prospectus is in accordance with the facts and contains no omission likely to affect its import.

YOU SHOULD READ THIS PROSPECTUS IN ITS ENTIRETY. IN PARTICULAR, YOUR ATTENTION IS DRAWN TO THE RISKS DESCRIBED IN THE "RISK FACTORS" SECTION OF THIS PROSPECTUS, COMMENCING ON PAGE 19, WHICH SHOULD BE CONSIDERED WHEN DECIDING WHETHER TO PARTICIPATE IN THE SHARE PURCHASE PLAN.

This prospectus does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for Class A Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this prospectus is not for distribution in or into Canada, the United States of America, Australia, South Africa or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. The distribution of this prospectus in other jurisdictions may be restricted by law and therefore persons into whose possession this prospectus comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This prospectus has not been approved by any securities regulatory authority in Canada or the United States of America nor has any securities regulatory authority in Canada or the United States of America expressed an opinion about these securities, and it is an offence to claim otherwise.

Employees should rely only on the information in this prospectus and any documents incorporated by reference. No person has been authorised to give any information or make any representations other than those contained in this prospectus and, if given or made, such information or representations must not be relied on as having been authorised by the Group. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of FSMA or section 3.4 of the Prospectus Rules, the publication of this prospectus does not, under any circumstances, create any implication that there has been no change in the affairs of the Group since, or that the information contained herein is correct at any time subsequent to, the date of this prospectus. Unless otherwise expressly stated in this prospectus, neither the information on CGI's website (or any other website) nor the content of any website accessible from hyperlinks on CGI's website (or any other website) is incorporated into, or forms a part of, this prospectus.

The contents of this prospectus should not be construed as legal, business or tax advice. This prospectus should not be considered as a recommendation by CGI that any recipient of this prospectus should subscribe for or purchase any Class A Shares. Each recipient of this prospectus will be taken to have made his own investigation and appraisal of the condition (financial or otherwise) of CGI and the Class A Shares.

This prospectus is dated 8 March 2018

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SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the Elements required to be included in a summary for the type of securities and issuer to which this prospectus relates. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer to which this prospectus relates, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and Warnings		
A.1	<i>Introduction and warnings:</i>	This summary should be read as an introduction to this prospectus. Any decision to invest in the Company's Class A Shares should be based on consideration of this prospectus as a whole by an investor. Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the EEA member state, have to bear the costs of translating this prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or it does not provide, when read together with the other parts of this prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	<i>Subsequent resale of securities or final placement of securities through financial intermediaries:</i>	Not applicable; the issuer does not consent to the use of this prospectus for subsequent resale or final placement of securities by financial intermediaries.
Section B – Issuer		
B.1	<i>The legal and commercial name of the issuer:</i>	CGI Group Inc.
B.2	<i>Domicile and legal form, legislation and country of incorporation:</i>	CGI is domiciled in Canada and is incorporated in Canada as a corporation under the Companies Act (Québec), the predecessor to the Business Corporations Act (Québec) which now governs the Company.
B.3	<i>Current operations, principal activities and markets:</i>	Not applicable.
B.4a	<i>Significant recent trends:</i>	During the first quarter of the 2018 financial year (i.e. 1 st October 2017 to 31 st December 2017) (Q1 2018), the Group conducted an internal reorganisation of its leadership. As a result, the Group is now managed through nine operating segments, namely: Northern Europe (including Nordics, Baltics and Poland); Canada; France (including Luxembourg and Morocco), United States of America (U.S.) Commercial and State Government; U.S. Federal; United Kingdom (UK); Eastern, Central and

		Southern Europe (primarily Netherlands and Germany) (<i>ECS</i>); Asia Pacific Global Delivery Centres of Excellence (India and Philippines); and Australia. The last two operating segments, which each have reported revenue, earnings and assets that are less than 10% of the Company's total revenue, earnings and assets, have been grouped together as Asia Pacific. Prior years segmented results set forth in this prospectus have been revised. The Group ended Q1 2018 with revenue of C\$2,816.9 million, an increase of C\$141.2 million or 5.3 per cent. over the first quarter of the 2017 fiscal year (i.e. 1st October 2016 to 31st December 2016) (Q1 2017). On a constant currency basis, revenue increased by C\$131.0 million or 4.9 per cent., while currency rate fluctuations favourably impacted the Group's revenue by C\$10.2 million or 0.4 per cent. The increase in revenue was primarily due to recent business acquisitions and the improving market demand for our services and solutions translating to higher work volumes across most segments. This was partly offset by the favourable renegotiation of a loss making contract in the UK in the prior year period. Revenue from the Group's Northern Europe segment in Q1 2018 was C\$472.4 million, an increase of C\$51.8 million or 12.3 per cent. when compared to Q1 2017. On a constant currency basis, revenue increased by C\$35.5 million or 8.4 per cent. When compared to Q1 2017, this increase in revenue was mainly driven by revenue associated with the acquisition of Affecto Plc as well as the increased work volume in Finland and Estonia primarily within the financial services vertical market. This was partly offset by the planned non-renewal of certain infrastructure outsourcing contracts and the successful completion of projects in Sweden and Denmark. Revenue from the Group's France segment in Q1 2018 was C\$418.8 million, an increase of C\$42.2 million or 11.2 per cent when compared to Q1 2017. On a constant currency basis, revenue increased by C\$26.6 million or 7.1 per cent. The increase in revenue was mainly due to higher work volume across all of the segment's vertical markets as well as new business within the MRD and communications and utilities vertical markets. Revenue from the Group's Canada segment in Q1 2018 was C\$411.7 million, an increase of C\$18.2 million or 4.6 per cent. when compared to Q1 2017. The increase in revenue is mainly the result of an increase in new and existing business primarily within the financial services and MRD vertical markets. This was partly offset by the increased use of our offshore global delivery centres in Asia Pacific. Revenue from the Group's U.S Commercial and State Government segment was C\$398.6 million in Q1 2018, an increase of C\$36.0 million or 9.9 per cent. when compared to Q1 2017. On a constant currency basis, revenue from the U.S. Commercial and State Government segment increased by C\$55.2 million or 15.2 per cent. The increase was mainly driven by revenue associated with recent business acquisitions, an increase in IP services and solutions revenue and higher work volumes primarily within the financial services vertical market. Revenue from the Group's U.S. Federal segment was C\$359.1 million in Q1 2018, an increase of C\$12.4 million or 3.6 per cent. when compared to Q1 2017. On a constant currency basis, revenue from the U.S. Federal segment increased by C\$30.1 million or 8.7 per cent. The increase was driven by an overall growth across the segment as well as the positive impact of a work in progress adjustment from a prior year's contract. Revenue from the Group's three other segments (being the UK, ECS and Asia Pacific) represented C\$756.3 million or 26.9 per cent. of the Group's

		total revenue in Q1 2018, compared with revenue of C\$775.8 million from these three segments, representing 29.0 per cent. of the Group's total revenue in Q1 2017. On a constant currency basis, Q1 2018 revenue for the same segments decreased by C\$34.8 million when compared to Q1 2017. This decrease in revenue was mainly due to a favourable renegotiation of a loss making contract in prior year period in the UK as well as lower work volume within the government vertical market in Q1 2018 in the UK.																				
B.5	Description of the issuer's group and the issuer's position within the group:	Not applicable.																				
B.6	In so far as is known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law and the amount of such interest:	Not applicable.																				
	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled, by whom and describe the nature of such control:	Not applicable.																				
	Whether the issuer's major shareholders have different voting rights, if any:	Not applicable.																				
B.7	Selected historical key financial information and narrative description of significant change to the issuer's financial condition and operating results during or subsequent to the period covered by the historical key financial information:	The tables below set out key financial information for the Group for the periods indicated. The data below has been extracted, without material adjustment, from CGI's annual audited consolidated financial statements for the years ended 2015, 2016 and 2017 and from CGI's interim unaudited condensed consolidated financial statements for the three months ended 31 December 2017. CGI's annual audited consolidated financial statements for the years ended 2015, 2016 and 2017 and CGI's interim unaudited condensed consolidated financial statements for the three months ended 31 December 2017 were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).																				
		Consolidated Statement of Earnings: (in thousands of Canadian dollars, except share data)																				
		<table><tr><td></td><td>For the three months ended 31 December 2017</td><td>For the year ended 30 September 2017</td><td>For the year ended 30 September 2016</td><td>For the year ended 30 September 2015</td></tr><tr><td></td><td>\$</td><td>\$</td><td>\$</td><td>\$</td></tr><tr><td>Revenue</td><td>2,816,895</td><td>10,845,066</td><td>10,683,264</td><td>10,287,096</td></tr><tr><td>Operating expenses</td><td></td><td></td><td></td><td></td></tr></table>		For the three months ended 31 December 2017	For the year ended 30 September 2017	For the year ended 30 September 2016	For the year ended 30 September 2015		\$	\$	\$	\$	Revenue	2,816,895	10,845,066	10,683,264	10,287,096	Operating expenses				
	For the three months ended 31 December 2017	For the year ended 30 September 2017	For the year ended 30 September 2016	For the year ended 30 September 2015																		
	\$	\$	\$	\$																		
Revenue	2,816,895	10,845,066	10,683,264	10,287,096																		
Operating expenses																						

		Costs of services, selling and administrative	2,410,632	9,257,659	9,120,929	8,819,055
		Acquisition-related and integration costs	15,746	10,306	-	-
		Restructuring costs	32,773	88,628	29,100	35,903
		Net finance costs	17,134	69,792	78,426	92,857
		Foreign exchange loss (gain)	(69)	784	2,024	10,733
			2,476,216	9,427,169	9,230,479	8,958,548
		Earnings before income taxes	340,679	1,417,897	1,452,785	1,328,548
		Income tax expense	55,414	382,702	384,069	350,992
		Net earnings	285,265	1,035,195	1,068,716	977,556
		Earnings per share				
		Basic earnings per share	0.99	3.48	3.51	3.14
		Diluted earnings per share	0.98	3.41	3.42	3.04
		Consolidated Balance Sheet: (in thousands of Canadian dollars)				
			As at 31 December 2017	As at 30 September 2017	As at 30 September 2016	As at 30 September 2015
			\$	\$	\$	\$
		Assets				
		Current assets				
		Cash and cash equivalents	238,942	165,872	596,529	305,262
		Current derivative financial instruments	13,873	8,152	22,226	26,567
		Accounts receivable	1,435,822	1,285,880	1,101,606	1,097,863
		Work in progress	946,106	922,620	935,496	873,099
		Prepaid expenses and other current assets	156,901	160,402	170,393	160,638
		Income taxes	5,834	6,541	7,876	5,702
		Total current assets before funds held for clients	2,797,478	2,549,467	2,834,126	2,469,131
		Funds held for clients	395,499	313,552	369,530	496,397
		Total current assets	3,192,977	2,863,019	3,203,656	2,965,528
		Property, plant and equipment	391,507	396,613	439,293	473,109
		Contract costs	232,110	243,056	211,018	189,235
		Intangible assets	516,359	490,426	509,781	568,811
		Other long-term assets	87,201	85,159	86,970	69,353
		Long-term financial assets	101,132	111,307	129,383	122,820

		Deferred tax assets	134,556	146,602	179,898	261,431
		Goodwill	7,301,662	7,060,030	6,933,333	7,136,983
			11,957,504	11,396,212	11,693,332	11,787,270
		Liabilities				
		Current liabilities				
		Accounts payable and accrued liabilities	1,105,795	1,004,307	1,107,863	1,113,636
		Current derivative financial instruments	31,336	12,069	4,517	28,106
		Accrued compensation	616,007	578,886	523,553	571,883
		Deferred revenue	446,271	409,332	390,367	416,329
		Income taxes	218,835	174,102	159,410	159,562
		Provisions	96,341	86,154	34,924	94,398
		Current portion of long-term debt	304,067	122,467	192,036	230,906
		Total liabilities current before clients' obligations	2,818,652	2,387,317	2,412,670	2,614,820
		Clients' funds obligations	396,369	314,233	365,994	492,965
		Total current liabilities	3,215,021	2,701,550	2,778,664	3,107,785
		Long-term provisions	38,330	40,892	40,454	62,637
		Long-term debt	1,518,825	1,739,536	1,718,939	1,896,181
		Other long-term liabilities	202,722	213,436	244,307	277,223
		Long-term derivative financial instruments	69,481	82,365	46,473	225
		Long-term income taxes	10,271	-	-	-
		Deferred tax liabilities	160,963	213,515	183,579	170,987
		Retirement benefits obligations	188,811	202,292	216,308	190,063
			5,404,424	5,193,586	5,228,724	5,705,101
		Equity				
		Retained earnings	4,079,704	3,794,439	3,778,848	3,057,578
		Accumulated other comprehensive income	215,312	159,391	304,128	598,226
		Capital stock	2,067,545	2,054,725	2,194,731	2,254,245
		Contributed surplus	190,519	194,071	186,901	172,120
			6,553,080	6,202,626	6,464,608	6,082,169
			11,957,504	11,396,212	11,693,332	11,787,270
		Certain significant changes to the Group's financial condition and operating results occurred during the 2015, 2016 and 2017 fiscal years and in Q1 2018 (1 October 2017 to 31 December 2017). These changes are set out below:				

		• In fiscal 2015, the Company repaid in advance, without penalty, a portion of the May 2016 maturing tranche of its unsecured term loan credit facility extended pursuant to a credit agreement dated 31 May 2012, in the amount of C\$879.7 million. In fiscal 2016, the Company repaid the remainder of the May 2016 maturing tranche in the amount of C\$129.7 million. • In the 2012 fiscal year, the Company entered into a C\$491.0 million debt private placement comprised of three tranches of Senior U.S. unsecured notes for US\$475 million with a weighted maturity of 7.4 years and a weighted average fixed coupon of 4.57 per cent. In Q1 2017, the Company repaid the first maturing tranche in the amount of C\$113.6 million (US\$85.0 million). • For each of the 2015, 2016 and 2017 fiscal years, the Company purchased Class A Shares for cancellation pursuant to the Company's normal course issuer bid (NCIB) in force at the time each such repurchases were made: • 6,925,735 Class A Shares were repurchased for approximately C\$332.5 million at an average price of C\$48.01 in 2015; • 9,319,875 Class A Shares were repurchased for approximately C\$517.8 million at an average price of C\$55.56 in 2016. The repurchased shares included 7,112,375 Class A Shares purchased for cancellation from Caisse de dépôt et placement du Québec (CDPQ) for cash consideration of C\$400.0 million; • 19,929,268 Class A Shares were repurchased for approximately C\$1,246.7 million at an average price of C\$62.55 in 2017. The repurchased shares included 4,854,368 Class A Shares purchased for cancellation from CDPQ for cash consideration of C\$300.0 million; and • while there were no repurchases made in Q1 2018, 3,230,450 Class A Shares were repurchased for approximately C\$231.4 million pursuant to a private agreement with Serge Godin (the Company's Founder and Executive Chairman of the Board) and Distinction Capital Inc. (a related party of Mr. Godin) in February 2018. • The Group's revenue: (a) increased by approximately C\$0.4 billion or 3.9 per cent. from the 2015 fiscal year to the 2016 fiscal year (revenue was approximately C\$10.3 billion in the 2015 fiscal year and C\$10.7 billion in the 2016 fiscal year); (b) increased by C\$0.2 billion or 1.5 per cent. from the 2016 fiscal year to the 2017 fiscal year (revenue was approximately C\$10.7 billion in the 2016 fiscal year and C\$10.8 billion in the 2017 fiscal year); and (c) increased by C\$141.2M or 5.3 per cent. from Q1 2017 to Q1 2018 (revenue was approximately C\$2,675.7 million in Q1 2017 and C\$2,816.9 million in Q1 2018). • The Group's adjusted earnings before interest and income taxes (EBIT): (a) increased from approximately C\$1.5 billion (representing 14.2 per cent. of the Group's revenue) in the 2015 fiscal year to approximately C\$1.6 billion (representing 14.6 per cent. of the Group's revenue) in the 2016 fiscal year; (b) remained stable at approximately C\$1.6 billion (representing 14.6 per cent. of the Group's revenue) in the 2016 and 2017 fiscal years; and (c) increased from approximately C\$396.7 million (representing 14.8 per cent. of the Group's revenue) in Q1 2017 to approximately C\$406.3 million (representing 14.4 per cent. of the Group's revenue)

		in Q1 2018. The Group's operating expenses: (a) increased by approximately C\$0.3 billion or 3.4 per cent. from the 2015 fiscal year to the 2016 fiscal year (operating expenses were approximately C\$8.8 billion in the 2015 fiscal year and C\$9.1 billion in the 2016 fiscal year); (b) increased by approximately C\$0.1 billion or 1.5 per cent. from the 2016 fiscal year to the 2017 fiscal year (operating expenses were approximately C\$9.1 billion in the 2016 fiscal year and C\$9.3 billion in the 2017 fiscal year); and (c) increased by approximately C\$133.9 million or 5.9 per cent. from Q1 2017 to Q1 2018 (operating expenses were approximately C\$2,276.7 million in Q1 2017 and C\$2,410.6 million in Q1 2018). There has been no significant change in the Group's financial condition and operating results subsequent to 31 December 2017, being the end of the three-month Q1 2018 period from 1 October 2017 to 31 December 2017 to which CGI's interim financial information on Form 6-K for the fiscal quarter ended 31 December 2017 (the Form 6-K) relates. The Form 6-K was filed with the United States Securities and Exchange Commission (the SEC) on 31 January 2018.
B.8	Selected key pro forma financial information:	Not applicable: no pro forma financial information is included in this prospectus.
B.9	Profit forecast or estimate:	Not applicable: there are no profit forecasts or estimates in this prospectus.
B.10	Audit report qualifications:	Not applicable: there are no qualifications in the audit reports on the Group's historical financial information.
B.11	Insufficient working capital:	Not applicable: taking into account the Group's borrowing facilities, the working capital available to the Group is sufficient for its present requirements, that is, for at least 12 months following the date of this prospectus.
Section C – Securities		
C.1	Type and class of securities admitted to trading and any identification number:	Class A Shares. The Class A Shares are traded on the New York Stock Exchange (NYSE) under the symbol GIB and on the Toronto Stock Exchange (TSX) under the symbol GIB.A. The Class A Shares have ISIN number CA39945C1095.
C.2	Currency of the securities issue:	The Class A Shares have no par value. The currency of the Class A Shares listed on: (i) the NYSE is US dollars; and (ii) the TSX is Canadian dollars.
C.3	Number of shares in issue and par value:	CGI's authorised share capital consists of: - an unlimited number of First Preferred Shares, issuable in series; - an unlimited number of Second Preferred Shares, issuable in series; - an unlimited number of Class A Shares; and - an unlimited number of Class B Shares, all without par value. As at 6 March 2018 (being the latest practicable date prior to publication of this prospectus), the issued and outstanding share capital of the Company was 255,650,194 Class A Shares and 29,821,365 Class B Shares. There are no First Preferred Shares or Second Preferred Shares in issue.

C.4	<i>Rights of securities:</i>	Each holder of Class A Shares has the following rights: • to attend and vote at meetings of shareholders of the Company. Each Class A Share entitles the holder to one vote per share, while each Class B Share entitles the holder to ten votes per share; • to participate equally, share for share, in any dividend which may be declared, paid or set aside for payment; and • upon liquidation or dissolution of the Company or any other distribution of its assets among its shareholders for the purposes of winding up its affairs, to receive equal, share for share amounts of the assets of the Company available for payment or distribution to the holders of Class A Shares. If a takeover bid, exchange bid or issuer bid (other than an exempt bid) for the Class B Shares is made to the holders of Class B Shares without being made simultaneously and on the same terms and conditions to the holders of Class A Shares, each Class A Share shall become convertible into one Class B Share, from the date the offer is made, at the holder's option, in order to entitle the holder to accept the offer. This right will be deemed not to come into effect if the offer is not completed by its offeror or if the offer is rejected by one or several of the senior executives and full-time employees of the Group and any corporate entity under their control who are, as a group, owners, directly or indirectly, in any manner whatsoever, of more than 50 per cent. of the outstanding Class B Shares. The rights, privileges, conditions and restrictions attaching to Class A Shares may be amended if such amendment is authorised by at least two thirds of the votes cast at a meeting of the holders of Class A Shares and Class B Shares duly convened for that purpose. However, if the holders of Class A Shares as a class were to be affected in a manner different from that of the other classes of CGI shares, such amendment shall, in addition, be authorised by at least two thirds of the votes cast at a meeting of only the holders of Class A Shares. The Articles of Association provide for pre-emptive rights in favour of holders of Class B Shares. Therefore, the Company may not issue Class A Shares or securities convertible into Class A Shares without offering, in the manner determined by the Board, to each holder of Class B Shares, pro rata to the number of Class B Shares it holds, the right to subscribe concurrently with the issue of Class A Shares or of securities convertible into Class A Shares, as the case may be, an aggregate number of Class B Shares or securities convertible into Class B Shares, as the case may be, sufficient to fully maintain its proportion of voting rights associated with the Class B Shares. The consideration to be paid for the issuance of each Class B Share or security convertible into Class B Shares, as the case may be, shall be equal to the issue price of each Class A Share or security convertible into Class A Shares then issued.
C.5	<i>Restrictions on free transferability of the securities:</i>	Not applicable: there are no restrictions on the free transferability of the Class A Shares.
C.6	<i>Admission to trading on a regulated market:</i>	The Class A Shares are admitted to trading on the NYSE and on the TSX.
C.7	<i>Dividend policy:</i>	Considering the Company's needs for reinvestment into its operations and for large investment projects, the Company does not pay dividends. However, the board of Directors (the Board) re-evaluates its dividend policy annually. In the 2017 fiscal year, the Company's needs for: (i) reinvestment into operations; (ii) investment projects; (iii) repayment of

		the Company's debt; and (iv) the purchase for cancellation by the Company of outstanding Class A Shares, influenced the Board's decision that the Company would not pay a dividend.
Section D – Risks		
D.1	Key information on the key risks that are specific to the issuer or its industry:	Risks Related to the Group's Industry • The Group is dependent on the availability and retention of qualified IT professionals. If the Group is unable to attract and retain sufficient numbers of qualified professionals with the appropriate training, expertise and suitable government security clearances required to serve the needs of the Group's clients, the Group may have to rely on subcontractors, staff transfers, recruitment and/or training new individuals to fill resulting gaps. This might result in lost revenue or increased costs, thereby putting pressure on the Group's earnings, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects. • The Group may infringe on the intellectual property rights of others which may result in claims being made against the Group. Intellectual property claims or litigation brought against the Group could be time-consuming and costly, harm the Group's reputation, require the Group to enter into additional royalty or licensing arrangements, or prevent it from providing some solutions or services. Should any of these factors occur, they may have a material adverse effect on the Group's business, revenues, results of operations, financial condition or prospects. Risks Related to the Group's Business • If the Group fails to perform services in accordance with its contracts and its clients' reasonable expectations, or it fails to invoice clients correctly in a timely manner, the Group's collections could suffer. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided by the Group, and ultimately cause them to default on existing contracts with the Group. Any of these factors could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects. • The Group derives revenues from contracts where the Group enters into teaming agreements with other providers. In some teaming agreements the Group is the prime contractor whereas in others, the Group acts as a subcontractor. In both cases, the Group relies on its relationships with other providers to generate business and the Group expects to do so in the foreseeable future. If the Group fails to adequately maintain its relationships with these providers or the Group's relationship with these providers is otherwise impaired, the Group's business, revenues, results of operations, financial condition or prospects could be materially adversely affected. • The Group relies on third party subcontractors to fulfil its commitments under certain contracts. If those subcontractors fail to perform their obligations on time and on budget, the Group's ability to complete those contracts may be adversely affected, which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition, prospects or profitability.

- The Group derives a substantial portion of its revenue from the services it provides to various U.S. federal government departments and agencies. There can be no assurance that each such U.S. federal government department and agency will continue to utilise the Group's services to the same extent, or at all, in the future. If a major U.S. federal government department or agency were to limit, reduce, or eliminate the business it awards to the Group, the Group might be unable to recover the lost revenue with work from other U.S. federal government departments or agencies or other clients, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects.
- Government spending reductions, budget cutbacks or policy changes could cause government agencies and departments with which the Group contracts to reduce their purchases under existing contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts. Should any of these factors occur, they could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects.
- The Group's reputation is key to its ability to compete effectively in the market for IT services. The nature of the Group's operations exposes the Group to the potential loss, unauthorised access to, or destruction of its clients' information, as well as temporary service interruptions. Such events may have a negative impact on the Group's reputation, its ability to obtain new clients and its ability to retain existing clients, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects.
- The Group may face complex and time-consuming challenges in implementing the uniform standards, controls, procedures and policies across new operations to harmonise their activities with those of the Group's existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If the Group is not successful in executing its integration strategies in a timely and cost-effective manner, the Group will have difficulty achieving its growth and profitability objectives, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects.
- The Group is subject to information and infrastructure risks in respect of its clients' data. The measures that the Group takes to protect against all information infrastructure risks, including both physical and logical controls on access to premises and information may prove in some circumstances to be inadequate to prevent the improper disclosure, loss, theft, misappropriation of, unauthorised access to, or destruction of client information, or service interruptions. Should any of these factors occur, they could have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects, as well as exposure to government sanctions and damage to the Group's brand and reputation.
- The Group is subject to security and cybersecurity risks in respect of its operations. In the current environment, there are numerous and evolving security risks, especially from cybersecurity threats, including criminal hackers, hacktivists, state sponsored

D.3	Key information on the key risks that are specific to the securities:	organisations, industrial espionage, employee misconduct, and human or technological error. Occurrence of any of these aforementioned security threats could expose the Group, its clients or other third parties to potential liability, litigation, and regulatory action, as well as the loss of client confidence, loss of existing or potential clients, loss of sensitive government contracts, damage to brand and reputation, and other financial loss. The price of Class A Shares may fluctuate as a result of a variety of factors, including: (i) speculation in the media or investment community about, or actual changes in, the business, market share, organisational structure, operations, financial condition, financial or share price performance, prospects or executive team of CGI and/or its competitors; (ii) the announcement of new products, services, acquisitions, divestitures or other significant transactions by CGI and/or its competitors; (iii) the announcement of actual and/or anticipated financial results by CGI and/or its competitors; and (iv) Class A Share purchases for cancellation by CGI. Market conditions, stock market performance or macroeconomic and geopolitical factors unrelated to CGI's performance may also affect the price of Class A Shares. Employees should not rely on recent or historical trends to predict future share prices.
		- Sales of substantial numbers of Class A Shares, or the perception or any announcement that such sales could occur, could adversely affect the market price of Class A Shares and may make it more difficult for holders of Class A Shares to sell their Class A Shares at a time and price which they deem appropriate. - An additional offering of Class A Shares by the Company, or the public perception that an offering or sale may occur, could have an adverse effect on the market price of Class A Shares.
Section E – Offer		
E.1	Net proceeds and estimated expenses:	No new Class A Shares (or any other securities of CGI) will be issued in connection with this prospectus. Accordingly, no proceeds will be raised by CGI in respect of the offer(s) contained in this prospectus. The Class A Shares which are available to be purchased under the Share Purchase Plan, the subject of this prospectus, have either: (i) been registered with the SEC and are trading on the NYSE or (ii) are trading on the TSX. No Class A Shares (or any other securities of CGI) are listed or admitted to trading on a regulated market within the EEA. As at the date of this prospectus, there is no intention to make an application for the Class A Shares, the subject of this prospectus, to be listed or admitted to trading on any EEA regulated market. The number of Class A Shares purchased on the open market under the Share Purchase Plan will depend on a number of factors including the number of employees, the level of employee participation, the amount of contributions made by participating employees and CGI in respect of share purchases and the value of Class A Shares at the time of purchase. The total costs, charges and expenses incurred by CGI in preparing this prospectus and in connection with the offer(s) contained in this prospectus are estimated to be £220,000.

E.2a	Reasons for the offer, use of proceeds and estimated net amount of proceeds:	The purpose of the Share Purchase Plan is to encourage employee share ownership by offering eligible employees of the Group the ability to purchase Class A Shares via salary deductions matched by Company contributions. CGI believes that the Share Purchase Plan offers a convenient means for employees of the Group who might not otherwise own Class A Shares to purchase and hold Class A Shares and that the matching Company contribution feature of the Share Purchase Plan offers a meaningful incentive for eligible employees to participate. CGI also believes that the continuing economic interests of participating employees, as shareholders, in CGI's performance will provide additional incentives for such employees to contribute to the Group's potential for growth and profitability.
E.3	Terms and conditions of the offer:	The offer(s), the subject of this prospectus, are not made to the general public or to any person other than eligible employees of the Group located in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, Germany, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Republic of Lithuania, Romania, the Slovak Republic, Spain and Sweden. Only such eligible employees of the Group may acquire Class A Shares pursuant to this prospectus in accordance with the plan documents of the Share Purchase Plan. The key terms of the Share Purchase Plan are summarised below:
		Share Purchase Plan <i>Overview</i> CGI established the Share Purchase Plan to enable eligible employees of the Group (the Participants) to purchase Class A Shares on the open market. Such Class A Shares are to be purchased by the administrator of the Share Purchase Plan (the Plan Administrator), with contributions made to the Plan Administrator by the Participants from deductions from their net pay and by the Group companies participating in the Share Purchase Plan (each a Participating Employer). The Plan Administrator shall hold the Class A Shares so purchased for the account of the Participants. <i>Eligibility and Participation</i> Any full or part-time employee of a Participating Employer of the Group in the relevant EEA member state who is actively at work at the time of enrolment is eligible to participate in the Share Purchase Plan. An employee ceases to be eligible to participate in the Share Purchase Plan on his or her last working day with a Participating Employer, excluding any period representing pay in lieu of notice or other notice or payment on account of termination of employment. To become a Participant, the eligible employee should (unless directed otherwise) enrol in the manner specified by the Participating Employer. The employee's participation in the Share Purchase Plan commences on the first practicable date following enrolment. <i>Contributions</i> The Participant contributes to the Share Purchase Plan through deductions at source, withheld from the Participant's net salary. The contribution amount is based on a percentage of the Participant's annual gross base salary (or, as determined by the Participating Employer in its sole discretion, the portion of such annual gross base salary actually earned by the Participant during the relevant year) effective on the date on which the Participant joins the Share Purchase Plan (the Participant Basic Contribution), such percentage (the Participant Contribution Percentage) to be determined from time to time by either the Founder and Executive

Chairman of the Board or the President and Chief Executive Officer. Such percentage may vary by position and by business unit, as well as over time, as either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer may in his discretion determine, provided that the percentage cannot exceed 3.5 per cent. The Participant Basic Contribution is remitted by the Participating Employer to the Plan Administrator at each pay period of the Participant.

The Participating Employer contributes to the Share Purchase Plan for the account of each Participant an amount equal to a percentage of the Participant Basic Contribution (excluding additional contributions provided for in the paragraph immediately below). The percentage of the Participant Basic Contribution that the Participating Employer is required to pay is determined from time to time by either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer, provided that the Participating Employer's contribution cannot exceed 100 per cent. of the aggregate amount contributed to the Share Purchase Plan by each Participant as Participant Basic Contribution. The percentage that the Participating Employer contributes may vary by position and by business unit, as well as over time, as either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer may in his discretion determine.

The Participating Employer may, in addition to the contributions provided above, pay to the Plan Administrator, at its discretion, any amount as additional contribution to the Share Purchase Plan and the Plan Administrator will purchase Class A Shares on the secondary market through an exchange on which the Class A Shares are listed in accordance with the instructions of that Participating Employer. The allocation of such Class A Shares will be made for the account of the Participants.

The Participating Employer pays the Plan Administrator by way of deductions from payroll an amount equal to the Participating Employer's contributions computed for the applicable pay period.

A Participant may make additional contributions to the Share Purchase Plan in excess of the Participant Basic Contribution ranging between 0.5 per cent. and 10 per cent. of his or her annual gross base salary, and this, by increments of 0.5 per cent. without taking into account the rate of participation provided above, in accordance with the same terms and conditions provided above. However, the Participating Employer will not match such additional contributions by the Participant.

Purchase of Class A Shares and Use of Cash Distributions

The Plan Administrator, following receipt of the Participants' and the Participating Employers' contributions, purchases Class A Shares on the secondary market through an exchange on which the Class A Shares are listed, being the TSX and/or the NYSE (as applicable). The Plan Administrator executes buying orders following receipt of the contributions. The Class A Shares purchased by the Plan Administrator out of the contributions made by the Participants and the Participating Employers are attributed to the account of the Participants based on the applicable contributions made by the Participants and the Participating Employers and the weighted average price paid by the Plan Administrator for the Class A Shares on the applicable stock exchange and are held by the Plan Administrator for the account of the Participants.

All cash dividends and other cash distributions received by the Plan Administrator in respect of Class A Shares held by the Plan Administrator

for the account of Participants are used by the Plan Administrator to purchase further Class A Shares. The Class A Shares so acquired are allocated to the Participants in proportion to their respective interests. Stock dividends received by the Plan Administrator in respect of Class A Shares are held by the Plan Administrator for the account of Participants.

Reports

The Plan Administrator makes available to each Participant, through its website, an electronic report showing the number of Class A Shares held by the Plan Administrator for the account of each Participant and stating also the number of Class A Shares corresponding to the additional contributions of the Participant.

Termination or Suspension of Participation in, and Withdrawal from, the Share Purchase Plan

To terminate his or her participation in the Share Purchase Plan at any time, a Participant should (unless directed otherwise) give notice in the manner specified by the Participating Employer to the Participating Employer and to the Plan Administrator. Such Participant may decide to maintain his or her Class A Shares in the Share Purchase Plan or withdraw all or part of those Class A Shares in accordance with the withdrawal provisions immediately below.

A Participant may at any time withdraw, partially or in full, the Class A Shares that the Plan Administrator holds for his or her account by providing notice to the Plan Administrator (in the form and manner specified by the Plan Administrator from time to time). Following such withdrawal, the Plan Administrator will sell the Class A Shares held for the account of the Participant and pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees together with, in the case of a complete withdrawal, every other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of the Participant.

The Participant may alternatively elect to receive Class A Shares in lieu of cash payment. In such case, the Plan Administrator will deliver to the Participant a direct registration statement (***Direct Registration Statement***) representing such Class A Shares registered in the name of the Participant. However, CGI reserves the right, in lieu of the Direct Registration Statement, to remit share certificates in the name of the Participant representing the Class A Shares held by the Plan Administrator for the account of such Participant.

If a Participant's employment terminates for any reason whatsoever and the Participant does not notify the Plan Administrator and the Participating Employer of his or her choice in the manner described below (immediately after his or her last contribution has been processed), the Plan Administrator will, following receipt of a notice of termination of employment from the Participant or the Participating Employer, sell the Class A Shares held by the Plan Administrator for the account of the Participant on the secondary market through an exchange on which the Class A Shares are listed and pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees, together with any other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of the Participant. However, the Participant may make the election to receive a Direct Registration Statement as discussed in the paragraph immediately above by giving a notice to the Participating Employer and to the Plan Administrator immediately after his or her last contribution has been attributed to the account of the Participant. The date of termination of

		employment means the Participant's last day of work for a Participating Employer, excluding any period representing pay in lieu of notice or other payment or notice on account of termination of employment. In the event that a Participant is absent from work for any period of time and for any reason and receives no remuneration from the Participating Employer during such absence, the Participant's participation in the Share Purchase Plan is automatically suspended until the Participant returns to work or until the Participant elects to terminate his or her participation in the Share Purchase Plan. <i>Administration and Amendment, Suspension or Termination of the Share Purchase Plan</i> The Board has full power and authority with respect to the interpretation and application of the Share Purchase Plan and to the ratification of the rules, terms and other measures it may deem necessary for the management of the Share Purchase Plan. Changes or variations to the provisions of the Share Purchase Plan, or the rules, terms or other measures relating to the management, administration or application of the Share Purchase Plan in a particular jurisdiction, may be authorised by certain designated executives for the sole purpose of complying with applicable local law. The Board may at any time amend, suspend or terminate the Share Purchase Plan; however, no modification, suspension or termination of the Share Purchase Plan may affect any vested right that a Participant may have in respect of the Class A Shares subject to the Share Purchase Plan or in respect of the Share Purchase Plan until the date of such amendment, suspension or termination of the Share Purchase Plan. In the event of termination of the Share Purchase Plan, the Plan Administrator will remit as soon as possible to each Participant a Direct Registration Statement representing the Class A Shares together with any other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of such Participant. <i>Governing Laws</i> The Share Purchase Plan is governed by and construed in accordance with the laws of the Province of Québec, Canada.
E.4	<i>Interests material to the issue/offer, including conflicting interests:</i>	Not applicable: there are no interests (including conflicts of interest) which are material to the issue/offer.
E.5	<i>Name of the person or entity offering to sell the securities and details of any lock-up agreements:</i>	Not applicable: no person or entity is offering to sell the Class A Shares and there are no lock-up agreements for Class A Shares purchased pursuant to the Share Purchase Plan.
E.6	<i>Amount and percentage of immediate dilution resulting from the offer:</i>	Not applicable: the Class A Shares purchased pursuant to the Share Purchase Plan to which this prospectus relates are already in issue and trading on the open market, therefore no dilution will result from the offer.
E.7	<i>Estimated expenses charged to the investor by the Company:</i>	Not applicable: no expenses will be charged to the investor by the Company.

RISK FACTORS

Any investment in the Class A Shares is subject to a number of risks. Prior to investing in the Class A Shares, employees should consider carefully the factors and risks associated with any investment in the Class A Shares, the Group's business and the industry in which it operates, together with all other information contained in this prospectus including, in particular, the risk factors described below. Employees should note that the risks relating to the Group, its industry and the Class A Shares summarised in the section of this document headed "Summary" are the risks that the Company believes to be the most essential to an assessment by an employee of whether to consider an investment in the Class A Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, employees should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below. The following includes the material risks known to the Group which employees may face when making an investment in the Class A Shares but it is not an exhaustive list or explanation of all risks and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, revenues, results of operations, financial condition or prospects and, if any such risk should occur, the price of the Class A Shares may decline and employees could lose all or part of their investment. Employees should consider carefully whether an investment in the Class A Shares is suitable for them in the light of the information in this prospectus and their personal circumstances.

Risks Related to the Market

The Group's clients are affected by economic conditions which could have a material adverse effect on the Group

The level of business activity of the Group's clients, which is affected by economic conditions, has a bearing upon the results of the Group's operations. The Group can neither predict the impact that current economic conditions will have on the Group's future revenue, nor predict when economic conditions will show meaningful improvement. During an economic downturn, the Group's clients and potential clients may cancel, reduce or defer existing contracts and delay entering into new engagements, which could have a material adverse effect on the business, revenues, results or operations, financial condition or prospects of the Group. The Group's clients may decide to undertake fewer IT systems projects during difficult economic times, resulting in limited implementation of new technology and smaller engagements. Since there may be fewer engagements in a downturn, competition may increase and pricing for services may decline as competitors may decrease rates to maintain or increase their market share in the Group's industry and this may trigger pricing adjustments related to the benchmarking obligations within the Group's contracts (see the risk factor entitled "Certain contracts allow the Group's clients to reevaluate the price the Group charges for its services" below). Any of these factors could negatively impact the Group's revenue or profitability, which could have a material adverse effect on the business, revenues, results or operations, financial condition and prospects of the Group.

Risks Related to the Group's Industry

The Group faces vigorous competition for contracts

The Group operates in a global marketplace in which competition among providers of IT services is vigorous. Some of the Group's competitors possess greater financial, marketing and sales resources, and larger geographic scope in certain parts of the world than the Group does, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, the Group faces smaller competitors with specialised capabilities who may be able to provide competing services with greater economic efficiency. Some of the Group's competitors have more significant operations than the Group does in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favourable. Increased competition among IT services firms often results in corresponding pressure on prices. There can be no assurance that the Group will succeed in providing competitively priced services at levels of service and quality that will enable it to maintain and grow the Group's market share. Clients moving to a competitor or choosing a competitor rather than the Group could have a material adverse effect on the Group's market share and its business, revenues, results of operations, financial condition and prospects.

In addition, the Group derives significant revenue from contracts awarded through competitive bidding processes which limit the Group's ability to negotiate certain contractual terms and conditions. Risks related to competitive

bidding processes also involve substantial cost and managerial time and effort spent by the Group to prepare bids and proposals for contracts that may or may not be awarded to the Group, as well as expenses and delays that may arise if the Group's competitors protest or challenge awards made to the Company pursuant to competitive bidding processes.

The Group is dependent on the availability and retention of qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Hiring and retaining a sufficient amount of individuals with the desired knowledge and skill set may be difficult. Therefore, it is important that the Group remains able to successfully attract and retain highly qualified professionals and establish an effective succession plan. If the Group's comprehensive programmes aimed at attracting and retaining qualified and dedicated professionals do not ensure that the Group has staff in sufficient numbers and with the appropriate training, expertise and suitable government security clearances required to serve the needs of the Group's clients, the Group may have to rely on subcontractors or transfers of staff to fill resulting gaps. If the Group's succession plan fails to identify those with potential or if the Group fails to develop these key individuals, the Group may be unable to replace key employees who retire or leave the Group and may be required to recruit and/or train new employees. This might result in lost revenue or increased costs, thereby putting pressure on the Group's earnings, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects.

The Group may be unable to continue developing and expanding service offerings to address emerging business demands and technology trends

The rapid pace of change in all aspects of IT and the continually declining costs of acquiring and maintaining IT infrastructure mean that the Group must anticipate changes in its clients' needs. To do so, the Group must adapt its services and its solutions so that it maintains and improves the Group's competitive advantage and the Group remains able to provide cost effective services and solutions. The markets in which the Group operates are extremely competitive and there can be no assurance that the Group will succeed in developing and adapting the Group's business in a timely manner. If the Group does not keep pace, the Group's ability to retain existing clients and gain new business may be adversely affected, which could have a material adverse effect on the Group's revenue, net earnings and resulting cash flow from operations.

The Group may infringe on the intellectual property rights of others which may result in claims being made against the Group or the Group's clients

The steps the Group takes to ensure that its services and offerings do not infringe on the intellectual property rights of third parties may not be adequate to prevent infringement and, as a result, claims may be asserted against the Group or the Group's clients. The Group enters into licensing agreements for the right to use intellectual property and may otherwise offer indemnities against liability and damages arising from third-party claims of patent, copyright, trademark or trade secret infringement in respect of the Group's own intellectual property or software or other solutions developed for the Group's clients. In some instances, the amount of the indemnity claim(s) could be greater than the revenue the Group receives from the client (see the risk factor entitled "The Group may be exposed to liabilities under guarantees and indemnities that it has provided to counterparties, which could have a material adverse effect on the Group" below). Intellectual property claims or litigation could be time-consuming and costly, harm the Group's reputation, require the Group to enter into additional royalty or licensing arrangements, or prevent it from providing some solutions or services. Any limitation on the Group's ability to sell or use solutions or services that incorporate software or technologies that are the subject of a claim could cause it to lose revenue-generating opportunities or require it to incur additional expenses to modify solutions for future projects. Should any of these factors occur, they could have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

The Group may be unable to protect its intellectual property rights

The Group's success depends, in part, on its ability to protect its proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that it uses to provide its services. Although the Group takes reasonable steps (e.g. available copyright protection and, in some cases, patent protection) to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing the Group's rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which the Group conducts business may offer only limited intellectual property rights protection. Despite the Group's efforts, the steps taken to protect the Group's intellectual property

may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and the Group may not be able to detect unauthorised use of the Group's intellectual property, or take appropriate steps to enforce the Group's intellectual property rights. Should any of these factors occur, they could have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

Certain contracts allow the Group's clients to reevaluate the price the Group charges for its services

Some of the Group's outsourcing contracts contain clauses allowing the Group's clients to externally benchmark the pricing of agreed upon services against those offered by other providers in a peer comparison group. The uniqueness of the client environment should be factored in and, if results indicate a difference outside the agreed upon tolerance, the Group may be required to work with clients to reset the pricing for the Group's services, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. There can be no assurance that benchmarks will produce accurate or reliable data, including pricing data. This may result in pressure on the Group's revenue, net earnings and resulting cash flow from operations.

Risks Related to the Group's Business

The Group faces various risks associated with its growth strategy

CGI's Build and Buy strategy is founded on four pillars of growth: first, organic growth through contract wins, renewals and extensions in the areas of outsourcing and system integration; second, the pursuit of new large outsourcing contracts; third, acquisitions of smaller firms or niche players; and fourth, transformational acquisitions. The Group's ability to achieve organic growth is affected by a number of factors outside of the Group's control, including a lengthening of the Group's sales cycle for major outsourcing contracts. The Group's ability to grow through niche and transformational acquisitions requires the Group to identify suitable acquisition targets and to correctly evaluate their potential as transactions that will meet the Group's financial and operational objectives. There can be no assurance that the Group will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet the Group's economic thresholds, or that future acquisitions will be successfully integrated into the Group's operations and yield the tangible accretive value that the Group had expected. If the Group is unable to implement its Build and Buy strategy, the Group will likely be unable to maintain its historic or expected growth rates, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group's financial results may fluctuate materially depending on a number of factors, many of which are out of the Group's control

The Group's ability to maintain and increase its revenue is affected not only by the Group's success in implementing its Build and Buy strategy, but also by a number of other factors which could cause the Group's financial results to fluctuate. These factors include: (i) the Group may be unable to introduce and deliver new services and business solutions; (ii) the Group may be exposed to a lengthened sales cycle; (iii) the Group may be subject to cyclicity of purchases of its technology services and products; (iv) the nature of its clients' business (for example, if a client encounters financial difficulty, it may be forced to cancel, reduce or defer existing contracts with the Group); and (v) the structure of agreements with clients (for example, some of the Group's agreements with clients contain clauses allowing the clients to benchmark the pricing of services provided by the Group against the prices offered by other providers). The occurrence of any of these factors may cause the Group's revenues to fluctuate negatively, which could have a material adverse effect on the Group's business, revenues, financial conditions and prospects.

The Group is exposed to business mix variations

The proportion of revenue that the Group generates from shorter-term system integration and consulting (SI&C) projects, versus revenue from long-term outsourcing contracts, will fluctuate at times, affected by acquisitions or other transactions. An increased exposure to revenue from SI&C projects may result in greater quarterly revenue variations, as the revenue from SI&C projects does not provide long-term consistency in revenue. Such variations could therefore result in losses or increased costs in order to rectify the revenue structure and achieve consistent, long-term revenue, which could have a material adverse effect on the Group's business, revenues, financial conditions and prospects.

The Group operates in numerous countries around the world and is exposed to the risks of doing business internationally

The scope of the Group's global operations (including its offshore delivery centres) subjects the Group to issues that can negatively impact the Group's operations, including: currency fluctuations (see the risk factor entitled "The Group is subject to foreign exchange rate risks" below); the burden of complying with a wide variety of national and local laws (see the risk factor entitled "The Group's global operations require it to comply with numerous laws and regulations, some of which impose restrictions on the Group's activities" below); the differences in and uncertainties arising from local business culture and practices; political, social and economic instability including the threats of terrorism, civil unrest, war, natural disasters and pandemic illnesses. Any or all of these risks could impact the Group's global business operations and cause the Group's profitability to decline, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group faces various organisational challenges and obstacles associated with its size

The Group's culture, standards, core values, internal controls and policies need to be instilled across newly acquired businesses as well as maintained within the Group's existing operations. To effectively communicate and manage these standards throughout a large global organisation is both challenging and time consuming. Newly acquired businesses may be resistant to change and may remain attached to past methods, standards and practices which may compromise the Group's business agility in pursuing opportunities. Cultural differences in various countries may also present barriers to introducing new ideas or aligning the Group's vision and strategy with the rest of the organisation. If the Group cannot overcome these obstacles in maintaining a strategic bond throughout the Company worldwide, the Group may not be able to achieve the Group's growth and profitability objectives, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group's actual tax benefits or tax liabilities may be materially different from the Group's estimates or expectations

In estimating the Group's income tax payable, the Group's management uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that the Group's tax benefits or tax liability will not materially differ from the Group's estimates or expectations. The tax legislation, regulation and interpretation that apply to the Group's operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which the Group operates. Moreover, the Group's tax returns are continually subject to review by applicable tax authorities. These tax authorities determine the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that the Group may ultimately recognise. Such determinations may become final and binding on the Group. Any of the above factors could have a material adverse effect on the Group's net income or cash flow by affecting the Group's operations and profitability, the availability of tax credits, the cost of the services the Group provides, and the availability of deductions for operating losses as the Group develops its international service delivery capabilities.

Benefits obtained from government sponsored programmes may be reduced or eliminated

The Group benefits from government sponsored programmes designed to support research and development, labour and economic growth in jurisdictions where the Group operates. Government programmes reflect government policy and depend on various political and economic factors. There can be no assurance that such government programmes will continue to be available to the Group in the future, or will not be reduced, amended or eliminated. Any future government programme reductions or eliminations or other amendments to the tax credit programmes could increase operating or capital expenditures incurred by the Group and have a material adverse effect on its net earnings or cash flow.

Failure to collect the amounts owed to it in an efficient and timely manner may expose the Group to credit risk in respect of its accounts receivables

Although the Group maintains provisions to account for anticipated shortfalls in amounts collected from its clients, the provisions the Group makes are based on management estimates and on the Group's assessment of the Group's clients' creditworthiness which may prove to be inadequate in the light of actual results. To the

extent that the Group fails to perform the Group's services in accordance with its contracts and the Group's clients' reasonable expectations, and to the extent that the Group fails to invoice clients and to collect the amounts owed to the Group for the Group's services correctly in a timely manner, the Group's collections could suffer which could materially adversely affect the Group's revenues, net earnings and cash flow. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided by the Group, and ultimately cause them to default on existing contracts with the Group, which could materially affect the Group's business, revenues, results of operations, financial conditions or prospects.

Material developments at the Group's major commercial clients resulting from such causes as changes in the client's financial condition, mergers or business acquisitions could have a material adverse effect on the Group

Consolidation among the Group's clients resulting from mergers and acquisitions may result in loss or reduction of business when the successor business' IT needs are served by another service provider or are provided by the successor company's own personnel. Growth in a client's IT needs resulting from acquisitions or operations may mean that the Group no longer has a sufficient geographic scope or the critical mass to serve the client's needs efficiently, resulting in the loss of the client's business and impairing the Group's future prospects. There can be no assurance that the Group will be able to achieve the objectives of the Group's growth strategy in order to maintain and increase the Group's geographic scope and critical mass in the Group's targeted markets. Loss of clients or a reduction of business from clients or a failure by the Group to achieve the objectives of its growth strategy could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to early termination risk on certain of its contracts with clients

If the Group should fail to deliver its services according to contractual agreements, some of the Group's clients could elect to terminate contracts before their agreed expiry date. This would result in a reduction of earnings and cash flow and may impact the value of the Group's backlog of orders. In addition, a number of the Group's outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of the said agreements. Early contract termination can also result from the exercise of a legal right or when circumstances that are beyond the Group's control or beyond the control of the Group's client prevent the contract from continuing. In cases of early termination, the Group may not be able to recover capitalised contract costs and it may not be able to eliminate ongoing costs incurred to support the contract. Should clients of the Group elect to terminate their contracts early for any of the above reasons, the Group may not be able to recover capitalised contract costs or eliminate ongoing costs incurred to support the contract which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to cost estimation risks when pricing services for its clients

In order to generate acceptable margins, the Group's pricing for services is dependent on the Group's ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts, which can be based on a client's bid specification, sometimes in advance of the final determination of the full scope and design of the contract. In addition, a significant portion of the Group's project-oriented contracts are performed on a fixed-price basis. Billing for fixed-price engagements is carried out in accordance with the contract terms agreed upon with the Group's clients, and revenue is recognised based on the percentage of effort incurred to date in relation to the total estimated costs to be incurred over the duration of the respective contract. These estimates reflect the Group's best judgment regarding the efficiencies of the Group's methodologies and employees as the Group plans to apply them to the contracts in accordance with the CGI Client Partnership Management Framework (**CPMF**), a framework that contains high standards of contract management to be applied throughout the Group. If the Group fails to apply the CPMF correctly or if the Group is unsuccessful in accurately estimating the time or resources required to fulfil the Group's obligations under a contract, or if unexpected factors, including those outside of the Group's control, arise, there may be an impact on costs or the delivery schedule which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

The Group relies on its relationships with other providers in order to generate business. Failure to adequately maintain these relationships may have a material adverse effect on the Group

The Group derives revenue from contracts where the Group enters into teaming agreements with other providers. In some teaming agreements the Group is the prime contractor whereas in others the Group acts as a subcontractor. In both cases, the Group relies on its relationships with other providers to generate business and the Group expects to continue to do so in the foreseeable future. Where the Group acts as prime contractor, if the Group fails to maintain the Group's relationships with other providers, the Group may have difficulty attracting suitable participants in the Group's teaming agreements. Similarly, where the Group acts as subcontractor, if the Group's relationships are impaired, other providers might reduce the work they award to the Group, award that work to the Group's competitors, or choose to offer the services directly to the client in order to compete with the Group's business. In either case, if the Group fails to adequately maintain its relationships with these providers or the Group's relationship with these providers is otherwise impaired, the Group's business, revenues, results of operations, financial condition or prospects could be materially adversely affected.

The Group relies on third party subcontractors delivering on their commitments

Increasingly large and complex contracts may require that the Group relies on third party subcontractors, including software and hardware vendors, to help the Group fulfil its commitments. Under such circumstances, the Group's success depends on the ability of the third parties to perform their obligations within agreed upon budgets and timeframes. If the Group's partners fail to deliver, the Group's ability to complete the contract may be adversely affected, which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition, prospects and profitability.

The Group may be exposed to liabilities under guarantees and indemnities that it has provided to counterparties, which could have a material adverse effect on the Group

In the normal course of business, the Group enters into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require the Group to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties. The sums, cash, expenses or legal fees arising from the Group honouring or challenging the amounts sought by such counterparties under these indemnities or guarantees could have a material adverse effect on the Group's business, revenues, results of operations, financial condition or prospects.

Failure to properly manage its human resources utilisation rates could have a material adverse effect on the Group

In order to maintain the Group's net earnings, it is important that the Group maintains the appropriate availability of professional resources in each of the Group's geographies by having a high utilisation rate while still being able to assign additional resources to new work. Maintaining an efficient utilisation rate requires the Group to forecast its needs for professional resources accurately and to manage recruitment activities, professional training programmes, attrition rates and restructuring programmes appropriately. To the extent that the Group fails to do so, or to the extent that laws and regulations restrict the Group's ability to do so, the Group's utilisation rates may be reduced which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects. Conversely, the Group may find that the Group does not have sufficient resources to deploy against new business opportunities in which case the Group's ability to grow its revenues would suffer, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects.

The Group derives a substantial portion of its revenues from various U.S. federal government departments and agencies

The Group derives a substantial portion of its revenue from the services it provides to various U.S. federal government departments and agencies. There can be no assurance that each such U.S. federal government department and agency will continue to utilise the Group's services to the same extent, or at all, in the future. In the event that a major U.S. federal government department or agency were to limit, reduce, or eliminate the business it awards to the Group, the Group might be unable to recover the lost revenue with work from other

U.S. federal government departments or agencies or other clients, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects. This risk is mitigated by the fact that the Group's client base in the U.S. government economic sector is diversified with contracts from many different departments and agencies.

Changes in government spending policies or budget priorities could have a material adverse effect on the Group

Changes in government spending policies or budget priorities could materially affect the Group's financial performance. Among the factors that could harm the Group's government contracting business are the curtailment of governments' use of consulting and IT services firms; a significant decline in spending by governments in general or by specific departments or agencies in particular; the adoption of new legislation and/or actions affecting companies that provide services to governments; delays in the payment of the Group's invoices by government; and general economic and political conditions. These factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts. Should any of these factors occur they could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects. In addition, government spending reductions or budget cutbacks at these departments or agencies could harm the Group's continued performance under these contracts, or limit the awarding of additional contracts from these agencies, which could have a material adverse effect on the Group's business, revenues, results of operations, financial condition or prospects.

The Group's global operations require it to comply with numerous laws and regulations, some of which impose restrictions on the Group's activities

The Group's global operations require it to comply with laws in many jurisdictions on matters such as: anti-corruption; trade restrictions; immigration; taxation; securities regulation; anti-trust; data privacy; and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant Group resources. Some of these laws may impose conflicting requirements; the Group may face the absence in some jurisdictions of effective laws to protect the Group's intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce the Group's earnings, all of which may expose the Group to penalties for non-compliance and any of which could have a material adverse effect on the business, revenues, results of operations, financial condition, prospects and reputation of the Group.

In addition, the Group's business with the U.S. federal government and its agencies requires that the Group complies with complex laws and regulations relating to government contracts. These laws relate to the integrity of the procurement process, impose disclosure requirements, and address national security concerns, among other matters. For instance, the Group is routinely subject to audits by U.S. government agencies with respect to compliance with these rules. If the Group fails to comply with these requirements the Group may incur penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the federal government, and fines. Should any of these factors occur, they may have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

The Group may be exposed to liabilities arising from legal claims made against the Group's work which could have a material adverse effect on the Group

The Group creates, implements and maintains IT solutions that are often critical to the operations of the Group's clients' business. The Group's ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Also, the Group's solutions may suffer from defects that adversely affect their performance; they may not meet the Group's clients' requirements or may fail to perform in accordance with applicable service levels. Such problems could subject the Group to legal liability which could materially adversely affect the Group's business, revenues, results of operations, financial condition, prospects and reputation.

The Group uses reasonable efforts to include provisions in its contracts which are designed to limit the Group's exposure to legal claims relating to the Group's services and the applications the Group develops. However, these provisions may not protect the Group adequately or may not be enforceable under some circumstances or under the laws of certain jurisdictions. Should such provisions not adequately protect the Group or should such provisions be deemed to be unenforceable, this may have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects.

The Group is subject to information and infrastructure risks in respect of its clients' data

The Group's business often requires that the Group's clients' applications and information, which may include their proprietary information and personal information they manage, be processed and stored on the Group's networks and systems, and in data centres that the Group manages. The Group also processes and stores proprietary information relating to its business, and personal information relating to its employees. The Group faces risk inherent in protecting the security of such personal data. Digital information and equipment is subject to loss, theft or destruction, and services that the Group provides may become temporarily unavailable as a result of these risks or upon an equipment or system malfunction. The causes of such failures include human error in the course of normal operations (including from advertent or inadvertent actions or inactions by its employees), maintenance and upgrading activities as well as hacking, vandalism (including denial of service attacks and computer viruses), theft and unauthorised access, as well as power outages or surges, floods, fires, natural disasters and many other causes. The measures that the Group takes to protect against all information infrastructure risks, including both physical and logical controls on access to premises and information may prove in some circumstances to be inadequate to prevent the improper disclosure, loss, theft, misappropriation of, unauthorised access to, or destruction of client information, or service interruptions. Should any of these factors occur, they could have a material adverse effect on the Group's business, revenues, results of operations, financial conditions and prospects, as well as exposure to government sanctions and damage to the Group's brand and reputation.

The Group is subject to security and cybersecurity risks in respect of its operations

In the current environment, there are numerous and evolving security risks, especially from cybersecurity threats, including criminal hackers, hacktivists, state sponsored organisations, industrial espionage, employee misconduct, and human or technological error. The Group's business could be negatively impacted by these physical and cybersecurity threats, which could affect the Group's future sales and financial position or increase costs and expenses. These security risks to the Group, which are managed by the Group's Chief Security Officer, include potential attacks not only of its own products, services and systems, but also those of the Group's clients, contractors, business partners, vendors and other third parties. The Group seeks to detect and investigate all security incidents and to prevent their occurrence or recurrence by investing in data privacy controls, threat protections, detection and mitigation policies, procedures and controls and working with industry and government against cybersecurity threats. However, because of the evolving nature and sophistication of these security threats, there can be no assurance that the Group can detect or prevent all of these threats. As the cybersecurity landscape evolves, the Group may also find it necessary to make further significant investments to protect data and infrastructure. Occurrence of any of these aforementioned security threats could expose the Group, its clients or other third parties to potential liability, litigation, and regulatory action, as well as the loss of client confidence, loss of existing or potential clients, loss of sensitive government contracts, damage to brand and reputation, and other financial loss.

The Group's reputation and its ability to obtain and retain clients may be adversely effected by the potential loss, unauthorised access to, or destruction of its clients' information, as well as temporary service interruptions

The Group's reputation as a capable and trustworthy service provider and long term business partner is key to its ability to compete effectively in the market for IT services. The nature of the Group's operations exposes the Group to the potential loss, unauthorised access to, or destruction of the Group's clients' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how the Group is perceived in the marketplace. Under such circumstances, the Group's reputation, its ability to obtain new clients and its ability to retain existing clients could suffer, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to various integration risks in respect of its new operations

The successful integration of new operations that arise from the Group's acquisitions strategy or from large outsourcing contracts requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus with resulting pressure on the revenues and earnings from the Group's existing operations. In addition, the Group may face complex and potentially time-consuming challenges in implementing the uniform standards, controls, procedures and policies across the Group's new operations when harmonising their activities with those of the Group's existing business units. Integration activities can result in

unanticipated operational problems, expenses and liabilities. If the Group is not successful in executing its integration strategies in a timely and cost-effective manner, the Group will have difficulty achieving the Group's growth and profitability objectives, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to internal controls risks

Due to the inherent limitations of internal controls including the circumvention or overriding of controls, or fraud, there can only be reasonable assurance that the Group's internal controls will detect and prevent a misstatement. If the Group is unable to design, implement, monitor and maintain effective internal controls throughout its different business environments, the efficiency of its operations might suffer, resulting in an adverse effect on the Group's business, financial condition and results of the Group's operations.

The Group may need to raise equity or debt financing in order to fund any currently unidentified or unplanned future acquisitions and other growth opportunities

The Group's future growth is contingent on the execution of its business strategy, which, in turn, is dependent on its ability to grow the business organically as well as through business acquisitions. In the event that the Group needs to raise additional funds through equity or debt financing to fund any currently unidentified or unplanned future acquisitions and other growth opportunities, there can be no assurance that such financing will be available in amounts and on terms acceptable to the Group. The Group's ability to raise the required funding depends on the capacity of the capital markets to meet such equity and/or debt financing needs in a timely fashion and on the basis of interest rates and/or share prices that are reasonable in the context of the Group's commercial objectives. Increasing interest rates, volatility in the Group's share price, and the capacity of the Group's current lenders to meet the Group's additional liquidity requirements are all factors that may have a material adverse effect on any acquisitions or growth activities that the Group may, in the future, identify or plan. If, in the future, the Group has identified or planned an acquisition or growth opportunity which it is unable to obtain the necessary financing for, the Group may be forced to delay or postpone some or all of such development and expansion activity, which could materially adversely affect the Group's business, revenues, results of operations, financial condition and prospects.

The Group is subject to foreign exchange rate risks

The majority of the Group's revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations impact the results of the Group's operations as they are reported in Canadian dollars. This risk is partially mitigated by a natural hedge in matching the Group's costs with revenue denominated in the same currency and through the use of derivatives in the Group's global hedging strategy. However, as the Group continues its global expansion, natural hedges may begin to diminish and the use of hedging contracts exposes the Group to the risk that financial institutions could fail to perform their obligations under the Group hedging instruments. Furthermore, there can be no assurance that the Group's hedging strategy and arrangements will offset the impact of fluctuations in currency exchange rates, which could materially adversely affect the Group's business, revenues, results of operations, financial condition or prospects. Other than the use of financial products to deliver on the Group's hedging strategy, the Group does not trade derivative financial instruments.

The Group's functional and reporting currency is the Canadian dollar. As such, the Group's U.S., European and Asian investments, operations and assets are exposed to net change in currency exchange rates. Volatility in exchange rates could have an adverse effect on the Group's business, financial condition and results of the Group's operations.

Risks Related to Investment in the Company's Class A Shares

The trading price of the Class A Shares may be volatile and subject to wide fluctuations

The price of CGI's Class A Shares may be volatile and subject to wide fluctuations, which may make future prices of CGI's Class A Shares difficult to predict. CGI's share price may fluctuate as a result of a variety of factors, including:

- (a) speculation in the media or investment community about, or actual changes in, CGI's and/or its competitors' business, strategic position, market share, organisational structure, operations, financial

condition, financial reporting and results, value or liquidity of CGI's and/or its competitors' investments, exposure to market volatility, prospects, business combination or investment transactions, share price performance or executive team;

- (b) the announcement of new or planned products, services, acquisitions, divestitures or other significant transactions by CGI and/or its competitors;
- (c) increases or decreases in revenue, gross margin, earnings or cash flow from operations, changes in estimates by the investment community or guidance provided by CGI and variations between actual and estimated financial results;
- (d) announcements of actual and anticipated financial results by CGI's competitors and other companies in the IT and business process services industry;
- (e) the timing and amount of any share purchases for cancellation by CGI; and
- (f) the sale by existing CGI shareholders of substantial amounts of shares in the public market, or the perception that such sales might occur.

General or industry specific market conditions or stock market performance or domestic or international macroeconomic and geopolitical factors unrelated to CGI's performance may also affect the price of CGI's Class A Shares. For these reasons, employees should not rely on recent or historical trends to predict future share prices, financial condition, results of operations or cash flow. In addition, following periods of volatility in a company's securities, securities class action litigation against a company is sometimes instituted. If instituted against CGI, this type of litigation could result in substantial costs and the diversion of the Group's management time and resources.

Substantial future sales of Class A Shares or the availability of Class A Shares for future sales could impact the market price of Class A Shares

The Company cannot predict what effect, if any, future sales of Class A Shares, or the availability of Class A Shares for future sale, will have on the market price of Class A Shares. Sales of substantial numbers of Class A Shares on the public market, or the perception or any announcement that such sales could occur, could adversely affect the market price of Class A Shares and may make it more difficult for holders of Class A Shares to sell their Class A Shares at a time and price which they deem appropriate.

Further issues of Class A Shares could impact the market price of Class A Shares

It is possible that the Company may decide to offer additional Class A Shares in the future. An additional offering of Class A Shares by the Company, or the public perception that an offering or sale may occur, could have an adverse effect on the market price of Class A Shares. Other than in relation to the exercise of any options under the Company's share option plans, the Company currently has no plans to issue any Class A Shares during the 12 months from the date of this prospectus.

Risks Related to Dividend Payments

CGI does not currently pay a dividend. Although the Board continues to re-evaluate its dividend policy annually, there can be no guarantee that CGI's dividend policy will change and that Participants will receive dividends on their Class A Shares in the future.

FORWARD-LOOKING STATEMENTS

Some statements in this prospectus or the documents incorporated by reference into this prospectus are forward-looking. Forward-looking information is based on projections and estimates, not historical information.

Forward-looking information involves risk and uncertainties and reflects the Group's, or as appropriate, the Directors' best judgment based on current information. The Group's results of operations can be affected by inaccurate assumptions the Group makes or by known or unknown risks and uncertainties. In addition, other factors may affect the accuracy of the Group's forward-looking information. As a result, no forward-looking information can be guaranteed. Actual events and the results of operations may vary materially.

These forward-looking statements speak only as at the date of this document. Nothing in these paragraphs is intended to qualify the working capital statement at paragraph 8 of Part 1 of this prospectus. Except as required by the Prospectus Rules, the FCA, FSMA or applicable laws and regulations, the Group does not have any obligation to update or publicly revise any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the Prospectus Rules, the FCA, FSMA or applicable laws and regulations, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PART 1: ADDITIONAL INFORMATION

1 SHARE PURCHASE PLAN

This section contains information on the Share Purchase Plan.

1.1 Eligibility and Participation

Any employee of a Participating Employer of the Group in such EEA member state who is actively at work at the time of enrolment, whether full or part-time, is eligible to participate in the Share Purchase Plan. An employee ceases to be eligible to participate in the Share Purchase Plan on his or her last working day with a Participating Employer excluding any period representing pay in lieu of notice or other notice or payment on account of termination of employment.

The offer(s), the subject of this prospectus, are not made to the general public or to any person other than eligible employees of the Group located in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, Germany, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Republic of Lithuania, Romania, the Slovak Republic, Spain and Sweden. Only such eligible employees of the Group may acquire Class A Shares pursuant to this prospectus in accordance with the plan documents of the Share Purchase Plan.

The interest of a Participant under the Share Purchase Plan may not be transferred, assigned or pledged by the Participant.

If an eligible employee wishes to become a Participant, the eligible employee should (unless directed otherwise) enrol in the Share Purchase Plan in the manner specified from time to time by the Participating Employer. The participation of the employee in the Share Purchase Plan commences on the first practicable date following enrolment.

1.2 Contributions

Class A Shares are purchased by the Plan Administrator (or any successor) with contributions made to the Plan Administrator by the Participants and the Participating Employers. The Plan Administrator holds the Class A Shares so purchased for the account of the Participants. Computershare Trust Company of Canada acts as Plan Administrator for Participants in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, Germany, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Republic of Lithuania, Romania, the Slovak Republic, Spain and Sweden.

Participant Contributions

Participants are entitled to make two types of contributions: (i) the Participant Basic Contribution; and (ii) additional contributions in excess of the Participant Basic Contribution.

The Participant Basic Contribution is an amount equal to a percentage of the Participant's annual gross base salary (or, as determined by the Participating Employer in its sole discretion, the portion of such annual gross base salary actually earned by the Participant during the relevant year). The Participant Basic Contribution is made through deductions at source, withheld from the Participant's net salary in each pay period. The Participant Basic Contribution is remitted from the Participating Employer, at each pay period applicable to the Participant, to the Plan Administrator.

The Participation Contribution Percentage for the purposes of calculating the Participant Basic Contribution shall be determined from time to time by either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer and may vary by position and by business unit as well as over time, as either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer may in his discretion determine, provided that such percentage shall not exceed three and one-half per cent. (3.5%).

Subject to the paragraph immediately above, a Participant who is actively at work may increase or decrease the Participant Contribution Percentage at any time in the manner specified from time to time by the Participating Employer. Such modification comes into effect as soon as practicable following the date on which it was made.

Upon an annual gross base salary review, the Participant Basic Contribution is automatically modified based on the Participant's revised annual gross base salary. Such modification comes into effect as soon as practicable following the date of such computation. However, this modification does not apply on the sums paid retroactively.

A Participant may also make additional contributions to the Share Purchase Plan in excess of the Participant Basic Contribution, ranging between 0.5 per cent. and 10 per cent. of the Participant's annual gross base salary, and this, by increments of 0.5 per cent. without taking into account the rate of participation provided above, in accordance with the same terms and conditions provided above. However, the Participating Employer will not match such additional contributions made by the Participant.

Group Contributions

The Participating Employer contributes to the Share Purchase Plan for the account of each Participant an amount equal to a percentage of the Participant Basic Contribution (excluding any additional contributions made by the Participant). The percentage of the Participant Basic Contribution that the Participating Employer is required to pay is determined from time to time by either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer, provided that the Participating Employer's contribution cannot exceed 100 per cent. of the aggregate amount of the Participant Basic Contribution. The percentage that the Participating Employer contributes may vary by position and by business unit, as well as over time, as either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer may in his discretion determine.

The Participating Employer may, in addition to the contributions set out above, pay to the Plan Administrator, at its discretion, any amount as additional contribution to the Share Purchase Plan and the Plan Administrator will purchase Class A Shares on the secondary market through an exchange on which the Class A Shares are listed in accordance with the instructions of that Participating Employer. The allocation of such Class A Shares will be for the account of the Participants.

The Participating Employer pays the Plan Administrator following deductions from payroll an amount equal to that Participating Employer's contributions computed for the applicable pay period.

1.3 Purchase of Class A Shares

The Plan Administrator, following receipt of the contributions of the Participants and of the Participating Employers, purchases Class A Shares on the secondary market through an exchange on which the Class A Shares are listed, being the TSX and/or the NYSE (as applicable). Following receipt of the contributions, the Plan Administrator executes buying orders. The Class A Shares purchased by the Plan Administrator out of the contributions made by Participants and the Participating Employers are attributed to the account of the Participants based on the applicable contributions made by the Participants and the Participating Employers and the weighted average price paid by the Plan Administrator for the Class A Shares on the applicable stock exchange and are held by the Plan Administrator for the account of the Participants.

All cash dividends and other cash distributions received by the Plan Administrator in respect of Class A Shares held by the Plan Administrator for the account of Participants are used by the Plan Administrator to purchase additional Class A Shares. The Class A Shares so acquired are allocated to the Participants in proportion to their respective interests. Stock dividends received by the Plan Administrator in respect of Class A Shares are held by the Plan Administrator for the account of Participants.

1.4 Information to be Provided to Participants

The Plan Administrator makes available to each Participant, through its website, an electronic report showing the number of Class A Shares held by the Plan Administrator for the account of each Participant and stating also the number of Class A Shares corresponding to the additional contributions of the Participant.

Forthwith after receipt of a notice of meeting of the holders of Class A Shares, the Plan Administrator sends or makes available via the internet to each Participant for whose benefit the Plan Administrator is holding Class A Shares a copy of any such notice of meeting and any financial statement, proxy management circular, proxy form or other material to be used in connection with the meeting.

1.5 Withdrawal from the Share Purchase Plan

A Participant may at any time withdraw, partially or in full, the Class A Shares that the Plan Administrator holds for the Participant's account by providing notice in the manner specified by the Plan Administrator from time to time. Following such withdrawal, the Plan Administrator will sell the Class A Shares held for the account of the Participant and pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees together with, in the case of a complete withdrawal, every other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of the Participant.

The Participant may alternatively elect to receive Class A Shares in lieu of cash payment. In such case, the Plan Administrator will deliver to the Participant a Direct Registration Statement representing such Class A Shares in the name of the Participant. However, CGI reserves the right, in lieu of the Direct Registration Statement, to remit share certificates in the name of the Participant representing the Class A Shares held by the Plan Administrator for the account of such Participant.

1.6 Termination of Participation in the Share Purchase Plan

To terminate his or her participation in the Share Purchase Plan at any time, a Participant should give notice in the manner specified from time to time by the Participating Employer to the Participating Employer and to the Plan Administrator. The Participant may decide to maintain his or her Class A Shares in the Share Purchase Plan or withdraw all or part of those Class A Shares pursuant to the procedure described in paragraph 1.5 above.

If a Participant's employment terminates for any reason whatsoever and the Participant does not notify the Plan Administrator and the Participating Employer of his or her choice in the manner described below (immediately after his or her last contribution has been processed), the Plan Administrator will, following receipt of a notice of termination of employment from the Participant or the Participating Employer, sell the Class A Shares held by the Plan Administrator for the account of the Participant on the secondary market through an exchange on which the Class A Shares are listed and pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees, together with any other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of the Participant. However, the Participant may make the election to receive a Direct Registration Statement as described in paragraph 1.5 above by giving a notice to the Participating Employer and to the Plan Administrator immediately after his or her last contribution has been attributed to the account of the Participant. The date of termination of employment means the Participant's last day of work for a Participating Employer, excluding any period representing pay in lieu of notice or other payment or notice on account of termination of employment.

1.7 Suspension of Participation in the Share Purchase Plan

In the event that a Participant is absent from work for any period of time and for any reason and receives no salary from the Participating Employer during such absence, the Participant's participation in the Share Purchase Plan is automatically suspended until the Participant returns to work or until the Participant elects to terminate his or her participation in the Share Purchase Plan pursuant to the procedure described in paragraph 1.6 above.

1.8 Fractional Entitlements

If a Participant elects to receive a Direct Registration Statement in the event of his or her withdrawal or termination of participation in the Share Purchase Plan, no fractional Class A Shares will be issued and where a fractional Class A Share should be issued, a cash payment in respect of those fractional Class A Shares is paid to the Participant.

1.9 Fees

All fees relating to the administration of the Share Purchase Plan (and all brokerage fees attached to the purchase of Class A Shares) are borne by the Participating Employer except for: (i) brokerage fees attached to the sale of Class A Shares; (ii) wire transfer fees; (iii) banking transaction fees; and (iv) currency conversion fees, which are at the charge of the Participant. The Participating Employer reserves the right to re-charge to the Participant additional administrative fees incurred for the account of the Participant. However, to the extent possible, any interest accruing on contributions is paid to the Participating Employer to be used for the payment of expenses relating to the Share Purchase Plan.

1.10 Administration of the Share Purchase Plan

The Company and the Plan Administrator have entered into an agreement with respect to the administration of the Share Purchase Plan (the **Administration Agreement**). The Administration Agreement forms part of the Share Purchase Plan and the rights of the Participants in respect of the Share Purchase Plan are subject to such agreement. In the event of differences, discrepancies or contradictions between the provisions of the Share Purchase Plan and those of the Administration Agreement, the provisions of the Share Purchase Plan shall prevail over those of the Administration Agreement. The Share Purchase Plan is governed by and construed in accordance with the laws of the Province of Québec, Canada.

The Plan Administrator is selected by, and may be changed by, either the Founder and Executive Chairman of the Board or the President and Chief Executive Officer. The Board has full power and authority with respect to the interpretation and application of the Share Purchase Plan and to the ratification of rules, terms and other measures it may deem necessary for the management of the Share Purchase Plan.

Notwithstanding anything in the Share Purchase Plan to the contrary, and without any further act or amendment by the Company or the Board, the Founder and Executive Chairman of the Board of the Company, the President and Chief Executive Officer of the Company or the Vice-Chair of the Board, Executive Vice-President, and Chief Planning and Administration Officer of the Company may authorise amendments or variations to the provisions of the Share Purchase Plan, or the rules, terms or other measures relating to the management of the Share Purchase Plan, for the purpose of complying or facilitating compliance with applicable laws specific to any jurisdiction where the Share Purchase Plan is offered.

1.11 Amendment, Suspension and Termination of the Share Purchase Plan

The Board may at any time amend, suspend or terminate the Share Purchase Plan. No modification, suspension or termination of the Share Purchase Plan may affect any vested right that a Participant may have in respect of the Class A Shares subject to the Share Purchase Plan or in respect of the Share Purchase Plan until the date of amendment, suspension or termination of the Share Purchase Plan.

In the event of termination of the Share Purchase Plan, the Plan Administrator will remit as soon as possible to each Participant a Direct Registration Statement in the name of the Participant representing the Class A Shares held by the Plan Administrator for the account of such Participant together with any other property held by the Plan Administrator pursuant to the Share Purchase Plan for the account of such Participant. However, CGI reserves the right, in lieu of the Direct Registration Statement, to remit share certificates in the name of the Participant representing the Class A Shares held by the Plan Administrator for the account of such Participant.

1.12 No Right to Continued Employment or Further Rights

Participation in the Share Purchase Plan entitles the Participant to only the benefits provided for in the Share Purchase Plan and only to the extent that the assets are remitted to the Plan Administrator, and does not confer upon any Participant the right to be employed by or to remain an employee of any Group company. The Share Purchase Plan and the Participant's participation in the Share Purchase Plan do not generate any acquired rights, are subject to the rules and criteria as may be determined by the Board from time to time and do not constitute an express or implied term of nor in any manner form part of the Participant's employment contract with the Participating Employer.

The Board has full discretionary authority to set, adjust, modify, suspend or cancel the contributions to the Share Purchase Plan of the Participant and the Participating Employer. Nothing in the Share Purchase Plan shall create in favour of the Participants any vested, demandable or enforceable right to make and receive contributions for the purchase of Class A Shares except in respect of those due as at the date of any modification, adjustment, suspension or termination of the Share Purchase Plan.

1.13 Personal Data

By requesting to participate in the Share Purchase Plan and for the purposes of such participation, the Participants consent to: (i) the transfer of their personal data by the Company or the Participating Employer to the Plan Administrator or its affiliates in such location where the Plan Administrator or its affiliates are situated or operate; and (ii) the storage and processing of their personal data in such location.

1.14 Compliance with Tax Legislation

The Participants are fully responsible for their compliance with any applicable tax legislation. Neither the Company nor any Participating Employer can be held responsible for any failure in that respect on the part of a Participant. See Part 2 of this prospectus for further information on the tax consequences for employees participating in the Share Purchase Plan.

2 ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

2.1 The governance of the Group is led by the Board and its standing committees.

The Board

The Board, which is elected annually by CGI's shareholders, manages and oversees the business and affairs of the Group. The Board delegates to management the responsibility for the day-to-day management of the Group's business in accordance with CGI's operations management framework. The operations management framework sets out the overall authority of the Company's management team as well as the level of management approval required for the various types of operations and transactions that make up the ordinary course of the Group's business. All operational and corporate functions (other than the office of the chairman and the corporate secretariat which report to Mr. Serge Godin (the **Founder and Executive Chairman of the Board**)) report to Mr. George D. Schindler (the **Chief Executive Officer**) who reports directly to the Board. The Chief Executive Officer and the Founder and Executive Chairman of the Board report to the Board at each regularly scheduled Board meeting. The Chief Executive Officer, jointly with the management team, also develops the strategies and corporate objectives of the Group which are then approved by the Board. Ultimately, the Board reports to the shareholders at the Annual General Meeting of Shareholders. The Directors are encouraged to attend the Annual General Meetings of Shareholders. Directors are expected to attend Board and applicable standing committee meetings. Each Director's attendance record is disclosed annually in the management proxy circular and is considered for the purposes of re-election at the Annual Meetings of Shareholders.

2.2 The Directors' Other Directorships and Partnerships

Some of the Directors have also been members of the administrative, management or supervisory bodies or partners, at some time in the previous five years, of other companies and partnerships. The table below shows those other directorships and partnerships and specifies whether the relevant Director is still such a director or partner.

Name of Director	Other Directorships/Partnerships	Role	Current
Alain Bouchard	Alimentation Couche-Tard Inc.	Founder and Executive Chairman of the Board and Director	Yes
	Atrium Innovations Inc.	Director	No
Bernard Bourigeaud	BJB Consulting	Chairman	Yes
	Jefferies International Limited	Member of the Global Advisory Board	Yes
	Amadeus IT Holding, S.A.	Director	No
	Oberthur Technologies Holding	Non-Executive Vice Chairman	No
	Oberthur Technologies S.A.	Non-Executive Chairman	No

Name of Director	Other Directorships/Partnerships	Role	Current
	Advent International	Operating Partner, and Member of the Advisory Board	Yes
	Aalto Invest	Operating Partner	Yes
	Automic	Director	No
	Ingenico Group S.A.	Director	Yes
	Sierrabolics	Member of the Advisory Board	Yes
	Holistic Innovations	Chairman of the Board	Yes
Dominic D'Alessandro	Suncor Energy Inc.	Director	Yes
Paule Doré	Cogeco Inc.	Director	No
	Héroux-Devtek Inc.	Director	Yes
Richard B. Evans	Constellium N.V.	Director, and Chairman of the Board	Yes
	Noranda Aluminum Holding Corp.	Director	No
	Tyhee Gold Corp.	Director	No
	Resolute Forest Products Inc.	Director	No
Julie Godin	Canadian National Railway Company	Director	Yes
Timothy J. Hearn	Hearn & Associates	Director, and Chairman	Yes
	Royal Bank of Canada	Director	No
	ARC Resources Ltd.	Director	Yes
André Imbeau	AtmanCo Inc.	Director	No
Gilles Labbé	Héroux-Devtek Inc.	President and Chief Executive Officer, and Director	Yes
Heather Munroe-Blum	Royal Bank of Canada	Director	Yes
	Canada Pension Plan Investment Board	Chairman and Director	Yes
Michael B. Pedersen	Business Development Bank of Canada	Chair of Board of Directors	Yes

Name of Director	Other Directorships/Partnerships	Role	Current
	TD Bank Group	Special Advisor	Yes
	The Toronto-Dominion Bank	Group Head, U.S. Banking	No
	TD Bank US Holding Company	President and Chief Executive Officer	No
	TD Bank, N.A.	President and Chief Executive Officer	No
	TD Bank USA, N.A	President and Chief Executive Officer	No
Michael E. Roach	CAE Inc.	Director	Yes
	Innovapost Inc.	Director	No
	Triotech Entertainment Inc.	Director	Yes
	Triotech Amusement Inc.	Director	Yes
	Interac Corp.	Director, and Chairman of the Board	Yes
Joakim Westh	Saab AB	Director	Yes
	Swedish Match AB	Director	Yes
	Intrum Justitia AB	Director	No
	Absolent Group AB	Director	Yes
	Arcam AB	Director	No
	J. Westh Foretagsutveckling AB	Director and Officer	Yes

The Board has not adopted formal guidelines on the number of other such positions its independent Directors may hold. Each Director must assess his/her own contribution and ability to contribute to the work of the Board as part of the Board's self-assessment process.

2.3 Additional Information on the Directors

Within the period of five years preceding the date of this prospectus, none of the Directors:

- (a) has had any convictions in relation to fraudulent offences;
- (b) has been a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or
- (c) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from

acting as a member of any administrative, management or supervisory bodies or as a director of a company or from acting in the management or conduct of the affairs of a company.

No benefit, payment or compensation of any kind is payable to any Director upon termination of his/her employment.

3 CONFLICTS OF INTEREST

None of the Directors has any potential conflicts of interest between their duties to CGI and their private interests and/or their duties to third parties.

4 SIGNIFICANT CHANGE IN THE GROUP'S FINANCIAL OR TRADING POSITION

There has been no significant change in the Group's financial or trading position since 31 December 2017, being the end of the three-month period from 1 October 2017 to 31 December 2017 to which CGI's interim financial information on Form 6-K relates. The Form 6-K was filed with the SEC on 31 January 2018.

5 SHARE CAPITAL

The Company has four classes of shares: (i) Class A Shares; (ii) Class B Shares; (iii) First Preferred Shares; and (iv) Second Preferred Shares. All of these shares have no par value. The currency of the Class A Shares listed on: (i) the NYSE is US dollars; and (ii) the TSX is Canadian dollars.

There are no restrictions on the free transferability of the Class A Shares or the Class B Shares.

CGI's shares (and the associated rights of CGI's shareholders) are created under a combination of the Business Corporations Act (Québec) and CGI's articles of association (the **Articles of Association**).

CGI has the authority to allot an unlimited number of Class A Shares, Class B Shares, First Preferred Shares and/or Second Preferred Shares.

6 ARTICLES OF ASSOCIATION AND BY-LAWS

CGI was incorporated on 29 September 1981 under Part 1A of the Companies Act (Québec), the predecessor to the Business Corporations Act (Québec). The Company continued the activities of *Conseillers en gestion et informatique CGI inc.*, which was originally founded in 1976. The Company is registered under the registration number 1142478016. The Business Corporations Act (Québec), along with the Company's by-law 1986-5 (the **By-Laws**) and the Articles of Association, governs the Company.

The following is a summary of certain provisions of the By-Laws and the Articles of Association. This summary does not purport to be complete and is qualified in its entirety by the full terms of the By-Laws and the Articles of Association.

6.1 Corporate Purpose

There are no limits imposed on the business activities of the Company.

6.2 Share Capital

The Company's authorised share capital consists of an unlimited number of First Preferred Shares, issuable in series, an unlimited number of Second Preferred Shares, issuable in series, an unlimited number of Class A Shares and an unlimited number of Class B Shares, all without par value.

Class A Shares and Class B Shares

Voting Rights

The holders of Class A Shares are entitled to one vote per share and the holders of Class B Shares are entitled to ten votes per share. As of 6 March 2018 (being the latest practicable date prior to publication of this prospectus), 46.16 per cent. and 53.84 per cent. of the aggregate voting rights were attached to the outstanding Class A Shares and Class B Shares, respectively.

Subdivision or Consolidation

The Class A Shares or Class B Shares may not be subdivided or consolidated unless simultaneously the Class B Shares or the Class A Shares, as the case may be, are subdivided or consolidated in the same manner and in such an event, the rights, privileges, restrictions and conditions then attaching to the Class A Shares and Class B Shares shall also attach to the Class A Shares and Class B Shares as subdivided or consolidated.

Rights upon Liquidation

Upon liquidation or dissolution of the Company or any other distribution of its assets among its shareholders for the purposes of winding up its affairs, all the assets of the Company available for payment or distribution to the holders of Class A Shares and holders of Class B Shares will be paid or distributed equally, share for share.

Conversion Rights of Class A Shares in Specific Circumstances

If a takeover bid or exchange bid or an issuer bid, other than an exempt bid, for the Class B Shares is made to the holders of Class B Shares without being made simultaneously and on the same terms and conditions to the holders of Class A Shares, each Class A Share shall become convertible into one Class B Share, from the date the offer is made, at the holder's option, in order to entitle the holder to accept the offer. However, this right of conversion shall be deemed not to come into effect if the offer is not completed by its offeror or if the offer is rejected by one or several of the senior executives and full-time employees of the Group and any corporate entity under their control, who are, as a group, owners, directly or indirectly, in any manner whatsoever, of more than 50 per cent. of the outstanding Class B Shares. The Articles of Association contain a complete description of the types of bids giving rise to the rights of conversion, provide certain procedures to be followed to perform the conversion and stipulate that upon such a bid, the Company or the transfer agent will communicate in writing to the holders of Class A Shares full details as to the bid and the manner of exercising the right of conversion.

Conversion of Class B Shares

Each Class B Share may, from time to time, at the holder's option, be converted into one Class A Share.

Issue of Class B Shares

The Articles of Association provide for pre-emptive rights in favour of holders of Class B Shares. Therefore, the Company may not issue Class A Shares or securities convertible into Class A Shares without offering, in the manner determined by the Board, to each holder of Class B Shares, pro rata to the number of Class B Shares it holds, the right to subscribe concurrently with the issue of Class A Shares or of securities convertible into Class A Shares, as the case may be, an aggregate number of Class B Shares or securities convertible into Class B Shares, as the case may be, sufficient to fully maintain its proportion of voting rights associated with the Class B Shares. The consideration to be paid for the issuance of each Class B Share or security convertible into Class B Shares, as the case may be, shall be equal to the issue price of each Class A Share or security convertible into Class A Shares then issued.

The pre-emptive rights do not apply in the case of the issuance of Class A Shares or securities convertible into Class A Shares:

- (a) in payment of stock dividends;
- (b) pursuant to the stock option plans or share purchase plans of the Company;
- (c) further to the conversion of Class B Shares into Class A Shares pursuant to the Articles of Association; or
- (d) further to the exercise of the conversion, exchange or acquisition rights attached to securities convertible into Class A Shares.

Any holder of Class B Shares may assign its pre-emptive rights to other holders of Class B Shares.

Dividends

The Class A Shares and Class B Shares participate equally, share for share, in any dividend which may be declared, paid or set aside for payment thereon.

In the 2017 fiscal year, considering, among other matters, the needs for reinvestment in the Company's operations, the scope of investment projects, the repayment of the Company's debt, and the purchase for cancellation of outstanding Class A Shares under the Company's normal course issuer bid, the Board determined that the Company would not pay a dividend. The Board re-evaluates its dividend policy annually.

Amendments

The rights, privileges, conditions and restrictions attaching to the Class A Shares or Class B Shares may respectively be amended if the amendment is authorised by at least two-thirds of the votes cast at a meeting of holders of Class A Shares and Class B Shares duly convened for that purpose. However, if the holders of Class A Shares as a class or the holders of Class B Shares as a class were to be affected in a manner different from that of the other classes of shares, such amendment shall, in addition, be authorised by at least two thirds of the votes cast at a meeting of holders of shares of the class of shares so affected in a different manner.

Rank

Except as otherwise stated herein, each Class A Share and each Class B Share carry the same rights, rank equally in all respects and are to be treated by the Company as if they constituted shares of a single class.

First Preferred Shares

The First Preferred Shares may be issued from time to time in one or more series and the Board has the right to determine, by resolution, the designation, rights, privileges, restrictions and conditions attaching to each series. The First Preferred Shares of each series rank equal to the First Preferred Shares of all other series and rank prior to the Second Preferred Shares, the Class A Shares and Class B Shares with respect to payment of dividends and repayment of capital. The holders of First Preferred Shares are entitled to receive notice of and attend any shareholders' meetings and are entitled to one vote per share. As of 6 March 2018 (being the latest practicable date prior to publication of this prospectus), there were no First Preferred Shares outstanding.

Second Preferred Shares

The Second Preferred Shares may be issued from time to time in one or more series and the Board has the right to determine, by resolution, the designation, rights, privileges, restrictions and conditions attaching to each series. The Second Preferred Shares of each series rank equal to the Second Preferred Shares of all other series and rank prior to the Class A Shares and Class B Shares with respect to payment of dividends and repayment of capital. The Second Preferred Shares are non-voting. As of 6 March 2018 (being the latest practicable date prior to publication of this prospectus), there were no Second Preferred Shares outstanding.

6.3 Share Capital – Record Date

The Board may set a future date not more than 60 days before the date of any shareholders' meeting of the Company or the date set for payment of a dividend or granting of rights as being the record date for determining which shareholders are entitled to receive notice of the holding or adjournment of such shareholders' meetings, receive payment of such dividends or be attributed such rights so that only the shareholders registered upon close of business on the date set shall be entitled to receive notice of and to vote at such meetings, receive payment of such dividends or be attributed such rights, as the case may be, and this notwithstanding any share transfer in the records of the Company after the said record date.

6.4 Shareholders' Meetings

Time and Place of Annual Meetings

The annual shareholders' meeting of the Company will be held at the time and place determined by the Board.

Special Meetings

Special general shareholders' meetings may at all times be called by order of the Founder and Executive Chairman of the Board, the President and Chief Executive Officer or, in their absence, by order of any member of the executive committee of the Company. The special general shareholders' meetings will be held at the time and place determined by the Board, or at any other place where all of the shareholders of the Company entitled to vote at such meetings are present in person or represented by proxy, or at any other place approved in writing by at least three shareholders of the Company.

Notice of Meetings

A notice stating the time, place and purpose of any shareholders' meeting must be given to all shareholders entitled to receive such notice, or sent to them by mail in a stamped envelope; such notice must be sent to their last known address no less than 21 days but no more than 50 days before the date set for the meeting. If a share is jointly held, any notice of meeting must be sent to the person first mentioned in the records as being one of the holders, and a notice thus given will be valid for all joint holders. No irregularity in the notice of meeting or manner in which it was given, no unintentional failure to send a notice of meeting to a shareholder, and no failure on the part of a shareholder to receive such notice shall invalidate any resolution passed, or action or measure taken, at the meeting in question.

Quorum, Vote and Adjournments

Two people who, in person or by proxy, represent 35 per cent. of the outstanding shares in the share capital of the Company carrying the right to vote at the meeting will constitute the quorum needed to transact business at any shareholders' meeting. All matters submitted to the shareholders' meeting (unless otherwise provided by applicable legislation) will be decided by a majority vote and constitute measures taken by all shareholders.

If a quorum has not been reached, the shareholders who are present in person and are entitled to be counted for the purposes of reaching the quorum have the power to adjourn any shareholders' meeting to any other time or place, without further notice other than a mention at the meeting, and this until such time as a quorum is reached. Any matter that could have been validly dealt with at a meeting prior to its adjournment may be dealt with at the adjourned meeting, provided a quorum is present.

Right to Vote and Proxy

Votes may be cast either in person or by proxy. At any shareholders' meeting, each shareholder present who is entitled to vote at that meeting may cast one vote if the vote is taken by a show of hands; for an election by ballot, each shareholder who is entitled to vote and is present in person or represented by proxy at such meeting may cast one vote per Class A Share and ten votes per Class B Share that is registered to his name in the records of the Company at the time of the meeting or on the record date, if one has been set. Prior to or immediately after the result of the vote by show of hands is declared, any shareholder or proxyholder may demand that a vote be taken by ballot. If a share is jointly held, the vote cast by the holder who votes either in person or by proxy whose name appears first in the records of the Company shall be accepted to the exclusion of all other joint holders' votes.

7 AUDITORS

Ernst & Young LLP of 800 René-Lévesque Boulevard West, Suite 1900, Montréal, QC, H3B 1X9, Canada has issued:

- (a) audit reports dated 7 November 2017 with respect to: (i) the consolidated balance sheets as at 30 September 2017 and 2016 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended 30 September 2017 and 2016; and (ii) the effectiveness of CGI's internal control over financial reporting as at 30 September 2017, included in the Annual Report on Form 40-F for the year ended 30 September 2017 (the **Form 40-F 2017**) on pages F-117-118;
- (b) audit reports dated 8 November 2016 with respect to: (i) the consolidated balance sheets as at 30 September 2016 and 2015 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended 30 September 2016 and 2015; and (ii) the

effectiveness of CGI's internal control over financial reporting as at 30 September 2016, included in the Annual Report on Form 40-F for the year ended 30 September 2016 which is incorporated by reference into this prospectus (see Part 5, Documents Incorporated by Reference); and

- (c) audit reports dated 10 November 2015 with respect to: (i) the consolidated balance sheets as at 30 September 2015 and 2014 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended 30 September 2015 and 2014; and (ii) the effectiveness of CGI's internal control over financial reporting as at 30 September 2015, included in the Annual Report on Form 40-F for the year ended 30 September 2015 which is incorporated by reference into this prospectus (see Part 5, Documents Incorporated by Reference).

Ernst & Young LLP is an independent registered public accounting firm, registered with the Public Company Accounting Oversight Board (United States) (**PCAOB**). Ernst & Young LLP conducted the above audits of: (i) CGI's internal control over financial reporting in accordance with the standards of the PCAOB; and (ii) CGI's consolidated financial statements in accordance with the standards of the PCAOB and Canadian Generally Accepted Auditing Standards.

Ernst & Young LLP has audited the consolidated balance sheets of CGI and its subsidiaries as of 30 September 2017, 2016, and 2015 and the related consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow for each of the three years ended 30 September 2017, 2016, and 2015.

Ernst & Young LLP has reviewed the interim condensed consolidated financial statements, consisting of the interim consolidated balance sheet as at 31 December 2017 and the interim consolidated statements of earnings, comprehensive income, changes in equity and cash flow for the three-month periods ended 31 December 2017 and 2016 on Form 6-K in accordance with Canadian Generally Accepted Auditing Standards and the standards of the PCAOB for a review of interim financial statements by an entity's auditor.

8 WORKING CAPITAL

CGI is of the opinion that, taking into account its borrowing facilities, the working capital available to the Group is sufficient for its present requirements, that is, for at least the next 12 months from the date of this prospectus.

9 CAPITALISATION AND INDEBTEDNESS

The capitalisation and indebtedness of CGI is set forth below on an unaudited basis as at 31 December 2017. The information set forth in the tables below should be read in conjunction with Part 6 Section 1 of this prospectus.

9.1 Cash and Current Debt

The table below sets out the Group's cash and current debt as at 31 December 2017.

	As at 31 December 2017 (Canadian dollars thousands) (unaudited)
Cash and cash equivalent	238,942
Total current portion of long-term debt	304,067
Secured.....	12,209
Unsecured	291,858

9.2 Capitalisation

The table below sets out the Group's capitalisation as at 31 December 2017.

	As at 31 December 2017 (Canadian dollars thousands) (unaudited)
Total non-current debt (excluding current portion of long-term debt)	1,518,825

Secured.....	14,614
Unsecured	1,504,211
Shareholders' equity:	
Accumulated other comprehensive income (loss).....	215,312
Contributed surplus	190,519
Share capital.....	2,067,545
Share premium	0
Treasury shares	0
Share based payment compensation reserve	0
Translation reserve	0
Total.....	<u>3,992,201</u>

Since 31 December 2017 there has been no material change in the capitalisation of the Group.

9.3 Net Indebtedness

The following table sets out the Group's net financial indebtedness as at 31 December 2017.

	As at 31 December 2017 (Canadian dollars thousands) (unaudited)
Cash & Cash equivalents	238,942
Trading securities	27,876
Liquidity	266,818
Current portion of non-current debt	304,067
Current financial debt	304,067
Net current financial indebtedness	37,249
Non-current debts	<u>1,518,825</u>
Net financial indebtedness	<u>1,556,074</u>

As at 31 December 2017, the Group had no material indirect or contingent indebtedness.

For further information on the Group's liquidity and capital resources as at 31 December 2017, see pages F-285 to F-287 in Part 6 of this prospectus. Since 31 December 2017, there has been no material change in: (i) the Group's liquidity, (ii) the anticipated sources of funding needed to fulfil the Group's commitments, (iii) the level of the Group's borrowings, (iv) the Group's borrowing requirements, or (v) the Group's indebtedness.

10 THE OFFER, TRADING AND DEALING ARRANGEMENTS

The offer(s), the subject of this prospectus, are not made to the general public or to any person other than eligible employees of the Group located in the United Kingdom, Belgium, the Czech Republic, Denmark, Estonia, Finland, Germany, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Republic of Lithuania, Romania, the Slovak Republic, Spain and Sweden. Only such eligible employees of the Group may acquire Class A Shares pursuant to this prospectus, in accordance with the plan documents of the Share Purchase Plan.

No new Class A Shares (or any other securities of CGI) will be issued in connection with this prospectus. All Class A Shares which are available to be purchased by the Plan Administrator have either: (i) been registered with the SEC and are trading on the NYSE or (ii) are trading on the TSX. The ISIN number for the Class A Shares is CA39945C1095. No Class A Shares (or any other securities of CGI) are listed or admitted to trading on a regulated market within the EEA. As at the date of this prospectus, there is no intention to make an application for the Class A Shares to be listed or admitted to trading on any such EEA regulated market.

11 PROSPECTUS AND PASSPORTING

You can obtain a copy of the prospectus and the documents incorporated by reference herein free of charge from the Company's website at www.cgi.com/en/eea-spp-prospectus.

This prospectus will be passported, pursuant to Article 17 of the Prospectus Directive, into Belgium, the Czech Republic, Denmark, Estonia, Finland, Germany, Luxembourg, the Netherlands, Norway, Poland, Portugal, the Republic of Lithuania, Romania, the Slovak Republic, Spain and Sweden. A list of the names of the regulators in each of these jurisdictions is set out in Part 3 of this prospectus.

12 REASONS FOR THE OFFER AND EXPENSES

The purpose of the Share Purchase Plan is to encourage employee share ownership by offering eligible employees of the Group the ability to purchase Class A Shares via salary deductions matched by Company contributions. CGI believes that the Share Purchase Plan offers a convenient means for employees of the Group who might not otherwise own Class A Shares to purchase and hold Class A Shares and that the matching Company contribution feature of the Share Purchase Plan offers a meaningful incentive for eligible employees to participate. CGI also believes that the continuing economic interests of participating employees, as shareholders, in CGI's performance will provide additional incentives for such employees to contribute to the Group's potential for growth and profitability.

The total costs, charges and expenses incurred by CGI in preparing this prospectus and in connection with the offer of Class A Shares under the Share Purchase Plan are estimated to be £220,000.

The number of Class A Shares purchased on the open market under the Share Purchase Plan will depend on a number of factors including the level of employee participation in the Share Purchase Plan, the amount of the contributions made by Participants and the Company under the Share Purchase Plan and the value of Class A Shares at the time of purchase. As the offer(s) relate solely to the purchase by Group employees of Class A Shares already trading on the NYSE or the TSX and not the issue of shares of any class by CGI, no proceeds will be raised by CGI in respect of the offer(s) contained in this prospectus.

13 CGI'S PUBLIC FILINGS

The Company is required to publish and file documents and information with the Canadian Securities Administrators (the **CSA**) and the SEC. CGI's filings with the CSA and SEC are available through the Company's website at www.cgi.com. The Company's public filings are also available through the SEC's website at www.sec.gov and through the CSA's website at www.sedar.com.

Save as expressly provided in this prospectus, neither the content of the Company's website, the SEC's website or the CSA's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website, the SEC's website or the CSA's website (or any other website) is incorporated into, or forms part of, this prospectus and employees should not rely on it.

14 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Norton Rose Fulbright LLP (English legal advisers to the Company), 3 More London Riverside, London SE1 2AQ, United Kingdom:

- (a) the Company's Articles of Association;
- (b) the Company's By-Laws;
- (c) the Form 6-K;
- (d) the review report prepared by Ernst & Young LLP in connection with the interim financial information as at and for the three-month period ended 31 December 2017 (the **Review Report**);
- (e) Notice of Annual General Meeting of Shareholders and Management Proxy Circular relating to the Annual General Meeting of Shareholders held on 31 January 2018 (the **Proxy Statement**);
- (f) the Form 40-F 2017;

- (g) the Form 40-F 2016;
- (h) the Form 40-F 2015; and
- (i) this prospectus.

15 LEGAL AND ARBITRATION PROCEEDINGS

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which CGI is aware) during a period covering at least the previous 12 months from the date of this prospectus which may have, or have had in the recent past, significant effects on CGI's and/or the Group's financial position or profitability.

PART 2: SUMMARY OF TAX CONSIDERATIONS

Terms defined in the Share Purchase Plan have the same meanings in this Part 2 unless the context indicates otherwise.

BELGIUM TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You may be subject to personal income tax on your employer's contribution to the Share Purchase Plan on your behalf at the moment of the payment of such contribution to the administrator of the Share Purchase Plan (the **Plan Administrator**). Your employer reserves the right to withhold or deduct social security contributions in respect of the employer's contributions if and to the extent any such social security contributions are due.

Sale of Shares

When you subsequently sell your Class A Shares purchased under the Share Purchase Plan, you should, as a rule, not be subject to capital gains tax.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on the declared dividend, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividend should be declared in your personal income tax return. To the extent that the dividend is subject to Canadian withholding tax, the Canadian tax withheld is deductible from the basis on which Belgian tax is calculated but cannot be credited against the Belgian tax.

Withholding and Reporting

Your employer reserves the right to withhold income tax, if it deems that withholding tax is due, and to report the income (and the amount of withholding levied, if any) on your salary slip. If your employer is not obliged to report the remuneration on your salary forms or to impose a withholding tax, you will be solely responsible for reporting the income in your personal income tax return.

If you are a Belgian resident, you are required to report any security or bank account (including any brokerage accounts) that you maintain outside of Belgium on your annual personal income tax return.

Social Security

Your employer reserves the right to withhold social insurance contributions in respect of the employer's contribution if it deems that withholding is due. If your employer is not obliged to withhold social insurance contributions, you will be solely responsible for paying any social insurance contributions due.

CZECH REPUBLIC TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local tax law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

As your eligibility to participate in the Share Purchase Plan is dependent upon your employment by a Group company, your employer's contribution on your behalf to the administrator of the Share Purchase Plan (the **Plan Administrator**) will be considered employment-related income and as such Czech personal income tax will be due on the amount by which the fair market value of any Class A Shares which are purchased by the Plan Administrator for your account using the employer's contribution (together with the value of any cash payment relating to fractional Class A Share entitlements, if any), at the moment when the Class A Shares are purchased for your account under the Share Purchase Plan (or, in relation to fractional entitlements, when you receive a cash payment equal to the value of the fractional Class A Shares) exceeds the total Participant's Contributions (the **taxable amount**).

The taxable amount, increased by social security and health insurance contributions payable by the employer, will be subject to the flat income tax rate of 15 per cent. As the costs of the Share Purchase Plan will be borne by your local Czech employer, social security (at the rate of 25 per cent.) and health insurance contributions (at the rate of 9 per cent.) will be payable by the employer in respect of the taxable amount at the total rate of 34 per cent. The taxable amount will also be subject to social security contributions of 6.5 per cent. and health insurance contributions of 4.5 per cent. payable by you. The maximum annual assessment base for calculating the social security contributions is CZK 1,438,992 for 2018.

The taxable amount may be further subject to a solidarity tax surcharge at the rate of 7 per cent. if the sum of your total annual employment income and the partial tax base from self-employment activities (if relevant) exceeds the maximum annual assessment base for calculating the social security contributions as referred above.

Sales of Shares executed in 2018

No tax is payable if the income (revenue) from the sale of all securities you acquire in one calendar year (i.e. not only Class A Shares acquired under the Share Purchase Plan) does not exceed CZK 100,000 (approximately €4,000) in one calendar year provided that you did not record the securities in your business assets.

If the total income (revenue) exceeds CZK 100,000 (approximately €4,000) in one calendar year, this exemption does not apply and the following applies:

Sale of Shares (Purchased prior to 1 January 2014)

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any gain will not be subject to tax, provided that you have held your shares for a period exceeding six months.

If you hold or the Plan Administrator holds for your account the Class A Shares for six months or less, you will be taxed at a flat rate of 15 per cent. personal income tax on the difference between: (i) the proceeds from the sale of the Class A Shares and (ii) the sum of the purchase price (fair market value) of such Class A Shares and other expenses relating to the Class A Shares sold (including brokerage fees).

Sale of Shares (Purchased after 1 January 2014)

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any gain will be tax exempt, provided that you have held your shares for a period exceeding three years.

If you hold or the Plan Administrator holds for your account the Class A Shares for three years or less, you will be taxed at a flat rate of 15 per cent. personal income tax on the difference between: (i) the proceeds from the sale of the Class A Shares and (ii) the sum of the purchase price (fair market value) of such Class A Shares and other expenses relating to the Class A Shares sold (including brokerage fees).

Dividends

If you hold, or the Plan Administrator holds for your account, Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividends that you receive, even though dividends paid on the Class A Shares are automatically reinvested in Class A Shares. The dividends will be subject to personal income tax at a flat rate of 15 per cent. in the Czech Republic and to Canadian withholding tax. You may be entitled to credit Canadian withholding tax against Czech personal income tax, provided that certain conditions are met.

Withholding and Reporting

Your employer will be responsible for withholding payment of income tax and social security and health insurance contributions in respect of the employer's contribution when Class A Shares are purchased under the Share Purchase Plan for your account. It is your own responsibility to report in your annual personal income tax return and pay taxes resulting from the subsequent sale of Class A Shares and the receipt of any dividends. Generally, any such personal income tax return is due by 1 April of the calendar year following the year of a sale of Class A Shares (where not exempt from capital gain, as explained above) and/or the receipt of any dividends (unless this deadline is extended until 1 July or later in accordance with Czech law).

DENMARK TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of trust arrangements under Danish tax law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You will be subject to tax on the employer's contribution to the administrator of the Share Purchase Plan (the **Plan Administrator**) on your behalf. Liability to tax will arise at the point in time at which you acquire the definitive legal right to the contributions made by the employer, which, under the Share Purchase Plan, will be the date the contributions are paid from the employer to the Plan Administrator.

The amount of the employer's contribution will be taxed as personal income at the personal tax rate applicable to you (a maximum rate of approx. 56.5 per cent. in 2018, including labour market contributions but excluding applicable church tax).

Shares Held on Trust / Sale of Shares

The treatment of the Class A Shares for Danish tax purposes will depend upon whether the Plan Administrator is treated as a deposit entity (such as a bank) or is considered to be a transparent, financial investment entity, subject to special regulation. Certain features of the trust structure, including: (i) that the Plan Administrator will be registered as the owner of the Class A Shares on behalf of each employee; (ii) that each employee will be able to vote the Class A Shares held for his or her account; and (iii) that employees are entitled to request that the Class A Shares held by the Plan Administrator be transferred to them, indicate that the Plan Administrator will most likely be considered to be a deposit entity under Danish tax law.

Assuming that the Plan Administrator is treated as a deposit entity under Danish tax law, you will be liable to share income tax in respect of any capital gains that you make when you sell Class A Shares purchased for your

account under the Share Purchase Plan (i.e. you will be taxed on the difference between the sale price and the price of the Class A Shares at the time of purchase). In 2018, the applicable rates for share income tax are 27 per cent. on capital gains up to a threshold of DKK 52,900 (DKK 105,800 for spouses) and 42 per cent. on any capital gains exceeding that threshold. Losses on listed shares can only be deducted from income from listed shares and only to the extent that the Danish tax authorities have been informed of the acquisition of the shares.

Dividends

Assuming that the Plan Administrator is considered to be a deposit entity as a matter of Danish tax law, if you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividends that you receive, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends will be subject to tax in Denmark as share income. However, dividends will be subject to Canadian withholding tax. You may be entitled to a Danish tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer is likely to be required to withhold preliminary income tax and report the contribution to the Danish tax authorities when the contribution is paid to the Plan Administrator on your behalf. Please note that, irrespective of the obligations on your employer regarding withholding and reporting, it is concurrently your legal responsibility to ensure that all taxes (including labour market contributions) resulting from the contributions, purchase and sale of the Class A Shares and/or the receipt of any dividends, are paid correctly and within the applicable time limits.

Social Security

Your employer will not withhold social insurance contributions when Class A Shares are purchased under the Share Purchase Plan for your account.

Exchange Controls

You are required to inform the Danish Tax Administration about the Class A Shares purchased for your account under the Share Purchase Plan and to deposit the Class A Shares with a financial institution or CGI. The safety-deposit account of the Plan Administrator is likely to be accepted as a compliant safety-deposit account. For this purpose, you must file a Form V (*Erklæring V*) with the Danish Tax Administration. If the Plan Administrator or a broker or bank signs the Form V, it undertakes an obligation, without further request each year, to forward information to the Danish Tax Administration concerning the Class A Shares in the account. By countersigning the Form V with the Plan Administrator or a broker or bank, you authorise the Danish Tax Administration to examine the account. If the Plan Administrator or a broker or bank does not sign Form V, by signing Form V you undertake to provide compliant information to the Danish Tax Administration each year. Form V can be found at the following website: www.skat.dk.

In addition, if you open a brokerage account, such brokerage account will be likely to be treated as a deposit account because cash can be held in the account. Therefore, it is likely that you must also file a Form K (*Erklæring K*) with the Danish Tax Administration. If the broker signs the Form K, the broker will be under an obligation to forward information to the Danish Tax Administration information concerning the content of the brokerage account. By signing the Form K, you authorise the Danish Tax Administration to examine the account. If the broker does not sign the Form K, you undertake by signing the Form K the obligation to provide compliant information to the Danish Tax Administration each year. Form K can be found at the following website: www.skat.dk.

ESTONIA TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You are not subject to tax on your employer's contributions to the administrator of the Share Purchase Plan (the **Plan Administrator**).

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the difference between the sale price and the acquisition value of the Class A Shares) will be subject to capital gains tax. No social security contributions are payable. You can deduct documented brokerage fees that you have paid in connection with the sale of your Class A Shares.

However, capital gains derived by individuals from the disposal of financial assets (e.g. shares and securities traded publicly in any EEA or OECD country or, under certain conditions, in other countries) will not be immediately taxable if: (i) such financial assets were acquired with funds deposited in an investment account opened for such purpose with a credit institution of an EEA or OECD country; and (ii) the proceeds of sale of such financial assets will be transferred back to the investment account. It is therefore possible that taxation of proceeds of the sale of Class A Shares acquired under the Share Purchase Plan may be postponed if such proceeds are transferred back to the investment account in which the funds used to acquire the Class A Shares were held. The gains realised through such sale of Class A Shares will be taxable only when transferred out of the investment account.

In order to benefit from the above capital gains tax deferral on the sale of Class A Shares and to obtain a deferral for any gains attributable to dividends reinvested in Class A Shares, you must complete a declaration attributing the acquisition value of the Class A Shares to the investment account. Such a declaration must be submitted by you in your annual income tax return in the year of purchasing the Class A Shares.

The acquisition value of the Class A Shares purchased for your account using the employer's contributions will include the value of the employer's contributions in respect of which the employer is required to withhold or pay income tax. You can request a certificate from your employer proving that taxes have been paid in respect of the employer's contributions.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will not be subject to income tax on these dividends in Estonia. However, you will be subject to Canadian withholding tax.

Withholding and Reporting

It is your responsibility to pay and report any income tax due when you sell Class A Shares acquired under the Share Purchase Plan. Although you do not have to pay any Estonian income tax on dividends received from Class A Shares, you are still obliged to report such dividends on your annual income tax return.

FINLAND TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in Finland as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of trust arrangements and social security contributions under Finnish law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in Finland (or in any other relevant country) apply to your specific situation.**

If you are a citizen or resident of a country other than Finland, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employee's Contribution

Your contributions to the Share Purchase Plan will be withheld from your net post-tax salary and remitted at each of your pay periods by your employer to the administrator of the Share Purchase Plan (the **Plan Administrator**). Full social security contributions are also payable on the withheld amount.

The Employer's Contribution

As there is no concept of "trustee" under Finnish tax law, the tax treatment of the Share Purchase Plan is unclear. However, as: (i) the Plan Administrator is required to hold the Shares purchased under the Share Purchase Plan on your behalf; (ii) the Plan Administrator has an obligation to establish and maintain separate accounts for and in the name of each person eligible to participate in the Share Purchase Plan; and (iii) there is no lock-up period incorporated into the terms of the Share Purchase Plan, so you may at any time withdraw from the Share Purchase Plan and receive either the Class A Shares held by the Plan Administrator for your account or a cash payment, the trust structure is highly likely to be deemed transparent for Finnish income tax purposes. Accordingly, the Class A Shares are likely to be considered to be in your possession from the moment the Plan Administrator purchases the Class A Shares for your account.

Accordingly, it is likely that the employer's contribution is considered taxable as your earned income on the date that such contribution is paid to the Plan Administrator. Such tax will be recovered by means of a withholding by the employer from the employer's contribution in accordance with your individual tax withholding rate, as evidenced by your individual tax withholding cards. The amount of the final tax may be adjusted based on the total amount of your annual earned income. Earned income is taxed on a progressive rate with a maximum rate

being approximately 53 per cent. (in 2018; the rate includes the highest income tax rate payable to the state and the average tax rates payable to the municipality and the church).

It is assumed that the only employee social security contribution payable is the employee's medical care premium.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain will be treated as capital income and is thus subject to tax on a flat rate (in 2018) of 30 per cent. (34 per cent. to the extent your annual capital income exceeds €30,000). You may deduct from such capital gain the acquisition cost of the Class A Shares, which consists of the purchase price of the Class A Shares (including, in relation to any Class A Shares acquired by reinvesting dividends paid on Class A Shares, the amount reinvested into the purchase of such Class A Shares) and any amounts taxed as earned income (i.e. the employer's contribution), as well as any brokerage fees that you have paid in accordance with the terms of the Share Purchase Plan. When calculating the taxable capital gain, you may alternatively deduct as a presumed acquisition cost 20 per cent. of the sales price of the shares (or 40 per cent. if you have held the shares for at least 10 years prior to the sale). In that case no brokerage fees or other similar fees may be deducted in addition to the presumed acquisition cost.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, it is likely that you will be subject to Finnish capital income tax on dividends that you receive, because the trust structure is likely to be deemed transparent (meaning that you are treated as the holder of the Class A Shares) for Finnish tax purposes. However, 15 per cent. of the dividend amount will be exempted income to you. It is likely that the dividends will be taxed at the time of payment even though dividends paid on the Class A Shares held by the Plan Administrator for your account are automatically reinvested in Class A Shares. The dividends may also be subject to Canadian withholding tax. You may be entitled to a Finnish tax credit for the Canadian withholding tax paid (if any), provided certain conditions are met.

Withholding and Reporting

Your employer will withhold and report income tax and applicable social security contributions when the employer's contributions are paid to the Plan Administrator under the Share Purchase Plan (as well as in connection with the normal salary payments). It is your responsibility to pay and report any taxes due to relevant tax authorities when you sell Class A Shares acquired under the Share Purchase Plan or if dividends are paid.

Social Security

Your employer will withhold the employee's medical care premium (*sairaanhoitomaksu*; the rate applicable to the employer's contributions of which is 1.53 per cent. in 2018) when the employer's contributions are paid to the Plan Administrator under the Share Purchase Plan. Full social security contributions are payable on the amount withheld from your net post-tax salary as the employee's contribution to the Share Purchase Plan.

GERMANY TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

This description applies to employees participating in the Share Purchase Plan who are German resident and who are both employed and carry out activities in Germany as part of such employment.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You will be subject to wage tax (plus a solidarity surcharge and church tax, if applicable) on your employer's contributions to the Share Purchase Plan on your behalf either when your employer pays such contributions to the administrator of the Share Purchase Plan (the **Plan Administrator**) or when the Class A Shares are purchased by the Plan Administrator for your account (both of which will generally occur in the same month). The amount which is subject to tax is determined by converting the amount contributed by your employer into Euros on the day the employer's contribution on your behalf is paid to the Plan Administrator or on the day the Class A Shares are purchased by the Plan Administrator for your account. You also will be subject to social insurance contributions on your employer's contributions to the extent that you have not already exceeded the applicable contribution ceiling.

Additionally, the German Income Tax Act (sec. 3. No. 39) provides for a tax exemption in the amount of up to €360,00 per calendar year for certain share incentive schemes granted by employers to all its employees. The applicability of the tax exemption should be checked individually.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, you will be subject to capital gains tax at a flat rate of 25 per cent. (plus a solidarity surcharge and church tax, if applicable). The taxable amount will be the difference between the proceeds of sale of such Class A Shares and the purchase price of such Class A Shares. However, you may elect to apply your personal income tax rate if the flat rate exceeds your personal income tax rate.

Employees should be aware that the capital gains flat tax rate does not apply to gains from the sale of Class A Shares if the employee holds or has held at least 1 per cent. of CGI's stated capital at any time during the last five years, or holds the Class A Shares as a business asset. In such circumstances, 60 per cent. of the capital gain

realised will be taxed at the employee's personal income tax rate (plus a solidarity surcharge and church tax, if applicable).

Dividends

If you hold, or the Plan Administrator holds for your account, Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on such dividends, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. Dividends will be subject to tax in Germany at a flat rate of 25 per cent. (plus a solidarity surcharge and church tax, if applicable). The German flat tax rate shall not apply upon application if the employee holds (i) at least 25 per cent. of CGI's stated capital or (ii) at least 1 per cent. of CGI's stated capital and can exercise, due to his professional activity as an employee, a significant influence on CGI's business activity. Additionally dividends may be subject to Canadian withholding tax (subject to any reductions under the Germany-Canada double tax treaty). You may be entitled to a German tax credit for any Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will withhold and report income tax (in the form of wage tax) when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid (or reinvested).

Social Security

Your employer will withhold social insurance contributions in respect of the employer's contribution (to the extent that you have not exceeded the applicable ceiling for social insurance contributions) when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan.

Exchange Controls

Cross-border payments in excess of €12,500 (sec. 11. para. 2. German Foreign Trade Law (**AWG**), sec. 67 para. 2. no. 1 Foreign Trade Decree (**AWV**)) must be reported monthly to the German Federal Bank. If you use a German bank to process a cross-border payment in connection with the purchase or sale of Class A Shares or the payment of dividends on Class A Shares, the bank will make the monthly reports for you.

LUXEMBOURG TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in Luxembourg as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in Luxembourg, and if different, in your country of tax residence apply to your specific situation.**

If you are a citizen or resident of another country or if you are considered a resident of another country for local law purposes, the information contained in this description as concerns taxation of dividends and/or taxation of capital gains may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

The employer's contributions to the Share Purchase Plan on your behalf are subject to income tax as such contributions generally constitute additional income in kind when your employer pays such contributions to the administrator of the Share Purchase Plan (the **Plan Administrator**) and allows the Plan Administrator to purchase the Class A Shares on your account.

The taxable basis will be the amount by which the fair market value of the shares of the Plan acquired on your behalf exceeds the total Participant's Contribution.

You will also be subject to social security contributions on the said salary in kind to the extent that you have not already exceeded the applicable contribution ceiling.

The income tax and social security contributions are in principle withheld directly by your employer (see sections below "Withholding and Reporting" and "Social Security").

Sale of Shares

If you are Luxembourg tax resident and you or the Plan Administrator sell(s) your Class A Shares acquired under the Share Purchase Plan within the six months following your acquisition of them, any capital gain (i.e. the difference between the sale price of the Class A Shares and the purchase price of the Class A Shares, together with expenses such as brokerage fees) will be subject to taxation in Luxembourg at your progressive standard personal income tax rates (taxation as a speculation benefit). However, if the aggregate of any speculative capital gains realised on the sale of any shares (i.e. not only the Class A Shares) held by the employee does not exceed €500 in a calendar year, that capital gain may be tax-exempt, provided that certain conditions are met.

The capital gains you realise on a disposal of Class A Shares are not subject to tax if the Class A Shares are sold or disposed of more than six months after your acquisition of them unless the employee or the Plan Administrator holds directly or indirectly on your behalf more than 10 per cent. of the share capital at any time during the last five years (sale of substantial participation).

Non-residents are only subject to tax in Luxembourg on capital gains if they sell a participation out of a substantial participation (as described above) within 6 months from its acquisition unless double tax treaty exemption applies.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividends that you receive, even though dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends will be subject to income tax in Luxembourg and to Canadian withholding tax. In Luxembourg, you will be required to pay tax on only half of the amount of dividends you receive provided certain conditions are met. You may be entitled to a Luxembourg tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will withhold and report income tax when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan. However, it is your responsibility to file tax returns and declare revenue and amounts eventually withheld appropriately, and to pay and report any taxes due when you or the Plan Administrator sells your Class A Shares acquired under the Share Purchase Plan and if dividends are paid (even if such dividends are automatically reinvested in Class A Shares).

Pursuant to applicable law, your employer may be required to file a copy of the terms and conditions of the Share Purchase Plan and a list of the potential plan beneficiaries with the local withholding tax office.

Social Security

Your employer will withhold social insurance contributions in respect of the salary in kind, consisting of the shares acquired by the Plan Administrator on your behalf when Class A Shares are purchased by the Plan Administrator for your account under the Share Purchase Plan to the extent applicable by law (some parts of the social security contributions have a ceiling).

NETHERLANDS TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax laws in effect in the Netherlands (the Netherlands means the Kingdom of the Netherlands located in Europe) as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

For the purposes of Netherlands income tax, Class A Shares legally owned by a third party such as a trustee, foundation or similar entity or arrangement (a **Third Party**), may under certain circumstances have to be allocated to the (deemed) settlor, grantor or similar originator (the **Settlor**) or, upon the death of the Settlor, his/her beneficiaries (the **Beneficiaries**) in proportion to their entitlement to the estate of the Settlor of such trust or similar arrangement (the **Separated Private Assets**).

This description applies to you if you: (i) are an individual resident or deemed to be resident in the Netherlands; (ii) are a "qualifying non-resident taxpayer" ("*kwalificerende buitenlandse belastingplichtige*") who is treated as a resident of the Netherlands for tax purposes on the basis of certain objective criteria; (iii) perform (work) activities in the Netherlands; or (iv) are a (supervisory) board director of a Netherlands Group company.

If you are a citizen or resident of another country or if you have a substantial interest in the Group, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

The amount of your employer's contribution to the Share Purchase Plan will be considered part of your income from employment from the time of the payment of the employer's contribution by the employer to the administrator of the Share Purchase Plan (the **Plan Administrator**). In addition, to the extent that CGI assumes certain fees relating to the Share Purchase Plan (such as the brokerage fees attached to the purchase of Class A Shares), this may form part of your income from employment. Consequently, such amounts will be subject to wage withholding tax at the applicable progressive rates (up to 51.95 per cent. for the year 2018).

In addition, mandatory social security contributions will be due, unless you have already reached the ceiling on social security contributions through payment of your normal wage. Your employer is obliged to withhold the wage withholding tax (including the social security contributions, if any) due. In this respect, it is important to note that wage withholding tax serves as an advance payment and can therefore be credited against your Netherlands personal income tax due.

Taxes on Income and Capital Gains

You will be subject to regular Netherlands income tax on the income derived from the Class A Shares and the gains realised upon the acquisition, redemption and/or disposal of the Class A Shares, if:

- (a) you have an enterprise or an interest in an enterprise, to which enterprise the Class A Shares are attributable; and/or
- (b) such income or capital gain forms "a benefit from miscellaneous activities" ("*resultaat uit overige werkzaamheden*") which would be the case if, for instance, the activities with respect to the Class A Shares exceed "normal active asset management" ("*normaal, actief vermogensbeheer*") or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (a "lucrative interest"; *lucratief belang*) that you have acquired under circumstances such that such income and gains are intended to be remuneration for work or services performed by you (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides you, economically speaking, with certain benefits that have a relation to the relevant work or services.

If either of the abovementioned conditions (a) or (b) applies, income or capital gains in respect of dividends distributed by CGI or in respect of any gain realised on the disposal of Class A Shares will in general be subject to Netherlands income tax as income from "employment and home ownership" ("*werk en woning*") at the progressive rates up to 51.95 per cent.

If the abovementioned conditions (a) and (b) do not apply, you will not be subject to taxes on income and capital gains in the Netherlands. Instead, you will be taxed at a flat rate of 30 per cent. on deemed income from "savings and investments" ("*sparen en beleggen*"). This deemed income is calculated on your "yield basis" ("*rendementsgrondslag*") at the beginning of the calendar year (minus a tax-free amount). The yield basis would include the fair market value of the Class A Shares. The deemed income amounts to 0.36 per cent. over 67 per cent and 5.38 per cent over 33 per cent of a yield basis of up to €70,800, 0.36 per cent. over 21 per cent and 5.38 per cent over 79 per cent of a yield basis of €70,800 up to €978,000 and 5.38 per cent. on a yield basis exceeding €978,000.

As a holder of Class A Shares you are generally entitled, subject to certain limitations and restrictions, to a credit for the Canadian withholding tax on dividends received against your income tax liability in respect of income from employment and home ownership or from savings and investments (as applicable).

Withholding and Reporting

Your employer will withhold wage withholding tax upon making the employer's contribution to the Plan Administrator. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

NORWAY TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of the trustee arrangement under Norwegian tax law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You will be subject to tax on the employer's contribution, most likely when the employer's contribution is paid to the administrator of the Share Purchase Plan (the **Plan Administrator**). The contribution will be considered income from employment and taxed at a marginal tax rate of 46.6 per cent. (according to 2018 rates, including the employee's social security contribution of 8.2 per cent.). Certain adjustments may be available that will reduce the taxable amount. As there is some uncertainty associated with the time of taxation and the availability of a tax reduction due to the uncertainty surrounding the tax treatment of trusts from a Norwegian tax perspective, we advise that you consult your personal tax advisor regarding this issue.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the difference between the sale price and the purchase price, less any fees incurred such as brokerage fees) will be subject to capital gains tax. Certain adjustments may be available that will reduce the capital gain.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax in Norway on dividends that you receive, even though dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. Certain adjustments may be available that will reduce the dividend income. In addition, the

dividends will be subject to Canadian withholding tax. You may be entitled to a Norwegian tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Wealth Tax

You will be subject to wealth tax on your Class A Shares held at year-end. The taxable amount is 80 per cent. of the fair market value of the Class A Shares held on 1 January in the year following the relevant tax year.

Exit Tax

You may be subject to income tax on Class A Shares held by the Plan Administrator for your account at the time of emigration if you leave Norway. Please consult with your personal tax advisor regarding your tax obligations in the event that you emigrate from Norway.

Withholding and Reporting

Your employer will report income tax and withhold income tax most likely upon payment of the employer's contribution to the Plan Administrator. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

POLAND TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, employees participating in the Share Purchase Plan are advised that there is uncertainty surrounding the treatment of trusts under Polish tax law, which may mean that this description is inapplicable or particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself trigger the obligation to pay the tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

Although the tax treatment of trustee arrangements under Polish tax law is not clear, it is likely that you will be obliged to pay the income tax on the employer's contribution (1) when the shares will be purchased for your account or (2) when you receive the Class A Shares, or the proceeds from a sale of such Class A Shares, from the administrator of the Share Purchase Plan (the **Plan Administrator**). At the time at which you become liable to pay income tax, health insurance and social security contributions may also be payable.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, the sale proceeds (i.e. the difference between the sale price and the purchase costs, which include employer's contribution, your contribution and other costs incurred – if any, for example, notary fees) will be subject to income tax (at a rate of 19 per cent.).

Dividends

If you hold, or the Plan Administrator holds for your account, Class A Shares and CGI declares a dividend on the Class A Shares, it will be subject to income tax on dividend payments that you receive, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends received will be subject to income tax in Poland (at a rate of 19 per cent.) and to Canadian withholding tax. You may be entitled to a Polish tax credit for the specified amount of the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer could be obliged to withhold income tax in respect of the employer's contribution when Class A Shares are purchased for your account under the Share Purchase Plan (only if this contribution is regarded as an income from an employment relationship). In other cases you will be obliged to disclose and pay the tax on your employer's contribution. It will also be your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

Social Security

Your employer could be obliged to withhold social and health insurance contributions when Class A Shares are purchased for your account under the Share Purchase Plan to the extent you have not already exceeded the applicable contribution threshold.

Exchange Controls

If you are a resident of Poland, you may be required to report Class A Shares held in a foreign company such as CGI, as well as any dividends received, to the National Bank of Poland. However, this obligation arises only if the value of the shares held in the foreign companies (or other assets or liabilities) is equal to at least PLN 7 million.

PORTUGAL TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You are subject to income tax ("*Imposto sobre o Rendimento das Pessoas Singulares*") on the employer's contribution in the fiscal year in which the administrator of the Share Purchase Plan (the **Plan Administrator**) purchases the Class A Shares for your account. The employer's contribution will, however, be treated as employment income, which will be subject to *Imposto sobre o Rendimento das Pessoas Singulares* at a progressive rate from 14.5 per cent. up to 48 per cent, plus a solidarity surcharge of 2.5 per cent. (for taxable income between €80,000 and €250,000) or 5 per cent. (for taxable income exceeding €250,000). Such tax will be computed by reference to the difference between the purchase price of the Class A Shares and the part of such price that is paid out of or deducted from your contributions to the Share Purchase Plan.

Sale of Shares

You are subject to *Imposto sobre o Rendimento das Pessoas Singulares* in the fiscal year when either you or the Plan Administrator (acting on your behalf) sells your Class A Shares, which shall be payable upon the difference between the purchase price of the Class A Shares and the sale price of the Class A Shares (less any brokerage fees paid in respect of such sale). Such income shall be characterised as capital gains. Capital gains are subject to a flat tax rate of 28 per cent.

Dividends

You are subject to *Imposto sobre o Rendimento das Pessoas Singulares* in the fiscal year when dividends are received in respect of your Class A Shares. Such dividends are subject to a flat tax rate of 28 per cent.

Withholding and Reporting

Your employer is not required to withhold *Imposto sobre o Rendimento das Pessoas Singulares* when Class A Shares are purchased for your account under the Share Purchase Plan, nor when you receive dividends or realise capital gains from such Class A Shares.

If Canadian withholding tax arises on the employer's contributions to the Share Purchase Plan or on dividends or capital gains in respect of your Class A Shares, you may be entitled to credit such tax against the *Imposto sobre o Rendimento das Pessoas Singulares* due on such items of income provided certain conditions are met.

Your employer will report, to both you and the Portuguese tax authorities, the taxable benefits resulting from the purchase of Class A Shares under the Share Purchase Plan. It is your responsibility to pay and report taxes due upon the purchase of Class A Shares, the sale of Class A Shares or the receipt of any dividends.

Social Security

You will not be subject to contributions to Portuguese social security on the employer's contribution, capital gains or dividends in respect of your Class A Shares.

Exchange Controls

If you hold or the Plan Administrator holds for your account Class A Shares, the acquisition of such Class A Shares must be reported to the Portuguese Central Bank ("Banco de Portugal") for statistical purposes. If the Class A Shares are deposited with a commercial bank or financial intermediary in Portugal, such bank or financial intermediary will submit the report to the Banco de Portugal. If the Class A Shares are not deposited with a commercial bank or financial intermediary in Portugal, you will be responsible for submitting the report to the Banco de Portugal within fifteen working days following the month during which the transaction occurred.

REPUBLIC OF LITHUANIA TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in Lithuania, and if different, in your country of tax residence apply to your specific situation.**

If you are a citizen or resident of another country, change employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

You will be subject to personal income tax and social insurance tax on your employer's contributions to the administrator of the Share Purchase Plan (the **Plan Administrator**) most likely when the Class A Shares are purchased by the Plan Administrator for your account. The amount which is subject to tax is determined by calculating the difference between the market value of the Class A Shares and the Basic Contribution made at the expense of the employee at the time when the Class A Shares are purchased.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the difference between the sale price and the acquisition value of the Class A Shares) will be subject personal income tax. No social security contributions are levied on capital gains received from the sale of your Class A Shares. You can deduct documented brokerage fees that you have paid in connection with the sale of your Class A Shares.

When profit earned from the sale of any shares (including profit earned from the sale of your Class A Shares) does not exceed EUR 500 during the calendar year, such capital gain is exempted from personal income tax. The exemption does not apply if the Class A Shares are sold to the issuer or upon the liquidation of the issuer (i.e. CGI).

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to personal income tax on these dividends, even though dividends paid on

the Class A Shares are automatically reinvested in Class A Shares. The dividends will be subject to personal income tax in Lithuania and to Canadian withholding tax. You may be entitled to credit Canadian withholding tax against Lithuanian personal income tax, provided that certain conditions are met.

Withholding and Reporting

The Employer will be responsible for withholding payment of income tax and social insurance contributions in respect of the Employer's contribution when Class A Shares are purchased under the Share Purchase Plan for your account. It is your responsibility to report in your annual personal income tax return and pay taxes resulting from the subsequent sale of Class A Shares and the receipt of dividends. Generally, any such personal income tax is due by 1 May of the calendar year following the year of a sale of Class A Shares and/or the receipt of any dividends.

ROMANIAN TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local tax law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employee's Contribution

Your contributions to the Share Purchase Plan will be withheld from your net salary (the remaining amount after all taxes and social security contributions are withheld) and remitted by your Participating Employer to the Plan Administrator. Therefore, you will not have to pay any additional tax or social security contribution other than that already withheld by your Romania employer with regard to your net salary.

The Employer's Contribution

Your employer's contribution will be considered employment-related income. Consequently, Romanian personal income tax and related social security contributions will be due on the amount by which the fair market value of any Class A Shares which are purchased by the Plan Administrator on your account using the employer's contribution (together with the value of any cash payment relating to fractional Class A Share entitlements, if any), at the moment when the Class A Shares are purchased on your account under the Share Purchase Plan (or, in relation to fractional entitlements, when you receive a cash payment equal to the value of the fractional Class A Shares) exceeds the Participant's Basic Contributions (the taxable amount).

Employment related income is subject to the following levies, which will be withheld by your employer:

- Personal income tax (10%).
- Contribution for Social Insurance (CAS) (25%).
- Social Health Insurance Contribution (CASS) (10%).

Your employer will also pay some CAS and a work insurance contribution.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain will be subject to a 10% flat income tax. The capital gain is determined as the positive difference between the sale price and the relevant fiscal value, represented by the purchase price, which also includes transaction/subscription expenses. It is your responsibility to determine the gains and report it on your individual tax return.

In addition, you may be subject to a health insurance contribution of 10% to be applied if such revenues received from the sale of your Class A Shares are at least equal to 12 gross minimum basic salaries in Romania per year. The calculation base for this 10% contribution is the minimum gross basic salary in force in the month in which the contribution is due. This too shall be your responsibility to determine and report on your individual tax return.

Dividends

Gross foreign dividend is considered as investment income in Romania and it is subject to (i) tax on dividend at a rate of 5% on the amount of such dividends as well as to (ii) 10% health insurance contribution (in case such revenues are equal to 12 gross basic minimum salaries in Romania, in force in the month in which the contribution is due). Such income should be reported under the individual tax return by 25th of May of the year following the one in which the dividend income is derived using form 201.

The dividends will be subject to withholding tax in Canada. You may claim a credit tax in Romania for the Canadian withholding tax paid if certain conditions are met. The tax credit cannot exceed the amount of the tax due in Romania.

Withholding and Reporting

Your employer will be responsible for withholding, calculating and paying the taxes and social contributions referred herein before with respect to the employer's contribution when Class A Shares are purchased under the Share Purchase Plan for your account.

It is your own responsibility to report and pay taxes and health insurance contribution resulting from the subsequent sale of Class A Shares and the receipt of any dividends, as such are considered under the Romanian law revenues from investments (i.e., independent incomes).

SLOVAK REPUBLIC TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of a country other than the Slovak Republic, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local tax law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

The employer's contribution to your Share Purchase Plan will be treated as your additional employment income and accordingly will be subject to the Slovak personal income tax at the moment when the Class A Shares are purchased for your account under the Share Purchase Plan or when you receive a cash payment equal to any fractional Class A Share value. Personal income tax rates depend on the individual's income. A tax base of up to €35,268.06 is subject to a 19 per cent. tax rate. Amounts in excess of this are subject to a 25 per cent. tax rate.

This additional taxable employment income will also be subject to social security and health insurance contributions unless you have already hit the applicable contribution ceiling. In this respect it should be noted that no ceiling applies to health insurance contributions starting from 2018 (with the exception of health insurance contributions on dividends where the ceiling applies if the health insurance contributions are applicable, cf. below). A general overview of health insurance and social security contributions on employment income is as follows:

Insurance type/event	Employee (%)	Employer (%)	Monthly cap of base (income) in 2018 (EUR)
Sickness	1.4	1.4	6,384
Retirement	4	14	6,384
Permanent disability	3	3	6,384
Unemployment	1	1	6,384
Health	4	10	No limit applicable
Guarantee insurance	N/A	0.25	6,384
Reserve fund	N/A	4.75	6,384

Injury	N/A	0.8	No limit applicable
Total	13.4	35.2	

Sale of Shares

You may be subject to personal income tax and health insurance contributions when you subsequently sell your Class A Shares acquired under the Share Purchase Plan.

However, please note, if the period between purchase and subsequent sale of your Class A Shares acquired under the Share Purchase Plan exceeds one year, income from such transaction is tax exempt. This tax benefit has been introduced as of 1 January 2016 in the Slovak tax legislation and applies providing the shares are admitted to a regulated stock market in Slovakia or abroad. Income exempt from personal income tax is generally not subject to health insurance contributions. Qualifying tax exempt capital gains from the sale of shares will therefore be exempt from health insurance contributions.

If the minimum one-year holding period of your Class A Shares is not met, the taxable amount will be the profit you realise from the sale of Class A Shares, i.e. the difference between: (i) the sum of the proceeds from the sale of the Class A Shares; and (ii) the sum of the purchase price of the Class A Shares and other expenses relating to the Class A Shares sold.

Annual income from certain sources, including the profit from the sale of shares, is exempt from income tax up to the amount of €500. If you receive income from the sale of Class A Shares along with income from other qualifying sources, the application of this tax exemption is limited to €500 in the relevant year for all of the relevant sources.

If you are subject to tax, the amount to be taxed is likely to be equal to the difference between: (i) the sum of the proceeds from sale of the Class A Shares and certain other income; and (ii) the sum of the purchase price of the Class A Shares and other expenses relating to the sold Class A Shares or other income.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI pays or gives credits for dividends on the Class A Shares, you may be subject to income tax in the Slovak Republic at a rate of 7 per cent. This applies to dividends received by individuals paid out of company profits generated for corporate fiscal periods commenced after 31 December 2016. Dividends paid to you out of profits generated for corporate fiscal periods commenced after 31 December 2016 are not subject to Slovak health insurance contributions but, as mentioned above, are subject to income tax.

Dividends paid to you out of profits generated for corporate fiscal periods commenced before 31 December 2016 will not be subject to income tax but may be subject to Slovak health insurance contributions (as of 1 January 2017, generally at a rate of 14 per cent. if paid out of profits generated after 1 January 2013 onwards) irrespective of whether they were paid in the form of cash or whether the proceeds were re-invested into a purchase of further Class A Shares. Health insurance contributions are payable on such dividends (paid out of profits generated for corporate fiscal periods commenced before 31 December 2016) up to the annual statutory ceiling of €54,720 in 2018.

Withholding and Reporting

Your employer will withhold and report income tax when Class A Shares are purchased on your account under the Share Purchase Plan as from any other taxable employment income. It is however your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan unless such transfer is tax exempt. The taxable income from the sale of shares and from dividends is to be reported via Slovak personal income tax return, which should be submitted to the Slovak tax authorities by 31 March of the year following the year when the shares were sold unless the filing deadline is prolonged.

Social Security and Health Insurance

Your employer will withhold social insurance and health insurance contributions (if applicable) when Class A Shares are purchased on your account under the Share Purchase Plan.

You may also be obliged to report the amount of dividends received from your Class A Shares to your health insurance company if dividends are paid out of profits generated for corporate fiscal periods commenced before 31 December 2017 and to pay health insurance contributions resulting from the receipt of such dividends.

Capital gains generated from the sale of shares by an individual are subject to health insurance contributions unless they are exempt from income tax under the conditions mentioned above (minimum one-year holding period, admission of shares to a regulated stock market).

SPAIN TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinated voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In particular, Spanish participants in the Share Purchase Plan are advised that, as described below, there is an important degree of uncertainty surrounding the treatment of trusts (including the kind of trustee arrangement involved in the Share Purchase Plan) as a matter of Spanish tax law, which may mean that this description is inapplicable, or is particularly vulnerable to changes in practice or interpretation. In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of another country, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

Under Spanish law, the "trust" concept does not exist and there is no equivalent institution in the Spanish civil law system. Furthermore, Spain has not entered into any international or European convention by which matters concerning trusts are regulated. Therefore, there is a degree of uncertainty in the Spanish tax treatment of trusts.

Additionally, to our knowledge, the Spanish courts and tax authorities have issued little or almost no guidance in relation to the tax treatment of trusts in Spain.

According to the (very few) tax rulings issued by the Spanish tax authorities, it seems that the trust: (i) should be interpreted as a mere mandate or fiduciary agreement; and (ii) should be ignored for tax purposes (i.e. treated as a transparent entity), as if the transactions have been carried out directly between the parties involved in the trust. Following this interpretation:

- your Spanish employer's contributions to the Share Purchase Plan should be considered cash contributions made directly to you in order for you to acquire Class A Shares; and
- you should be considered to be the owner of the Class A Shares as from the date of their acquisition by the administrator of the Share Purchase Plan (the **Plan Administrator**) for your account.

From a Spanish tax standpoint, contributions made by the Spanish employer to the Share Purchase Plan would have the same tax treatment as any other cash salary income obtained by you, so would be subject to withholding tax on account of Spanish individual income tax (**Spanish IIT**) at the applicable progressive rates.

You also will be subject to social insurance contributions on the taxable amount to the extent you have not already exceeded the applicable contribution ceiling.

Sale of Shares

Capital gains (i.e. the difference between (i) the sale price and (ii) the purchase price plus any amount on which you have already paid taxes and any expenses incurred (the **acquisition cost**)) realised by you upon the sale of Class A Shares would be included in Spanish IIT savings taxable income (*base del ahorro*).

During 2018 savings income: (i) up to €6,000 will be taxed at 19 per cent.; (ii) from €6,000 to €50,000 will be taxed at 21 per cent.; and (iii) in excess of €50,000 will be taxed at 23 per cent.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to Spanish IIT on dividend payments received, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares.

Dividends paid on the Class A Shares would be included in your Spanish IIT savings taxable base (*base del ahorro*) and taxed accordingly (please refer to the paragraph on taxation of savings income above).

In the event that any dividends paid to you have been subject to Canadian withholding tax, you should be entitled to a Spanish tax credit for the Canadian withholding tax paid, provided that the conditions/requirements provided in Article 80 of the Spanish IIT Law are met.

Withholding and Reporting

If the taxable amount at purchase of the Class A Shares is considered to be cash salary income, the Spanish employer will withhold the corresponding withholding tax on account of your Spanish IIT. This amount will be withheld from your salary and reported to the Spanish tax authorities. You would be entitled to deduct the withholding tax from your Spanish IIT return. It is your responsibility to report and pay any tax due from the sale of Class A Shares or receipt of any dividends.

Social Security

Your employer will withhold social insurance contributions on the taxable amount (to the extent that you have not exceeded the applicable ceiling for social insurance contributions).

Wealth Tax (Impuesto sobre el Patrimonio)

Since 2011, wealth tax has been temporarily restored in Spain on annual basis up to the 2017 tax period. Although as at 6 March 2018 the law extending the restoration of this tax to the 2018 tax period has not yet been enacted, it is likely that the restoration will be enacted before year end.

Pursuant to Royal Decree-Law 13/2011 of 16 September (as amended by Law 48/2015, of 29 October), wealth tax has been temporarily restored in Spain for the 2018 tax period.

This tax is levied on the net worth of an individual's assets and rights at a progressive rate that, unless otherwise regulated by the relevant region (*Comunidad Autónoma*), ranges from 0.2 per cent. on the first €167,129 to 2.5 per cent. on amounts over €10.7 million, with some reductions that may be applicable. Notwithstanding the above, and unless otherwise regulated by the relevant region (*Comunidad Autónoma*) of residence, Spanish individual holders shall be exempt from any wealth tax on the first €700,000 of their net wealth.

For the purposes of calculating the wealth tax liabilities corresponding to 2018, individuals with tax residence in Spain who are required to pay wealth tax should take into account their wealth held as at 31 December 2018.

Obligation to Inform the Spanish Tax Authorities of the Ownership of Class A Shares

There is an obligation for Spanish residents to declare, on an annual basis, their foreign rights and assets (such as **Class A Shares**).

As regards the Class A Shares, such information would include: (i) ISIN code of Class A Shares; (ii) the name and corporate domicile of CGI; and (iii) the number and class of shares held on 31 December, along with their value, and would need to be provided to the Spanish tax authorities between 1 January and 31 March of the year immediately following.

This obligation would only need to be complied with if certain thresholds are met. If your only foreign rights/assets are the Class A Shares, this obligation would only apply if the value of the Class A Shares at purchase exceeds €50,000. If this threshold is met, a declaration would only be required in subsequent years if the value of the Class A Shares increases by more than €20,000 as compared with the declaration made previously.

Note that this obligation would also be applicable if you dispose of Class A Shares at some point during the 2018 tax year, provided that you had already declared your holding of those Class A Shares in a declaration corresponding to the 2017 or previous tax years. In that case, the information to be included in the declaration would be the date of disposal of such Class A Shares.

Exchange Controls

It is your responsibility to comply with exchange control regulations in Spain. However, declaration of the acquisition of Class A Shares for statistical purposes to the *Dirección General de Comercio e Inversiones* (the **DGCI**) of the *Ministerio de Economía* is compulsory only in three situations: (i) if the purchase price exceeds €1,502,530.26, (ii) if the investor holds a stake of at least 10 per cent. in CGI, or (iii) if the investor belongs to CGI's board of directors. If you purchase any Class A Shares through the use of a Spanish financial institution, that institution will automatically make the declaration to the DGCI for you; otherwise you must make the declaration by filing the appropriate form with the DGCI. You must also declare ownership of Class A Shares with the DGCI each January while the Class A Shares are owned, irrespective of the value of the shares.

SWEDEN TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of a country other than Sweden, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

The Employer's Contribution

When Class A Shares are purchased by the administrator of the Share Purchase Plan (the **Plan Administrator**) for your account, you will be subject to income tax on the employer's contribution.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the difference between the sale proceeds of the Class A Shares, less the purchase price of the Class A Shares and any expenses relating to the Class A Shares) will be subject to capital gains tax at a rate of 30 per cent. If a number of Class A Shares have been sold which have been acquired at different purchase prices, the average purchase price should be used in the calculation.

As an alternative, as the Class A Shares are listed on an exchange, you may use 20 per cent. of the net sale proceeds as your acquisition cost for the Class A Shares.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividend payments that you receive, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends received will be subject to capital income tax at a rate of 30 per cent. in Sweden and to Canadian withholding tax. You may be entitled to a Swedish tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

Your employer will withhold income tax in respect of the employer's contribution when Class A Shares are purchased for your account under the Share Purchase Plan. It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

UNITED KINGDOM TAX CONSEQUENCES

The following is a general summary description of the tax consequences of your participation in the Share Purchase Plan (the **Share Purchase Plan**) of CGI Group Inc. (**CGI**) and its subsidiaries (together the **Group**).

This description is based on the tax and other laws concerning equity awards in effect in your country as at 6 March 2018. Such laws are often complex and change frequently. As a result, the information contained in this prospectus may be out of date at the time you acquire Class A subordinate voting shares in CGI (**Class A Shares**) under the Share Purchase Plan or sell Class A Shares you acquire under the Share Purchase Plan.

In addition, this description does not discuss all of the various laws, rules and regulations that may apply. It may not apply to your particular tax or financial situation, and the Group is not in a position to assure you of any particular tax result. **Accordingly, you are strongly advised to seek appropriate professional advice as to how the tax or other laws in your country apply to your specific situation.**

If you are a citizen or resident of a country other than the UK, transfer employment after you acquire Class A Shares under the Share Purchase Plan, or are considered a resident of another country for local law purposes, the information contained in this description may not apply to you.

Note: The particular terms of the Share Purchase Plan are set forth in the applicable plan documents and the application form which you must complete and send to CGI in order to participate in the Share Purchase Plan (the **Plan Documents**). If there is an inconsistency between the description below and the Plan Documents, the Plan Documents will govern. As stated in the Plan Documents, the ability to participate in the Share Purchase Plan is not a contract or a guarantee of continued employment. Employment is and always will be on the basis provided for in your employment agreement, if any. The Share Purchase Plan is not part of your salary and will not be included in calculations of any severance payments that may be payable upon termination of employment.

THE SHARE PURCHASE PLAN

Enrolment in the Share Purchase Plan

The fact of enrolling in the Share Purchase Plan will not in itself subject you to tax. Please read below for other tax considerations applicable to the Share Purchase Plan.

Purchase of Shares

When Class A Shares are purchased for your account, you will be subject to income tax on the employer's contribution to the administrator of the Share Purchase Plan (the **Plan Administrator**). You also will be subject to employee's national insurance contributions (**NICs**) on that contribution.

Sale of Shares

When you subsequently sell your Class A Shares acquired under the Share Purchase Plan, any capital gain (i.e. the sale proceeds arising on the sale of the Class A Shares less the price paid for such Class A Shares and any costs of acquisition) will be subject to capital gains tax to the extent the gain exceeds the annual personal exemption.

On a sale of Class A Shares, the amount by which the capital gain exceeds the annual personal exemption (£11,300 for the 2017/2018 tax year) is called the "chargeable gain" and is subject to capital gains tax at a rate of either 10 per cent. or 20 per cent. The 10 per cent. rate will apply if your total chargeable gain and income (less income tax reliefs and allowances) in any tax year are less than the upper limit of the income tax basic rate band (£33,500 for the 2017/2018 tax year). The 20 per cent. rate will apply to gains (or any part of gains) where the upper limit of the income tax basic rate band is exceeded.

If you acquire Class A Shares from other sources, the share identification rules may need to be taken into account in calculating your capital gains tax liability.

Dividends

If you hold or the Plan Administrator holds for your account Class A Shares and CGI declares a dividend on the Class A Shares, you will be subject to income tax on dividend payments that you receive, even though the dividends paid on the Class A Shares purchased under the Share Purchase Plan are automatically reinvested in Class A Shares. The dividends received will be subject to income tax in the UK, although the first £5,000 of all dividends you receive on all the shares you hold (not just Class A Shares) in the 2017/2018 tax year is free of tax. Dividends above this will be taxed at 7.5 per cent., for basic rate income tax payers (taxable income of up to £33,500 for the 2017/2018 tax year) 32.5 per cent., for higher-rate income tax payers (taxable income of £33,501-£150,000 for the 2017/2018 tax year) and 38.1 per cent., for additional rate income tax payers (taxable income over £150,001). If your total dividend income in the tax year falls between £5,000-£10,000, you or your employer will need to notify HMRC in order to update your tax code. If your total dividend income in the tax year is over £10,000, you will need to complete a Self Assessment return. To do this, you will need to register for Self Assessment by 5 October 2018 on the HMRC website and you will then receive further instructions from HMRC on completing your return. The dividends will also be subject to Canadian withholding tax. You may be entitled to a UK tax credit for the Canadian withholding tax paid, provided certain conditions are met.

Withholding and Reporting

When Class A Shares are purchased for your account under the Share Purchase Plan, your employer will be responsible for withholding income tax and employee's NICs under the Pay As You Earn system in relation to the employer's contribution at the date of purchase and for paying the income tax and employee's NICs withheld to the UK HM Revenue and Customs on your behalf. Your employer will inform you of how it intends to recoup the income tax and employee's NICs that it pays on your behalf. If you fail to pay to the employer the income tax due within 90 days of the end of the tax year in which the purchase was made, you will be deemed to have received a further taxable benefit equal to the amount of income tax the employer has paid on your behalf, and you will have to pay further tax on this amount.

It is your responsibility to pay and report any taxes due when you sell Class A Shares acquired under the Share Purchase Plan and if dividends are paid.

Social Security

Your employer will withhold employer's and employee's NICs in respect of the employer's contributions when Class A Shares are purchased for your account under the Share Purchase Plan.

PART 3: PASSPORTING COUNTRIES AND REGULATORS

Following is a table detailing the regulators in each country to which this prospectus will be passported.

Country	Name of Regulator	Address of Regulator
Belgium	Autorité des services et marchés financiers / Autoriteit voor financiële diensten en markten	Rue du Congrès / Congresstraat, 12-14, 1000 Bruxelles / Brussel
Czech Republic	Czech National Bank	Na Příkopě 28, 115 03 Prague 1, Czech Republic
Denmark	Finanstilsynet	Aarhusgade 110, 2100, Copenhagen
Estonia	Finantsinspeksioon	Sakala 4, Tallinn 15030 Estonia
Finland	Finanssivalvonta	Snellmaninkatu 6 and postal address PO Box 103, 00101 Helsinki
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht	Wertpapieraufsicht /Asset-Management, Marie-Curie-Str. 24-28 60439 Frankfurt OR PO Box 50 01 54, D 60391 Frankfurt
Luxembourg	Commission de Surveillance du Secteur Financier	283, route d'Arlon, L-1150 Luxembourg
Netherlands	Autoriteit Financiële Markten (AFM)	P.O. Box 11723 – 1001 GS Amsterdam
Norway	Finanstilsynet	Revierstredet 3, P.O. Box 1187 Sentrum NO-0107 Oslo
Poland	Polish Financial Supervision Authority (PFSA)	Komisja Nadzoru Finansowego, Plac Powstańców Warszawy 1, skr. poczt. 419, 00-950 Warszawa
Portugal	Comissão do Mercado de Valores Mobiliários	Rua Laura Alves, nº. 4 Apartado 14258 1064-003 Lisboa
Republic of Lithuania	Lietuvos bankas (The Bank of Lithuania)	Priežiūros tarnyba, Zirmunu Street 151, LT-09128 Vilnius, Lithuania
Romania	Autoritatea Financiara de Supraveghere	15 Splaiul Independenței, District 5, Postal Code 050092, Bucharest, Romania
Slovak Republic	National Bank of Slovakia	Národná banka Slovenska Imricha Karvaša 1 813 25 Bratislava
Spain	Comisión Nacional del Mercado de	Edison, 4

Country	Name of Regulator	Address of Regulator
	Valores	28006 Madrid
Sweden	Finansinspektionen	P.O. Box 7821, SE-103 97 Stockholm (visiting address: Brunnsgatan 3, Stockholm)

PART 4: SHARE PURCHASE PLAN

CGI GROUP INC.

SHARE PURCHASE PLAN FOR CERTAIN EMPLOYEES OF CGI GROUP INC. AND ITS SUBSIDIARIES

1 PURPOSE OF THE PLAN

CGI Group Inc. (the **Company**) has established this Share Purchase Plan for Certain Employees of CGI Group Inc. and its Subsidiaries to enable Participants (as defined below) to purchase Shares in the open market, such Shares to be purchased on behalf of the Participants by the Plan Administrator (as defined below) with contributions made to the Plan Administrator by the Participants and with contributions made by the Participating Employer. The Plan Administrator shall hold the Shares so purchased for the account of the Participants.

2 DEFINITIONS

In this Plan and the forms which form an integral part hereof, unless the context otherwise requires:

- 2.1 **Administration Agreement** means the agreement, as amended from time to time, referred to in Section 8.1;
- 2.2 **Company** has the meaning given in the first paragraph hereof;
- 2.3 **Eligible Employee** has the meaning given in Section 3.1.
- 2.4 **Employee** means an employee of a Participating Employer occupying a full or part-time position and whose employment relationship with the Participating Employer is not limited in time by a specific termination date or the occurrence of a specific termination event;
- 2.5 **Last Working Day** means the Employee's or Participant's last day of work for the Participating Employer, excluding any period representing pay in lieu of notice, severance pay, gratuitous payment or any other indemnity, amount or notice whatsoever on account of termination of employment;
- 2.6 **Net Pay means a Participant's Remuneration** after all deductions, e.g., applicable taxes, benefits, pension, employee share of insurance premiums and other deductions, statutory or otherwise;
- 2.7 **Participant** means an Eligible Employee who has duly joined the Plan while actively at work and who has not withdrawn therefrom or whose participation in the Plan has not otherwise been terminated;
- 2.8 **Participant Basic Contribution** has the meaning given in Section 4.1;
- 2.9 **Participant Contribution Percentage** has the meaning given in Section 4.1;
- 2.10 **Participating Employer** means the Company or a Subsidiary operating in a country in which the Plan is implemented and which is identified as such by either the Founder and Executive Chairman of the Board of the Company or the President and Chief Executive Officer of the Company in relation to Eligible Employees in that country;
- 2.11 **Plan** means the Share Purchase Plan for Certain Employees of CGI Group Inc. and its Subsidiaries as established herein and as it may be amended from time to time;
- 2.12 **Plan Administrator** means the Plan administrator(s) or its or their successors appointed by the Company from time to time as the administrator(s) of the Plan pursuant to this Plan and the Administration Agreement;
- 2.13 **Remuneration** means, subject to Sections 4.2 and 6.4 and in all cases excluding any other benefits or compensation, either a Participant's annual gross base salary or, as determined by the Participating

Employer in its sole discretion, the portion of the Participant's annual gross base salary actually earned by the Eligible Employee during the relevant year;

2.14 **Share** means a Class A subordinate voting share in the share capital of the Company, as it exists at the date hereof or as it may be modified, and any share into which such Share may be converted or against which it may be exchanged;

2.15 **Subsidiary** means any entity forming part of the CGI group of companies whose revenues are consolidated in whole or in part into those of the Company, and which is designated as a "Participating Employer" by any two of the Company's Founder and Executive Chairman of the Board, the President and Chief Executive Officer, or the most senior Officer responsible for Human Resources.

3 ELIGIBILITY AND PARTICIPATION

3.1 Eligibility

Any Employee of a Participating Employer who is actively at work at the time of enrolment is eligible to participate in the Plan (**Eligible Employee**).

An Eligible Employee ceases to be eligible to participate in the Plan on his or her Last Working Day.

3.2 Participation

The eligible Employee shall, to become a Participant, enrol in the Plan in the manner specified from time to time by the Participating Employer. By enrolling in the Plan, the Participant confirms his or her acceptance of the terms and conditions of the Plan.

3.3 Participation Date

The participation of the Employee in the Plan commences as of the first practicable date immediately following enrolment in accordance with Section 3.2.

4 CONTRIBUTIONS

4.1 Participant Basic Contribution

The Participant contributes to the Plan through deductions at source, withheld from the Participant's Net Pay, made on each pay and computed based on a percentage of the Participant's Remuneration (**Participant Basic Contribution**). The Participant Basic Contribution shall be remitted at each pay period of the Participant by the Participating Employer to the Plan Administrator.

The maximum percentage of the Participant's Remuneration for the purposes of calculating the Participant's Basic Contribution (**Participant Contribution Percentage**) shall be determined from time to time by either the *Founder and Executive Chairman of the Board of the Company or the President and Chief Executive Officer of the Company* and may vary by position and by business unit as well as over time, as either the *Founder and Executive Chairman of the Board of the Company or the President and Chief Executive Officer of the Company* may in his discretion determine, provided that the Contribution Percentage shall not exceed 3.5%.

In enrolling in the Plan, the Participant shall select a Contribution Percentage which may be less than the maximum percentage determined in accordance with the preceding paragraph.

4.2 Amendment of the Participant's Basic Contribution

A Participant who is actively at work may increase or decrease the Participant Contribution Percentage in compliance with the provisions of Section 4.1 at any time, and shall do so in the manner specified from time to time by the Participating Employer. Such modification shall come into effect as soon as practicable following the date on which it was made. Upon a review of Remuneration, the Participant's Basic Contribution will be automatically computed based on the revised Remuneration. Such modification shall come into effect as soon as

practicable following the date of such computation. However, this modification does not apply on the sums paid retroactively.

4.3 Participating Employer's Contributions

The Participating Employer contributes to the Plan for the account of each Participant an amount equal to a percentage of the Participant Basic Contribution (excluding the additional contributions provided for below). The percentage of the Participant Basic Contribution that the Participating Employer is required to pay shall be determined from time to time by either the Founder and Executive Chairman of the Board of the Company or the President and Chief Executive Officer of the Company, provided that the contribution of the Participating Employer shall not exceed 100% of the aggregate amount contributed to the Plan by each Participant as Participant Basic Contribution. The percentage that the Participating Employer contributes may vary by position and by business unit as well as over time, as either the Founder and Executive Chairman of the Board of the Company or the President and Chief Executive Officer of the Company may in his discretion determine.

4.4 Payment of the Participating Employer's Contributions

The Participating Employer shall pay to the Plan Administrator following deduction from payroll an amount equal to the contributions of the Participating Employer contemplated in Section 4.3 computed for the applicable pay period.

4.5 Additional Contributions

A Participant may make additional contributions to the Plan in excess of the Participant Basic Contribution ranging between 0.5% and 10% of his or her Remuneration, and this, by increments of 0.5% without taking into account the rate of participation provided hereinabove, in accordance with the same terms and conditions provided hereinabove. However, the Participating Employer will not match contributions in the case of such additional contributions by the Participant. A Participant wishing to make additional contributions shall do so in the manner specified from time to time by the Participating Employer.

4.6 Reports

The Plan Administrator will, through its website, make available to each Participant, an electronic report showing the number of Shares held by the Plan Administrator for the account of each Participant and stating also the number of Shares corresponding to the additional contributions of the Participant.

5 SHARE PURCHASE BY THE PLAN ADMINISTRATOR AND PARTICIPATING EMPLOYER CONTRIBUTIONS

- 5.1 The Plan Administrator shall, following receipt of contributions pursuant to Section 4, purchase Shares on the secondary market through an exchange on which the Shares are listed, being the Toronto Stock Exchange or the New York Stock Exchange. The Plan Administrator shall execute buying orders following receipt of the contributions. The Shares purchased by the Plan Administrator out of the contributions made by Participants and the Participating Employer shall be attributed to the account of the Participants based on the applicable contributions made pursuant to Section 4 and the weighted average price paid by the Plan Administrator for the Shares on the applicable stock exchange. The Shares purchased by the Plan Administrator out of the contributions made by the Participants and the Participating Employer shall be held by the Plan Administrator for the account of the Participants.
- 5.2 The Participating Employer may, in addition to the contributions provided in Section 4.3, pay to the Plan Administrator, at its discretion, any amount as additional contribution to the Plan and the Plan Administrator shall purchase Shares on the secondary market through an exchange on which the Shares are listed in accordance with the instructions of the Participating Employer. The allocation of such Shares shall be made in accordance with Section 5.1.

6 WITHDRAWAL, SUSPENSION OR TERMINATION

6.1 Election of the Participant

In the cases contemplated in Sections 6.2, 6.3, and 6.5, the Participant may elect, in the manner specified from time to time by the Plan Administrator, to receive the Shares held by the Plan Administrator for the account of the Participant in lieu of the cash payment. In such case, the Plan Administrator shall deliver to the Participant as soon as possible a direct registration statement representing such Shares in the name of the Participant.

6.2 Full or Partial Withdrawal

A Participant may at any time withdraw, partially or in full, the Shares that the Plan Administrator holds for the Participant's account by providing notice in the manner specified by the Plan Administrator from time to time. Following such withdrawal, the Plan Administrator shall sell the Shares held for the account of the Participant in the open market through an exchange on which the Shares are listed and shall pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees together with, in the case of a complete withdrawal, every other property held by the Plan Administrator pursuant to the Plan for the account of the Participant. However, the Participant may make the election referred to in Section 6.1, by giving notice to the Plan Administrator in the manner specified from time to time by the Plan Administrator.

6.3 Withdrawal upon Termination of Employment

If the employment of a Participant terminates for any reason whatsoever and the Participant does not notify the Participating Employer and the Plan Administrator of his (her) choice in the manner described below (immediately after his (her) last contribution has been processed), the Plan Administrator shall, following receipt of a notice of termination of employment from the Participating Employer or the Participant, sell the Shares held by the Plan Administrator for the account of the Participant on the secondary market through an exchange on which the Shares are listed and shall pay to the Participant an amount in cash equal to the proceeds of such sale, less brokerage fees, together with any other property held by the Plan Administrator pursuant to the Plan for the account of the Participant. However, the Participant may make the election referred to in Section 6.1 by giving a notice to the Participating Employer and to the Plan Administrator immediately after his (her) last contribution has been attributed to the account of the Participant.

For the purposes of this Section 6.3 and for any other purposes hereof, the date of termination of employment means the Participant's Last Working Day.

6.4 Suspension of Participation to the Plan

In the event that a Participant is absent from work for any period of time and for any reason and receives no Remuneration from the Participating Employer during such absence, the Participant's participation in the Plan shall be automatically suspended until the Participant returns to work or until the Participant elects, pursuant to Sections 6.5, to terminate his or her participation in the Plan.

6.5 Termination of Participation to the Plan at the Participant's Discretion

A Participant may at any time terminate his or her participation in the Plan by giving a notice in the manner specified from time to time by the Participating Employer to the Participating Employer and to the Plan Administrator. The Participant may decide to maintain his Shares in the Plan or withdraw all or part of his Shares, pursuant to Section 6.2.

6.6 Fractional Share

For the purposes of Section 6.1, no fractional Share shall be issued and where a fractional Share should be issued under Sections 6.2, 6.3, and 6.5, the Participant shall receive the cash value of the fractional Share.

7 DIVIDENDS

7.1 Dividends

All cash dividends and other cash distributions received by the Plan Administrator in respect of Shares held by the Plan Administrator for the account of Participants shall be invested by the Plan Administrator pursuant to Section 5.1. The Shares so acquired shall be allocated to the Participants in proportion to their respective interests. Stock dividends received by the Plan Administrator in respect of Shares shall be held by the Plan Administrator for the account of Participants

8 GENERAL PROVISIONS

8.1 Administration Agreement

The Company and the Plan Administrator must enter into an Administration Agreement with respect to the administration of the Plan. Such Administration Agreement forms part of the Plan and the rights of the Participants in respect of the Plan are subject to such agreement.

8.2 Plan Administrator

The Plan Administrator shall be selected by either the Founder and Executive Chairman of the Board of the Company or the President and Chief Executive Officer of the Company.

8.3 Administration of the Plan

The Board of Directors of the Company has full power and authority with respect to the interpretation and application of the Plan and to the ratification of rules, terms and other measures it may deem necessary for the management of the Plan.

Notwithstanding anything in the Plan to the contrary, and without any further act or amendment by the Company or the Board, the Founder and Executive Chairman of the Board of the Company, the President and Chief Executive Officer of the Company or the Vice-Chair of the Board, Executive Vice-President, and Chief Planning and Administration Officer of the Company may authorise changes or variations to the provisions of the Plan, or the rules, terms or other measures relating to the management, administration or application of the Plan in a given jurisdiction in which the Plan is offered, for the sole purpose of complying or facilitating compliance with applicable laws in such jurisdiction.

8.4 Amendment, Suspension and Termination of the Plan

Except as otherwise provided herein, the Board of Directors of the Company may at any time amend, suspend or terminate the Plan; however, no modification, suspension or termination of the Plan may affect any vested right that a Participant may have in respect of the Shares subject to the Plan or in respect of the Plan until the date of amendment, suspension or termination of the Plan.

In the event of termination of the Plan, the Plan Administrator shall remit, as soon as possible, to each Participant a direct registration statement in the name of the Participant representing the Shares held by the Plan Administrator for the account of such Participant together with any other property held by the Plan Administrator pursuant to the Plan for the account of Participants.

8.5 Limitation of Participants' Rights

Participation in the Plan only entitles the Participant to the benefits provided for in the Plan and only to the extent that the assets are remitted to the Plan Administrator, and does not confer upon any Participant the right to be Employee or to remain an Employee of the Company or any of its Subsidiaries.

Except as otherwise provided herein, the Board of Directors of the Company has full discretionary authority to set, adjust, modify, suspend or cancel the Participant's contributions and the contributions of the Participating Employer to the Plan, and nothing in this Plan shall create in favour of the Participants any vested, demandable or enforceable right to make and receive contributions for the purchase of Shares except in respect of those due as at the date of any modification, adjustment, suspension or termination of the Plan.

The Plan and Participant's participation in the Plan does not generate any acquired rights, is subject to the rules and criteria as may be determined by the Board of Directors from time to time and does not constitute an express

or implied term of nor in any manner form part of the Participant's employment contract with the Participating Employer.

8.6 Transfer of Personal Data

By requesting to participate in the Plan and for the purposes of such participation, the Participant consents to the transfer by the Company or the Participating Employer of the Participant's personal data to the Plan Administrator or its affiliates where the Plan Administrator or its affiliates are situated or operate and further consents to the storage and processing of his or her personal data in such location(s).

8.7 Tax Consequences

The Participant is fully responsible for compliance with applicable tax legislation. Neither the Company nor the Participating Employer can be held responsible for any failure in that respect on the part of the Participant.

8.8 Fees and Expenses

All fees relating to the administration of the Plan and all brokerage fees attached to the purchase of Shares are to be borne by the Participating Employer or the Company. All other fees such as (i) brokerage fees attached to the sale of Shares, (ii) wire transfer fees, (iii) banking transaction fees, and (iv) currency conversion fees are at the charge of the Participant. The Participating Employer reserves the right to re-charge to the Participant additional administrative fees incurred for the account of the Participant.

8.9 Share Certificates in lieu of Direct Registration Statements

Where the Plan provides for the remittance of a direct registration statement, the Company reserves the right, in lieu of the direct registration statement, to remit share certificates in the name of the Participant representing the Shares held by the Plan Administrator for the account of such Participant.

8.10 Interest

The interest accruing on contributions provided for in Section 4 shall be paid to the Participating Employer to be used for the payment of expenses relating to the Plan.

8.11 Country- and Geographic Area-Specific Terms and Conditions

Schedule "A" attached hereto contains additional country and geographic area-specific terms and conditions that are incorporated by reference in respect of Participants residing in such countries or geographic areas.

8.12 Governing Laws

This Plan shall be governed by and construed in accordance with the laws in force in the Province of Québec (Canada).

8.13 No Assignment

The interest of a Participant under the Plan may not be transferred, assigned nor pledged by the Participant.

8.14 Headings and Sub-Headings

The headings and sub-headings appearing herein are stated for convenience purposes to facilitate the consultation of the Plan.

8.15 Language

The French language version of the Plan shall prevail over the English language version in case of discrepancies between versions.

8.16 Interpretation

In the event of differences, discrepancies or contradictions between the provisions of the Plan and those of the Administration Agreement, the provisions of the Plan shall prevail over those of the Administration Agreement.

Approved by the Board of Directors on January 31, 2018.

SCHEDULE "A"

Country- and Geographic Area-Specific Terms and Conditions

Brazil

THE PLAN DOES NOT CONSTITUTE A PUBLIC OFFERING IN BRAZIL.

Canada

A Participant employed by a Participating Employer in Canada (**Canadian Participant**) may contribute all or part of the Shares held by the Plan Administrator for his (her) account to a registered retirement savings plan (a **RRSP**) or a Tax-Free Savings Account (**TFSA**) (each hereafter referred to as a **Registered Plan**). A Canadian Participant may contribute the Shares held by the Plan Administrator for his (her) account to the Company's group RRSP (the **Group RRSP**) or to the Company's group TFSA (**Group TFSA**) at the Plan Administrator (or any other entity that may be designated from time to time by the Founder and Executive Chairman of the Board of the Company or the President and Chief Executive Officer of the Company) or to an individual Registered Plan.

In the event the Canadian Participant decides to contribute to a Registered Plan, the Canadian Participant may (a) contribute directly to the Group RRSP or the Group TFSA in the manner specified from time to time by the Participating Employer or (b) contribute outside the Group RRSP or Group TFSA and transfer the Shares to the Group RRSP or Group TFSA by in the manner specified from time to time by the Participating Employer.

In the event the Canadian Participant decides to contribute to an individual Registered Plan, the Participant shall make a withdrawal in accordance with Section 6.2 of the Plan and shall withdraw from the Plan the Shares he wants to contribute to his individual Registered Plan in the manner specified from time to time by the Plan Administrator.

The Canadian Participant remains responsible for the calculation of his (her) maximum annual contribution to a Registered Plan provided under the terms of the Income Tax Act (Canada) and the Taxation Act (Québec).

For the purposes of Section 8.8 of the Plan, the Canadian Participant shall also bear the expense for RRSP or TFSA contribution receipts covering any period ending more than 12 months prior to the date of the request.

European Economic Area

PARTICIPATION IN THE PLAN IS SUBJECT TO THE SAME RISKS AS INHERENT IN ANY INVESTMENT IN SHARES OF THE COMPANY. IF THE COMPANY PRODUCES A PROSPECTUS IN RELATION TO INVESTMENT IN SHARES OF THE COMPANY, ONCE SUCH PROSPECTUS IS APPROVED BY THE UK FINANCIAL CONDUCT AUTHORITY, EMPLOYEES IN THE EUROPEAN ECONOMIC AREA SHOULD REFER TO THE "RISK FACTORS" SECTION OF THE APPROVED PROSPECTUS. ANY SUCH PROSPECTUS WILL BE AVAILABLE ON THE COMPANY'S WEBSITE.

India

THIS DOCUMENT IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF PROSPECTUS. IT DOES NOT CONSTITUTE AN OFFER OR AN INVITATION TO SUBSCRIBE TO THE SECURITIES ISSUED BY THE COMPANY. ACCORDINGLY, THIS DOCUMENT HAS NEITHER BEEN DELIVERED FOR REGISTRATION NOR IS IT INTENDED TO BE REGISTERED WITH ANY REGULATORY AUTHORITIES IN INDIA.

THIS DOCUMENT IS NOT INTENDED FOR DISTRIBUTION AND IS MEANT SOLELY FOR THE CONSIDERATION OF THE PERSON TO WHOM IT IS ADDRESSED AND SHOULD NOT BE REPRODUCED BY THE RECIPIENT.

Morocco

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE PLAN, AND IF THE PLAN IS IMPLEMENTED IN MOROCCO, THE AGGREGATE AMOUNT OF THE PARTICIPANT BASIC CONTRIBUTION AND THE ADDITIONAL CONTRIBUTION (IF ANY) PROVIDED FOR BY SECTION 4.5 OF THE PLAN MADE BY A PARTICIPANT EMPLOYED BY THE PARTICIPATING COMPANY IN MOROCCO MAY NOT, ON AN ANNUAL BASIS, EXCEED 10% OF THE NET PAY OF SUCH PARTICIPANT.

PART 5: DOCUMENTS INCORPORATED BY REFERENCE

This prospectus should be read and construed in conjunction with the following documents, which have been previously published and filed with the FCA, and shall be deemed to be incorporated in, and form part of, this prospectus and which are available for inspection in accordance with paragraph 14 of Part 1 of this prospectus:

- (1) the Form 40-F 2016 on pages F-1 to F-235 of the prospectus relating to the Share Purchase Plan dated 9 March 2017; and
- (2) the Form 40-F 2015 on pages F-1 to F-240 of the prospectus relating to the Share Purchase Plan dated 10 March 2016,

together the ***Incorporated Documents***.

The table below sets out the information contained in the Incorporated Documents which is incorporated by reference into this prospectus so as to provide the information required under the Prospectus Rules and to ensure that employees are aware of all information which, according to the particular nature of the Company and the Class A Shares, is necessary to enable employees to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Group and of the rights attaching to the Class A Shares.

CGI's website is www.cgi.com and this prospectus is available on that website. The other information on that website, and the information on any other website which is mentioned in this prospectus or mentioned on or, directly or indirectly, linked to or from CGI's website, has not been verified and is not incorporated into and does not form part of this prospectus (unless expressly specified) and investors and prospective investors should not rely on such information.

The Incorporated Documents have been incorporated by reference into this prospectus in compliance with Prospectus Rule 2.4.1. Any documents themselves incorporated by reference (or referred or cross-referred) in the Incorporated Documents shall not form part of this prospectus. Except as set forth below, no other information in the Incorporated Documents is incorporated by reference into this prospectus and any information contained in the Incorporated Documents which is not incorporated by reference into this prospectus is either not relevant for investors and prospective investors for the purposes of Article 5(1) of the Prospectus Directive or is covered elsewhere in this prospectus.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this prospectus to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

All references to F-pages in the table below are to the F-pages in the Incorporated Documents.

Information required by the Prospectus Directive	Location in Incorporated Documents

Selected Financial Information	

Selected historical financial information regarding the issuer (<i>Annex 1, Section 3.1 of Appendix 3 of the Prospectus Rules</i>)	p. F-185 (Form 40-F 2016) and p. F-187 (Form 40-F 2015)

CGI will provide without charge to each person to whom a copy of this prospectus has been delivered, upon written or oral request, a copy of any of the Incorporated Documents, except that exhibits to such Incorporated Documents will not be provided unless they are specifically incorporated by reference into this prospectus. Requests for copies of any such document should be directed to CGI at:

Investor Relations
1350 René-Lévesque Blvd. West
15th Floor
Montréal, Québec
H3G 1T4
Canada

Telephone: (514) 841-3200

PART 6: GROUP FINANCIAL INFORMATION AND PROXY STATEMENT

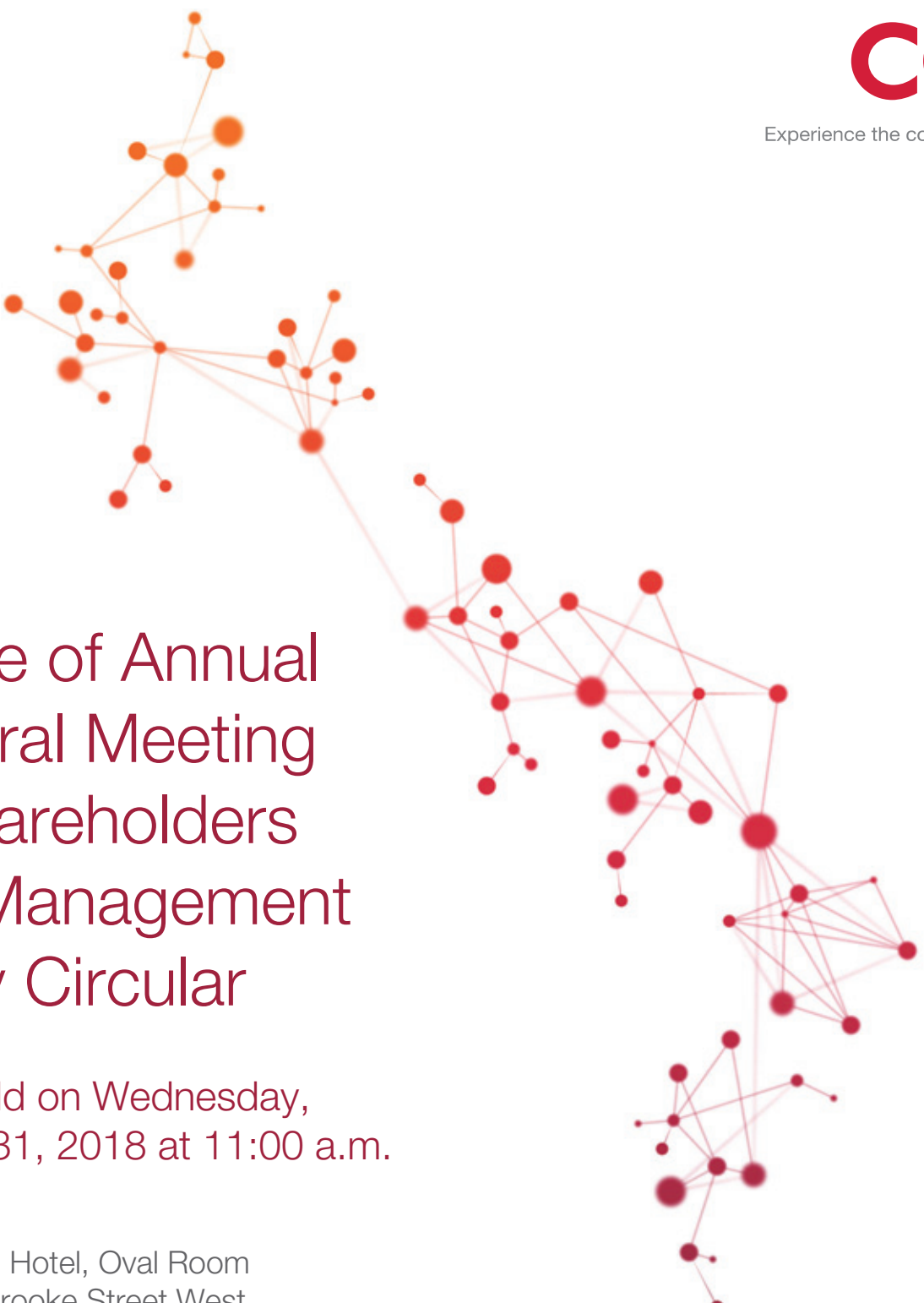
This Part 6 contains a reproduction in its entirety of:

- (1) the Proxy Statement M-1 to M-75
- (2) the Form 40-F 2017 F-1 to F-258
- (3) the Form 6-K..... F-259 to F-323
- (4) the Review Report F-324

Ernst & Young LLP of 800 René-Lévesque Boulevard West, Suite 1900, Montréal, QC, H3B 1X9, Canada has acted as CGI's independent registered public accounting firm to audit: (i) the consolidated financial statements of the Group for the year ended 30 September 2017 contained in this Part 6 and (ii) the consolidated financial statements of the Group for the years ended 30 September 2016 and 2015 contained in Part 5 (*Documents Incorporated by Reference*), in accordance with Canadian Generally Accepted Auditing Standards and the standards of the PCAOB.

Ernst & Young LLP has reviewed the interim condensed consolidated financial statements, consisting of the interim consolidated balance sheet as at 31 December 2017 and the interim consolidated statements of earnings, comprehensive income, changes in equity and cash flow for the three-month periods ended 31 December 2017 and 2016 on the Form 6-K contained in this Part 6 in accordance with Canadian Generally Accepted Auditing Standards and the standards of the PCAOB for a review of interim financial statements by an entity's auditor.

SECTION 1: PROXY STATEMENT



Notice of Annual General Meeting of Shareholders and Management Proxy Circular

To be held on Wednesday,
January 31, 2018 at 11:00 a.m.

At the
Ritz-Carlton Hotel, Oval Room
1228 Sherbrooke Street West
Montreal, Quebec, Canada

These materials are being sent to both registered and non-registered owners of shares. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your shareholdings have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding your shares on your behalf.

By choosing to send these materials to you directly, the issuer (and not the intermediary holding your shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

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Notice of Annual General Meeting of Shareholders

Date, Time and Place

Notice is hereby given that an Annual General Meeting of Shareholders (the “Meeting”) of **CGI Group Inc.** (“CGI” or the “Company”) will be held at the Ritz-Carlton Hotel in the Oval Room, 1228 Sherbrooke Street West, in Montreal, Quebec, Canada, on January 31, 2018, at 11:00 a.m. (Montreal time).

Items of Business

- 1 To receive the report of the directors, together with the annual audited consolidated financial statements of the Company and the report of the auditors for the fiscal year ended September 30, 2017;
- 2 to elect directors;
- 3 to appoint the auditors for the fiscal year of the Company ending September 30, 2018 and authorize the Audit and Risk Management Committee to fix their compensation;
- 4 to consider Shareholder Proposal Number Two on the disclosure of voting results by classes of shares attached as Appendix C; and
- 5 to transact such other business as may properly come before the Meeting or any adjournment thereof.

Record Date to Determine Shareholders Eligible to Vote and Attend the Meeting

Only persons shown on the register of shareholders of CGI at the close of business on December 11, 2017, or their proxyholders, will be entitled to attend the Meeting and vote. CGI’s register of shareholders is kept by its transfer agent, Computershare Investor Services Inc.

Proxy Voting

Proxies submitted by mail, phone or internet must be received by Computershare Investor Services Inc. by 11:00 a.m., Montreal time, on Tuesday, January 30, 2018. Shareholders who miss the phone and internet proxy return deadline may still submit a paper proxy which must be received by the Corporate Secretary of the Company prior to the Meeting or any adjournment thereof.

We wish to have as many shares as possible represented and voted at the Meeting, and for this reason, if you are unable to attend the Meeting in person, we kindly ask you to (i) if you have requested to receive a paper copy of the current materials, complete and return the form of proxy or voting instruction form in the postage prepaid envelope provided for that purpose, (ii) vote by phone, or (iii) vote using the internet. Instructions on how to vote by phone or by using the internet are provided in CGI’s Management Proxy Circular.

CGI has opted to use the Notice and Access rules adopted by Canadian securities regulators to reduce the volume of paper in the Meeting materials distributed for the Annual General Meeting of Shareholders. Instead of receiving the enclosed Management Proxy Circular with the form of proxy or voting instruction form, shareholders received a Notice of Meeting with instructions on how to access the remaining Meeting materials online. **CGI’s Management Proxy Circular and other relevant materials are available on the internet at www.envisionreports.com/gib2017 or on the Canadian Securities Administrators’ website at www.sedar.com. The Meeting will be broadcasted live on the Company’s website at www.cgi.com/investors. The webcast will also be archived on the Company’s website afterwards.**

Montreal, Quebec
Dated December 11, 2017

By order of the Board of Directors,



Benoit Dubé
Executive Vice-President, Chief Legal Officer and Corporate Secretary

Letter to Shareholders

Dear fellow shareholders,

Fiscal 2017 marked another strong year, as we continued to successfully implement our Build and Buy profitable growth strategy.

On the “Build” side, we reported four consecutive quarters of organic growth on a constant currency basis while we continued to improve our mix of high quality revenue and maintained our profitability. As the digital needs of customers and citizens around the world and in all industries drive greater investments in technology, we strive for excellence in service delivery, while providing our clients with end-to-end services and solutions tailored to their needs. Throughout fiscal 2017, we helped our clients integrate our full suite of end-to-end offerings – high-end consulting, systems integration, IP-based services and solutions, and transformational outsourcing – and were actively engaged with both the business and IT sides of our clients’ organizations, becoming more than just a service and solution provider, but also a long-term partner to support them in achieving their objectives.

On the “Buy” side, we made four strategic niche acquisitions which increased our workforce in the United States by approximately 1,000 professionals and which are expected to further strengthen CGI’s capabilities across several in-demand markets. In addition, shortly after the end of fiscal 2017, we acquired Affecto Plc, a leading provider of business intelligence and enterprise information solutions and services, adding some 1,000 additional professionals to our northern Europe team. As market conditions continue to favour consolidation in response to client demand for global partners, our funnel of potential acquisition targets continues to be replenished while we maintain the financial flexibility to capitalize on merger opportunities.

Our success begins and ends with client satisfaction, which is at the heart of CGI’s approach to quality management, together with member and shareholder satisfaction. Our ISO 9001-certified operations apply the CGI Management Foundation, which outlines the key strategies and processes that define and guide the management of CGI and the management of our relationships with our stakeholders. At CGI, we have integrated the concept of quality into every aspect of the management of the Company and we are proud to continue to operate while promoting this set of practices and management tools that we have developed globally over the years. We look forward to fostering our long-term relationships with our stakeholders, while continuing to be a first-choice partner for our clients.

We also rely on a set of performance indicators comprised of measures related to each of our stakeholders. Our performance metrics are applied throughout the Company to ensure that we serve as an expert of choice to our clients, we provide a rewarding place in which to build a career for our members, and continue to offer a long-term profitable investment for our shareholders. Global, local and comparative results are made visible and monitored at all management levels. They are also regularly reviewed and discussed with all of our members.

Through our enterprise digital transformation capabilities and industry expertise, we help clients embark on their digital journeys and succeed in becoming customer-centric digital organizations. The market for our services remains strong, and our sustained growth means that we are better placed than at any time in our history to provide innovative services and solutions to our clients with truly global reach. Our client proximity model, together with our sharp focus on clearly delineated vertical markets, allows us to develop a fundamental understanding of our clients’ needs. In addition, we have centers strategically located to optimize delivery of our services, so that while we operate globally, we remain singularly focused on interacting with our clients locally.

This year, Jean Brassard announced that he was retiring and would not present himself for re-election as a director of the Company. Mr. Brassard joined the Company in 1978 as a Vice-President and led the development and implementation of major IT projects in all economic sectors served by CGI. He also became President and Chief Operating Officer in 1997 and served as Vice-Chairman of the Company’s Board of Directors for 25 years. Mr. Brassard was and remains a pioneer of CGI and, on behalf of our members and our Board of Directors, we thank him warmly for his confidence and loyalty throughout the years as well as for his remarkable contribution to our success. We also want to welcome Michael B. Pedersen, a leader in the financial services sector, who joined CGI’s Board of Directors and Audit and Risk Management Committee in August 2017 and who is nominated for election as a director for the first time. With more than 30 years of experience in the financial sector, Michael will bring valuable insight to the Company as we continue to pursue our strategic objectives and deliver value to our clients, professionals and shareholders.

We encourage you to read our 2017 Annual Review, annual Management's Discussion and Analysis, annual audited consolidated financial statements, and this Management Proxy Circular to become better acquainted with CGI. We are confident that, as you come to know us, you will appreciate the strength of our commitment to our three stakeholders including you, our shareholders.

Annual General Meeting and Proxy Voting

On behalf of CGI's Board of Directors, management and members, we invite you to attend the Annual General Meeting of Shareholders that will be held at the Ritz-Carlton Hotel in the Oval Room, 1228 Sherbrooke Street West, Montreal, Quebec, Canada, on January 31, 2018, at 11:00 a.m. (Montreal time).

The items of business are described in this Notice of Annual General Meeting of Shareholders and Management Proxy Circular.

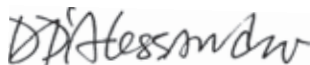
At the Annual General Meeting of Shareholders, you will have the opportunity to hear CGI's senior leadership discuss the highlights of our performance in fiscal 2017 and our fiscal 2018 first quarter results. You will also hear about our plans for the future and will have the opportunity to ask any questions you may have about your Company.

If you are unable to attend the meeting, we encourage you to exercise the power of your proxy by voting your shares by mail, by phone or by using the internet as outlined in the enclosed Management Proxy Circular.

Yours sincerely,



Serge Godin
Founder and Executive
Chairman of the Board



Dominic D'Alessandro
Lead Director

General Information

This Management Proxy Circular is provided in relation to the solicitation of proxies by the management of **CGI Group Inc.** (“CGI” or the “Company”) for use at the Annual General Meeting of Shareholders (the “Meeting”) of the Company which will be held on January 31, 2018, and at any adjournment thereof. Unless otherwise indicated, the information provided in this Management Proxy Circular that relates to financial information is provided as at September 30, 2017, all other information is provided as at December 11, 2017, and all currency amounts are shown in Canadian dollars.

Notice and Access

CGI uses the Notice and Access rules adopted by Canadian securities regulators to reduce the volume of paper in the materials distributed for the Annual General Meeting of Shareholders. Instead of receiving this Management Proxy Circular with the form of proxy or voting instruction form, shareholders received a Notice of Meeting with instructions on how to access the remaining materials online. CGI is sending the Notice of Meeting and proxy form directly to registered shareholders, and the Notice of Meeting and voting instruction form directly to non-objecting beneficial owners. CGI intends to pay for intermediaries to deliver the Notice of Meeting, voting instruction form and other materials to objecting beneficial owners.

This Management Proxy Circular and other relevant materials are available on the internet at www.envisionreports.com/gib2017 or on the Canadian Securities Administrators’ website at www.sedar.com. If you would like to receive a paper copy of the materials distributed for the Annual General Meeting of Shareholders by mail, you must request it. Requesting a paper copy is free of charge. Registered shareholders and non-objecting beneficial shareholders may call toll free at 1-866-962-0498 within North America or +1-514-982-8716 outside North America and enter the control number indicated on the Notice of Meeting to request a paper copy of the materials for the Meeting. Objecting beneficial shareholders may request a paper copy of the materials by calling Broadridge Investor Communications Corporation, toll free at 1-877-907-7643.

To ensure you receive the materials in advance of the voting deadline and Meeting date, all requests must be received not later than January 17, 2018. If you do request a paper copy of the current materials, please note that another voting instruction form or proxy form will not be sent; please retain the one received with the Notice of Meeting for voting purposes.

To obtain a paper copy of the materials after the Meeting date, please contact CGI’s Investor Relations department as follows:

Investor Relations
CGI Group Inc.
1350 René-Lévesque Blvd. West
15th Floor
Montreal, Quebec
Canada
H3G 1T4
Tel.: +1-514-841-3200

Proxies

Solicitation of Proxies

The solicitation of proxies will be made primarily by mail for registered and beneficial shareholders and by e-mail for participants in CGI’s Share Purchase Plan. Proxies may also be solicited personally by e-mail or by phone by members of the Company at minimal cost. The Company does not expect to pay any compensation for the solicitation of proxies, but will reimburse brokers and other persons holding shares reasonable expenses for sending proxy materials to beneficial owners in order to obtain voting instructions.

The persons whose appointment to act under the form of proxy solicited by the management of the Company are all directors of the Company.

In order to be voted at the Meeting, a proxy must be received by the Corporate Secretary of the Company prior to the Meeting or any adjournment thereof.

The persons whose names are printed on the form of proxy will vote all the shares in respect of which they are appointed to act in accordance with the instructions given on the form of proxy. **In the absence of a specified choice in relation to any matter to be voted on at the Meeting, or if more than one choice is indicated, the shares represented by the form of proxy will be voted:**

FOR the election as directors of the fifteen persons nominated in this Management Proxy Circular;

FOR the appointment of Ernst & Young LLP as auditors; and

AGAINST Shareholder Proposal Number Two on the disclosure of voting results by classes of shares attached as Appendix C.

Every proxy given to any person in the form of proxy that accompanies the Notice of Meeting will confer discretionary authority with respect to amendments or variations to the items of business identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting.

Appointment and Revocation of Proxies

Every shareholder has the right to appoint a person to act on his or her behalf at the Meeting other than the persons whose names are printed in the form of proxy that accompanies the Notice of Meeting. To exercise this right, the shareholder should insert the nominee's name in the space provided for that purpose in the form of proxy or prepare another proxy in proper form appointing the nominee. The paper form of proxy or voting using the internet are the only voting options for shareholders who wish to appoint a person as proxy other than the nominees named on the form of proxy.

A proxy may be revoked at any time by the person giving it to the extent that it has not yet been exercised. A proxy may be revoked by filing a written notice with the Corporate Secretary of the Company. The powers of the proxyholders may also be revoked if the shareholder attends the Meeting in person and so requests.

How to Vote

Only persons shown on the register of shareholders at the close of business on Monday, December 11, 2017, or their proxyholders, will be entitled to attend the Meeting and vote. The register of holders of Class A subordinate voting shares is kept by CGI's transfer agent, Computershare Investor Services Inc.

Voting by Registered Shareholders

Registered shareholders, rather than returning the form of proxy by mail or hand delivery, may vote by phone or by using the internet. Proxies submitted by mail, phone or internet must be received by Computershare Investor Services Inc. by 11:00 a.m., Montreal time, on Tuesday, January 30, 2018. Shareholders who miss the phone and internet proxy return deadline may still submit a paper proxy which must be received by the Corporate Secretary of the Company prior to the Meeting or any adjournment thereof.

Voting by Phone

If a shareholder wishes to vote by phone, a touch-tone phone must be used to transmit voting preferences to a toll free number. Shareholders must follow the instructions of the voice response system and refer to the form of proxy they received in the mail which provides the toll free number, the holder account number and the proxy control number on the front side of the proxy form.

Voting Using the Internet

If a shareholder elects to vote using the internet, the shareholder must access the following website: www.investorvote.com. Shareholders must follow the instructions that appear on the screen and refer to the form of proxy they received in the mail which provides the holder account number and the proxy control number on the front side of the proxy form.

Voting by Non-Registered Shareholders

Non-registered shareholders or "beneficial shareholders" are holders whose shares are held on their behalf through a "nominee" such as a bank, a trust company, a securities broker or other financial institution. Most of CGI's shareholders hold their shares in this way. Non-registered or beneficial shareholders must seek instructions from their nominees as to how to

complete their voting instruction form if they wish to vote their shares themselves. Non-registered or beneficial shareholders who received or who were given access to this Management Proxy Circular in a mailing from their nominee must adhere to the voting instructions provided to them by their nominee.

Since CGI's registrar and transfer agent, Computershare Investor Services Inc., may not have a complete record of the names of the Company's non-registered shareholders, the transfer agent may not have knowledge of a non-registered shareholder's right to vote, unless the nominee has appointed the non-registered shareholder as proxyholder. Non-registered shareholders who wish to vote in person at the Meeting must insert their own name in the space provided on the voting instruction form, and adhere to the signing and return instructions provided by their nominee. By doing so, non-registered shareholders are instructing their nominee to appoint them as proxyholder.

Voting Shares and Principal Holders of Voting Shares

The Company's authorized share capital consists of an unlimited number of First Preferred Shares, issuable in series, an unlimited number of Second Preferred Shares, issuable in series, an unlimited number of Class A subordinate voting shares and an unlimited number of Class B shares (multiple voting), all without par value, of which, as at December 11, 2017, 254,873,846 Class A subordinate voting shares and 32,852,748 Class B shares were issued and outstanding.

The following summary of the material features of the Company's authorized share capital is given subject to the detailed provisions of its articles.

Class A Subordinate Voting Shares and Class B Shares

Voting Rights

The holders of Class A subordinate voting shares are entitled to one vote per share and the holders of Class B shares are entitled to ten votes per share. As at December 11, 2017, 43.69% and 56.31% of the aggregate voting rights were attached to the outstanding Class A subordinate voting shares and Class B shares, respectively.

Subdivision or Consolidation

The Class A subordinate voting shares or Class B shares may not be subdivided or consolidated unless simultaneously the Class B shares and the Class A subordinate voting shares are subdivided or consolidated in the same manner and in such an event, the rights, privileges, restrictions and conditions then attaching to the Class A subordinate voting shares and Class B shares shall also attach to the Class A subordinate voting shares and Class B shares as subdivided or consolidated.

Rights upon Liquidation

Upon liquidation or dissolution of the Company or any other distribution of its assets among its shareholders for the purposes of winding up its affairs, all the assets of the Company available for payment or distribution to the holders of Class A subordinate voting shares and holders of Class B shares will be paid or distributed equally, share for share.

Conversion Rights of Class A Subordinate Voting Shares in Specific Circumstances

Subject to what is hereinafter set out, if a take-over bid or exchange bid or an issuer bid, other than an exempt bid (as defined in the articles of the Company), for the Class B shares is made to the holders of Class B shares without being made simultaneously and on the same terms and conditions to the holders of Class A subordinate voting shares, each Class A subordinate voting share shall become convertible into one Class B share, from the date the offer is made, at the holder's option, in order to entitle the holder to accept the offer. However, this right of conversion shall be deemed not to come into effect if the offer is not completed by its offeror or if the offer is rejected by one or several of the senior executives and full-time employees of the Company or its subsidiaries and any corporate entity under their control, who are, as a group, owners, directly or indirectly, in any manner whatsoever, of more than 50% of the outstanding Class B shares.

The articles of the Company contain a complete description of the types of bids giving rise to the rights of conversion, provide certain procedures to be followed to perform the conversion and stipulate that upon such a bid, the Company or the transfer agent will communicate in writing to the holders of Class A subordinate voting shares full details as to the bid and the manner of exercising the right of conversion.

Conversion of Class B Shares

Each Class B share may, from time to time, at the holder's option, be converted into one Class A subordinate voting share.

Issue of Class B Shares

The Company's articles provide for pre-emptive rights in favour of holders of Class B shares. Therefore, the Company may not issue Class A subordinate voting shares or securities convertible into Class A subordinate voting shares without offering, in the manner determined by the Board of Directors, to each holder of Class B shares, pro rata to the number of Class B shares it holds, the right to subscribe concurrently with the issue of Class A subordinate voting shares or of securities convertible into Class A subordinate voting shares, as the case may be, an aggregate number of Class B shares or securities convertible into Class B shares, as the case may be, sufficient to fully maintain its proportion of voting rights associated with the Class B shares. The consideration to be paid for the issuance of each Class B share or security convertible into Class B shares, as the case may be, shall be equal to the issue price of each Class A subordinate voting share or security convertible into Class A subordinate voting shares then issued.

The pre-emptive rights do not apply in the case of the issuance of Class A subordinate voting shares or securities convertible into Class A subordinate voting shares:

- in payment of stock dividends;
- pursuant to the stock option plans or share purchase plans of the Company;
- further to the conversion of Class B shares into Class A subordinate voting shares pursuant to the articles of the Company; or
- further to the exercise of the conversion, exchange or acquisition rights attached to securities convertible into Class A subordinate voting shares.

Any holder of Class B shares may assign its pre-emptive rights to other holders of Class B shares.

Dividends

The Class A subordinate voting shares and Class B shares participate equally, share for share, in any dividend which may be declared, paid or set aside for payment thereon. In fiscal 2017, considering, among other matters, the needs for reinvestment in the Company's operations, the scope of investment projects, the repayment of the Company's debt, and the repurchase of outstanding Class A subordinate voting shares under the Company's Normal Course Issuer Bid ("NCIB"), the Board of Directors determined that the Company, in keeping with its long-standing practice, would not pay a dividend. The Board of Directors re-evaluates the Company's dividend policy annually.

Amendments

The rights, privileges, conditions and restrictions attaching to the Class A subordinate voting shares or Class B shares may respectively be amended if the amendment is authorized by at least two-thirds of the votes cast at a meeting of holders of Class A subordinate voting shares and Class B shares duly convened for that purpose. However, if the holders of Class A subordinate voting shares as a class or the holders of Class B shares as a class were to be affected in a manner different from that of the other classes of shares, such amendment would, in addition, have to be authorized by at least two-thirds of the votes cast at a meeting of holders of shares of the class of shares so affected in a different manner.

Rank

Except as otherwise provided hereinabove, each Class A subordinate voting share and each Class B share carry the same rights, rank equally in all respects and are to be treated by the Company as if they constituted shares of a single class.

First Preferred Shares

The First Preferred Shares may be issued from time to time in one or more series and the Board of Directors of the Company has the right to determine, by resolution, the designation, rights, privileges, restrictions and conditions attaching to each series. The First Preferred Shares of each series rank equal to the First Preferred Shares of all other series and rank prior to the Second Preferred Shares, the Class A subordinate voting shares and Class B shares with respect to payment of dividends and repayment of capital. The holders of First Preferred Shares are entitled to receive notice of and attend any shareholders' meetings and are entitled to one vote per share. As at December 11, 2017, no First Preferred Shares were outstanding.

Second Preferred Shares

The Second Preferred Shares may be issued from time to time in one or more series and the Board of Directors has the right to determine, by resolution, the designation, rights, privileges, restrictions and conditions attaching to each series. The Second Preferred Shares of each series rank equal to all other Second Preferred Shares of all other series and rank after the First Preferred Shares, but prior to the Class A subordinate voting shares and Class B shares with respect to payment of dividends and repayment of capital. The Second Preferred Shares are non-voting. As at December 11, 2017, no Second Preferred Shares were outstanding.

Normal Course Issuer Bid

On February 1, 2017, the Board of Directors authorized and subsequently received the approval from the Toronto Stock Exchange ("TSX") for the renewal of its NCIB and the purchase for cancellation of up to 10% of the public float of the Company's Class A subordinate voting shares as at January 25, 2017. The current NCIB enables the Company to purchase on the open market through the facilities of the TSX and the New York Stock Exchange ("NYSE") and through alternative trading systems, as well as outside the facilities of the TSX by private agreements pursuant to exemption orders issued by securities regulatory authorities, up to 21,190,564 Class A subordinate voting shares for cancellation. As at January 25, 2017, there were 266,980,846 Class A subordinate voting shares of the Company outstanding of which approximately 79% were widely held. The Company was authorized to purchase Class A subordinate voting shares under the current NCIB commencing on February 6, 2017 and may continue to do so until February 5, 2018, or until such earlier date when the Company will either have acquired the maximum number of Class A subordinate voting shares allowable under the NCIB or elected to terminate the NCIB. As at December 11, 2017, the Company had purchased for cancellation 13,831,568 Class A subordinate voting shares under its NCIB for approximately \$869.6 million at an average price of \$62.87 per share, including 4,854,368 Class A subordinate voting shares purchased by way of a private agreement with the Caisse de dépôt et placement du Québec. A copy of the Company's Notice of Intention relating to its NCIB may be obtained free of charge from CGI's Investor Relations department. See the heading *Additional Information* at the end of this document.

Principal Holders of Class A Subordinate Voting Shares and Class B Shares

As at December 11, 2017, to the knowledge of the directors and executive officers of the Company, the only persons who beneficially owned, directly or indirectly, or exercised control or direction over 10% or more of CGI's outstanding Class A subordinate voting shares or Class B shares were Messrs. Serge Godin and André Imbeau and the Caisse de dépôt et placement du Québec. Their holdings are set out in the tables that follow.

Name	Shares – Class "A"		Shares – Class "B"		Shares – Class "A" and "B"		
	Number	%	Number	%	Total % of Equity	Total Number of Votes	Total % of Votes
Serge Godin	478,906	0.19%			0.17%	478,906	0.08%
			28,577,089	86.99%	9.93%	285,770,890	48.98%
Total	478,906	0.19%	28,577,089	86.99%	10.10%	286,249,796	49.06%

Name	Shares – Class "A"		Shares – Class "B"		Shares – Class "A" and "B"		
	Number	%	Number	%	Total % of Equity	Total Number of Votes	Total % of Votes
André Imbeau	268,935	0.11%			0.09%	268,935	0.05%
			4,275,659	13.01%	1.49%	42,756,590	7.33%
Total	268,935	0.11%	4,275,659	13.01%	1.58%	43,025,525	7.38%

Name	Shares – Class "A"		Shares – Class "B"		Shares – Class "A" and "B"		
	Number	%	Number	%	Total % of Equity	Total Number of Votes	Total % of Votes
Caisse de dépôt et placement du Québec	46,207,295	18.13%			16.06%	46,207,295	7.92%
			–	–	–	–	–
Total	46,207,295	18.13%	–	–	16.06%	46,207,295	7.92%

CGI's Investor Relations department regularly surveys the Company's largest institutional shareholders. The following table sets out, as at December 11, 2017, the top ten institutional holders of CGI's Class A subordinate voting shares, based on the shareholder identification data available to the Company.

Name	Shares – Class "A"		Shares – Class "B"		Shares – Class "A" and "B"		
	Number	%	Number	%	Total % of Equity	Total Number of Votes	Total % of Votes
Caisse de dépôt et placement du Québec	46,207,295	18.13%	–	–	16.06%	46,207,295	7.92%
Fidelity Management & Research Company	16,450,000	6.45%	–	–	5.72%	16,450,000	2.82%
BlackRock Asset Management Canada Limited	12,895,000	5.06%	–	–	4.48%	12,895,000	2.21%
Invesco Advisers, Inc.	11,250,000	4.41%	–	–	3.91%	11,250,000	1.93%
Jarislowsky Fraser, Ltd.	8,280,000	3.25%	–	–	2.88%	8,280,000	1.42%
TD Securities, Inc.	8,038,547	3.15%	–	–	2.79%	8,038,547	1.38%
The Vanguard Group, Inc.	5,892,530	2.31%	–	–	2.05%	5,892,530	1.01%
Fiera Capital Corporation	3,950,000	1.55%	–	–	1.37%	3,950,000	0.68%
1832 Asset Management L.P.	3,720,000	1.46%	–	–	1.29%	3,720,000	0.64%
RBC Global Asset Management Inc.	3,600,000	1.41%	–	–	1.25%	3,600,000	0.62%

As at December 11, 2017, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 2,901,142 Class A subordinate voting shares and 32,852,748 Class B shares representing respectively approximately 1.14% of the issued and outstanding Class A subordinate voting shares and 100% of the issued and outstanding Class B shares.

Business to be Transacted at the Meeting

The following items of business will be presented to the shareholders at the Meeting:

1. Presentation of the Annual Audited Consolidated Financial Statements

The annual audited consolidated financial statements of the Company for the fiscal year ended September 30, 2017 and the report of the auditors will be placed before the Meeting. The annual audited consolidated financial statements were mailed with the Notice of Meeting to shareholders who requested them. Copies of the annual audited consolidated financial statements of the Company for the fiscal year ended September 30, 2017 may be obtained from CGI upon request and will be available at the Meeting.

2. Election of Directors

Fifteen directors are to be elected to hold office until the close of the next Annual General Meeting of Shareholders or until such director's resignation, unless the office is earlier vacated. Each of the persons presented in this Management Proxy Circular is nominated for election as a director of the Company and each nominee has agreed to serve as a director if elected.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the election as directors of the fifteen persons nominated in this Management Proxy Circular unless shareholders direct otherwise.

3. Appointment of Auditors

The Board of Directors recommends that Ernst & Young LLP be appointed as the auditors of the Company to hold office until the next Annual General Meeting of Shareholders or until their successors are appointed. Ernst & Young LLP were first appointed as the Company's auditors at the Annual General Meeting of Shareholders held on January 27, 2010.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting FOR the appointment of Ernst & Young LLP as auditors and to vote to authorize the Audit and Risk Management Committee to fix the compensation of the auditors unless shareholders direct otherwise.

4. Shareholder Proposals

Two shareholder proposals were submitted by the Mouvement d'éducation et de défense des actionnaires ("MÉDAC"). MÉDAC is a not-for-profit company, whose registered office is located at 82 Sherbrooke Street West, Montreal, Quebec, Canada, H2X 1X3, holding 55 Class A subordinate voting shares that were acquired on February 19, 2014.

The two proposals are enclosed as Appendix C hereto, along with the responses of CGI's Board of Directors. However, as discussions are currently taking place between the Company and MÉDAC with respect to the compensation of senior executives, it was mutually agreed with MÉDAC not to present Shareholder Proposal Number One for a vote at the Meeting. Consequently, only Shareholder Proposal Number Two on the disclosure of voting results by classes of shares will be presented at the Meeting for a vote.

The persons named as proxies in the proxy form intend to cast the votes represented by proxy at the Meeting AGAINST the adoption of Shareholder Proposal Number Two attached as Appendix C, unless shareholders direct otherwise.

Nominees for Election as Directors

The persons whose names are printed in the form of proxy intend to vote for the election as directors of the proposed nominees whose names are set forth in the following pages. Each director elected will hold office until the next Annual General Meeting of Shareholders or until such director's resignation, unless the office is earlier vacated.

The information below lists the name of each candidate proposed by the Board of Directors, on the recommendation of the Corporate Governance Committee, for election as a director; whether the candidate has been determined by the Board of Directors to be independent of, or related to, the Company; whether the candidate complies with the Company's share ownership guideline; the candidate's age; the principal occupation of the candidate; the municipality, province or state, and country of residence of the candidate; the year when the candidate first became a director; if currently a director; the standing committee memberships of the candidate; the skills the candidate brings to the Board of Directors based on the Board of Directors' skills matrix; the number of shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised; the number of Deferred Stock Units ("DSUs") of the Company held (see the heading *Deferred Stock Units Plan and Deferred Stock Units Granted to Directors* later in this document); the number of stock options of the Company held (see the heading *Share Option Plan* later in this document); the number of Performance Share Units ("PSUs") of the Company held (see the heading *Performance Share Unit Plan* later in this document); as well as the other companies on whose board of directors the candidate serves.

Information relating to shares, DSUs, stock options and PSUs beneficially owned, or over which control or direction is exercised, is provided as at December 11, 2017.

Alain Bouchard



Lorraine, Quebec, Canada

Director since: 2013

Age: 68

Independent director,
complies with the share
ownership guideline

Mr. Bouchard is Founder and Executive Chairman of the Board and a director of Alimentation Couche-Tard Inc., a company listed on the TSX with a network comprised of approximately 15,000 convenience stores in Canada, the United States, Europe (in the Scandinavian countries—Norway, Sweden and Denmark, in the Baltic States—Estonia, Latvia and Lithuania and in Ireland with an important presence in Poland), and thirteen other countries and regions worldwide (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, Vietnam, the Philippines and the United Arab Emirates). The company is the largest independent convenience store operator in North America in terms of number of company-operated stores. Mr. Bouchard founded the company in 1980, led its growth and has more than 45 years of experience in the retail industry.

Chair of the Human Resources Committee

Class A subordinate voting shares: 17,500 (*)

Deferred Stock Units: 13,508 (+)

Stock options: 21,151 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓		Global	Manufacturing, retail and distribution

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Bernard Bourigeaud



Waterloo, Belgium

Director since: 2008
Age: 73Independent director,
complies with the share
ownership guideline

Mr. Bourigeaud is the former Chief Executive Officer and founder of Atos Origin S.A. (now known as Atos S.E.), a leading global IT services company. Prior to that, he spent eleven years at Deloitte, Haskins & Sells France where he headed the firm's management consulting and subsequently all of its French operations. Previously, he worked for Continental Grain and Price Waterhouse. Mr. Bourigeaud is a private investor in technology companies and is currently an operating partner of Advent International and Aalto Invest UK Ltd. in London. Mr. Bourigeaud also serves as a director of Ingenico Group S.A. in France as well as a member of its Strategy Committee, a member of the Advisory Board of Sierrabolics in San Diego, Chairman of the Board of Holistic Innovations in San Francisco, a member of the Global Advisory Board of Jefferies Bank in New York and as a member of the Governing Board of the International Paralympics Committee. He previously served as Chairman of Oberthur Technologies S.A., as Vice-Chairman of Oberthur Technologies Holding, and as a director of Automic in Austria and Amadeus in Spain. Mr. Bourigeaud is an Affiliate Professor at HEC School of Management in Paris and a member of HEC's International Advisory Board.

Member of the Human Resources Committee

Class A subordinate voting shares: 10,000 (*)

Deferred Stock Units: 13,918 (+)

Stock options: 26,598 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	Expert	✓	✓

Dominic D'Alessandro



Toronto, Ontario, Canada

Director since: 2010
Age: 70Independent director,
complies with the share
ownership guideline

Mr. D'Alessandro was President and Chief Executive Officer of Manulife Financial Corporation from 1994 to 2009 and is currently a director of Suncor Energy Inc. For his many business accomplishments, Mr. D'Alessandro was recognized as Canada's Most Respected Chief Executive Officer in 2004 and Chief Executive Officer of the Year in 2002, and was inducted into the Insurance Hall of Fame in 2008. Mr. D'Alessandro is an Officer of the Order of Canada and has been appointed as a Commendatore of the Order of the Star of Italy. In 2009, he received the Woodrow Wilson Award for Corporate Citizenship and in 2005 was granted the Horatio Alger Award for community leadership. Mr. D'Alessandro is a fellow of the Chartered Professional Accountants Canada and holds a Bachelor of Science from Concordia University in Montreal. He has also been awarded honorary doctorates from York University, University of Ottawa, Ryerson University and Concordia University.

Lead Director, Member of the Human Resources Committee and Member of the Corporate Governance Committee

Class A subordinate voting shares: 10,000 (*)

Deferred Stock Units: 26,177 (+)

Stock options: 51,906 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓		Global	Financial services

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	Expert	✓	✓

Paule Doré



Outremont, Quebec, Canada

Director since: 1995

Age: 66

Independent director,
complies with the share
ownership guideline

Ms. Doré joined CGI in 1990 and was Executive Vice-President and Chief Corporate Officer when she retired in 2006. Ms. Doré served on the board of directors of other publicly listed companies, including Ault Food Ltd, AXA Canada, Covitec, Groupe Laperrière Verreault (GLV) and Cogeco Inc., as well as a number of institutions and non-profit organizations. Ms. Doré currently serves as a director of Héroux-Devtek Inc., the Institute for the Governance of Public and Private Organizations (IGOPP) and the Musée Pointe-à-Callières.

Chair of the Corporate Governance Committee

Class A subordinate voting shares: 74,274 (*)

Deferred Stock Units: 9,791 (+)

Stock options: 625 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Richard B. Evans



San Francisco,
California, USA

Director since: 2009

Age: 70

Independent director,
complies with the share
ownership guideline

Prior to his retirement in April 2009, Mr. Evans was Executive Director of London-based Rio Tinto plc and Melbourne-based Rio Tinto Ltd. While with Rio Tinto, he was Chief Executive of Rio Tinto Alcan Inc. Prior to that, he was President and Chief Executive Officer of Alcan Inc. until its acquisition by Rio Tinto in October 2007. He currently serves as Chairman of the board of directors of Constellium N.V.

Member of the Audit and Risk Management Committee

Class A subordinate voting shares: 10,000 (*)

Deferred Stock Units: 25,821 (+)

Stock options: 56,679 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓		Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Julie Godin



Verdun (Nuns' Island),
Quebec, Canada

Director since: 2013
Age: 42

Director related to CGI,
complies with the share
ownership guideline

Ms. Godin is CGI's Vice-Chair of the Board, Executive Vice-President, and Chief Planning and Administration Officer, and is therefore a related director. She has led CGI's global human resources group since 2009 and the Company's strategic planning process since 2011. Ms. Godin oversees the development of enterprise-wide policies, programs and processes related to the management of the Company and their application across all CGI business units. She is responsible for ensuring the continuous development of CGI's 71,000 professionals and for upholding CGI's industry-leading track record of delivery excellence for its end-to-end services to CGI's commercial and government clients around the world. She also directs the development and execution of the Company's global strategy and oversees CGI's enterprise IS/IT initiatives and full spectrum of security activities. Ms. Godin also serves as a director of Canadian National Railway Company.

Vice-Chair of the Board, Executive Vice-President, and Chief Planning and Administration Officer

Class A subordinate voting shares: 7,234 (*)

Stock options: 251,636 (#)

Performance Share Units: 7,039 (\$)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Serge Godin



Westmount, Quebec,
Canada

Director since: 1976
Age: 68

Director related to CGI,
complies with the share
ownership guideline

Mr. Godin is CGI's Founder and Executive Chairman of the Board, and is therefore a related director. Mr. Godin also owns a majority interest in CGI's Class B shares (see *Principal Holders of Class A Subordinate Voting Shares and Class B Shares*). Under Mr. Godin's leadership, CGI has grown into one of the largest independent information technology and business process services firms in the world. Mr. Godin is a member of the Order of Canada and the Ordre national du Québec. In 2008, he was inducted into the Canadian Business Hall of Fame. In 2011, Mr. Godin was named an Honorary Associate by the Conference Board du Canada. In 2015, he became a lifelong member of the Horatio Alger Association. In 2016, he was promoted to Officer of the Order of Canada for his information technology sector and philanthropic contributions. Mr. Godin was also awarded an honorary Doctorate from ÉTS (École de technologie supérieure), an honorary Doctor of Law from York University, an honorary Management degree from HEC Montreal, an honorary Doctor of Administrative Sciences degree from Université Laval and an honorary Doctor of Law degree from Concordia University.

Founder and Executive Chairman of the Board

Class A subordinate voting shares: 478,906 (*)

Class B shares: 28,577,089 (*)

Stock options: 10,000 (#)

Performance Share Units: 422,834 (\$)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Timothy J. Hearn



Calgary, Alberta, Canada

Director since: 2015

Age: 73

Independent director,
complies with the share
ownership guideline

Mr. Hearn is a director and the Chairman of Hearn & Associates, a consulting, investment management and philanthropic organization, and was, until March 2008, the Chairman and Chief Executive Officer of Imperial Oil Limited. Mr. Hearn has over 40 years of experience in the oil and gas industry and has, in the course of his career, held executive leadership positions in Canada and abroad. He spent ten years at Exxon Mobil Corporation heading global businesses while living in the United States and Asia. He is a past Chairman and an honorary director of the C.D. Howe Institute, and a member of the Joint Public Advisory Committee (JPAC) of the Commission for Environmental Cooperation (CEC). Mr. Hearn currently serves as a director of ARC Resources Ltd.

Member of the Audit and Risk Management Committee

Class A subordinate voting shares: 25,000 (*)

Deferred Stock Units: 4,435 (+)

Stock Options: 4,697 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓		Global	Manufacturing, retail and distribution

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

André Imbeau



Belleil, Quebec, Canada

Director since: 1976

Age: 68

Director related to CGI,
complies with the share
ownership guideline

Mr. Imbeau is Founder and Advisor to the Chairman of the Board of CGI, and is therefore a related director. He co-founded CGI with Mr. Serge Godin in 1976 and was, until July 2006, Executive Vice-President and Chief Financial Officer and, until July 2015, Founder, Vice-Chairman of the Board and Corporate Secretary. Mr. Imbeau holds an interest in the Company's Class B shares (see the heading *Principal Holders of Class A Subordinate Voting Shares and Class B Shares* earlier in this document). Mr. Imbeau's financial and operational expertise and deep understanding of CGI's operations enables him to provide valuable insight to the Company's Board of Directors.

Founder and Advisor to the Executive Chairman of the Board

Class A subordinate voting shares: 268,935 (*)

Class B shares: 4,275,659 (*)

Stock options: 56,608 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Gilles Labbé



Montreal, Quebec, Canada

Director since: 2010

Age: 61

Independent director,
complies with the share
ownership guideline

Mr. Labbé is President and Chief Executive Officer, and a director, of Héroux-Devtek Inc., an international company specializing in the design, development, manufacture, repair, and overhaul of landing gear systems and components for the Aerospace market. He has held these positions since June 2000. Prior to the acquisition of Devtek Corporation by Héroux Inc. in that year, Mr. Labbé was President and Chief Executive Officer, and a director, of Héroux Inc. since 1989. A Fellow of the Chartered Professional Accountants Canada, Mr. Labbé is the recipient of numerous business awards and is also a director of the Aerospace Industries Association of Canada, and Aéro Montreal.

Chair of the Audit and Risk Management Committee

Class A subordinate voting shares: 25,000 (*)

Deferred Stock Units: 22,100 (+)

Stock options: 45,024 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Manufacturing, retail and distribution

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	Expert	✓	✓

Heather Munroe-Blum



Montreal, Quebec, Canada

Director since: 2015

Age: 67

Independent director,
complies with the share
ownership guideline

Dr. Munroe-Blum is Chairperson of the Canada Pension Plan Investment Board (CPPIB) and was Principal (President) of McGill University from 2003 to 2013. She has been broadly recognized for her accomplishments with more than 25 years of senior management experience concentrated in higher education, public policy, and research and development. Among others, Dr. Munroe-Blum served on the boards of Four Seasons Hotels and Resorts, Alcan Inc., the Canada Forum of Rio Tinto Alcan Inc., Yellow Media Inc. and Hydro One (Ontario). She is currently a director of the Royal Bank of Canada, a member of the Trilateral Commission, Vice-Chair and a director of the Gairdner Foundation and a member of the Advisory Board of the Center for Advanced Studies at Stanford University.

Member of the Corporate Governance Committee

Class A subordinate voting shares: 855 (*)

Deferred Stock Units: 3,599 (+)

Stock options: 3,023 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓		Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Michael B. Pedersen

Bryn Mawr, Pennsylvania,
United States

Director since: 2017
Age: 57

Independent director,
on target to meet the
minimum ownership level
under the share
ownership guideline

Mr. Pedersen joined the board of directors of CGI on August 1, 2017. Until his retirement in 2017, Mr. Pedersen served as Group Head, U.S. Banking of The Toronto-Dominion Bank and President and Chief Executive Officer of TD Bank US Holding Company, TD Bank, N.A. and TD Bank USA, N.A. where he was responsible for leading the bank's retail and commercial banking operations in the U.S. Prior to joining TD Bank Group in 2007, Mr. Pedersen worked at Barclays plc in the UK where he was responsible for three global businesses. Before that, Mr. Pedersen worked at CIBC where he held senior executive roles in retail and business banking. Mr. Pedersen has a long and ongoing involvement with charitable organizations focused on strengthening disadvantaged urban communities and on sustainability and the environment. He is also a former Chairman of the Canadian Bankers Association. Mr. Pedersen holds a Bachelor of Commerce from the University of British Columbia and a Masters in Industrial Relations from the University of Toronto.

Member of Audit and Risk Management Committee

Deferred Stock Units: 645 (+)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓		Global	Financial services

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Michael E. Roach

Montreal, Quebec, Canada

Director since: 2006
Age: 65

Director related to CGI,
complies with the share
ownership guideline

Mr. Roach served as President and Chief Executive Officer of CGI from February 2006 until his retirement on September 30, 2016 and is therefore a related director. From 2002 to 2006, he served as President and Chief Operating Officer of the Company. Mr. Roach joined CGI in 1998 from a major telecommunications company where he held a number of leadership positions and spearheaded the outsourcing of the company's IT operations to CGI. He was recognized as "Most Innovative Chief Executive Officer" for 2014 by Canadian Business magazine. Mr. Roach holds a Bachelor of Arts in Economics and Political Science, as well as an honorary Doctorate in Business Administration from Laurentian University. Mr. Roach is currently a director of CAE Inc.

Member of the Board of Directors

Class A subordinate voting shares: 1,172,335 (*)

Deferred Stock Units: 1,600 (+)

Stock options: 261,505 (#)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

George D. Schindler



Westmount, Quebec,
Canada

Director since: 2016
Age: 54

Director related to CGI,
complies with the share
ownership guideline

Mr. Schindler is CGI's President and Chief Executive Officer and is therefore a related director. Prior to his appointment, Mr. Schindler served as President and Chief Operating Officer from May 2015 and as President, United States and Canada Operations from 2011. Mr. Schindler joined CGI through its acquisition of American Management Systems, Inc. in 2004 and has since then held numerous leadership roles where he led the strategy and growth of CGI's end-to-end services and solutions for commercial and government clients in the United States and Canada. Mr. Schindler sits on the Advisory Board of The Catalogue for Philanthropy – Greater Washington and is a member of the Business Council of Canada. A recognized industry leader, Mr. Schindler has twice been named a Top 100 Leader by Federal Computer Week. He holds a Bachelor of Science in computer science from Purdue University.

President and Chief Executive Officer

Class A subordinate voting shares: 28,531 (*)

Stock options: 1,126,478 (‡)

Performance Share Units: 42,016 (§)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

Joakim Westh



Stockholm, Sweden

Director since: 2013
Age: 56

Independent director,
complies with the share
ownership guideline

Mr. Westh is an independent director who sits on the board of directors of Saab AB, Swedish Match AB and Absolent Group AB. Until 2009, Mr. Westh was a Senior Vice-President and executive of LM Ericsson AB where he was responsible for strategy, operations and sourcing. Mr. Westh is well-known as a leading expert in the fields of technology and management, particularly in Scandinavia.

Member of the Audit and Risk Management Committee

Class A subordinate voting shares: 4,707 (*)

Stock options: 4,048 (‡)

Operational Literacy

Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market
✓	✓	Global	Multiple vertical markets

Governance Risk and Compliance

Financial Literacy			Governance and Human Resources
Finance	Accounting	Risk	
✓	✓	✓	✓

(*) Number of shares beneficially owned, controlled or directed, directly or indirectly.

(+) For more information concerning DSUs, please refer to the heading *Compensation of Directors* later in this document.

(‡) For more information concerning stock options, please refer to the headings *Share Option Plan* and *Compensation of Directors* later in this document.

(§) The number of PSUs include PSUs that were granted to Mr. Godin at the beginning of fiscal 2017 as part of his target compensation and which became eligible to vest on November 8, 2017 and the PSUs that were awarded at the beginning of fiscal 2018 to Ms. Godin and Messrs. Godin and Schindler as part of their target compensation for fiscal 2018, but which have not yet become eligible to vest and remain subject to the achievement of performance conditions, which will be determined at end of fiscal 2018. For more information concerning PSUs, please refer to the heading *Performance Share Unit Plan* later in this document.

Report of the Human Resources Committee

Executive Compensation Discussion and Analysis

Executive Compensation Process for the 2017 Fiscal Year

CGI's executive compensation policy emphasizes incentive compensation linked to the success of the Company to ensure that the financial interests of the Company's executives are closely aligned with those of shareholders. CGI measures business success on the basis of profit and growth as well as client and member satisfaction.

CGI's compensation policy is rooted in its fundamental belief that a company with an inspiring dream, uncompromising integrity, a caring human resources philosophy and solid values is better able to attract and respond to the profound aspirations of high-calibre, competent people. These individuals in turn will deliver high-quality services, in keeping with the Company's profitability objectives. The growth and profitability generated as a result will allow CGI to continue to offer its shareholders value for their investment.

This belief drives the Company's compensation programs, which are designed to attract and retain the key talent CGI needs to remain competitive in a challenging market and achieve continued and profitable growth for its shareholders.

In keeping with CGI's compensation policy, the principles used to determine the compensation of the named executive officers (the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers of the Company, hereafter referred to as the "Named Executive Officers") are also applied to all management team members, taking into account the results of their respective business units. In the case of CGI's senior executives, there is an added emphasis on closely aligning executives' financial interests with those of shareholders through incentive compensation.

The sections below outline the main features of CGI's executive compensation policy and programs.

The Human Resources Committee of the Board of Directors

The Committee reviews management's proposals and makes recommendations to the Board of Directors of the Company in relation to the compensation of certain senior executives, including the entitlements under short and long-term incentive and benefit plans and the corporate objectives that the Founder and Executive Chairman of the Board, the President and Chief Executive Officer and other senior executives are responsible for achieving. Similarly, the Committee is responsible for approving and making recommendations in relation to the compensation of the Company's outside directors and succession plans for senior executives.

The Committee is made up of Messrs. Alain Bouchard, Chair of the Committee, Bernard Bourigeaud and Dominic D'Alessandro, all of whom are independent directors. The Committee met four times in fiscal 2017. Mr. Bouchard's role and responsibilities as Chair of the Committee are described later in this document in the report of the Corporate Governance Committee under the heading *Role and Responsibilities of the Lead Director and Standing Committee Chairs*.

Each of the members of the Committee has significant experience in the role of chief executive officer that includes ample experience in matters relating to human resources management and executive compensation. Mr. Bouchard was President and Chief Executive Officer and is now Founder and Executive Chairman of the board of directors of Alimentation Couche-Tard Inc., Mr. Bourigeaud was Chairman and Chief Executive Officer of Atos Origin S.A., and Mr. D'Alessandro was President and Chief Executive Officer of Manulife Financial Corporation.

The role and responsibilities of the Committee are contained in the Committee's charter. The Committee's charter forms part of CGI's Fundamental Texts and is incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of the Board of Directors* later in this document). The Committee's charter is available on CGI's website at www.cgi.com. The role and responsibilities of the Committee include:

- Advising the Board of Directors on human resources planning;
- Reviewing and advising the Board of Directors on management's succession plans for executive officers, with special emphasis on the Founder and Executive Chairman of the Board and President and Chief Executive Officer succession;
- Reviewing and advising the Board of Directors on CGI's compensation philosophy and policies, including the compensation strategy and compensation policies for the executive officer level as proposed by the Founder and Executive Chairman of the Board and the President and Chief Executive Officer;

- Making recommendations to the Board of Directors for the appointment of the Founder and Executive Chairman of the Board, the President and Chief Executive Officer and other executive officers, while considering and promoting the diversity of the executive team's background, including in terms of gender, ethnicity, age and experience, and the corporate objectives which the Founder and Executive Chairman of the Board, the President and Chief Executive Officer and such other executive officers, as the case may be, are responsible for meeting, as well as the assessment of the Founder and Executive Chairman of the Board and of the President and Chief Executive Officer against these objectives;
- Monitoring the performance of the Founder and Executive Chairman of the Board and the President and Chief Executive Officer and providing advice and counsel in the execution of their duties;
- Reviewing and advising the Board of Directors on CGI's overall compensation plan including the adequacy and form of compensation realistically reflecting the responsibilities and risks of the position for the Founder and Executive Chairman of the Board and for the President and Chief Executive Officer of the Company and, in that regard, considering appropriate information;
- Reviewing and advising the Board of Directors on the compensation of executive officers, annual adjustment to executive salaries, and the design and administration of short and long-term incentive plans, stock options, performance share units, benefits and perquisites as proposed by the Founder and Executive Chairman of the Board and the President and Chief Executive Officer;
- Reviewing and advising the Board of Directors on employment and termination arrangements for senior executives;
- Making recommendations on the adoption of new, or significant modifications to, pay and benefit plans;
- Recommending the appointment of new officers as appropriate while considering and promoting the diversity of the executive team's background, including in terms of gender, ethnicity, age and experience;
- Reviewing and advising the Board of Directors on significant organizational changes;
- Reviewing and approving the Committee's executive compensation report to be contained in the Company's annual Management Proxy Circular;
- Reviewing and advising the Board of Directors on management development programs for the Company;
- Reviewing and advising the Board of Directors on special employment contracts or arrangements with officers of the Company, if any, including any contracts relating to change of control; and
- Reviewing and advising the Board of Directors on the compensation of the members of the Board of Directors and its committees, including the adequacy and form of compensation realistically reflecting the responsibilities and risks of the positions, and recommending changes where applicable.

The Committee also performs such other duties as are from time to time assigned to it by the Board of Directors.

The Committee reports to the Board of Directors on its proceedings, the reviews it undertakes, and its recommendations.

In executing its mandate for fiscal 2017, the Committee retained the services of Willis Towers Watson, the Company's external human resources consultant. Willis Towers Watson was first retained to provide consulting services in 1995. The services provided by Willis Towers Watson to the Committee include:

- Providing the Committee with information on market trends and good practices on executive and director compensation;
- Developing recommendations on the composition of the comparator groups of companies used as the basis for determining the compensation of the directors, the Founder and Executive Chairman of the Board, the President and Chief Executive Officer and other senior executives of the Company;
- Conducting market research and providing the Committee with data and analysis on compensation practices of companies in comparator groups to allow the Company to align its compensation policy with the market as it applies to the directors, the Founder and Executive Chairman of the Board, the President and Chief Executive Officer and other senior executives; and
- Reviewing the design of the annual and long-term incentive plans and providing data and analysis on comparator group company practices in this area.

To ensure the quality of services provided to the Committee by external human resources consultants, as well as their independence, the Committee has established the following processes as part of its annual work plan:

- Once a year or as required, any external consultant retained by the Committee provides to the Committee a statement of the services to be provided to the Committee at its request and those to be provided at the request of management for the purpose of enabling the Committee to pre-approve all services to be provided by the external consultant;
- The Committee may request from each external consultant information concerning the consultant's organizational structure and employees who provide services to the Committee so that the Committee may agree with the external consultant on measures to address any real or perceived conflicts of interest that may arise from the services provided by the external consultant to the Company at the request of management; and
- The Committee reviews the independence policy annually to ensure that it continues to meet the Committee's requirements.

Executive Compensation Related Fees

The fees of Willis Tower Watson, CGI's external human resources consultant, for services for the fiscal years ended September 30, 2017 and 2016 are detailed below:

Service retained	Fees billed	
	2017	2016
Advice in relation to executive compensation and the compensation of directors ^(a)	\$152,203	\$114,302
All other fees ^(b)	\$562,563	\$421,344
Total fees billed	\$714,766	\$535,646

- (a) All fees billed by the human resources consultant for the years ended September 30, 2017 and 2016 were related to annually recurring work for the Committee.
- (b) The other fees billed by the human resources consultant for the years ended September 30, 2017 and 2016 were mainly in relation to global compensation and benefits matters and health and group benefit plans.

Composition of Comparator Groups

To determine appropriate compensation levels, the Named Executive Officers' positions are compared with similar positions within a comparator group made up of leading companies in a number of industries. These companies include information technology consulting firms and companies similar to CGI in terms of size, and operational and managerial complexity. The Committee reviews the composition of the comparator groups annually.

With 84% of its 2017 revenues generated outside Canada and constant international expansion, CGI must offer competitive compensation in each of the challenging markets in which it operates in order to recruit and retain high-performing executives. All of the Company's major competitors are based either in the U.S., Europe or in the Asia Pacific region and they compete against CGI both in Canada and internationally.

In response to this market reality, the Committee based Named Executive Officers' compensation for the year ended September 30, 2017 on the compensation of executives in the U.S. and Canadian market for the Named Executive Officers based in Canada and the U.S. and on the compensation of executives in the French market for the Named Executive Officer based in France.

The selection criteria used to determine the companies included in the comparator groups for the fiscal year ended September 30, 2017 are the following:

- Autonomous and publicly-traded companies;
- Large number of professionals;
- Growing companies;
- High-end IT consulting, systems integration, IT outsourcing and business solutions providers;
- International scope;
- Companies for which IT is very strategic; and
- Participation in the data bank for the relevant countries maintained by Willis Towers Watson, the Company's external human resources consultant, as the case may be.

Each company in the following table meets at least one of the foregoing criteria:

U.S. & Canada Comparator Group: Executives from 16 companies

Accenture plc	Fidelity National Information Services Inc.
Atos S.E.	Fiserv, Inc.
Automatic Data Processing, Inc.	Indra Sistemas, S.A.
CACI International Inc.	Leidos Holdings, Inc.
Capgemini S.E. (formerly known as Cap Gemini S.A.)	SNC-Lavalin Group Inc.
Cognizant Technology Solutions Corporation	Tata Consultancy Services Limited
Computer Sciences Corporation	Unisys Corporation
Experian plc	Xerox Corporation

France Comparator Group: Executives from 12 companies

Accenture plc	Hewlett-Packard Company
Agilent Technologies Inc.	International Business Machines Corp.
Atos S.E.	Indra Sistemas, S.A.
Capgemini S.E. (formerly known as Cap Gemini S.A.)	Sopra Group S.A.
Cognizant Technology Solutions Corporation	Tieto OYJ
Computer Sciences Corporation	Unisys Corporation

The foregoing comparator groups were used to determine the compensation of the Named Executive Officers for the fiscal year ended September 30, 2017.

Executive Compensation Components

CGI's total executive compensation is made up of five components: base salary, short-term incentive plan, long-term incentive plan, benefits and perquisites. In keeping with the Company's values, incentive compensation and share ownership are emphasized to ensure that executives' interests are aligned with CGI's profitability and growth objectives, which in turn results in increased value for all shareholders under normal market conditions. CGI's Named Executive Officers do not participate in any defined benefit pension plans.

Component	Description	Policy Alignment with Comparator Groups
Base Salary	Annual base salary based on each executive's responsibilities, competencies and contribution to the Company's success.	Aligned with median base salary offered in the comparator group, while allowing for compensation above the median to recognize an executive's exceptional and sustained contribution to the Company's success.
Short-Term Incentive Plan	Annual bonus based on the achievement of business objectives in accordance with the Profit Participation Plan.	Aligned with median short-term incentives of the comparator group when business objectives are met.
Long-Term Incentive Plan	Grants under the Share Option Plan and/or awards under the Performance Share Unit Plan, as applicable, in each case based on achievement of business objectives.	Aligned with median total compensation of the comparator group when business objectives are met, or above the median to recognize an executive's exceptional performance.
Benefits	Group benefits and employer contributions under CGI's Share Purchase Plan.	Aligned with median benefits of the comparator group.
Perquisites	Principal perquisites include company car and related expenses, tax services, health insurance and medical exams.	Aligned with median perquisites of the comparator group.
Total Compensation		Taking into account the number of years of experience in the role, aligned with the median of the comparator group when business objectives are met, while allowing for total compensation above the median to recognize an executive's exceptional and sustainable performance.

The following table shows for each Named Executive Officer the compensation components as a percentage of their total compensation, at target levels, for the year ended September 30, 2017:

Name and title as at September 30, 2017	Base Salary	Short-Term Incentive Plan	Long-Term Incentive Plans	Benefits and Perquisites
Serge Godin Founder and Executive Chairman of the Board	9.42%	18.85%	70.98%	0.75%
George D. Schindler President and Chief Executive Officer	15.21%	22.82%	59.48%	2.49%
François Boulanger Executive Vice-President and Chief Financial Officer	21.59%	21.59%	55.78%	1.04%
Jean-Michel Baticle President, France, Luxembourg and Morocco Operations	30.71%	19.96%	45.76%	3.57%
David L. Henderson President, United States Operations	33.05%	19.83%	41.89%	5.23%

The Founder and Executive Chairman of the Board and the President and Chief Executive Officer may from time to time exercise their discretion to recommend to the Committee and the Board of Directors that incentive compensation under the Profit Participation Plan, and the performance-based vesting of stock options under the Share Option Plan for Employees, Officers and Directors of CGI Group Inc. and its Subsidiaries (the "Share Option Plan") and of PSUs under the Performance Share Unit Plan for Designated Participants of CGI Group Inc. (the "PSU Plan") be adjusted in order to ensure that actual profit participation and vested stock options are equitable and balance the interests of each of the Company's stakeholders based on the overall performance of the Company and exceptional market conditions.

Base Salary

The base salaries paid to Named Executive Officers are reviewed every year based on each executive's scope of responsibilities, competencies and contribution to the Company's success. The objective of CGI's compensation policy for base salaries is to align them with the median base salary in the comparator group, while allowing for compensation to rise above the median in recognition of a particular executive's exceptional and sustained contribution to the Company's success. As part of the methodology used for fiscal 2017, the positions of Named Executive Officers were compared with generic positions in the compensation databases for the relevant countries maintained by Willis Towers Watson, the Company's external human resources consultant. When differences in the level and scope of responsibilities for the comparable generic executive position are observed, the value of the generic position is adjusted to ensure that there is an appropriate basis for comparison.

Short-Term Incentive Plan – Profit Participation Plan

The Named Executive Officers participate in the Profit Participation Plan, a short-term incentive plan that pays an annual cash bonus based on achievement of performance objectives as approved at the beginning of the fiscal year by the Board of Directors on the recommendation of the Committee. The Profit Participation Plan is designed to provide CGI's management and members with an incentive to increase the profitability and growth of the Company.

Individual incentive awards are based on the executive's target bonus under the Profit Participation Plan and the achievement of the performance objectives. The target bonus varies as a percentage of base salary depending on the executive's position and is adjusted in accordance with a performance factor that is directly linked to the level of achievement of the performance objectives set out in the Company's annual budget and strategic plan. Executive bonus targets are reviewed annually to ensure they remain aligned with the Company's compensation policy and continue to be competitive with CGI's applicable comparator group.

Performance Factors

The performance factors used to adjust each Named Executive Officer's target bonus in fiscal 2017 were based on two separate measures: profitability and growth. The achievement of profitability and growth objectives determines the performance factors that are applied to calculate the annual bonus to be paid under the Profit Participation Plan. Such adjustment may result in a reduction or an increase in the annual bonus. In the latter case, the payout may not exceed two times the target award.

The profitability performance factor is based on the degree of achievement of the net earnings margin objective approved by the Board of Directors as part of the Company's annual budget and strategic plan. The growth performance factor is based on the degree of achievement of the year-over-year percentage revenue growth objective also approved by the Board of Directors as part of the Company's annual budget and strategic plan.

Only items that are the result of actual management operation activities are taken into account in the calculation of performance factors for compensation purposes. The performance factors are prorated between target levels.

The profitability performance factor and growth performance factor are established by determining the actual level of achievement of the budgeted profitability and revenue objectives which correspond to a pre-determined numerical performance factor.

Profitability		X	Revenue	
Net earnings margin	Profitability Performance Factor		Revenue	Revenue Performance Factor
	0			0
Budgeted margin objectives on a scale of four levels	0.25 0.5 1.0		Budgeted revenue objectives on a scale of five levels	2.0 3.0 3.5 4.0

Once the profitability performance factor and revenue performance factor are established, the following formula is used to determine the payout under the Profit Participation Plan.



The effect of the formula is to place importance on achieving both the growth and the profitability objectives. If the minimum threshold for either growth or profitability is not met, no annual bonus is paid under the Profit Participation Plan.

In the case of Presidents of Strategic Business Units, half of their target bonus was based on the formula above as it pertains to the Company, while the other half was determined based on the performance of the Strategic Business Units for which they are responsible and certain quality metrics using the same performance measures.

CGI does not disclose specific profitability and revenue objectives because it considers that the information would place it at a significant competitive disadvantage if the objectives became known. Disclosing the specific performance objectives that are set as part of the Company's annual budget and strategic planning process would expose CGI to serious prejudice and negatively impact its competitive advantage. For example, to the extent that the Company's performance objectives became known, its ability to negotiate accretive business agreements would be significantly impaired, putting incremental pressure on its profit margins. In addition, CGI believes that disclosing performance objectives would be inconsistent with CGI's policy of not providing guidance to the market and limiting the disclosure of forward-looking information.

Long-Term Incentive Plans

CGI's long-term incentive plans include the Share Option Plan and the PSU Plan. In line with practices among certain of the Company's peers, the Company's current compensation practice is to grant, on a case by case basis, either stock options issued under the Share Option Plan or PSUs awarded under the PSU Plan as the long-term incentive component of certain of its senior executives' compensation.

Share Option Plan

CGI's executives generally participate in the Share Option Plan. Like the Profit Participation Plan and the PSU Plan, the Share Option Plan is designed to ensure that executives' interests are closely aligned with those of all shareholders.

The Company's practice is to apply performance-based vesting conditions for all stock options granted under the Share Option Plan as part of the Company's long-term incentive program. CGI's annual long-term incentive grant of stock options is made at the beginning of the fiscal year. The percentage of stock options that become eligible to vest is based on the degree of achievement of profitability and revenue growth objectives determined following the completion of the fiscal year. Stock options that do not become eligible to vest are forfeited and cancelled.

Stock options that have become eligible to vest then typically vest on a time basis as follows: one-quarter when the fiscal year's results are approved, one quarter on the second anniversary of the grant, one-quarter on the third anniversary of the grant, and the final quarter on the fourth anniversary of the grant.

See the heading *Key Features of CGI's Long-Term Incentive Plans* later in this document for a summary of the features of the Share Option Plan.

Stock Options Granted as part of Fiscal 2017 Compensation

An aggregate of 603,000 stock options were granted to Messrs. George D. Schindler, François Boulanger, Jean-Michel Baticle and David L. Henderson as part of their fiscal 2017 target compensation. The number of stock options granted was determined based on the long-term compensation value required to align the Named Executive Officer's total compensation with the Company's compensation policy.

The number of stock options granted is a function of the current year's compensation objectives and, for that reason, previous grants of stock option-based awards are not taken into account when considering the annual grant of incentive stock options.

The stock options granted as part of the long-term incentive plan for fiscal 2017 were granted for a term of ten years and were eligible to vest based on the achievement of profitability and growth objectives for the year ended September 30, 2017. The details of these grants are shown in Appendix A.

Based on the degree of achievement of profitability and growth objectives of the Company and, in the case of Messrs. Jean-Michel Baticle and David L. Henderson, also based on the performance results of their respective Strategic Business Units during fiscal 2017, 83.01% of the stock options granted to Messrs. George D. Schindler and François Boulanger, 91.51% of the stock options granted to Mr. Jean Michel Baticle and 69.74% of the stock options granted to Mr. David L. Henderson, in respect of the long-term incentive awards for fiscal 2017, became eligible to vest.

Performance Share Unit Plan

The PSU Plan is designed to ensure that executives' interests are closely aligned with those of all shareholders and is similar in function to the Share Option Plan. PSUs entitle the holder to receive one Class A subordinate voting share for each PSU subject to the achievement of performance and time vesting conditions. Unlike Class A subordinate voting shares issued in connection with the exercise of stock options under the Share Option Plan, which are issued from treasury, the settlement of PSUs is with Class A subordinate voting shares purchased in the open market by the plan trustee with funds provided by CGI.

PSUs have performance-based vesting rules that are determined by the Board of Directors at the time of each grant and are typically identical, in a given year, as those that apply to stock options granted under the Share Option Plan. CGI's annual long-term incentive grant award of PSUs is made at the beginning of the fiscal year. The percentage of PSUs that become eligible to vest is based on the degree of achievement of the same profitability and revenue growth objectives that apply to stock options. PSUs that become eligible to vest then vest on a time basis. PSUs that do not become eligible to vest are forfeited and cancelled.

On September 26, 2017, CGI's Board of Directors adopted a second performance share unit plan, the Performance Share Unit Plan for Designated Leaders of CGI Group Inc. and its Subsidiaries in order to offer PSUs to a greater number of members of senior management in all the countries in which they are located. No grants were made under this new performance share unit plan in fiscal 2017.

See the heading *Key Features of CGI's Long-Term Incentive Plans* later in this document for a summary of the features of the PSU Plan.

Performance Share Units Awarded in Fiscal 2017

For fiscal 2017, 221,000 PSUs were awarded to Mr. Godin as part of his fiscal 2017 target compensation. The number of PSUs granted was determined based on the long-term compensation value required to align Mr. Godin's total compensation with the Company's compensation policy.

All PSUs awarded as part of the long-term incentive plan for 2017 were granted for a term expiring three years following the calendar year in which they became eligible to vest based on the achievement of profitability and growth objectives for the fiscal year ended September 30, 2017. The details of these awards are shown in the *Net Total Compensation Table* and in the *Summary Compensation Table* later in this document.

Based on the degree of achievement of profitability and growth objectives during fiscal 2017, 83.01% of the PSUs awarded to Mr. Godin in respect of the long-term incentive awards for fiscal 2017 became eligible to vest.

A table showing all outstanding unvested PSU awards held as at September 30, 2017 by the Named Executive Officers as well as the market value of such unvested PSUs as of such date is provided in Appendix A.

Award Date Fair Value

The award date fair value for compensation purposes for the fiscal 2017, 2016 and 2015 awards of PSUs was determined by applying a factor of 0.75 to the award date price of the Class A subordinate voting shares underlying the PSUs. This discount method was suggested by Willis Towers Watson, the Company's external human resources consultant, to recognize the probabilities associated with the performance vesting conditions for the PSU holder.

The accounting fair value of the PSUs was determined in accordance with IFRS 2 as the market value of the underlying Class A subordinate voting shares on the award date. The stock-based compensation cost related to PSUs recorded in costs of services, selling and administrative expenses for fiscal 2017, 2016 and 2015 takes into account the actual result of the performance-based vesting and amortizes the resulting net PSU value over the four-year vesting period.

For the three years ended September 30, 2017, 2016, and 2015, the award date fair value for executive compensation purposes, the award date fair value for accounting purposes, and the differences in fair values are shown in the following table:

Fiscal Year	Value for Compensation Purposes	Value for Accounting Purposes	Difference
2017	\$46.87	\$62.49	\$15.62
2016	\$36.26	\$48.35	\$12.09
2015	\$28.38	\$37.84	\$ 9.46

The difference between the value used for compensation purposes and the one used for accounting purposes results from the fact that for accounting purposes there is no recognition of a performance discount at the date of grant but a recognition of the actual performance vesting condition at the date of the performance vesting.

Performance Factors and Vesting Conditions

The performance factors used to determine the number of stock options or PSUs that will vest under CGI's long-term incentive plans are based on two separate measures: profitability and growth. The achievement of profitability and growth objectives determines the performance factors that are applied to calculate the number of stock options or PSUs that vest under CGI's long-term incentive plans. The total percentage of stock options or PSUs eligible to vest is capped at 100%.

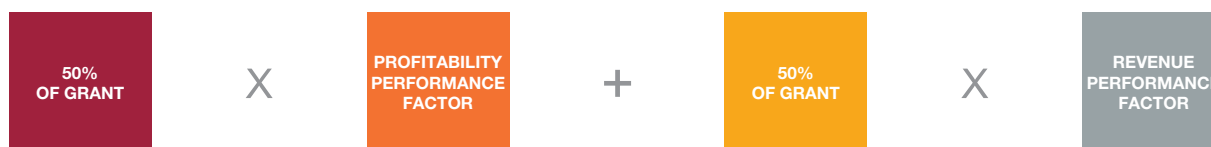
The profitability performance factor is based on the degree of achievement of the net earnings margin objective approved by the Board of Directors as part of the Company's annual budget and strategic plan. The growth performance factor is based on the degree of achievement of the year-over-year percentage revenue growth objective also approved by the Board of Directors as part of the same plan.

Only items that are the result of actual management operation activities are taken into account in the calculation of vesting conditions for compensation purposes. The performance factors are prorated between target levels.

The profitability performance factor and growth performance factor are established by determining the actual level of achievement of the budgeted profitability and revenue objectives which correspond to a pre-determined numerical performance factor.

Profitability		+	Revenue	
Net earnings margin	Profitability Performance Factor		Revenue	Revenue Performance Factor
	0			0
Budgeted margin objectives on a scale of four levels	0.25		Budgeted revenue objectives on a scale of five levels	0.25
	0.5			0.75
	1.0			1.00
				1.25

Once the profitability performance factor and revenue performance factor are established, the following formula is used to determine the proportion of performance-based vesting under CGI's long-term incentive plans.



In the case of Presidents of Strategic Business Units, half of their performance-based vesting was based on the formula above as it pertains to the Company, while the other half was determined based on the performance of the Strategic Business Units for which they are responsible and certain quality metrics.

CGI does not disclose specific profitability and revenue objectives because it considers that the information would place it at a significant competitive disadvantage if the objectives became known. Disclosing the specific performance objectives that are set as part of the Company's annual budget and strategic planning process would expose CGI to serious prejudice and negatively impact its competitive advantage. For example, to the extent that the Company's performance objectives became known, its ability to negotiate accretive business agreements would be significantly impaired, putting incremental pressure on its profit margins. In addition, CGI believes that disclosing performance objectives would be inconsistent with CGI's policy of not providing guidance to the market and limiting the disclosure of forward-looking information.

Total At Risk Compensation and Actual Payouts

A significant portion of the Named Executive Officers' compensation, namely payments under the Profit Participation Plan and awards under the Share Option Plan and Performance Share Unit Plan, is performance-based and therefore "at risk". The percentage of total compensation of the Named Executive Officers that was "at risk" in fiscal 2017 ranged from 61.72% to 89.83%.

The achievement of the performance factors under the Profit Participation Plan and the performance vesting conditions under the Share Option Plan and Performance Share Unit Plan also present a meaningful challenge for the Company's senior executives and management team because the Company consistently sets ambitious goals as part of its annual budget and strategic planning process. This is evidenced by the fact that the aggregate payout to the reported Named Executive Officers for fiscal 2017, 2016 and 2015 that was "at risk" or subject to the achievement of performance factors or performance vesting conditions, averaged 55% of the target "at risk" compensation.

The table below shows the portion of the total compensation “at risk” as well as the portion of that “at risk” compensation that was actually paid out to the Named Executive Officers for the 2017 fiscal year.

Name and title as at September 30, 2017	Percentage of total target compensation “at risk” ^(a)	Percentage payout of “at risk” compensation ^(b)
Serge Godin Founder and Executive Chairman of the Board	89.83%	75.63%
George D. Schindler President and Chief Executive Officer	82.30%	80.77%
François Boulanger Executive Vice-President and Chief Financial Officer	77.37%	83.10%
Jean-Michel Baticle President, France, Luxembourg and Morocco Operations	65.72%	103.1%
David L. Henderson President, United States Operations	61.72%	70.87%

(a) This column shows the proportion of the Named Executive Officer’s total target compensation for fiscal 2017 that was “at risk” compensation composed of the annual bonus under the Profit Participation Plan and awards under the Share Option Plan and Performance Share Unit Plan”.

(b) This column shows the proportion of the Named Executive Officer’s total target “at risk” compensation that was actually paid out in fiscal 2017.

The Committee is responsible for ensuring that CGI’s executive compensation policies do not expose the Company to significant risks such as providing incentives for senior executives to engage in business strategies that could yield compensation for the executives while negatively impacting the Company’s interests.

The Committee considers that the Company’s executive compensation policies, particularly those that relate to the portion of compensation for which the achievement of performance measures apply, do not expose the Company to significant risks. The short-term and long-term incentive performance-based compensation components require that the Company’s profitability objectives be met. Business strategies that impair the Company’s profitability, whether in the short or long-term, will not result in payouts to senior executives or management. Since the measures are based on generally accepted accounting principles (“GAAP”) measures, which in the case of the Company are International Financial Reporting Standards (“IFRS”), the results are subject to the same controls over financial reporting and disclosure controls and procedures that apply to the disclosure of the Company’s financial results. These controls include controls and procedures that are designed to protect against, and provide early warning of, fraud and falsification.

All of the Company’s senior executives and directors are required to prepare and file reports disclosing their trading activities in the Company’s securities, including derivative instruments, and the Company prepares and files the reports on their behalf. The Company therefore monitors all securities transactions by its senior executives and directors and also requires that they pre-clear their transactions with the Company.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below shows the value of option and share-based awards made to the Named Executive Officers that vested in fiscal 2017 as well as the value of non-equity incentive plan compensation earned by the Named Executive Officers in fiscal 2017.

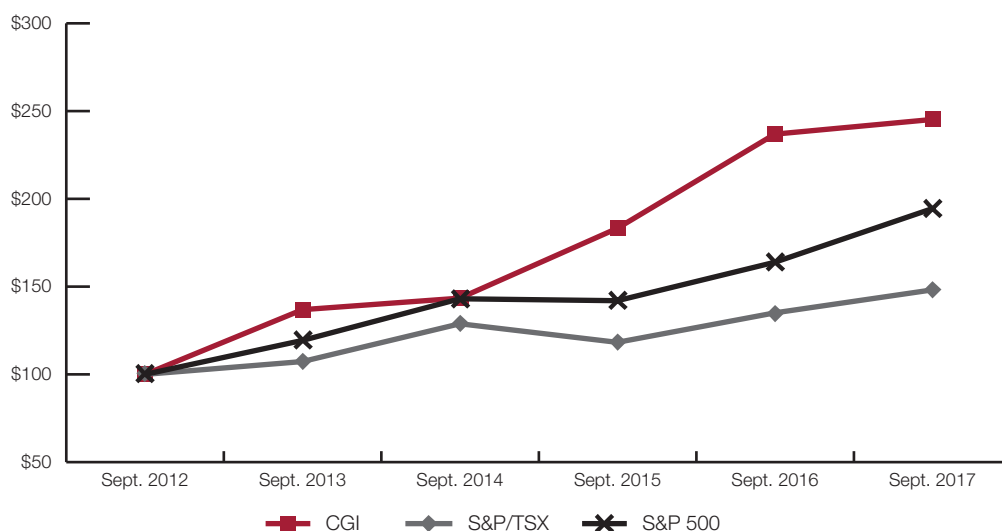
Name	Option-based awards – Value vested during the year ^(a) (\$)	Share-based awards – Value vested during the year ^(b) (\$)	Non-equity incentive plan compensation – Value earned during the year ^(c) (\$)
Serge Godin Founder and Executive Chairman of the Board	–	12,915,234	1,315,000
George D. Schindler ^(d) President and Chief Executive Officer	3,279,084	–	1,329,112
François Boulanger Executive Vice-President and Chief Financial Officer	1,218,331	–	500,000
Jean-Michel Baticle ^(e) President, France, Luxembourg and Morocco Operations	1,271,259	–	532,085
David L. Henderson ^(d) President, United States Operations	526,459	–	303,220

- (a) The option-based awards that vested during fiscal 2017 were the performance-based stock options granted to Messrs. Schindler, Boulanger, Baticle and Henderson during the 2013, 2014, 2015 and 2016 fiscal years that became eligible to vest and for which the exercise prices were \$23.65, \$36.15, \$37.82 and \$48.16 respectively. In fiscal 2017, one-quarter of such stock options granted for fiscal 2013, one-quarter of such stock options granted for fiscal 2014 and one quarter of such stock options granted for fiscal 2015 vested on October 1, 2016 when the closing price of the shares was \$62.49 and one-quarter of such stock options granted for fiscal 2016 vested on November 8, 2016 when the closing price of the shares was \$63.70.
- (b) The share-based awards that vested during fiscal 2017 were the performance-based PSUs granted to Mr. Godin for fiscal 2013, 2014, 2015 and 2016 respectively. The proportion of performance based vesting for these PSUs was 95.3%, 61.05%, 75.8% and 50% for such PSUs granted in respect of fiscal 2013, 2014, 2015 and 2016 and these became eligible to vest after the end of each such fiscal year. In fiscal 2017, one-quarter of such PSUs granted for fiscal 2013, one-quarter of such PSUs granted for fiscal 2014 and one quarter of such share-based granted for fiscal 2015 vested on October 1, 2016 and one-quarter of such PSUs granted for fiscal 2016 vested on November 8, 2016.
- (c) This column shows the value of the annual bonuses under the Profit Participation Plan received by the Named Executive Officers in fiscal 2017.
- (d) Messrs. Schindler and Henderson are paid in U.S. dollars. The amounts shown are in Canadian dollars converted on the basis of the average exchange rate used in the Company's annual audited consolidated financial statements which was CAD1.3140, CAD1.3255 and CAD1.2294, for each U.S. dollar in fiscal 2017, 2016 and 2015 respectively. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 15 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017 and on page 14 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2016 under the heading *Foreign Exchange*.
- (e) Mr. Baticle is paid in euros. The amounts shown are in Canadian dollars converted on the basis of the average exchange rate used in the Company's annual audited consolidated financial statements which was CAD1.4511, CAD1.4722 and CAD1.4081 for each euro in fiscal 2017, 2016 and 2015 respectively. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 15 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017 and on page 14 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2016 under the heading *Foreign Exchange*.

Performance Graph

The Class A subordinate voting shares are listed for trading on the TSX under the symbol GIB.A and on the New York Stock Exchange, under the symbol GIB. The following graph compares the annual variations in the cumulative total shareholder return on the Class A subordinate voting shares with the cumulative total shareholder return of the S&P/TSX and the S&P 500 stock indexes for the past five fiscal years of the Company.

Value of \$100 invested on September 30, 2012



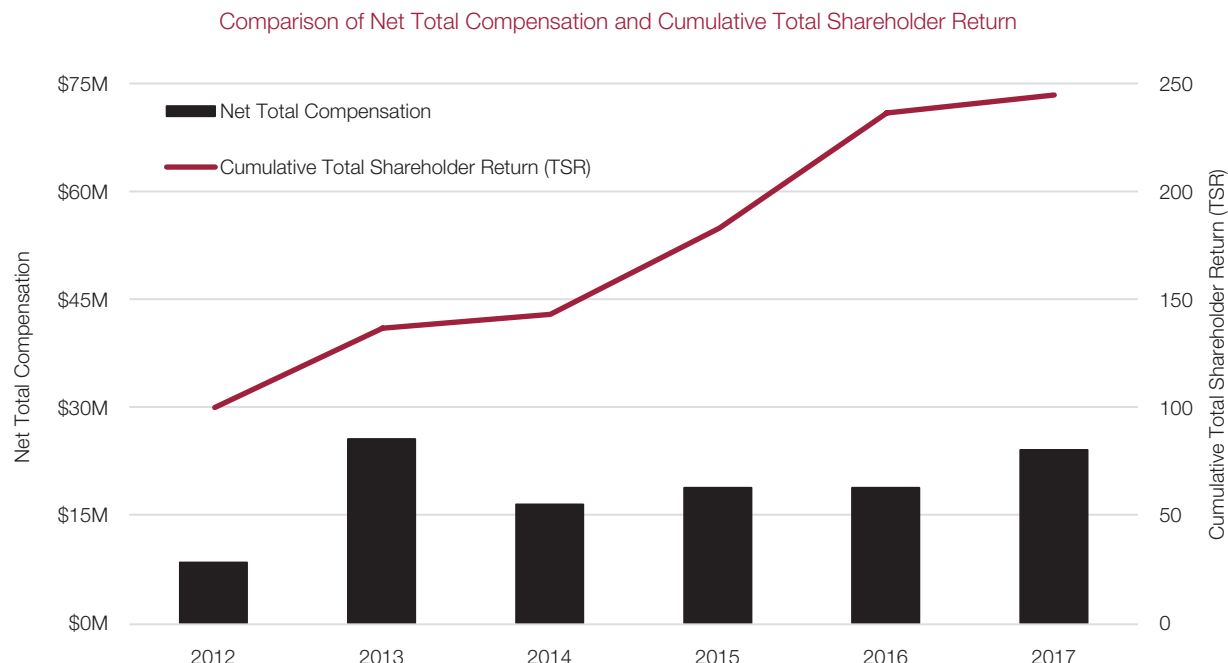
Cumulative Total Shareholder Return

	September 30, 2012	September 30, 2013	September 30, 2014	September 30, 2015	September 30, 2016	September 30, 2017
CGI	\$100.00	\$136.93	\$143.33	\$183.14	\$236.70	\$245.08
S&P/TSX	\$100.00	\$107.12	\$128.95	\$118.14	\$134.93	\$148.05
S&P 500	\$100.00	\$119.34	\$142.89	\$142.02	\$163.93	\$194.44

CGI's executive compensation policy emphasizes incentive compensation linked to the success of the Company to ensure that the financial interests of the Company's executives are closely aligned with those of shareholders. CGI's management team, including the Named Executive Officers, are compensated on the basis of metrics that the Company considers to be fundamental, namely the Company's growth and profitability, rather than on the basis of factors tied to the performance of the Company's shares in the market. Over the five-year period between October 1, 2012 and September 30, 2017, 63% of the aggregate compensation of the reported Named Executive Officers was linked to the share price, and to the returns to shareholders.

Since 1986, the year the Company became publicly listed, the price of CGI's Class A subordinate voting shares increased on average by approximately 18% per year. Over the five-year period between October 1, 2012 and September 30, 2017, the price of the Company's shares increased by more than 245% and the cumulative total shareholder return outperformed the S&P/TSX by 97% and the S&P 500 by 51%.

The following graph illustrates the relationship between the net total compensation paid to the Company's reported Named Executive Officers and cumulative total shareholder return over the period between October 1, 2012 and September 30, 2017.



The chart demonstrates the relationship between cumulative total shareholder return (as calculated on the performance graph earlier in this document) and the net total compensation to Named Executive Officers. While cumulative total shareholder return has greatly increased during this period, net total compensation has varied on an annual basis since fiscal 2013 and is linked to the performance of the Company and not necessarily to shareholder return.

The net aggregate compensation paid to the Named Executive Officers for fiscal 2017 was below the aggregate median of CGI's comparator groups at approximately 81% of the median target total compensation of those groups. The Committee believes that CGI has provided a significantly better than average return to shareholders over this period with executive compensation that is at or below the cost of its peers and that the Company's executive compensation policy is effective and appropriately links the compensation paid out to the Named Executive Officers and the returns to shareholders.

Defined Contribution Pension Plan and Deferred Compensation Plans

Defined Contribution Pension Plan

In fiscal 2017, Messrs. George D. Schindler and David L. Henderson participated in a U.S. 401(k) Plan that is a benefit available to all eligible U.S. members. The following table sets out the amount contributed to the plan by the Company as well as the accumulated value of the plan at the beginning and end of the Company's fiscal year.

Name and title as at September 30, 2017	Accumulated value at start of year ^(a)	Compensatory ^(a)	Accumulated value at year-end ^(a)
George D. Schindler President and Chief Executive Officer	\$978,134	\$3,285	\$1,140,616
David L. Henderson President, United States Operations	\$394,063	\$3,285	\$555,149

(a) The amount shown is in Canadian dollars converted on the basis of the average exchange rate used in the Company's consolidated annual audited financial statements which was CAD1.3140 for each U.S. dollar in fiscal 2017. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 15 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017 under the heading *Foreign Exchange*.

Deferred Compensation Plan

Messrs. George D. Schindler and David L. Henderson participate in CGI's Non-Qualified Deferred Compensation Plan which allows participants to defer annually between 5% and 75% of their base salary, and between 5% and 90% of their awards under the Profit Participation Plan. The plan allows participants to withdraw amounts during employment and to elect, upon retirement, to receive either a lump sum payment, or instalment payments for a period of up to ten years. Decisions concerning withdrawals may be made each year at the time that the participant determines the amount of compensation to be deferred for the year. The plan offers an array of mutual funds for investment from which the plan participant may choose. Participants may change their investment directions from time to time during the plan year. The mutual fund investments are subject to market gains and losses.

Compensation of Named Executive Officers

The Net Total Compensation Table and the Summary Compensation Table that follow show detailed information on actual net total compensation, and total compensation for regulatory purposes, respectively, for Serge Godin, Founder and Executive Chairman of the Board, George D. Schindler, President and Chief Executive Officer, François Boulanger, Executive Vice-President and Chief Financial Officer, Jean-Michel Baticle, President, France, Luxembourg and Morocco Operations, and David L. Henderson, President, United States Operations, for services rendered during the fiscal years ended September 30, 2017, 2016 and 2015.

The securities regulation that determines the content of the Summary Compensation Table can result in a substantial overstatement of the compensation awarded to CGI's Named Executive Officers. The overstatement may arise because securities regulation requires that for stock options and share-based compensation awards, the amount of compensation shown must be the grant date fair value. In the case of CGI's compensation policies, all long-term incentive compensation, including all stock option awards and share-based compensation awards, is subject to performance vesting conditions. To the extent that stock options and PSUs awarded for the fiscal year in question fail to become eligible to vest as a result of the degree of achievement of performance objectives, the stock options and PSUs are forfeited and cancelled. The regulatory requirements do not allow for such forfeited compensation to be reduced from the compensation disclosed in the Summary Compensation Table. Therefore, the compensation presented in such table may substantially overstate compensation actually earned by the Named Executive Officers.

The following table shows the amount by which the combined value of the share-based awards and option-based awards must be reduced to reflect the net compensation amount attributable to those components of compensation disclosed in the *Summary Compensation Table* below. The table is necessary to communicate the true, actual total compensation earned by each of the Named Executive Officers.

Net Total Compensation Table

Name and Principal Position as at September 30, 2017	Year	Summary	Performance-based	Net total
		Compensation Table Total compensation (\$)	vesting reduction ^(a) (\$)	compensation (\$)
Serge Godin Founder and Executive Chairman of the Board	2017	13,157,219	(1,759,312)	11,397,907
	2016	11,815,999	(5,167,406)	6,648,593
	2015	8,907,708	(1,820,265)	7,087,443
George D. Schindler ^(b) President and Chief Executive Officer	2017	7,328,940	(785,340)	6,543,600
	2016	3,450,736	(1,177,020)	2,273,716
	2015	2,203,062	(298,791)	1,904,271
François Boulanger Executive Vice-President and Chief Financial Officer	2017	2,678,962	(263,280)	2,415,682
	2016	2,010,484	(704,200)	1,306,284
	2015	1,736,846	(298,791)	1,438,055
Jean-Michel Baticle ^(c) President, France, Luxembourg and Morocco Operations	2017	2,177,363	(79,884)	2,097,479
	2016	1,820,212	(196,170)	1,624,042
	2015	1,564,966	(295,696)	1,269,270
David L. Henderson ^(b) President, United States Operations	2017	1,976,457	(264,598)	1,711,859
	2016	1,549,450	(588,510)	960,940
	2015	954,751	(144,178)	810,573

- (a) The vesting eligibility conditions for the stock options granted and PSUs awarded as part of the long-term incentive for the fiscal year ended September 30, 2017 were based solely on the Company's financial performance and the individual's contribution thereto. On the basis of such factors, 83.01% of the PSUs awarded to Mr. Godin and 83.01% of the stock options granted to Messrs. George D. Schindler and François Boulanger became eligible to vest. In the case of Messrs. Jean-Michel Baticle and David L. Henderson, the performance-based vesting of their stock options also depended on the performance of their respective Strategic Business Units. 91.51% of Mr. Baticle's stock options and 69.74% of Mr. Henderson's stock options became eligible to vest. Stock options and PSUs that did not become eligible to vest based on such performance conditions were forfeited and cancelled. The amount of the reduction shown is the dollar value required to be deducted from the fair value of the grants or awards to accurately reflect the net value of the stock option grant or PSU award for the Named Executive Officer as part of his total compensation for the 2017 fiscal year.
- (b) Messrs. Schindler and Henderson are paid in U.S. dollars. The amounts shown are in Canadian dollars converted on the basis of the average exchange rate used in the Company's annual audited consolidated financial statements which was CAD1.3140, CAD1.3255 and CAD1.2294, for each U.S. dollar in fiscal 2017, 2016 and 2015 respectively. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 15 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017 and on page 14 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2016 under the heading *Foreign Exchange*.
- (c) Mr. Baticle is paid in euros. The amounts shown are in Canadian dollars converted on the basis of the average exchange rate used in the Company's annual audited consolidated financial statements which was CAD1.4511, CAD1.4722 and CAD1.4081, for each euro in fiscal 2017, 2016 and 2015 respectively. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 15 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017 and on page 14 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2016 under the heading *Foreign Exchange*.

The following table shows the compensation paid to the Company's Named Executive Officers as required by securities regulation.

As noted above, securities regulation requires that for stock options and share-based compensation amounts, the amount of compensation to be disclosed must be the grant date fair value. In the case of CGI's compensation policies, all long-term incentive compensation, including all stock option awards and share-based compensation awards are performance-based. A number of stock options and PSUs awarded to Named Executive Officers do not become eligible to vest as a result of the degree of achievement of performance objectives, and those stock options and PSUs are then forfeited and cancelled. To that extent, the total compensation amount shown in this table overstates the true total compensation received by the Company's Named Executive Officers.

Summary Compensation Table

Name and Principal Position as at September 30, 2017	Year	Salary (\$)	Share- based awards ^(a) (\$)	Option- based awards ^(b) (\$)	Non-equity incentive plan compensation	Pension value (\$)	All other compensation ^(d) (\$)	Total compensation (\$)
					Annual incentive plans ^(c) (\$)			
Serge Godin	2017	1,375,000	10,357,718	–	1,315,000	–	109,501	13,157,219
Founder and Executive Chairman of the Board	2016	1,373,000	10,334,813	–	–	–	108,186	11,815,999
	2015	1,333,000	7,520,700	–	–	–	54,008	8,907,708
George D. Schindler ^(e)	2017	1,182,556	–	4,623,586	1,329,112	3,285	190,401 ^(f)	7,328,940
President and Chief Executive Officer	2016	960,992	–	2,354,040	–	3,314	132,390 ^(f)	3,450,736
	2015	891,305	–	1,234,500	–	3,073	74,184	2,203,062
François Boulanger	2017	600,000	–	1,550,027	500,000	–	28,935	2,678,962
Executive Vice- President and Chief Financial Officer	2016	575,000	–	1,408,400	–	–	27,084	2,010,484
	2015	475,000	–	1,234,500	–	–	27,346	1,736,846
Jean-Michel Baticle ^(g)	2017	631,247	–	940,615	532,085	–	73,416	2,177,363
President, France, Luxembourg and Morocco Operations	2016	600,657	–	784,680	360,394	–	74,481	1,820,212
	2015	522,416	–	823,000	140,813	–	78,737	1,564,966
David L. Henderson ^(e)	2017	689,824	–	874,374	303,220	3,285	105,754 ^(h)	1,976,457
President, United States Operations	2016	662,753	–	784,680	–	3,314	98,703 ^(h)	1,549,450
	2015	509,657	–	257,400	36,616	3,073	148,005 ^(h)	954,751

- (a) The award date fair value used for determining the number of PSUs awarded to Mr. Godin as a component of his total compensation was determined using the pricing model suggested by Willis Towers Watson that yielded grant date fair values of \$46.87 for fiscal 2017, \$36.26 for fiscal 2016 and \$28.38 for fiscal 2015. The fair value of the PSUs for accounting purposes was the market value of the Class A subordinate voting shares on the award date resulting in an award date fair value for accounting purposes of \$62.49 for fiscal 2017, \$48.35 for fiscal 2016 and \$37.84 for fiscal 2015. Please refer to the heading *Award Date Fair Value* earlier in this document for an explanation of the differences between fair values, and the reasons behind the choice of valuation methods.
- (b) The fair value of the stock option grants is the accounting fair value of the stock options determined in accordance with IFRS 2 using the Black-Scholes stock option pricing model. The fair value of the stock options yielded a grant date fair value of \$13.25, \$10.06 and \$8.23 in fiscal 2017, 2016 and 2015 respectively. The table after the footnote below shows the assumptions used to determine the Black-Scholes values for fiscal 2017, 2016 and 2015.
- (c) This column shows the value of the annual bonuses received by the Named Executive Officers in accordance with the Profit Participation Plan as part of the short-term incentive plan of the Company.
- (d) This amount includes the Company's contribution under CGI's Share Purchase Plan, the contribution towards health insurance benefits and related insurance coverage, but excludes the value of perquisites and other personal benefits which in the aggregate was less than \$50,000 or 10% of the aggregate salary and bonus under the Profit Participation Plan for the particular fiscal year and which is therefore not required to be disclosed.
- (e) Messrs. Schindler and Henderson are paid in U.S. dollars. The amounts shown (other than those for stock option-based compensation) are in Canadian dollars converted on the basis of the average exchange rate used in the Company's annual audited consolidated financial statements which was CAD1.3140, CAD1.3255 and CAD1.2294, for each U.S. dollar in fiscal 2017, 2016 and 2015 respectively. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 15 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017 on page 14 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2016 under the heading *Foreign Exchange*.
- (f) These amounts include costs relating to Mr. Schindler's relocation from CGI's U.S. office to its Montreal office, amounting to \$26,526 for fiscal 2017 and \$69,300 for fiscal 2016.
- (g) Mr. Baticle is paid in euros. The amounts shown are in Canadian dollars converted on the basis of the average exchange rate used in the Company's annual audited consolidated financial statements which was CAD1.4511, CAD1.4722 and CAD1.4081, for each euro in fiscal 2017, 2016 and 2015 respectively. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 15 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017 and on page 14 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2016 under the heading *Foreign Exchange*.
- (h) These amounts include costs relating to Mr. Henderson's relocation from CGI's Dallas office to its Fairfax office, amounting to \$43,360 for fiscal 2017, \$49,706 for fiscal 2016 and \$113,015 for fiscal 2015.

Assumptions to determine Black-Scholes Values

	2017	2016	2015
Dividend yield (%)	0.00	0.00	0.00
Expected volatility (%)	25.44	25.07	24.56
Risk-free interest rate (%)	0.54	0.67	1.42
Expected life (years)	4.00	4.00	4.00

Key Features of CGI's Long-Term Incentive Plans

Share Option Plan

The Share Option Plan is governed by the Board of Directors. The Committee makes recommendations to the Board of Directors in relation to the Share Option Plan and to grants of stock options, and is responsible for overseeing its administration. The Board of Directors has the ultimate and sole power and authority to grant stock options under the Share Option Plan and to interpret the terms and conditions of stock options that have been granted. The Board of Directors grants stock options by identifying the members, directors, and officers of eligible CGI entities who are to receive stock options, including the number of stock options, the subscription price, the stock option period and the vesting conditions. The determinations, designations, decisions and interpretations of the Board of Directors are binding and final. Management of the Company looks after the day-to-day administration of the Share Option Plan.

The total number of Class A subordinate voting shares authorized to be issued under the Share Option Plan is 53,600,000. As at December 11, 2017, the total overhang was 29,794,071 Class A subordinate voting shares, representing approximately 10.35% of the currently issued and outstanding Class A subordinate voting shares and Class B shares. The maximum number of stock options that may be issued in the aggregate to any single individual under the Share Option Plan cannot exceed 5% of the total number of Class A subordinate voting shares and Class B shares issued and outstanding at the time of the grant. The number of Class A subordinate voting shares issuable to insiders in the aggregate, at any time, pursuant to the Share Option Plan and any other securities-based compensation arrangement cannot exceed 10% of the Class A subordinate voting shares and Class B shares issued and outstanding. The number of Class A subordinate voting shares issued to insiders within any one-year period pursuant to the Share Option Plan and any other securities-based compensation arrangement cannot exceed 10% of the Class A subordinate voting shares and Class B shares issued and outstanding. As at December 11, 2017, stock options for an aggregate of 13,451,461 Class A subordinate voting shares are outstanding pursuant to the Share Option Plan, representing approximately 4.68% of the currently issued and outstanding Class A subordinate voting shares and Class B shares.

Under the Share Option Plan, the Board of Directors may at any time amend, suspend or terminate the Share Option Plan, in whole or in part, subject to obtaining any required approval from the TSX, the Company's shareholders or other regulatory authorities. More detailed information on the rules for amending the Share Option Plan is provided later in this document under the heading *Amendments to Share Option Plan*. Stock options may not be assigned, pledged or otherwise encumbered with the exception of bequests made in wills or other testamentary document, or otherwise in accordance with the laws relating to successions.

Under the Share Option Plan, the Board of Directors, on the recommendation of the Committee, may grant to eligible participants stock options to purchase Class A subordinate voting shares. The exercise price of the stock options granted is determined by the Board of Directors and cannot be lower than the closing price of the Class A subordinate voting shares on the TSX on the trading day immediately preceding the day on which the stock option is granted. The Board of Directors also determines the applicable stock option period and vesting rules.

Employees, officers, and directors of the Company may receive stock options under the Share Option Plan. The Board of Directors has made the decision to cease granting stock options to outside directors effective October 1, 2015.

Stock options that have been granted under the Share Option Plan cease to be exercisable upon the expiry of their term which cannot exceed ten years from their date of grant.

Upon resignation or termination, stock options that have not vested are forfeited, and vested stock options must be exercised during a 90 day period following termination or resignation.

Employees who retire, directors who leave the Board of Directors and the estates of deceased stock option holders benefit from the automatic vesting of stock options that have become eligible to vest in accordance with performance-based vesting rules, but that have yet to vest due to time-based vesting. Those stock options must be exercised within 90 days in the case of retirement or 180 days if the stock option holder dies, subject to the extension of the exercise periods explained in more detail below. The Board of Directors, on the recommendation of the Committee, has the discretion to vary these periods and to accelerate the vesting period, provided that the maximum term for any stock option is ten years from the time it is granted.

The Company does not currently provide any financial assistance to participants under the Share Option Plan.

Blackout Periods

In keeping with CGI's Insider Trading and Blackout Periods Policy, stock options must not be exercised by insiders when a trading blackout period is in effect. The policy is designed to ensure that insiders and CGI members who have access to undisclosed material information regarding CGI comply with insider trading laws. Under the policy, those who normally have access to undisclosed material information may only trade in CGI securities within the period beginning on the third business day following the release of CGI's quarterly financial results and fiscal year-end results and ending at the close of business on the fourteenth calendar day preceding the end of the following fiscal quarter.

Blackout periods may also be prescribed from time to time as a result of special circumstances relating to the Company.

If the date on which a stock option expires occurs during a blackout period or within ten business days after the last day of a blackout period, the date of expiry of the stock option will be the tenth business day following the termination of the blackout period.

Extensions for Length of Service

Retiring members, directors and officers, as well as the estates of deceased stock option holders earn one day of extension for every three days of service to the Company, up to a maximum extension period of three years. The extension period is earned pro-rata day by day during the stock option holder's service to the Company. The extension period for length of service cannot extend the life of a stock option beyond the period of time determined by the Board of Directors as the stock option term which may not exceed ten years from the date of grant.

Amendments to Share Option Plan

The Board of Directors, on the recommendation of the Committee, may amend, suspend or terminate the Share Option Plan, or amend any term of an issued and outstanding stock option provided that no amendment, suspension or termination may be made without:

- obtaining approval of the shareholders of the Company, except when approval is not required under the terms of the plan, as explained in more detail below;
- obtaining any required approval of any applicable regulatory authority or stock exchange; and
- in the case of issued and outstanding stock options, obtaining the consent or, subject to regulatory approval, the deemed consent of the concerned optionee in the event that the amendment materially prejudices the optionee's rights.

Shareholder approval is not required with respect to the following amendments, in as much as the amendment is in accordance with applicable regulatory requirements:

- changing the eligibility for, and limitations on, participation in the Share Option Plan;
- modifying the periods during which stock options may be exercised, subject to (i) the stock option period terminating on or before the tenth anniversary of the date of the grant of the stock option and subject to the effect of blackout periods, and (ii) a maximum stock option exercise period extension of three years;
- changing the terms on which stock options may be granted and exercised including, without limitation, the provisions relating to the price at which shares may be purchased under the plan, to the extent that the subscription price is not reduced, vesting, expiry, assignment and the adjustments to be made in the event of certain changes such as stock splits that affect all shareholders;
- making amendments that are necessary to comply with applicable law or the requirements of any applicable regulatory authority or stock exchange;

- correcting or rectifying any ambiguity, defective provision, error or omission in the Share Option Plan; and
- changing the provisions of the Share Option Plan that relate to its administration.

Finally, any amendment that would reduce the subscription price of an issued and outstanding stock option, lead to a significant or unreasonable dilution of the outstanding shares, extend the expiry date of stock options held by insiders beyond the exercise periods contemplated under the Share Option Plan, or provide additional material benefits to insiders of the Company, requires shareholder approval.

Equity Compensation Plan Information as at September 30, 2017

The following table shows the total number of shares to be issued upon the exercise of outstanding stock options under all of CGI's equity-based compensation plans, their weighted average exercise price, and the number of shares available for future issuance.

Plan Category	Number of Class A subordinate voting shares to be issued upon the exercise of outstanding stock options (#)	Weighted average exercise price of outstanding stock options (\$)	Number of Class A subordinate voting shares remaining available for future issuance under equity compensation plans (excluding shares issuable under outstanding stock options) (#)
Equity compensation plans approved by shareholders	15,237,883	44.70	15,323,239
Equity compensation plans not approved by shareholders	—	—	—
Total	15,237,883	44,70	15,323,239

Performance Share Unit Plan

The PSU Plan is governed by the Board of Directors and the Committee may make recommendations to the Board of Directors in relation to the PSU Plan and to awards of PSUs. The Board of Directors has the ultimate and sole power and authority to award PSUs under the PSU Plan and to interpret the terms and conditions of PSUs that have been awarded. The Committee is responsible for the administration of the PSU Plan, and management looks after its day-to-day implementation.

Under the PSU Plan, the Board of Directors may at any time amend, suspend or terminate the PSU Plan, in whole or in part, or amend any term of any issued and outstanding awards including the earning, vesting and expiry of an outstanding award. PSUs may not be assigned, pledged or otherwise encumbered with the exception of bequests made in wills or other testamentary document, or otherwise in accordance with the laws relating to successions.

Under the PSU Plan, the Board of Directors, on the recommendation of the Committee, may award PSUs to executives and to other eligible participants. Each PSU entitles the participant to receive one Class A subordinate voting share, subject to the degree of achievement of the profitability and revenue growth objectives set by the Board of Directors as part of the Company's annual budget and strategic planning process. The number of PSUs awarded is determined based on the dollar amount of long-term compensation required to align the participant's total compensation with the Company's compensation policy, and takes into account stock options granted under the Share Option Plan.

Within 90 days after an award of PSUs, the plan trustee purchases in the open market the shares required to be delivered to the participants on settlement. The plan trustee holds the shares in trust for the purposes of the PSU Plan.

On each settlement date, the PSU Plan participants receive from the plan trustee a number of Class A subordinate voting shares equal to the number of PSUs that have vested. Participants may elect to defer the settlement of PSUs to a later date not later than the expiry date of the PSUs.

Upon resignation or termination, PSUs that have not become eligible to vest are forfeited, and PSUs that have become eligible to vest are settled on the date of resignation or termination, as the case may be.

Participants who retire and the estates of deceased participants benefit from the automatic vesting of PSUs that have become eligible to vest in accordance with performance-based vesting rules, but that have yet to vest due to time-based vesting. Those PSUs are settled on the date of retirement or death, as the case may be and the plan trustee remits the Class A subordinate voting shares as soon as practicable thereafter.

PSUs expire on the business day preceding December 31 of the third calendar year following the end of the fiscal year during which the PSU award is made. On the expiry date, all remaining PSUs in the participant's account that are eligible to vest but that have not yet vested are automatically vested and settled.

The Company does not provide any financial assistance to participants under the PSU Plan.

On September 26, 2017, CGI's Board of Directors adopted a second performance share unit plan, the Performance Share Unit Plan for Designated Leaders of CGI Group Inc. and its Subsidiaries in order to offer PSUs to a greater number of members of senior management in all the countries in which they are located. No grants were made under this new performance share unit plan in fiscal 2017.

Termination Benefits

The Named Executive Officers do not benefit from special contractual rights upon employment termination. They are therefore entitled to the same rights as those available to all members under the laws applicable to their employment. The provisions that apply to termination of employment under the Share Option Plan and under the Performance Share Unit Plan apply in the same way to all participants under those plans and they are described above under the headings *Share Option Plan* and *Performance Share Unit Plan*.

Compensation of Directors

Board of Directors and Standing Committee Fees

For fiscal 2017, Ms. Julie Godin and Messrs. Serge Godin, André Imbeau and George D. Schindler were not compensated for their roles as directors of the Company.

The compensation paid to the outside directors changed to a flat fee structure on October 1, 2015. The Board of Directors also decided to cease granting stock options to outside directors as of that date. The following table sets out the elements of the compensation paid to outside directors for the year ended September 30, 2017:

Component	Amount
Board Retainer (includes membership to one Committee)	\$210,000
Lead Director or Committee Chair Retainer	\$ 20,000
Committee Member Retainer for each additional Committee	\$ 20,000

Directors must receive at least half of their Board retainer in DSUs, subject to the exceptions listed below. The remaining half of the Board retainer and the other retainers may also be payable in DSUs at the election of the director. A director can elect to receive the entire amount of the Board retainer in cash instead of in DSUs if (i) the director is not a resident of Canada for income tax purposes, (ii) the director purchased in the open market the same number of Class A subordinate voting shares he or she would have received in the form of DSUs, or (iii) the director is otherwise exempted by the Board of Directors. Directors who must travel significant distances to attend meetings of the Board of Directors and its standing committees also receive long distance travel allowances.

For the year ended September 30, 2017, the compensation paid to directors was as follows:

Directors' Compensation Table

Name ^(a)	Cash Fees ^(b) (\$)	Share-Based Awards ^(c) (\$)	All other compensation ^(d) (\$)	Total (\$)
Alain Bouchard	—	230,000	—	230,000
Bernard Bourigeaud ^(e)	—	272,197	18,926	291,123
Jean Brassard ^(f)	—	210,000	—	210,000
Dominic D'Alessandro	—	250,000	—	250,000
Paule Doré	125,000	105,000	—	230,000
Richard B. Evans ^(e)	—	272,197	25,924	298,121
Timothy J. Hearn	105,000	105,000	15,000	225,000
Gilles Labbé	—	230,000	—	230,000
Heather Munroe-Blum	105,000	105,000	—	210,000
Michael B. Pedersen ^{(e)(g)}	—	43,852	—	43,852
Michael E. Roach	105,000	105,000	—	210,000
Joakim Westh ^(e)	272,197	—	128,752	400,949

- (a) Ms. Julie Godin and Messrs. Serge Godin, André Imbeau and George D. Schindler were not compensated for their roles as directors of the Company. Ms. Julie Godin received \$1,506,107 in fiscal 2017 as compensation in respect of her services as an executive of the Company and Mr. André Imbeau received \$633,117 in fiscal 2017 as compensation in respect of his services as an officer of the Company. Please refer to the *Net Compensation Table* and the *Summary Compensation Table* earlier in this document for a summary of Messrs. Godin and Schindler's fiscal 2017 compensation.
- (b) This column shows the retainer fees paid in cash to the directors for fiscal 2017. Messrs. Bouchard, Bourigeaud, Brassard, D'Alessandro, Evans, Labbé and Pedersen elected to receive 100% of their total annual retainers in the form of DSUs. Mr. Westh was exempted from the requirement to receive 50% of his Board retainer in DSUs as a non-resident of Canada for income tax purposes.
- (c) This column shows the value of the retainer fees paid in DSUs to the directors for fiscal 2017.
- (d) The amounts shown as "All other compensation" for Messrs. Bourigeaud, Evans, Hearn and Westh are in respect of long distance travel allowances.
- (e) Messrs. Bourigeaud, Evans, Pedersen and Westh are paid in U.S. dollars at par, based on the same fee arrangement as other outside directors. The amounts shown (other than those for option-based compensation) are in Canadian dollars converted on the basis of the average exchange rate used to present expense information in the Company's annual audited consolidated financial statements which was CAD1.3140 for each U.S. dollar for fiscal 2017. Please refer to the disclosure concerning the foreign exchange rates used for financial reporting purposes on page 15 of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017 under the heading *Foreign Exchange*.
- (f) Mr. Brassard is not seeking re-election on the Board of Directors and will therefore cease to be a director and a member of the Audit and Risk Management Committee on January 31, 2018.
- (g) Mr. Pedersen was appointed as a member of the Board of Directors and of the Audit and Risk Management Committee on August 1, 2017.

Deferred Stock Units Plan and Deferred Stock Units Granted to Directors

CGI's deferred stock unit plan for members of the Board of Directors (the "DSU Plan") provides non-cash compensation to directors. The DSU Plan is governed by the Board of Directors and the Committee may make recommendations to the Board of Directors in relation to the DSU Plan and to awards of DSUs. The Board of Directors has the ultimate and sole power and authority to award DSUs under the DSU Plan and to interpret the terms and conditions of DSUs that have been awarded. Management of the Company is responsible for the day-to-day administration of the DSU Plan.

The Board of Directors may at any time amend or terminate the DSU Plan, including to suspend or limit the right of directors to participate in the DSU Plan. DSUs may not be assigned, sold or otherwise disposed of, except by will or other testamentary document, or otherwise in accordance with the laws relating to successions.

The number of DSUs credited to a director on each retainer payment date is equal to the amount of the retainer due to be paid in DSUs divided by the closing price of the Class A subordinate voting shares on the TSX on the day immediately preceding the retainer payment date. Once credited, the value of the DSUs credited to a director's DSU account is determined based on the market price of the Class A subordinate voting shares.

The value of DSUs credited to the director's account is payable only upon delivery of a redemption notice after the director has ceased to be a member of the Board of Directors. The amount paid at the time of redemption corresponds to the number of DSUs accumulated by the member multiplied by the closing price of the Class A subordinate voting shares on the payment date selected by the director. Directors may select a redemption date for the DSUs subsequent to the date on which they cease to be members of the Board of Directors by written notice sent no later than December 15 of the calendar year immediately following the year in which they leave the Board of Directors. The amount is paid in cash and is subject to applicable withholding taxes.

Stock Options Held by Directors

Up until fiscal 2015, members of the Board of Directors were entitled to grants of stock options under the Share Option Plan. Each such stock option was issued with a ten year exercise period and a four-year vesting period and the exercise price of all options granted to directors was equal to the closing price of the Class A subordinate voting shares on the TSX on the trading day immediately preceding the date of the grant.

See the table in Appendix B for an overview of all outstanding stock options held as at September 30, 2017 by the members of the Board of Directors who are not Named Executive Officers as well as the in-the-money-value of such stock options and the aggregate value of outstanding and vested DSUs held in respect of their services for completed fiscal years.

Incentive Plan Awards – Value Vested or Earned During the Year

The table below shows the value of option and share-based awards made to members of the Board of Directors that vested in fiscal 2017. The outside directors did not receive any non-equity incentive plan compensation in fiscal 2017.

Name ^(a)	Option-based awards – Value vested during the year ^(b) (\$)	Share-based awards Value vested during the year ^(c) (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Alain Bouchard	65,068	230,000	–
Bernard Bourigeaud	68,527	272,197	–
Jean Brassard ^(d)	68,527	210,000	–
Dominic D'Alessandro	68,527	250,000	–
Paule Doré	68,527	105,000	–
Richard B. Evans	68,527	272,197	–
Julie Godin	1,037,053 ^(e)	–	–
Timothy J. Hearn	9,731	105,000	–
André Imbeau	100,871 ^(e)	–	–
Gilles Labbé	68,527	230,000	–
Heather Munroe-Blum	9,731	105,000	–
Michael B. Pedersen ^(f)	–	43,851	–
Michael E. Roach	–	105,000	–
Joakim Westh	31,512	–	–

(a) The value vested or earned during the year for Messrs. Godin and Schindler are set out in the table titled *Incentive Plan Awards – Value Vested During the Year* under the heading *Compensation of Named Executive Officers* earlier in this document.

(b) This column shows the value of stock options held by directors that vested during fiscal 2017. The values indicated for all directors in the table above relate to vested stock options the directors received prior to October 1, 2015 as compensation for their services as directors, except for Ms. Godin and Mr. Imbeau whose value vested relates to stock options they received until the end of fiscal 2017 as compensation for their services as an executive and as an officer of the Company, respectively. The exercise prices for the stock options that vested during fiscal 2017 were as follows for all directors, including Ms. Godin and Mr. Imbeau: (i) for grants made in fiscal 2013, of \$23.65 for all directors, except Mr. Bouchard, whose options were granted with an exercise price of \$27.28; (ii) for grants made in fiscal 2014, of \$36.15 for all directors, except Ms. Godin, whose options were granted with an exercise price of \$37.11; (iii) for grants made in fiscal 2015, of \$37.82 for all directors, except Mr. Imbeau, whose options were granted with an exercise price of \$39.47, and Mr. Hearn and Ms. Munroe-Blum, whose options were granted with an exercise price of \$46.92; (iv) for grants made in fiscal 2016, of \$48.16 for Ms. Godin and of \$48.16 and \$52.63 for Mr. Imbeau. Among the stock options that became eligible to vest, one quarter of the stock options granted for fiscal 2013, one quarter of the stock options granted for fiscal 2014 and one quarter of the stock options granted for fiscal 2015 vested on October 1, 2016 when the closing price of the shares was \$62.49, and quarter of the stock options granted for fiscal 2016 vested on November 8, 2016 when the closing price for the shares was \$63.70.

(c) The share-based awards are DSUs. See the heading *Deferred Stock Units Plan and Deferred Stock Units Granted to Directors* earlier in this document for a description of DSUs granted to directors.

(d) Mr. Brassard is not seeking re-election on the Board of Directors and will therefore cease to be a director and a member of the Audit and Risk Management Committee on January 31, 2018.

(e) As indicated in note (b) above, the value of stock options that vested during the year for Ms. Godin and Mr. Imbeau is in relation to stock options they received as compensation in respect of their services as an executive and as an officer of the Company, respectively until the end of fiscal 2017.

(f) Mr. Pedersen was appointed as a member of the Board of Directors and of the Audit and Risk Management Committee on August 1, 2017.

Indebtedness of Directors and Named Executive Officers

As at December 11, 2017, no directors, Named Executive Officers, former directors or former senior officers of the Company were indebted to the Company.

Report of the Corporate Governance Committee

The Committee has responsibility for all corporate governance matters including making recommendations to the Board of Directors in relation to the composition of the Board of Directors and its standing committees. The Committee also administers the self-assessment process for the Board, its standing committees and individual directors.

The Committee is composed of Mr. Dominic D'Alessandro, Lead Director, and Mses. Heather Munroe-Blum and Paule Doré, Chair of the Committee, all of whom are independent directors.

The Committee held four regular meetings during fiscal 2017.

The role and responsibilities of the Chair of the Committee are described under the heading *Role and Responsibilities of the Lead Director and Standing Committee Chairs* later in this document.

The role and responsibilities of the Committee are contained in the Committee's charter which forms part of CGI's Fundamental Texts and is incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of CGI's Board of Directors*). The Committee's charter is available on CGI's website at www.cgi.com. The role and responsibilities of the Committee include:

- developing the Company's approach to governance issues and the Company's response to corporate governance requirements and guidelines;
- reviewing the composition of the Board of Directors, its standing committees and members, and recommends Board nominees; carries out the annual Board of Directors self-assessment process; oversees the orientation and continuing education program for directors; and
- helping to maintain an effective working relationship between the Board of Directors and management.

Corporate Governance Practices

Adherence to high standards of corporate governance is a hallmark of the way CGI conducts its business. The disclosure that follows sets out CGI's corporate governance practices. CGI's corporate governance practices conform to those followed by U.S. domestic companies under the NYSE listing standards.

CGI's Shareholders

CGI's shareholders are the first and most important element in the Company's governance structures and processes. At each Annual General Meeting of Shareholders, the Company's shareholders elect the Company's Board of Directors and give them a mandate to manage and oversee the management of the Company's affairs for the coming year. Shareholders have the option of withholding their votes for individual directors, should they wish to do so.

In the normal course of operations, certain corporate actions which may be material to CGI are initiated from time to time by the Company's senior management and, at the appropriate time, are submitted to CGI's Board of Directors for consideration and approval. When appropriate, such matters are also submitted for consideration and approval by CGI's shareholders. All such approvals are sought in accordance with the charters of the Board of Directors and its standing committees, CGI's corporate governance practices and applicable corporate and securities legislation and regulations. Messrs. Serge Godin and André Imbeau, respectively CGI's Founder and Executive Chairman of the Board, and CGI's Founder and Advisor to the Chairman of the Board, are directors of CGI and, as at December 11, 2017, beneficially owned, directly or indirectly, or exercised control or direction over, shares of CGI representing respectively approximately 49.06% and 7.38% of the votes attached to all of the Company's outstanding voting shares.

As with other stakeholders, our clients and our members, we constantly solicit feedback from our investors in order to continuously improve, and compare our performance objectively against other publicly traded companies. Several years ago, the Company adopted the Shareholder Partnership Management Framework ("SPMF") which describes the management of our information and relationship with our investors beyond the prescribed activities associated with corporate governance, transparency and the disclosure of results. The SPMF structures the processes and information flows between CGI and its shareholders, as well as with the investment community, including both buy-side (institutional investors) and sell-side (investment dealers) research analysts. The Company obtained ISO 9001 certification for the application of the SPMF in its operations and for the management of its relationship with its shareholders. During fiscal 2017, the Company held 236 meetings with investors worldwide.

Diversity

Following the adoption by Canadian securities regulators of new disclosure rules with respect to the representation of women on boards of directors and in senior management positions, the Company reviewed CGI's Fundamental Texts, including its Board of Directors' and its standing committees' charters and related work programs.

The notion of diversity is a core element to CGI's values, as detailed in its Fundamental Texts. Therefore, the Company concluded that CGI's approach to diversity was already well documented and supported by the Board of Directors' and its standing committees' charters and work programs. However, to bolster CGI's approach to diversity, the Board of Directors decided to further detail in the mandates of the Human Resources Committee and Corporate Governance Committee, and their related work programs, the criteria to be considered for board candidates and officer appointments to support diversity among the Board of Directors and the Company's executives.

In September 2015, the Board of Directors, on the recommendation of the Committee, approved amendments to CGI's Fundamental Texts in order to emphasize the importance of diversity on CGI's Board of Directors and among executives, and to further refine criteria to be applied for the selection or appointment of directors and executives. As such, nominees proposed to join the Board of Directors or the executive team will be selected after considering, among other things, the persons' skills and expertise required to achieve stewardship and management of CGI, their knowledge of the industry vertical markets in which the Company operates, their operational and financial literacy, as well as the diversity of their background, including gender, ethnicity, age, experience and geographical representation.

In addition, the work program of the Committee was amended to provide for an annual review of the measures applied by the Company to promote diversity, their effectiveness, and the annual and cumulative progress made in achieving their objectives. The results are reviewed annually by the Board of Directors.

In September 2016, the Board of Directors, on the recommendation of the Committee, approved further amendments to CGI's Fundamental Texts pursuant to which the Company confirmed its aspiration of having a Board of Directors composed of at least 30% of women. Given our Board of Directors' current composition and history of long-term succession planning, no date has yet been set to meet such target but progress is monitored periodically. The Committee and the Board of Directors continue to believe in the importance of balancing all eligibility criteria, including appropriate competencies, skills, industry knowledge, financial experience and personal qualities of candidates, as well as the diversity of their background (including gender, ethnicity, age, experience and geographical representation), when considering board candidates and officer appointments. CGI's success is due in large measure to the Company's experience and expertise in its vertical markets. The selection criteria for CGI's Board of Directors and executive officers recognize this important factor and are designed to ensure that the Company, while supporting diversity objectives, continues to have the subject matter experts on the Board of Directors and among its executives who can effectively provide experience, expertise and business and operational insight into each of the Company's industry vertical markets.

Majority Voting Policy

On April 29, 2014 the Company adopted a Majority Voting Policy for Directors (the "Majority Voting Policy") to ensure that the Board of Directors of the Company remains composed of directors elected by a majority of the votes cast in favour of their election.

In an uncontested election of directors of the Company, a nominee for election to the Board of Directors must offer to resign by tendering a resignation letter to the Founder and Executive Chairman of the Board following the shareholders meeting at which the election took place if the number of votes that have been withheld from the director is greater than the number of votes cast in favour of the director. The Committee will meet promptly following the receipt of the resignation to consider the director's offer to resign.

The Committee will recommend to the Board of Directors that the resignation be accepted unless the Committee determines that circumstances exist that justify the Committee's recommendation that the resignation not be accepted. In making its recommendation the Committee will consider all the factors it considers to be relevant to its recommendation including, without limitation, the needs of the Company, of the Board of Directors and of its standing committees; the Company's corporate governance practices; the reasons given by shareholders who withheld votes from the director; the director's qualifications; the director's contribution to the Board of Directors; and the length of the director's service.

The Board of Directors will act on the Committee's recommendation within 90 days following the shareholders' meeting at which the director was elected. In deciding whether to accept the recommendation of the Committee, the Board of Directors will consider the factors examined by the Committee and may in addition consider any information it considers in its sole discretion to be relevant to its decision.

Following its decision, the Board of Directors will issue a press release concerning its decision, and giving the reasons for not accepting the resignation if that is the case.

A director who is required to offer a resignation in accordance with the Majority Voting Policy may attend and address the meeting or meetings of the Committee and of the Board of Directors convened to consider the resignation but shall withdraw from the meeting during the deliberations and shall not vote on the matter. A director who fails to offer to resign in accordance with the Majority Voting Policy will not be re-nominated by the Board of Directors for election by the shareholders.

Clawback Policy

On May 2, 2017, the Board of Directors, on the recommendation of the Committee, approved an incentive compensation clawback policy (the "Clawback Policy") which allows the Board of Directors to require the reimbursement of short-term and long-term incentive compensation received by certain officers and other employees, if such compensation was paid in whole or in part as a result of gross negligence, intentional misconduct, theft, embezzlement, fraud or other serious misconduct, or in the event of a restatement of the Company's financial statements resulting from material non-compliance with any financial reporting requirements under applicable laws, and in circumstances in which the Board of Directors determines that such individual would not have been entitled to such compensation had a restatement not been required.

The Clawback Policy applies to any officer of the Company and any other individual who may be designated from time to time by the Board of Directors and includes compensation under any short-term or long-term incentive plan, including the Profit Participation Plan, the Share Option Plan, the PSU Plan and any other contingent compensation. Recovery under the Clawback Policy is limited to compensation paid, granted or awarded to, or received or earned by, or vested in favour of any covered leader in the then current fiscal year and the immediately preceding three financial years and may be implemented through various forms, including direct reimbursement, deduction from salary or future payments, grants or awards of incentive compensation, or cancellation or forfeiture of vested or unvested stock options, PSUs or any other incentive awards held by the individual.

Insider Trading and Blackout Policy

CGI's Board of Directors have adopted an Insider Trading and Blackout Periods Policy which is designed to prevent improper trading in the securities of CGI and the improper communication of material information with respect to CGI that has not been generally disclosed, including compliance with insider trading and tipping rules. Under the policy, those who normally have access to material information that has not been generally disclosed may only trade in CGI securities within the period beginning on the third business day following the release of CGI's quarterly financial results and fiscal year-end results and ending at the close of business on the fourteenth calendar day preceding the end of the following fiscal quarter. Blackout periods and restrictions on trading in securities for designated members may also be prescribed from time to time as a result of special circumstances relating to the Company or such members. The policy also provides processes for the pre-clearance of trades in CGI securities and for reporting by the reporting insiders of the Company.

Anti-Hedging Restrictions

On December 5, 2017, the Board of Directors adopted anti-hedging restrictions providing that senior executives are restricted on a going forward basis from engaging in short sales, transactions in derivatives with respect to Company securities or any other hedging or equity monetization transaction in which individual risk and exposure in Company securities is changed. These anti-hedging restrictions will be incorporated in the Insider Trading and Blackout Periods Policy.

Mandate, Structure and Composition of the Board of Directors

The Committee and the Board of Directors are of the view that the size and composition of the Board of Directors and its standing committees are well suited to the circumstances of the Company and allow for the efficient functioning of the Board of Directors as an independent decision-making body.

Board of Directors and Committee Charters

Each standing committee operates according to its charter approved by the Board of Directors which sets out the committee's duties and responsibilities.

The Board of Directors' charter and the charter of each of the standing committees require that the charters be reviewed annually. As part of that process each standing committee undertakes a review of its mandate and tables any recommendations for changes with the Committee. The Committee reviews the submissions of the standing committees and also reviews the Board of Directors' charter. The Committee then makes a recommendation to the Board of Directors based on the conclusion of the review. The Board of Directors takes the Committee's recommendation into account in making such changes as it determines to be appropriate.

The Board of Directors and standing committee charters are contained in CGI's Fundamental Texts which are attached as Appendix A to CGI's Annual Information Form for the fiscal year ended September 30, 2017 (the "Annual Information Form") which is available on the Canadian Securities Administrators' website at www.sedar.com and on CGI's website at www.cgi.com. A copy of the Annual Information Form will be provided to shareholders by CGI upon request. The charters of the Board of Directors and its standing committee are hereby incorporated by reference from the Fundamental Texts as follows:

- Board of Directors Charter
page 15 of Appendix A to the Annual Information Form
- Corporate Governance Committee Charter
page 23 of Appendix A to the Annual Information Form
- Human Resources Committee Charter
page 29 of Appendix A to the Annual Information Form
- Audit and Risk Management Committee Charter
page 34 of Appendix A to the Annual Information Form

The key responsibilities of each standing committee are summarized in the reports contained in this Management Proxy Circular and each standing committee is composed entirely of independent directors. The following table summarizes the current membership of each of the Company's standing committees.

Committee	Membership
Audit and Risk Management Committee	Gilles Labbé (Chair) Jean Brassard ^(a) Richard B. Evans Timothy J. Hearn Michael B. Pedersen ^(b) Joakim Westh
Corporate Governance Committee	Paule Doré (Chair) Dominic D'Alessandro Heather Munroe-Blum
Human Resources Committee	Alain Bouchard (Chair) Bernard Bourigeaud Dominic D'Alessandro

(a) Mr. Brassard is not seeking re-election on the Board of Directors and will therefore cease to be a director and a member of the Audit and Risk Management Committee on January 31, 2018.

(b) Mr. Pedersen was appointed as a member of the Board of Directors and of the Audit and Risk Management Committee on August 1, 2017.

Role and Responsibilities of the Founder and Executive Chairman of the Board and of the President and Chief Executive Officer

Elected by the shareholders, the Board of Directors has delegated to management the responsibility for day-to-day management of the business of the Company in accordance with the Company's Operations Management Framework which has been adopted by the Board of Directors. The Operations Management Framework sets out the overall authority of the Company's management team as well as the level of management approval required for the various types of operations and transactions in the ordinary course of the Company's business.

The role of Founder and Executive Chairman of the Board allows Mr. Serge Godin to devote his time to the development and implementation of strategic initiatives, including strengthening the Company's partnerships with existing clients and fostering key relationships that lead to new business, including large outsourcing contracts and strategic acquisitions. The nature of the responsibilities of the Founder and Executive Chairman of the Board are such that he is a senior executive of the Company and is not an independent Chairman of the Board.

All operational and corporate functions, other than the office of the Founder and Executive Chairman of the Board and the corporate secretariat which report to the Founder and Executive Chairman of the Board, report to the President and Chief Executive Officer who reports directly to the Board of Directors. The President and Chief Executive Officer, jointly with the management team, develops the strategies and corporate objectives which are approved by the Board of Directors. Each year, the Human Resources Committee assesses the performance of executive officers in achieving the objectives and makes recommendations to the Board of Directors in relation to the grant and vesting of stock options and PSUs and the payment of bonuses under the Profit Participation Plan to executive officers, including the Named Executive Officers.

Taken together, the Operations Management Framework and the corporate objectives approved by the Board of Directors annually define the scope of management's authority and responsibilities, including those of the Founder and Executive Chairman of the Board and of the President and Chief Executive Officer, in relation to the Company's day-to-day operations and the attainment of its objectives. At each regularly scheduled Board meeting the Founder and Executive Chairman of the Board and the President and Chief Executive Officer report on their stewardship of the Company's operations, and their performance relative to fixed objectives is assessed annually. Ultimately, the Board of Directors reports to the shareholders at the Annual General Meeting of Shareholders.

Role and Responsibilities of the Lead Director and Standing Committee Chairs

Lead Director

Mr. Dominic D'Alessandro, an independent member of the Board of Directors, has served as CGI's Lead Director since January 28, 2015.

The Charter of the Board of Directors, which is incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of the Board of Directors* earlier in this document), requires that the Board of Directors appoint a Lead Director from among the independent directors. The Lead Director is responsible for ensuring that the Board of Directors acts independently of the Company's management and is alert to its obligations towards shareholders.

In fulfilling his responsibilities, the Lead Director provides input to the Founder and Executive Chairman of the Board in the preparation of the agendas of the meetings of the Board of Directors, sets the agenda for, and chairs the meetings of, the independent directors, and leads the annual self-evaluation process for the Board of Directors and bi-annual directors peer review process.

Together with the Founder and Executive Chairman of the Board, the Lead Director facilitates the effective and transparent interaction of Board members and management. The Lead Director also provides feedback to the Founder and Executive Chairman of the Board and acts as a sounding board with respect to strategies, accountability, relationships and other matters.

Standing Committee Chairs

The role and responsibilities of each of the Chairs of the standing committees of the Board of Directors are set forth in the charter of each committee. The standing committees' charters are incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of the Board of Directors* earlier in this document).

The Chair of each committee is responsible for leading the committee's work and, in that capacity, ensuring that the committee's structure and mandate are appropriate and adequate to support the fulfilment of its responsibilities, that the committee has adequate resources as well as timely and relevant information to support its work, and that the scheduling, organization and procedures of committee meetings provide adequate time for the consideration and discussion of relevant issues. The committee Chair is responsible for ensuring that the effectiveness of the committee is assessed on a regular basis.

The Chair presides the committee's meetings and works with the Founder and Executive Chairman of the Board, the Corporate Secretary and the Company's relevant executive officers in setting both the calendar of the committee's meetings and the agendas for each meeting and has the authority to convene special meetings of the committee. The committee Chair acts as liaison with the Company's management in relation to the committee's work program and ensures that the committee reports to the Board of Directors at each subsequent meeting of the Board of Directors in relation to the committee's deliberations, decisions and recommendations.

Criteria for Tenure on CGI's Board of Directors

Each year, the Committee reviews all of the Company's corporate governance practices as part of an exercise that takes place well in advance of the annual preparation and review of the Company's Management Proxy Circular, so that such practices, including those that govern the conditions for tenure on the Board of Directors, receive careful consideration in advance of the Company's fiscal year end and the preparation of materials for the Annual General Meeting of Shareholders.

Independence

CGI's corporate governance practices require that a majority of the members of the Board of Directors be independent. This means that they must be and remain free from any material ties to the Company, its management and its external auditors that could, or could reasonably be perceived to, materially interfere with the directors' ability to act in the best interests of the Company, and otherwise in keeping with the definitions of independence applicable under the governance regulations, rules and guidelines of the relevant stock exchanges and securities regulators.

The Board of Directors has concluded that the position of Lead Director, which has existed since 1996, ensures that the Board of Directors is able to act independently of management in an effective manner. The Lead Director holds meetings of the outside directors after each regular meeting of the Board of Directors, without management and related directors present.

The Board of Directors has determined that the directors identified as being independent in this Management Proxy Circular do not have interests in or relationships with CGI or with any of CGI's significant shareholders that could, or could reasonably be perceived to, materially interfere with the directors' ability to act in the best interests of the Company, and that they are therefore independent under applicable regulations, rules and guidelines.

The independence of the Board of Directors and each standing committee is further enhanced by their ability to engage outside advisors as needed. In addition, individual directors may also retain the services of outside advisors with the authorization of the Chair of the Committee.

Shareholders of CGI, or any other person who has an interest in the Company, who wish to contact CGI's non-management or independent directors may do so by e-mail sent to the Lead Director at lead_director@cgi.com or by using the contact page for the Lead Director on CGI's website at www.cgi.com.

Expertise and Financial and Operational Literacy

CGI's corporate governance practices require that all members of the Board of Directors be both financially and operationally literate. The financial literacy of individual directors need not be as extensive as that of members who sit on the Audit and Risk Management Committee. Having operational literacy means that the director must have substantial experience in the execution of day-to-day business decisions and strategic business objectives acquired as a result of meaningful past experience as a Chief Executive Officer or as a senior executive in another capacity but with a broad responsibility for operations.

The directors' experience and subject matter expertise are examined by the Committee annually when it reviews and makes recommendations to the Board of Directors in relation to succession planning for the Board of Directors in the context of the Board of Directors and standing committee self-evaluation process (see the heading *Participation in the Self-Assessment and Peer Review Process*). Expertise in the industry vertical markets in which the Company operates (financial services;

government; health; communications and utilities; and manufacturing, retail and distribution), operational expertise and literacy, and financial literacy make up the key criteria that are used to select candidates for Board membership, to review and determine the composition of the Board of Directors, and to assess the performance of directors annually as part of the annual Board of Directors and standing committee self-evaluation process. The Board of Directors' objective in relation to its composition is to ensure that it has expert representation for each of the Company's targeted vertical markets.

The members of the Board of Directors who serve on the Audit and Risk Management Committee must be operationally literate and be financially literate in accordance with applicable governance standards under applicable securities laws and regulations and in the sense of having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues such as those which could reasonably be expected to be raised by CGI's financial statements.

The Committee and the Board of Directors have determined that all members of the Audit and Risk Management Committee are financially literate and that the Chair, Mr. Gilles Labbé, has financial expertise as required by the NYSE corporate governance rules and the rules adopted by the U.S. Securities and Exchange Commission ("SEC") in accordance with the *Sarbanes Oxley Act* of 2002. Mr. Labbé is a Fellow of the Institute of Chartered Professional Accountants Canada.

The remaining members of the Audit and Risk Management Committee who are director nominees, Messrs. Richard B. Evans, Timothy J. Hearn, Michael B. Pedersen and Joakim Westh, are financially literate in the sense that they have the knowledge and skills necessary to allow them to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues such as those which could reasonably be expected to be raised by CGI's financial statements.

Mr. Richard B. Evans acquired his financial literacy while serving as the Chief Executive Officer of Rio Tinto Alcan Inc. (and as President and Chief Executive Officer of Alcan Inc. prior to its acquisition by Rio Tinto plc). In his role as Chief Executive Officer he was responsible for the supervision of the Chief Financial Officer of the company and was ultimately responsible for operations as well as accounting and financial reporting.

Mr. Timothy J. Hearn acquired his financial literacy while serving as Chairman and Chief Executive Officer of Imperial Oil Limited. In his role as Chief Executive Officer he was responsible for the supervision of the Chief Financial Officer of the company and was ultimately responsible for operations as well as accounting and financial reporting.

Mr. Michael B. Pedersen acquired his financial literacy at Barclays plc and CIBC, as well as while serving as Group Head, U.S. Banking of The Toronto-Dominion Bank and as President and Chief Executive Officer of TD Bank US Holding Company, TD Bank, N.A. and TD Bank USA, N.A. In his role as President and Chief Executive Officer he was responsible for leading the bank's retail and commercial banking operations in the United States.

Mr. Joakim Westh acquired his financial literacy while serving as Senior Vice-President, Head of Group Function Strategy and Operational Excellence of LM Ericsson AB, and, prior to that position, as a Group Vice-President for Assa Abloy AB in the capacity of Chairman of the Board of the company's German subsidiary. Mr. Westh also serves as Chairman of the audit committees of Saab AB and Swedish Match AB.

The following table presents a skills matrix for each of the Company's director nominees.

Director	Operational Literacy				Financial Literacy			Governance and Human Resources
	Executive Leadership	Consulting Services and IT Industry	Geography	Vertical market	Finance	Accounting	Risk	
Alain Bouchard	✓		Global	Retail and distribution	✓	✓	✓	✓
Bernard Bourigeaud	✓	✓	Global	Multiple vertical markets	✓	Expert	✓	✓
Dominic D'Alessandro	✓		Global	Financial services	✓	Expert	✓	✓
Paule Doré	✓	✓	Global	Multiple vertical markets	✓	✓	✓	✓
Richard B. Evans	✓		Global	Multiple vertical markets	✓	✓	✓	✓
Julie Godin	✓	✓	Global	Multiple vertical markets	✓	✓	✓	✓
Serge Godin	✓	✓	Global	Multiple vertical markets	✓	✓	✓	✓
Timothy J. Hearn	✓		Global	Manufacturing, retail and distribution	✓	✓	✓	✓
André Imbeau	✓	✓	Global	Multiple vertical markets	✓	✓	✓	✓
Gilles Labbé	✓	✓	Global	Manufacturing and distribution	✓	Expert	✓	✓
Heather Munroe-Blum	✓		Global	Multiple vertical markets	✓	✓	✓	✓
Michael B. Pedersen	✓		Global	Financial services	✓	✓	✓	✓
Michael E. Roach	✓	✓	Global	Multiple vertical markets	✓	✓	✓	✓
George D. Schindler	✓	✓	Global	Multiple vertical markets	✓	✓	✓	✓
Joakim Westh	✓	✓	Global	Multiple vertical markets	✓	✓	✓	✓

Attendance at Board and Standing Committee Meetings

The Committee monitors director attendance and, in addition to considering attendance in relation to the recommendation for directors to be proposed for election at the Annual General Meeting of Shareholders, the Committee discloses the attendance record for all directors in the Management Proxy Circular. The overall attendance rate for CGI's Board of Directors for fiscal 2017 was 99% for the Board of Directors, 100% for the Audit and Risk Management Committee, 92% for the Human Resources Committee and 100% for the Corporate Governance Committee. Detailed meeting and attendance information to regular meetings of the Board of Directors and its standing committees is provided in the following table.

Board and Standing Committee Meetings and Attendance Year ended September 30, 2017

Director	Board Meetings Attended		Committee Meetings Attended		
			Audit Governance Human Resources	6 regular meetings 4 regular meetings 4 regular meetings	
Alain Bouchard	7 of 7	100%	Human Resources (Chair)	4 of 4	100%
Bernard Bourigeaud	7 of 7	100%	Human Resources	3 of 4	75%
Jean Brassard	7 of 7	100%	Audit	6 of 6	100%
Dominic D'Alessandro	7 of 7	100%	Human Resources	4 of 4	100%
			Governance	4 of 4	100%
Paule Doré	7 of 7	100%	Governance (Chair)	4 of 4	100%
Richard B. Evans	7 of 7	100%	Audit	6 of 6	100%
Julie Godin	6 of 7	85%	N/A		–
Serge Godin (Chair)	7 of 7	100%	N/A		–
Timothy J. Hearn	7 of 7	100%	Audit	6 of 6	100%
André Imbeau	7 of 7	100%	N/A		–
Gilles Labbé	7 of 7	100%	Audit (Chair)	6 of 6	100%
Heather Munroe-Blum	7 of 7	100%	Governance	4 of 4	100%
Michael B. Pedersen ^(a)	2 of 2	100%	Audit	1 of 1	100%
Michael E. Roach	7 of 7	100%	N/A		–
George D. Schindler	7 of 7	100%	N/A		–
Joakim Westh	7 of 7	100%	Audit	6 of 6	100%

(a) Mr. Pedersen joined the Board of Directors on August 1, 2017 and attended his first meeting of the Audit and Risk Management Committee following his appointment on September 26, 2017.

Share Ownership Guideline for Directors

The share ownership guideline for directors was amended on January 27, 2016 and CGI's directors are now required to hold Class A subordinate voting shares or DSUs having a value of \$300,000 within five years of their election or appointment to the Board of Directors. All directors currently comply with the ownership guideline or are on target to meet the minimum ownership level by their target date. The share ownership on the part of the Company's outside directors as at December 11, 2017 and the date on which their holding must meet the minimum level of share ownership are set out in the following table.

Outside Directors' Share Ownership^(a)

Director	Fiscal Year	Number of Class A subordinate voting shares	Number of DSUs	Total number of Class A subordinate voting shares and DSUs	Total "at risk" value of Class A subordinate voting shares and DSUs ^(b)	Value of Class A subordinate voting shares or DSUs to be acquired to meet minimum ownership level	Date by which minimum ownership level must be met
Alain Bouchard	2017	17,500	13,508	31,008	\$ 2,111,025	N/A	Complies with the ownership guideline
	2016	17,500	10,003	27,503	\$ 1,746,716		
	Change	–	3,505	3,505	\$364,309		
Bernard Bourigeaud	2017	10,000	13,918	23,918	\$ 1,628,337	N/A	Complies with the ownership guideline
	2016	10,000	9,768	19,768	\$ 1,255,466		
	Change	–	4,150	4,150	\$372,871		
Jean Brassard ^(c)	2017	524,104	22,157	546,261	\$37,189,449	N/A	Complies with the ownership guideline
	2016	530,411	18,956	549,367	\$34,890,298		
	Change	(6,307)	3,201	(3,106)	\$2,299,151		
Dominic D'Alessandro	2017	10,000	26,177	36,177	\$ 2,462,930	N/A	Complies with the ownership guideline
	2016	10,000	22,367	32,367	\$ 2,055,628		
	Change	–	3,810	3,810	\$407,302		
Paule Doré	2017	74,274	9,791	84,065	\$ 5,723,145	N/A	Complies with the ownership guideline
	2016	74,274	8,190	82,464	\$ 5,237,289		
	Change	–	1,601	1,601	\$485,856		
Richard B. Evans	2017	10,000	25,821	35,821	\$ 2,438,694	N/A	Complies with the ownership guideline
	2016	10,000	21,671	31,671	\$ 2,011,425		
	Change	–	4,150	4,150	\$427,269		
Timothy J. Hearn	2017	25,000	4,435	29,435	\$ 2,003,935	N/A	Complies with the ownership guideline
	2016	20,000	2,835	22,835	\$ 1,450,251		
	Change	5,000	1,600	6,600	\$553,684		
Gilles Labbé	2017	25,000	22,100	47,100	\$ 3,206,568	N/A	Complies with the ownership guideline
	2016	25,000	18,595	43,595	\$ 2,768,718		
	Change	–	3,505	3,505	\$437,850		
Heather Munroe-Blum	2017	855	3,599	4,454	\$ 303,228	N/A	Complies with the ownership guideline
	2016	855	1,998	2,853	\$ 181,194		
	Change	–	1,601	1,601	\$122,034		
Michael B. Pedersen ^(d)	2017	–	645	645	\$ 43,912	\$ 256,088	July 31, 2022
	2016	–	–	–	\$ –		
	Change	–	645	645	\$43,912		
Michael E. Roach	2017	1,172,335	1,600	1,173,935	\$79,921,495	N/A	Complies with the ownership guideline
	2016	1,172,335	–	1,172,335	\$74,454,996		
	Change	–	1,600	1,600	\$5,466,499		
Joakim Westh	2017	4,707	–	4,707	\$ 320,453	N/A	Complies with the ownership guideline
	2016	4,707	–	4,707	\$ 298,942		
	Change	–	–	–	\$21,511		

(a) 2017 information is provided as at December 11, 2017 and 2016 information is provided as at December 12, 2016.

(b) Based on the closing prices of the Company's shares on the TSX on December 11, 2017 (\$68.08) and December 12, 2016 (\$63.51) respectively.

(c) Mr. Brassard is not seeking re-election on the Board of Directors and will therefore cease to be a director and a member of the Audit and Risk Management Committee on January 31, 2018.

(d) Mr. Pedersen joined the Board of Directors on August 1, 2017 and attended his first meeting of the Audit and Risk Management Committee following his appointment on September 26, 2017.

Availability and Workload

The Board of Directors has endorsed the Committee's recommendation not to adopt formal guidelines on the number of boards or committees on which independent directors may sit on the basis that the contribution of each director to the work of the Board of Directors forms part of the Board of Directors' self-assessment process and that arbitrary limits might not serve the interests of the Company.

Some director nominees are presently directors of other public companies, as shown in the table below:

Director	Public Company	Committee(s)
Alain Bouchard	Alimentation Couche-Tard Inc. (TSX)	-
Bernard Bourigeaud	Ingenico Group S.A. (Euronext)	-
Dominic D'Alessandro	Suncor Energy Inc. (TSX and NYSE)	Chair of the Governance Committee and member of the Audit committee of Suncor Energy Inc.
Paule Doré	Héroux-Devtek Inc. (TSX)	Chair of the Human Resources and Corporate Governance Committee of Héroux-Devtek Inc.
Richard B. Evans	Constellium N.V. (NYSE)	Chair of the Nominating / Governance Committee of Constellium N.V.
Julie Godin	Canadian National Railway Company (TSX and NYSE)	Member of the Finance Committee, the Corporate Governance and Nominating Committee, the Environment, Safety and Security Committee, the Human Resources and Compensation Committee and the Strategic Planning Committee of Canadian National Railway Company
Timothy J. Hearn	ARC Resources Ltd. (TSX)	Chair of the Human Resources and Compensation Committee and member of the Policy and Board Governance Committee of ARC Resources Ltd.
Gilles Labbé	Héroux-Devtek Inc. (TSX)	-
Heather Munroe-Blum	Royal Bank of Canada (TSX and NYSE)	Chair of the Governance Committee and member of the Risk Committee of Royal Bank of Canada
Michael E. Roach	CAE Inc. (TSX and NYSE)	Member of the Audit Committee of CAE Inc.
Joakim Westh	Absolent Group AB (Nasdaq Stockholm) Saab AB (Nasdaq Stockholm) Swedish Match AB (Nasdaq Stockholm)	Chair of the Audit Committee of Saab AB and Swedish Match AB

The Board of Directors and the Committee have determined that none of the Committee members' commitments impair their capacity to serve the Company, the Board of Directors or any standing committee effectively.

Conflicts of Interest

A process is in place for directors to annually acknowledge CGI's Code of Ethics and Business Conduct in the same way as all officers and members do. All directors have also declared their interests in all other companies where they serve as directors or officers. The Board of Directors has endorsed the Committee's recommendation to maintain the practice of having directors tender their resignation for consideration upon a major change in their principal occupation.

Participation in the Orientation and Continuing Education Program

Each new director participates in a formal orientation program. The program consists of a detailed presentation of the Company's current three-year strategic plan, coupled with a series of meetings between the new director and each of the Founder and Executive Chairman of the Board, the Lead Director, the President and Chief Executive Officer, (iv) the Chair of any standing committee to which the director will be assigned and other key senior executives of the Company. Depending on the director's experience and background and the results of the executive meetings, additional meetings may be scheduled. In addition to the executive briefings, new directors receive CGI's Director Reference Materials, a comprehensive set of documents containing both public and non-public information concerning the Company, which includes detailed information in relation to the Company; its operations; financial condition; management structure; policies and public disclosure record; the work programs and minutes of past meetings of the Board of Directors and of its standing committees; biographies of CGI's key senior executives; materials related to the director's duties and responsibilities, including, a synopsis of the Company's insurance coverage for directors and officers liability; and the Company's process for reporting transactions in its securities carried out by its reporting insiders.

In addition to the formal orientation program, the directors participate in a continuing education program which provides "in-depth" information on key issues relating to the Company's business, including the material risks the Company faces, recent developments in the global information technology market, cybersecurity, data privacy and anti-corruption measures. Detailed presentations are also made to the standing committees on technical subjects such as the application of accounting principles in the preparation of the Company's financial statements, corporate governance rules and practices, and trends in executive and directors' compensation.

Directors also receive updates on business and governance initiatives as well as responses to questions raised by the members of the Board of Directors from time to time. Directors who wish to do so may make arrangements with the Corporate Secretary to participate, at CGI's expense, in board-level industry associations or conferences, to attend continuing education courses that are relevant to their role as a director of the Company or otherwise to pursue activities that contribute in a meaningful way to the value they bring to the Board of Directors.

Members of the Board of Directors are invited to attend CGI's annual Leadership Conference where the bottom-up strategic planning cycle begins, as well as sessions of the Leadership Institute's training program for the Company's managers.

Participation in the Self-Assessment and Peer Review Processes

The Lead Director, in concert with the Committee, coordinates an annual self-assessment of the effectiveness of the Board of Directors as a whole and of its standing committees, as well as, every two years, a peer review of the independent directors. The Committee is also responsible for establishing the competencies, skills and qualities it seeks in new Board members and directors are assessed against the contribution they are expected to make by way of a questionnaire.

Once responses are received, the Lead Director compiles and analyses the results and discusses the self-assessments and peer reviews with each director. Following one-on-one discussions with directors, the Lead Director reviews the overall results of the annual self-assessment process and of the peer review process, with the Founder and Executive Chairman of the Board, and with the Chairs of the standing committees. The Committee then meets to review the results of the annual self-assessment process and of the peer review process, and subsequently presents the final result to the Board of Directors for discussion.

The Board of Directors annually reviews the assessment of its performance and the recommendations provided by the Committee with the objective of increasing the Board's effectiveness in carrying out its responsibilities. The Board of Directors takes appropriate action based on the results of the review process.

Retirement Age and Director Term Limits

The Board of Directors has endorsed the Committee's recommendation not to adopt a formal retirement age or term limits for directors.

CGI's success is due in large measure to the Company's experience and expertise in its vertical markets. The selection criteria for CGI's Board of Directors, which are explained earlier in this document under the heading *Expertise and Financial and Operational Literacy*, recognize this and are designed to ensure that the Company has subject matter experts on the Board of Directors who can effectively provide intelligence, experience, expertise, and business and operational insight into

each of the Company's industry vertical markets. Imposing a term limit or an arbitrary retirement age would unnecessarily expose the Company to losing valuable resources that could not be easily replaced. The Committee and the Board of Directors are therefore of the view that a mandatory retirement age or term limits might arbitrarily and needlessly deprive the Board of Directors of valuable talent.

As with the other aspects of CGI's corporate governance practices, director term limits and the Board of Directors retirement policy are reviewed annually. When the time comes to discuss term limits or a retirement age, the directors who would be affected in the event that such limits were adopted withdraw from the meeting and abstain from voting on the matter.

Nomination Process for the Board of Directors and Executive Officers

Board of Directors

The shareholders are responsible for electing CGI's directors. The responsibility for proposing candidates for election by the shareholders lies with the Board of Directors, which relies on the recommendations of the Committee.

Based on the results of the Board of Directors self-evaluation and peer review process (see the heading *Participation in the Self-Assessment and Peer Review Processes*) and, from time to time, on its own assessment of the needs of the Company, the Committee may recommend that the composition of the Board of Directors or its standing committees be varied in order to continue to serve the best interests of the Company and to ensure an appropriate succession of directors. By way of example, when it is appropriate to do so, additional directors may be appointed to committees so that knowledge is transmitted to new members to facilitate a smooth transition as standing committee composition evolves.

When changes to the composition of the Board of Directors are required, potential candidates are identified either through referrals from directors or senior management, or with the assistance of third parties. The selection of nominees from among the potential candidates is based on the candidate's expertise and knowledge in the industry vertical markets in which the Company operates and their operational and financial literacy based on the Board of Directors' skills matrix (see the heading *Expertise and Financial and Operational Literacy* earlier in this document), taking into account criteria that promote diversity, including gender (with the aspiration of having a Board of Directors composed of at least 30% of women), ethnicity, age, experience and geographical representation. The Committee, the Founder and Executive Chairman of the Board, and the Lead Director consult with each other with respect to the actions to be taken and the necessary steps are then taken to interview the candidates and confirm their willingness to serve on the Board of Directors.

Once the selection of candidates is completed, the Committee recommends to the Board of Directors that the candidate or candidates be either appointed by the Board of Directors if there is a vacancy to be filled or if there is a need to increase the size of the Board of Directors, or be nominated for election at the next Annual Meeting of Shareholders.

As at the date of this Management Proxy Circular, three out of sixteen (or 18.75%) of CGI's director nominees were women. If all director nominees named in this Management Proxy Circular are elected at the Meeting, the representation of women on the Board of Directors will increase with three women out of fifteen (or 20%). As mentioned earlier in this document, the Board of Directors has amended the Company's Fundamental Texts to confirm the Company's aspiration of having a Board of Directors of which 30% would be women. Given our Board of Directors' current composition and history of long-term succession planning, no date has yet been set to meet such target but progress is monitored periodically.

Executive Officers

CGI's Fundamental Texts provide that in identifying potential candidates for appointment as officers, the Committee will consider the diversity of the executive team's background, including in terms of gender, ethnicity, age and experience.

As at the date of this Management Proxy Circular, one out of fifteen (or approximately 7%) of the Company's current executive officers, were women. A total of fifteen women occupy senior management positions, which represents approximately 14% of the Company's total number of senior management.

Board of Directors Participation in Strategic Planning

The Board of Directors is directly and closely involved in the preparation and approval of CGI's rolling three-year strategic plan which is reviewed and assessed annually by the Board of Directors.

CGI has adopted a bottom-up process for budgeting and strategic planning in order to ensure that the resulting business plan is as closely attuned as possible to maximizing the Company's business opportunities and mitigating operational and other risks. The Board of Directors receives a detailed briefing early in the planning process covering all aspects of CGI's strategic planning so that the directors are in a position to contribute to the process in a meaningful way before the final business plan has taken shape.

In keeping with CGI's three-year rolling strategic planning process, the strategic plan begins with the initiatives, directions and priorities identified at the business unit level by the Company's management team that are shared at the Company's annual Leadership Conference. The plan is then presented to the directors in July for review and discussion, refined by management and subsequently presented to the Board of Directors for approval in September. The rolling three-year planning process provides a meaningful opportunity for the directors to contribute to the strategic planning process. In addition to the formal planning process, every Board meeting agenda features a standing item entitled "Directors' Round Table" that serves as a forum for continuing free-ranging discussion between the Board and management in relation to the Company's strategic direction.

Guidelines on Disclosure of Information

CGI's Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders adopted by the Board of Directors (the "Disclosure Guidelines") set out the essential principles underlying the Company's disclosure practices in keeping with the rules of regulatory authorities and appropriate disclosure practices.

Under the Disclosure Guidelines, the Board of Directors has the responsibility to oversee the content of the Company's material communications to its shareholders and the investing public. The Board of Directors believes that it is management's role to communicate on behalf of the Company with its shareholders and the investment community. The Company maintains an effective investor relations process to respond to shareholder questions and concerns. In 2004, the Company adopted a Shareholder Partnership Management Framework ("SPMF") which structures the processes and how information flows between CGI and its shareholders as well as with the investment community, including both buy-side (institutional investors) and sell-side (investment dealers) research analysts. CGI obtained an ISO 9001 certification for the application of the SPMF in the Company's operations.

As part of the SPMF process, CGI conducts a survey of sell-side analysts and institutional shareholders every year as a means of measuring shareholder satisfaction. The survey is designed to provide insights into investor sentiment and to improve the investor relations program. During fiscal 2017, the Company held 236 meetings with investors worldwide. The SPMF annual assessment conducted during fiscal 2017 returned an overall score for CGI of 8.6 out of 10, which compares favourably to the average score for other public companies of 8.1 out of 10.

Following the assessment, suggestions for improvement received in the course of the survey are acted upon as a means of assuring continuous improvement.

The Board of Directors reviews and, where required, approves statutory disclosure documents prior to their dissemination to the market and to the Company's shareholders.

Codes of Ethics

CGI's Codes of Ethics are contained in CGI's Fundamental Texts which are attached as Appendix A to CGI's 2017 Annual Information Form which is available on the Canadian Securities Administrators' website at www.sedar.com and on CGI's website at www.cgi.com. A copy of the 2017 Annual Information Form will be provided to shareholders by CGI upon request.

The Codes of Ethics are comprised of CGI's Code of Ethics and Business Conduct that applies to all members, officers and directors of CGI (and which incorporates by reference CGI's Anti-Corruption Policy) and CGI's Executive Code of Conduct which supplements the Code of Ethics and Business Conduct for certain officers.

The Board of Directors monitors compliance with the Codes of Ethics and is, under its charter, responsible for any waivers of their provisions granted to directors or officers. No such waivers have been granted to date.

The Committee is principally responsible for the annual review of the Codes of Ethics, overseeing compliance therewith, reviewing any request to waive or exempt from their application, and making recommendations on these matters to the Board of Directors.

Under the terms of the Code of Ethics and Business Conduct, all of CGI's members are required to comply with its content and to assist with its application. In particular, the Code of Ethics and Business Conduct requires that infractions be reported to management or alternatively to the Corporate Secretary or, if a senior executive officer is identified in an ethics alert, to an external legal counsel.

The Board of Directors has established procedures approved by the Audit and Risk Management Committee for the receipt, retention, and treatment of complaints regarding accounting, internal accounting control or auditing matters, and corruption, as well as other potential breaches of the Code of Ethics and Business Conduct (which incorporates by reference CGI's Anti-Corruption Policy) or of the Executive Code of Conduct. In that regard, the Company adopted a Serious Ethical Incidents Reporting Policy which allows members who wish to submit a complaint to do so via a third party ethics reporting hotline and secure website which assures that members who wish to preserve their anonymity are able to do so with confidence. The Audit and Risk Management Committee is primarily responsible for the receipt and processing of these incident reports. A report on the process and on incident reports received is provided to the Audit and Risk Management Committee on a quarterly basis by the Corporate Secretary.

An integration program has been designed for new members to become familiar with CGI's policies, their responsibilities as members and the benefits to which they are entitled. In order to ensure that all CGI members are aware of the importance that the Company attaches to compliance with the Code of Ethics and Business Conduct, each new member is informed of its content and the process for reporting ethics breaches, and is required to undertake in writing to comply with its provisions. In countries where local law is an impediment to a formal undertaking, members are asked to acknowledge the Code of Ethics and Business Conduct. This written undertaking or acknowledgement, as the case may be, is renewed annually at the same time as the member's evaluation.

CGI's Leadership Institute provides new managers with an intensive curriculum of courses designed to allow them to become familiar with CGI's methods of operation and its policies, including the Code of Ethics and Business Conduct and the process for reporting breaches.

In addition, the Company provides an internet portal for all members to access the Company's policies, including the Codes of Ethics and the process for reporting breaches.

These measures are in addition to quarterly reports prepared for the Audit and Risk Management Committee by the internal audit department, the internal controls review function, and the legal department. These reports may include reports of breaches of the Codes of Ethics when such breaches are raised in internal audit mandates or in claims made against the Company.

In addition to CGI's Code of Ethics and Business Conduct, CGI's principal executive and financial officers, including the Founder and Executive Chairman of the Board, the President and Chief Executive Officer, and the Executive Vice-President and Chief Financial Officer, the principal accounting officer or controller, and other persons performing similar functions, are subject to CGI's Executive Code of Conduct which they are required to review and acknowledge on an annual basis.

CGI Federal Inc., the Company's operating subsidiary that provides services to the U.S. Federal government, has adopted additional policies and procedures to comply with specific requirements under U.S. Federal government procurement laws and regulations.

Report of the Audit and Risk Management Committee

The Audit and Risk Management Committee of the Board of Directors is composed entirely of independent directors who meet the independence and experience requirements of National Instrument 52-110 adopted by the Canadian securities regulators as well as those of the NYSE and of the SEC.

The Committee is composed of Mr. Gilles Labbé, Chair of the Committee, and Messrs. Jean Brassard, Richard B. Evans, Timothy J. Hearn, Michael B. Pedersen and Joakim Westh. The Committee met six times during fiscal 2017. Mr. Labbé's role and responsibilities as Chair of the Committee are described earlier in this document in the report of the Corporate Governance Committee under the heading *Role and Responsibilities of the Lead Director and Standing Committee Chairs*.

The role and responsibilities of the Committee are contained in the Committee's charter which forms part of CGI's Fundamental Texts and is incorporated by reference in this Management Proxy Circular (see the heading *Mandate, Structure and Composition of the Board of Directors*) and is available on the Canadian Securities Administrators' website at www.sedar.com and on CGI's website at www.cgi.com. The role and responsibilities of the Committee include:

- reviewing all public disclosure documents containing audited or unaudited financial information concerning CGI;
- identifying and examining the financial and operating risks to which the Company is exposed, reviewing the various policies and practices of the Company that are intended to manage those risks, and reporting on a regular basis to the Board of Directors concerning risk management;
- reviewing and assessing the effectiveness of CGI's accounting policies and practices concerning financial reporting;
- reviewing and monitoring CGI's internal control procedures, programs and policies and assessing their adequacy and effectiveness;
- reviewing the adequacy of CGI's internal audit resources including the mandate and objectives of the internal auditors;
- recommending to the Board of Directors the appointment of the external auditors, asserting the external auditors' independence, reviewing the terms of their engagement, conducting an annual auditors' performance assessment, and pursuing ongoing discussions with them;
- reviewing all related party transactions in accordance with the rules of the NYSE and applicable laws and regulations;
- reviewing the audit procedures including the proposed scope of the external auditors' examinations; and
- performing such other functions as are usually attributed to audit committees or as directed by the Board of Directors.

External Auditors

The Committee is required to assert the independence of CGI's external auditors and, to this end, entertains discussions with the external auditors on applicable criteria and obtains yearly confirmations from them as to their independence.

Auditor Independence Policy

In order to satisfy itself as to the independence of the external auditors, the Committee has adopted an auditor independence policy which covers (a) the services that may and may not be performed by the external auditors, (b) the governance procedures to be followed prior to retaining services from the external auditors, and (c) the responsibilities of Management and the Committee. The following is a summary of the material provisions of the policy.

Performance of Services

Services are either acceptable services or prohibited services.

The acceptable services are audit and review of financial statements, prospectus work, the audit of pension plans, special audits on control procedures, tax planning services on mergers and acquisitions activities, due diligence relating to mergers and acquisitions, tax services related to transfer pricing, sales tax planning and returns, research and interpretation related to taxation, research relating to accounting issues, tax planning services, preparation of tax returns, and all other services that are not prohibited services.

The prohibited services are: bookkeeping services, the design and implementation of financial information systems, appraisal or valuation services or fairness opinions, actuarial services, internal audit services, management functions, human resources functions, broker-dealer services, legal services, services based on contingency fees, and expert services.

Governance Procedures

The following control procedures are applicable when considering whether to retain the external auditors' services:

For all services falling within the permitted services category, whether they are audit or non-audit services, a request for approval must be submitted to the Committee through the Executive Vice-President and Chief Financial Officer prior to engaging the auditors to perform the services.

In the interests of efficiency, certain permitted services are pre-approved quarterly by the Committee and thereafter only require approval by the Executive Vice-President and Chief Financial Officer as follows:

- The Committee can pre-approve envelopes for certain services to pre-determined dollar limits on a quarterly basis;
- Once pre-approved by the Committee, the Executive Vice-President and Chief Financial Officer may approve the services prior to the engagement;
- For services not captured within the pre-approved envelopes and for costs in excess of the pre-approved amounts, separate requests for approval must be submitted to the Committee; and
- At each meeting of the Committee, a consolidated summary of all fees by service type is presented including a breakdown of fees incurred within each of the pre-approved envelopes.

Management and Committee Responsibilities

Management and the Committee are the Company's two key participants for the purposes of the Company's Auditor Independence Policy.

The primary responsibilities of management are creating and maintaining a policy that follows applicable auditors independence standards, managing compliance with the policy, reporting to the Committee all mandates to be granted to the external auditors, and monitoring and approving services to be performed within the pre-approved envelopes.

The primary responsibilities of the Committee are nominating the external auditors for appointment by the Company's shareholders, approving fees for audit services, approving the Auditor Independence Policy and amendments thereto, monitoring management's compliance with the policy, obtaining yearly confirmations of independence from the external auditors, monitoring audit partner rotation requirements, monitoring the twelve month "cooling off" period when hiring members of the audit engagement team in a financial reporting oversight role, reviewing the appropriateness of required audit fee disclosure, interpreting the Auditor Independence Policy, and approving all auditors mandates or pre-approving envelopes for specific services.

Under the Auditor Independence Policy, the Committee has the ultimate responsibility to assert the independence of CGI's external auditors.

Annual External Auditors Assessment

The Committee performs an annual assessment process to assist the Committee in making its recommendation to the Board of Directors in relation to the appointment of the Company's external auditors. In fiscal 2017, the process was initiated in November of 2017 and was completed prior to the Committee's recommendation that was made on December 5, 2017.

The annual external auditors' assessment is based on the recommendations of Chartered Professional Accountants Canada in collaboration with the Canadian Public Accountability Board. The process is expected to provide an additional element of structure for the Committee in making its recommendation and to help in identifying areas for improvement for the external audit firm and the Company's audit processes.

Following the completion of the annual assessment, the Committee recommended to the Board of Directors that Ernst & Young LLP be proposed for re-appointment by the Company's shareholders at the Meeting.

Fees Billed by the External Auditors

During the years ended September 30, 2017 and 2016, CGI's external auditors invoiced the following fees for their services:

Service retained	Fees billed	
	2017	2016
Audit fees	\$7,434,888	\$7,454,707
Audit related fees ^(a)	\$1,508,489	\$1,494,486
Tax fees ^(b)	\$ 399,755	\$ 538,641
All other fees ^(c)	\$ 42,175	\$ 14,900
Total fees billed	\$9,385,307	\$9,502,734

(a) The audit related fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were primarily in relation to service organization control procedures audits and assistance.

(b) The tax fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were in relation to tax compliance and advisory services.

(c) The other fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were primarily in relation to services in connection with CGI's corporate social responsibility program.

Related Party Transactions

The Committee is responsible under its charter for reviewing and making recommendations to the Board of Directors in relation to any transaction in which a director or a member of senior management has an interest. To the extent that it is necessary to do so, the Committee may retain outside advisors to assist it in reviewing related party transactions.

For more important transactions, the Board of Directors generally establishes an ad hoc committee made up entirely of independent directors that is mandated to review the transaction and to make a recommendation to the Board of Directors. Such committee may retain independent legal and accounting advisors to assist in reviewing the transaction.

Whether it is the Committee or an ad hoc committee, the committee mandated with reviewing the transaction tables its report with the Board of Directors and it is the Board of Directors that has the responsibility of approving the transaction if it determines that it is appropriate to do so.

No such ad hoc committee was established or required to be established in fiscal 2017.

Other Business to be Transacted at the Annual General Meeting of Shareholders

Management of the Company is not aware of any matter to be submitted at the Meeting other than the matters set forth in the Notice of Meeting. Every proxy given to any person in the form of proxy that accompanied the Notice of Meeting will confer discretionary authority with respect to amendments or variations to the items of business identified in the Notice of Meeting and with respect to any other matters that may properly come before the Meeting.

Additional Information

The Company will provide to any person, upon request to the Corporate Secretary, a copy of this Management Proxy Circular, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this Management Proxy Circular.

Additional financial and other information relating to the Company is included in its 2017 annual audited and quarterly unaudited financial statements, annual and quarterly Management's Discussion and Analysis of Financial Position and Results of Operations and other continuous disclosure documents which are available on the Canadian Securities Administrators' website at www.sedar.com and on EDGAR at www.sec.gov. For additional copies of this Management Proxy Circular, for a copy of the Company's Notice of Intention in relation to its NCIB, or other financial information, please contact Investor Relations by sending an e-mail to ir@cgi.com, by visiting the Investors section on the Company's website at www.cgi.com/investor or by contacting us by mail or phone:

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Shareholder Proposals

The Company received two proposals for inclusion in this Management Proxy Circular for which the texts are reproduced in Appendix C hereto. The texts of such proposals have not been modified from their original French version except that they have been translated. Although the Company agreed with MÉDAC that only one of those proposals would be presented at the Meeting for a vote, the Company addresses its views to each such proposal in Appendix C hereto.

To propose any matter for a vote by the shareholders at an annual meeting of CGI, a shareholder must send a proposal to the Corporate Secretary at CGI's office at 1350 René-Lévesque Boulevard West, 25th Floor, Montreal, Quebec, Canada, H3G 1T4 at least 90 days before the anniversary date of the notice for the previous year's annual meeting. Proposals for CGI's 2019 annual meeting must be received no later than September 12, 2018. CGI may omit any proposal from its Management Proxy Circular and annual meeting for a number of reasons under applicable Canadian corporate law, including receipt of the proposal by CGI subsequent to the deadline noted above.

Approval by the Directors

The Board of Directors has approved the content and the delivery of this Management Proxy Circular.



Serge Godin
Founder and Executive
Chairman of the Board

Appendix A

Stock Options and Share-Based Awards held by Named Executive Officers

The following tables show all outstanding stock options and PSUs held by the Named Executive Officers as at September 30, 2017.

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(c) (#)	Market or payout value of share-based awards that have not vested ^{(b)(d)} (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Serge Godin Founder and Executive Chairman of the Board	10,000	15.49	September 30, 2020	492,100			
Total:				492,100	468,667	30,322,755	30,322,755

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(c) (#)	Market or payout value of share-based awards that have not vested ^{(b)(d)} (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
George D. Schindler President and Chief Operating Officer	93,125	15.49	September 30, 2020	4,582,681			
	84,400	19.71	September 30, 2021	3,797,156			
	182,577	23.65	November 26, 2022	7,494,786			
	53,226	36.15	September 30, 2023	1,519,602			
	113,695	37.82	September 22, 2024	3,056,122			
	117,000	48.16	September 22, 2025	1,935,180			
	349,000	63.23	September 26, 2026	513,030			
	192,734	63.23	September 24, 2027	—			
Total:				22,898,557			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(c) (#)	Market or payout value of share-based awards that have not vested ^{(b)(d)} (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
François Boulanger Executive Vice- President and Chief Financial Officer	9,463	37.11	November 12, 2023	261,084			
	113,695	37.82	September 22, 2024	3,056,122			
	70,000	48.16	September 22, 2025	1,157,800			
	117,000	63.23	September 26, 2026	171,990			
	61,312	63.23	September 24, 2027	—			
Total:				4,646,996			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(c) (#)	Market or payout value of share-based awards that have not vested ^{(b)(d)} (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Jean-Michel Baticle	7,610	24.29	January 29, 2023	307,520			
President, France,	27,153	36.15	September 30, 2023	775,218			
Luxembourg and	64,071	37.82	September 22, 2024	1,722,228			
Morocco Operations	58,500	48.16	September 22, 2025	967,590			
	71,000	63.23	September 26, 2026	104,370			
	36,297	63.23	September 24, 2027	—			
Total:				3,876,926			

Name and title	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested ^(c) (#)	Market or payout value of share-based awards that have not vested ^{(b)(d)} (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
David L. Henderson	18,072	23.65	November 26, 2019	741,856			
President, United	16,105	37.11	November 12, 2023	444,337			
States Operations	13,196	39.47	November 11, 2024	332,935			
	19,500	48.16	September 22, 2025	322,530			
	66,000	63.23	September 26, 2026	97,020			
	38,202	63.23	September 24, 2027	—			
Total:				1,938,678			

- (a) Shows stock options held as at September 30, 2017 and includes options that had been granted on September 26, 2016 as part of the Named Executive Officers' target compensation for fiscal 2017 and for which performance vesting was only determined after September 30, 2017. Please refer to the headings *Stock Options Granted as part of Fiscal 2017 Compensation* and *Performance Factors and Vesting Conditions* earlier in this document for an explanation of stock options granted in fiscal 2017 and performance factors.
- (b) Based on \$64.70, the closing price of the Company's Class A subordinate voting shares on the TSX on September 29, 2017, the last trading day in fiscal 2017.
- (c) Shows PSUs held as at September 30, 2017 and which have not vested. As at September 30, 2017, Mr. Godin held 247,667 PSUs that had not time vested and 221,000 PSUs that had been awarded as part of his target compensation at the beginning of fiscal 2017 and for which performance vesting was only determined after September 30, 2017. Please refer to the headings *Performance Share Units Awarded in Fiscal 2017* and *Performance Factors and Vesting Conditions* earlier in this document for an explanation of PSUs awards in fiscal 2017 and performance factors.
- (d) Shows the market value for the aggregate number of PSUs held as at September 30, 2017 and which has not vested, as indicated in footnote (c) above.

Appendix B

Stock Options and Share-Based Awards held by Directors

The following tables show all outstanding stock options held by the members of the Board of Directors who are not Named Executive Officers as at September 30, 2017 as well as the in-the-money-value of such stock options. For outside members of the Board of Directors, the following tables also show the market value of outstanding and vested DSUs granted in respect of fiscal 2017 and previous fiscal years. See the headings *Stock Options Held by Directors* and *Deferred Stock Units and Deferred Stock Units Granted to Directors* in the Management Proxy Circular earlier in this document. All DSUs are fully vested at the time of issuance.

The corresponding information for directors who are also Named Executive Officers may be found in Appendix A.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Alain Bouchard	3,813	27.28	April 28, 2023	142,682			
	650	30.79	July 10, 2023	22,042			
	2,442	36.15	September 30, 2023	69,719			
	1,198	38.41	October 16, 2023	31,495			
	1,471	34.68	January 22, 2024	44,159			
	1,410	36.17	April 16, 2024	40,227			
	1,360	37.50	July 23, 2024	36,992			
	2,500	37.82	September 22, 2024	67,200			
	1,340	38.07	October 29, 2024	35,684			
	1,077	47.36	January 21, 2025	18,675			
	1,067	56.69	April 15, 2025	8,547			
	1,286	50.94	July 22, 2025	17,695			
	1,537	47.81	October 14, 2025	25,960			
							873,967
							873,967
Total:				561,077			

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Bernard Bourigeaud	834	9.31	October 1, 2018	46,195			
	834	9.31	October 1, 2018	46,195			
	1,666	12.54	September 30, 2019	86,899			
	2,500	15.49	September 30, 2020	123,025			
	1,688	19.71	September 30, 2021	75,943			
	3,813	23.65	November 26, 2022	156,524			
	2,442	36.15	September 30, 2023	69,719			
	1,537	36.17	April 16, 2024	43,851			
	1,458	37.50	July 23, 2024	39,658			
	2,500	37.82	September 22, 2024	67,200			
	1,505	38.07	October 29, 2024	40,078			
	1,301	47.36	January 21, 2025	22,559			
	1,191	56.69	April 15, 2025	9,540			
	1,477	50.94	July 22, 2025	20,324			
	1,852	47.81	October 14, 2025	31,280			
							900,495
							900,495
Total:				878,990			

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Jean Brassard ^(d)	1,472	26.16	October 18, 2022	56,731			
	3,813	23.65	November 26, 2022	156,524			
	1,577	24.41	January 23, 2023	63,537			
	277	27.12	February 13, 2023	10,410			
	1,690	26.62	April 17, 2023	64,355			
	1,462	30.79	July 10, 2023	49,576			
	2,442	36.15	September 30, 2023	69,719			
	1,172	38.41	October 16, 2023	30,812			
	1,471	34.68	January 22, 2024	44,159			
	1,410	36.17	April 16, 2024	40,227			
	1,360	37.50	July 23, 2024	36,992			
	2,500	37.82	September 22, 2024	67,200			
	1,340	38.07	October 29, 2024	35,684			
	1,077	47.36	January 21, 2025	18,675			
	1,041	56.69	April 15, 2025	8,338			
	1,158	50.94	July 22, 2025	15,934			
	1,297	47.81	October 14, 2025	21,906			
Total:				790,779			1,433,558 1,433,558

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Dominic D'Alessandro	2,500	14.69	January 26, 2020	125,025			
	1,192	15.51	April 22, 2020	58,634			
	1,762	14.76	July 29, 2020	87,994			
	2,500	15.49	September 30, 2020	123,025			
	1,629	15.96	October 21, 2020	79,397			
	1,997	19.28	January 27, 2021	90,704			
	1,897	20.30	April 24, 2021	84,227			
	1,877	20.51	July 28, 2021	82,945			
	1,688	19.71	September 30, 2021	75,943			
	1,995	19.30	October 20, 2021	90,573			
	1,986	19.39	January 26, 2022	89,986			
	1,807	21.31	April 19, 2022	78,406			
	1,605	23.99	July 26, 2022	65,340			
	1,471	26.16	October 18, 2022	56,692			
	3,813	23.65	November 26, 2022	156,524			
	1,577	24.41	January 23, 2023	63,537			
	277	27.12	February 13, 2023	10,410			
	1,728	26.62	April 17, 2023	65,802			
	1,494	30.79	July 10, 2023	50,662			
	2,442	36.15	September 30, 2023	69,719			
	1,198	38.41	October 16, 2023	31,495			
	1,471	34.68	January 22, 2024	44,159			
	1,410	36.17	April 16, 2024	40,227			
	1,360	37.50	July 23, 2024	36,992			
	2,500	37.82	September 22, 2024	67,200			
	1,340	38.07	October 29, 2024	35,684			
	1,077	47.36	January 21, 2025	18,675			
	1,102	56.69	April 15, 2025	8,827			
	1,423	50.94	July 22, 2025	19,580			
	1,788	47.81	October 14, 2025	30,199			
Total:				1,938,583			1,693,652

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Paule Doré	422	19.71	September 30, 2021	18,986			
	1,906	23.65	November 26, 2022	78,241			
	1,831	36.15	September 30, 2023	52,275			
	2,500	37.82	September 22, 2024	67,200			
	528	47.36	January 21, 2025	9,156			
	661	56.69	April 15, 2025	5,295			
	736	50.94	July 22, 2025	10,127			
	784	47.81	October 14, 2025	13,242			
Total:				254,522			633,478

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Richard B. Evans	2,500	12.54	September 30, 2019	130,400			
	2,500	12.54	September 30, 2019	130,400			
	44	13.26	October 22, 2019	2,263			
	1,796	14.48	January 28, 2020	90,195			
	1,676	15.51	April 22, 2020	82,442			
	1,762	14.76	July 29, 2020	87,994			
	2,500	15.49	September 30, 2020	123,025			
	1,629	15.96	October 21, 2020	79,397			
	1,997	19.28	January 27, 2021	90,704			
	1,825	20.30	April 24, 2021	81,030			
	1,779	20.51	July 28, 2021	78,614			
	1,688	19.71	September 30, 2021	75,943			
	2,024	19.30	October 20, 2021	91,890			
	2,034	19.39	January 26, 2022	92,161			
	1,798	21.31	April 19, 2022	78,015			
	1,629	23.99	July 26, 2022	66,317			
	1,441	26.16	October 18, 2022	55,536			
	3,813	23.65	November 26, 2022	156,524			
	1,554	24.41	January 23, 2023	62,611			
	277	27.12	February 13, 2023	10,410			
	1,724	26.62	April 17, 2023	65,650			
	1,539	30.79	July 10, 2023	52,187			
	2,442	36.15	September 30, 2023	69,719			
	1,207	38.41	October 16, 2023	31,732			
	1,576	34.68	January 22, 2024	47,312			
	1,507	36.17	April 16, 2024	42,995			
	1,430	37.50	July 23, 2024	38,896			
	2,500	37.82	September 22, 2024	67,200			
	1,476	38.07	October 29, 2024	39,306			
	1,276	47.36	January 21, 2025	22,126			
	1,103	56.69	April 15, 2025	8,835			
	1,251	50.94	July 22, 2025	17,214			
	1,382	47.81	October 14, 2025	23,342			
Total:				2,192,385			1,670,619

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Julie Godin ^(e)	9,375	12.54	September 30, 2019	489,000			
	9,375	15.49	September 30, 2020	461,344			
	6,330	19.71	September 30, 2021	284,787			
	33,363	23.65	November 26, 2022	1,369,551			
	25,000	23.65	November 26, 2022	1,026,250			
	21,367	37.11	November 12, 2023	589,516			
	37,898	37.82	September 22, 2024	1,018,698			
	26,000	48.16	September 22, 2025	430,040			
	61,000	63.23	September 26, 2026	89,670			
	32,289	63.23	September 26, 2027	—			
Total:				5,758,856			

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Timothy J. Hearn	2,500	46.92	January 27, 2025	44,450			
	462	56.69	April 15, 2025	3,701			
	825	50.94	July 22, 2025	11,352			
	910	47.81	October 14, 2025	15,370			
Total:				74,873			286,945

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
André Imbeau ^(e)	3,813	23.65	November 26, 2022	156,524			
	2,442	36.15	September 30, 2023	69,719			
	2,500	39.47	November 11, 2024	63,075			
	2,000	48.16	September 22, 2025	33,080			
	9,250	52.63	November 9, 2025	111,648			
	20,000	63.23	September 26, 2026	29,400			
	20,000	63.23	September 24, 2027	—			
Total:				463,446			

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Gilles Labbé	2,500	14.69	January 26, 2020	125,025			
	596	15.51	April 22, 2020	29,317			
	881	14.76	July 29, 2020	43,997			
	2,500	15.49	September 30, 2020	123,025			
	815	15.96	October 21, 2020	39,723			
	1,349	19.28	January 27, 2021	61,272			
	1,281	20.30	April 24, 2021	56,876			
	1,268	20.51	July 28, 2021	56,033			
	1,688	19.71	September 30, 2021	75,943			
	1,347	19.30	October 20, 2021	61,154			
	1,315	19.39	January 26, 2022	59,583			
	1,278	21.31	April 19, 2022	55,452			
	1,172	23.99	July 26, 2022	47,712			
	1,075	26.16	October 18, 2022	41,431			
	3,813	23.65	November 26, 2022	156,524			
	1,152	24.41	January 23, 2023	46,414			
	277	27.12	February 13, 2023	10,410			
	1,925	26.62	April 17, 2023	73,304			
	1,665	30.79	July 10, 2023	56,460			
	2,442	36.15	September 30, 2023	69,719			
	1,334	38.41	October 16, 2023	35,071			
	1,658	34.68	January 22, 2024	49,773			
	1,590	36.17	April 16, 2024	45,363			
	1,533	37.50	July 23, 2024	41,698			
	2,500	37.82	September 22, 2024	67,200			
	1,510	38.07	October 29, 2024	40,211			
	1,214	47.36	January 21, 2025	21,051			
	1,014	56.69	April 15, 2025	8,122			
	1,129	50.94	July 22, 2025	15,535			
	1,203	47.81	October 14, 2025	20,319			
Total:				1,633,717			1,429,870

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Heather Munroe-Blum	2,500	50.21	July 27, 2025	36,225			
	523	47.81	October 14, 2025	8,833			
Total:				45,058			232,855

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Michael B. Pedersen ^(f)	–	–	–	–			41,732
Total:				–			41,732

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Michael E. Roach	461,505	15.49	September 30, 2019	22,710,661			103,520
Total:				22,710,661			103,520

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options ^(a) (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ^(b) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed ^{(b)(c)} (\$)
Joakim Westh	953	27.28	April 28, 2023	35,661			
	1,220	36.15	September 30, 2023	34,831			
	1,875	37.82	September 22, 2024	50,400			
Total:				120,892			

(a) Shows stock options held as at September 30, 2017.

(b) Based on \$64.70, the closing price of the Company's Class A subordinate voting shares on the TSX on September 29, 2017, the last trading day in fiscal 2017.

(c) Shows the aggregate payout value of DSUs granted in respect of fiscal 2017 and previous fiscal years.

(d) Mr. Brassard is not seeking re-election on the Board of Directors and will therefore cease to be a director on January 31, 2018.

(e) Ms. Godin and Mr. Imbeau received stock options in fiscal 2017 as compensation in respect of their service as an executive and as an officer of the Company, respectively.

(f) Mr. Pedersen joined the Board of Directors of the Company effective August 1, 2017.

Appendix C

Shareholder Proposals

Proposal Number One – Advisory Vote on the Compensation of Senior Executives

Considering that discussions are currently taking place between the Company and MÉDAC with respect to the compensation of senior executives, it was mutually agreed with MÉDAC not to present Shareholder Proposal Number One for a vote at the Meeting. The Company has nonetheless decided to present its views on the proposal.

Proposal

It is proposed that the Board of Directors give its shareholders the opportunity to vote on CGI's executive compensation policy.

For three years now, MÉDAC has been soliciting the support of shareholders regarding the implementation of an advisory vote on executive compensation. We would like to stress here that two major institutional investors support this practice, which is now commonly seen in 80% of the businesses that are part of the S&P/TSX 60.

Here are two examples of this substantial support that are noteworthy:

- The Ontario Teachers' Pension Plan (Teachers), which explained its support of our proposal last year in the following terms:

[TRANSLATION]

"We believe that an advisory vote is critical when it comes to facilitating communications between directors and shareholders. Executive compensation plans represent a significant cost for shareholders, and we feel that they have the right to express their opinions on the efficacy of compensation practices."

- Private Management Division, Desjardins Group which, in its Policy Governing the Exercise of Voting Rights by Proxy, supports all shareholder proposals demanding an advisory vote on executive compensation.

Support for this proposal is solid and consistent for Class A subordinate voting shares, namely those shares held mainly by the public and not by senior executives. We estimate that one out of every three holders of Class A subordinate voting shares has supported our proposal.

We would like to reiterate that holders of ordinary shares are quite able to grasp the ethical and social justice issues raised by compensation policies.

A number of shareholders question the objectives of compensation policies: as shareholders, do they want these policies to focus on long-term rather than short-term performance, to prevent the gap between executive compensation and average member compensation from becoming excessive, and to have targets that are based not only on yield per share, but also on other measures such as gender equity initiatives or reducing the Company's ecological footprint.

Compensation policies are key indicators of an organization's values and, in that regard, shareholders do have the knowledge they need to express their opinions. It is counterproductive that their only solution for expressing dissent is to sell their shares, a decision that can prove costly under some circumstances.

Board of Directors Response

Devising a compensation policy and related practices as a solid foundation for a successful business is a challenging task that requires a deep understanding of the business and its competitive environment to ensure that our overall compensation approach serves the best interests of the Company.

Shareholders elect directors annually to perform that critical supervision role on their behalf. CGI's Human Resources Committee is composed entirely of independent directors who have expertise in human resources management, as well as access to experts' advice, comparative data and good practices in the establishment and oversight of executive compensation policy and practices.

As such, CGI's directors developed an executive compensation policy that emphasizes incentive compensation linked to business performance, thereby ensuring that the financial interests of the Company's executives are closely aligned with those of shareholders. CGI measures business performance on the basis of profitability and growth as well as client and

member satisfaction. These factors drive the Company's compensation programs, which are designed to attract and retain the key talent CGI needs to remain competitive in a challenging market and achieve continued and profitable growth for shareholders.

Advisory votes, by their binary yes or no nature, do not provide useful insight to the Board of Directors and therefore cannot promote meaningful dialogue with shareholders. The current Canadian regulatory framework prevents public companies from knowing who their shareholders really are and it is therefore unclear how an advisory vote can lead to a meaningful dialogue with shareholders who, for the most part, remain anonymous. During fiscal 2017, CGI held 236 meetings with investors worldwide and we believe that these meetings provide a richer opportunity for dialogue to address shareholder concerns.

The advisory vote process also raises the question of whether all shareholders should benefit from the same voting rights. Studies have shown that, on average, shares of North American public companies are held for short periods of time, often less than six months. A review of applicable legislation to distinguish between short-term speculators and investors who have an interest in the long-term interests of companies would therefore be needed before an advisory vote of this nature could be considered.

Furthermore, several institutional investors exercise their voting power based on the recommendations of proxy advisory firms, thereby essentially delegating their voting rights to them. Our experience has been that these firms' one-size-fits-all approach and the quality of their research can be deficient. Advisory firms are also often in blatant conflicts of interest as they provide corporate governance advisory services while also providing voting recommendations based on the practices that they advocate.

If legislative amendments were made to address the concerns set out above, the Company would consider implementing an advisory vote on executive compensation.

In the meantime, we continue to believe that our directors, whose fiduciary duties include ensuring that the Company's executive compensation policies and practices are appropriate in light of the Company's business in the challenging markets in which it operates, are uniquely qualified and positioned to effectively play this important governance function in an effective manner.

Proposal Number Two – Disclosure of Voting Results by Classes of Shares

It is proposed that the Company disclose the voting results by classes of shares, namely those shares carrying one voting right and those carrying multiple voting rights.

In 2017, 15.9% of the votes were cast in favour of this proposal, which is approximately the same support as last year. As was the case with the previous proposal that obtained a similar percentage of support, we believe that one out of every three holders of Class A subordinate voting shares, namely those only holding one vote per share, supported our proposal.

Our experience over the last few years has shown that holders of both types of shares might not share the same concerns. Take, for example, the implementation of an advisory vote on executive compensation, renewal of the mandate of one or several directors, and greater gender balance on the boards of directors.

As mentioned in our recent proposals, multiple voting shares offer interesting advantages both to controlling and minority investors provided that the legal framework and governance principles adequately protect minority shareholders. To ensure this adequate protection, minority shareholders need quick and direct access to the results of their votes in order to be sure that their voices have been heard and will lead to action that better meets their expectations.

This information would allow minority shareholders to better monitor the actions taken by the Company to meet their expectations and could promote a more sustained dialogue between these two classes of shares. It could even develop the loyalty of minority shareholders and bring about a unity of thought and mutual trust that would help see the organization through difficult times.

Board of Directors Response

CGI's disclosure practice regarding voting results complies with the rules set out by the *Business Corporations Act* (Quebec) ("QBCA"), which govern the Company and provide that the declaration of the chair of the meeting to the effect that a resolution was passed is sufficient and appropriate. The Company considers that all votes should be treated equally and that there are no legal or practical reasons for distinguishing between classes of shares.

The Board of Directors believes that disclosing the voting results separately for each class of shares would not provide any additional protection or benefits to the holders of Class A subordinate voting shares. Our position is in line with applicable legislation, which does not require the disclosure of votes per class of shares but otherwise contains sections dealing with the protection of shareholders. Our Lead Director and other members of the Board of Directors, which is composed of a majority of independent directors, also have the fiduciary obligation to ensure that the interests of all shareholders, irrespective of the class of shares held, are adequately protected.

Furthermore, we believe that the interests of the vast majority of CGI's shareholders are well aligned, and that the culture of transparency and dialogue established between CGI and its shareholders ensures that all shareholders who wish to be heard have the opportunity to engage in dialogue with the Company. CGI shareholders have access to a broad range of information through the continuous disclosure documents of the Company. As such, they invest in CGI knowing the manner in which CGI's share capital is structured and characteristics attributed to the multiple voting shares.

The Board of Directors therefore recommends that shareholders **VOTE AGAINST** the proposal regarding the disclosure of voting results by classes of shares.



SECTION 2: FORM 40-F 2017

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

(Check one)

☐ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

☒ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 2017

Commission file number 1-14858

GROUPE CGI INC./CGI GROUP INC.

(Exact name of Registrant as specified in its charter)

CGI Group Inc.

(Translation of Registrant's name into English)

Québec, Canada

(Province or other jurisdiction of incorporation or organization)

7374

(Primary Standard Industrial Classification Code Number)

98-0406227

(I.R.S. Employer Identification Number)

1350 René-Lévesque Boulevard West, 25th Floor

Montréal, Québec

Canada H3G 1T4

(514) 841-3200

(Address and telephone number of Registrant's principal executive offices)

CGI Technologies and Solutions Inc.

11325 Random Hills

Fairfax, VA22030

(703) 267-8679

(Name, address and telephone number of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class
Class A subordinate voting shares

Name of each exchange on which registered
New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

For annual reports, indicate by check mark the information filed with this form:

☒ **Annual Information Form**

☒ **Audited Annual Financial Statements**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 254,106,795 Class A subordinate voting shares, 32,852,748 Class B shares

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the Registrant was required to submit and post such files). Yes ☐ No ☐

Undertaking

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Controls and Procedures

The Registrant has established a system of controls and other procedures designed to ensure that information required to be disclosed in its periodic reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have been evaluated under the direction of the Registrant's Chief Executive Officer and Chief Financial Officer as of the end of the Registrant's most recently completed fiscal year on September 30, 2017. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective. No change was made in the Registrant's internal controls over financial reporting during the fiscal year ended September 30, 2017 that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting. No significant changes were made in the Registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Audit Committee

The Audit and Risk Management Committee of the Board of Directors is composed entirely of unrelated directors who meet the independence and experience requirements of the New York Stock Exchange, the Toronto Stock Exchange, the Securities and Exchange Commission rules and National Instrument 52-110 adopted by Canadian securities regulators, as amended.

The Audit and Risk Management Committee is currently composed of Mr. Gilles Labbé, Chair of the Committee, and Messrs. Jean Brassard, Richard B. Evans, Timothy J. Hearn, Michael B. Pedersen and Joakim Westh. Mr. Jean Brassard is, however, not seeking re-election on the Board of Directors of the Registrant and will therefore cease to be a director and a member of the Audit and Risk Management Committee on January 31, 2018.

The Registrant's Board of Directors has determined that the following members of the Audit and Risk Management Committee of the Board of Directors are "audit committee financial experts" within the meaning of paragraph (8) of General Instruction B to Form 40-F:

- Gilles Labbé

Please refer to the Registrant's Management Proxy Circular dated December 11, 2017 under the heading *Nominees for Election as Directors* for a brief summary of Mr. Labbé's relevant experience.

Principal Accountant Fees and Services

In order to satisfy itself as to the independence of the external auditors, the Audit and Risk Management Committee has adopted an auditor independence policy which covers (a) the services that may and may not be performed by the external auditors, (b) the governance procedures to be followed prior to retaining services from the external auditors, and (c) the responsibilities of the key participants. The following is a summary of the material provisions of the policy.

Performance of Services

Services are either acceptable services or prohibited services.

The acceptable services are audit and review of financial statements, prospectus work, the audit of pension plans, special audits on control procedures, tax planning services on mergers and acquisitions activities, due diligence relating to mergers and acquisitions, tax services related to transfer pricing, sales tax planning and returns, research and interpretation related to taxation, research relating to accounting issues, tax planning services, preparation of tax returns, and all other services that are not prohibited services.

The prohibited services are bookkeeping services, the design and implementation of financial information systems, appraisal or valuation services or fairness opinions, actuarial services, internal audit services, management functions, human resources functions, broker-dealer services, legal services, services based on contingency fees, and expert services.

Governance Procedures

The following control procedures are applicable when considering whether to retain the external auditors' services:

For all services falling within the permitted services category, whether they are audit or non-audit services, a request for approval must be submitted to the Audit and Risk Management Committee through the Executive Vice-President and Chief Financial Officer prior to engaging the auditors to perform the services.

In the interests of efficiency, certain permitted services are pre-approved quarterly by the Audit and Risk Management Committee and thereafter only require approval by the Executive Vice-President and Chief Financial Officer as follows:

- The Audit and Risk Management Committee can pre-approve envelopes for certain services to pre-determined dollar limits on a quarterly basis;
- Once pre-approved by the Audit and Risk Management Committee, the Executive Vice-President and Chief Financial Officer may approve the services prior to the engagement;
- For services not covered by the pre-approved envelopes and for costs in excess of the pre-approved amounts, separate requests for approval must be submitted to the Audit and Risk Management Committee; and
- At each quarterly meeting of the Audit and Risk Management Committee, a consolidated summary of all fees by service type is presented including a breakdown of fees incurred within each of the pre-approved envelopes.

Fees Billed by the External Auditors

During the years ended September 30, 2017 and September 30, 2016, CGI's external auditors billed the following fees for their services:

<u>Service retained</u>	<u>Fees billed and percentage</u>			
	<u>2017</u>		<u>2016</u>	
Audit fees	\$7,434,888	79.22%	\$7,454,707	78.45%
Audit related fees ^(a)	\$1,508,489	16.07%	\$1,494,486	15.73%
Tax fees ^(b)	\$ 399,755	4.26%	\$ 538,641	5.67%
All other fees ^(c)	\$ 42,175	0.45%	\$ 14,900	0.15%
Total fees billed	\$9,385,307	100%	\$9,502,734	100%

- (a) The audit related fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were primarily in relation to service organization control procedures audits and assistance.
- (b) The tax fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were in relation to tax compliance and advisory services.
- (c) The other fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were primarily in relation to services in connection with CGI's corporate social responsibility program.

Codes of Ethics

In addition to its Code of Ethics and Business Conduct (which incorporates by reference the CGI Anti-Corruption Policy) that applies to all the Registrant's employees, officers and directors, the Registrant has adopted an Executive Code of Conduct that applies specifically to the Registrant's principal executive and financial officers, including the Founder and Executive Chairman of the Board, the President and Chief Executive Officer, and the Executive Vice-President and Chief Financial Officer, the principal accounting officer or controller, or other persons performing similar functions (collectively, the "Officers"). The Executive Code of Conduct is designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Registrant files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Registrant;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting of violations of the Executive Code of Conduct to an appropriate person or persons identified in the Executive Code of Conduct; and
- Accountability for adherence to the Executive Code of Conduct.

The Registrant's Executive Code of Conduct and its Code of Ethics and Business Conduct (which incorporates the CGI Anti-Corruption Policy) are available on the Registrant's website at www.cgi.com.

The Board of Directors monitors compliance with the Executive Code of Conduct and the Code of Ethics and Business Conduct (which incorporates the CGI Anti-Corruption Policy) and is, under its charter, responsible for any waivers of their provisions granted to directors or Officers. No such waivers have been granted to date.

Corporate Governance Practices

CGI's corporate governance practices conform to those followed by U.S. domestic companies under the *New York Stock Exchange* listing standards.

Off-balance sheet arrangements

The Registrant does not enter into off-balance sheet financing as a matter of practice except for the use of operating leases for office space, computer equipment and vehicles as well as the sale of accounts receivable, none of which are off-balance sheet arrangements within the meaning of paragraph (11) of General Instruction B to Form 40-F.

As disclosed in note 30 to the Registrant's Audited Annual Consolidated Financial Statements, in the normal course of business, the Registrant enters into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require the Registrant to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties. The nature of most indemnification undertakings prevent the Registrant from making a reasonable estimate of the maximum potential amount the Registrant could be required to pay counterparties, as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. The Registrant does not expect that any sum it may have to pay in connection with these guarantees will have a materially adverse effect on its Audited Annual Consolidated Financial Statements.

Tabular Presentation of Contractual Obligations

As of September 30, 2017, the Registrant's commitments under the terms of contractual obligations with various expiration dates, primarily for the rental of premises, computer equipment used in outsourcing contracts and long-term service agreements, were as follows:

Commitment type	Total	Less than 1 year	2nd and 3rd years	4th and 5th years	After 5 years
<i>In thousands of CAD</i>					
Long-term debt	1,835,200	109,006	383,022	840,128	503,044
Estimated interest on long-term debt	307,203	69,431	117,026	83,258	37,488
Finance lease obligations	29,794	13,408	12,701	3,685	—
Estimated interest on finance lease obligations	1,315	678	556	81	—
Operating leases					
Rental of office space (excluding costs of services and taxes)	569,402	128,929	189,082	138,249	113,142
Computer equipment	8,955	6,373	1,589	993	—
Automobiles	78,418	39,533	35,394	3,491	—
Long-term service agreements and other	238,931	109,495	104,296	25,140	—
Total contractual obligations	3,069,218	476,853	843,666	1,095,025	653,674

The Registrant's required benefit plan contributions have not been included in this table as such contributions depend on periodic actuarial valuations for funding purposes. The Registrant's contributions to defined benefit plans are estimated at \$23.8 million for fiscal 2018 as described in note 16 of the Audited Annual Consolidated Financial Statements.

Information to be Filed on This Form

The following materials are filed as a part of this Annual Report:

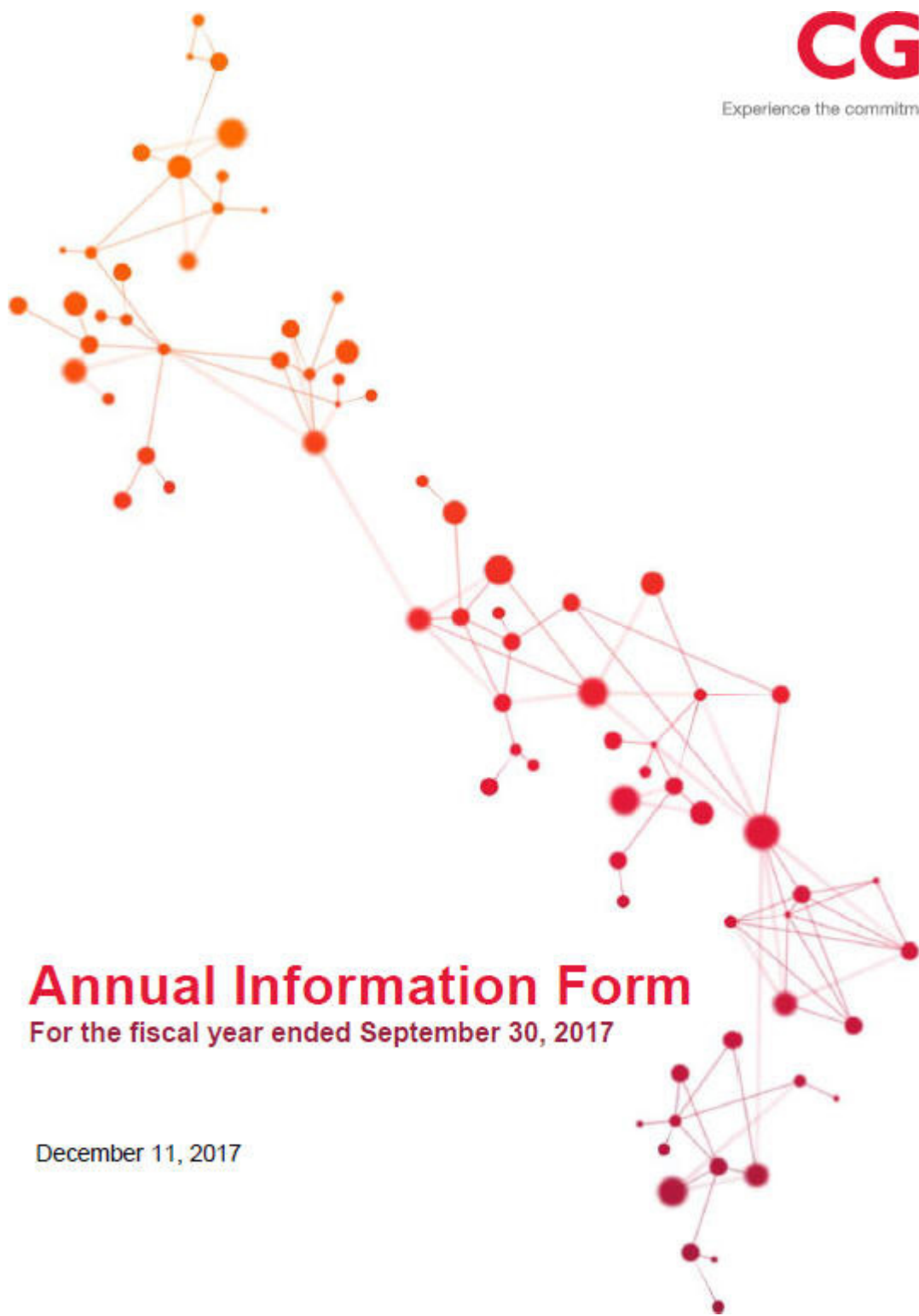
- Annual Information Form for the fiscal year ended September 30, 2017
- Audited Annual Consolidated Financial Statements for the fiscal year ended September 30, 2017
- Management's Discussion and Analysis of Financial Position and Results of Operations for the fiscal year ended September 30, 2017

The following documents are filed as exhibits to this Annual Report:

- 23.1 [Consent of Ernst & Young LLP](#)
- 99.1 [Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14\(a\)](#)
- 99.2 [Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14\(a\)](#)
- 99.3 [Certification of the Registrant's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 99.4 [Certification of the Registrant's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)



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Annual Information Form

For the fiscal year ended September 30, 2017

December 11, 2017

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This Annual Information Form is dated December 11, 2017 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2017, the end of CGI's most recently completed fiscal year. All dollar amounts are in Canadian dollars, unless otherwise stated.

CORPORATE STRUCTURE

Incorporation and Registered Office

CGI Group Inc. (the "Company", "CGI", "we", "us" or "our") was incorporated on September 29, 1981 under Part IA of the Companies Act (Quebec), predecessor to the Business Corporations Act (Quebec), which came into force on February 14, 2011 and which now governs the Company. The Company continued the activities of Conseillers en gestion et informatique CGI inc., which was originally founded in 1976. The executive and registered offices of the Company are located at 1350 René-Lévesque Blvd. West, 25th Floor, Montreal, Quebec, Canada, H3G 1T4. CGI became a public company on December 17, 1986 upon completing an initial public offering of its Class A subordinate voting shares.

Subsidiaries

The activities of the Company are conducted either directly or through subsidiaries. The table below lists the principal subsidiaries of the Company as at September 30, 2017, each of which is directly or indirectly wholly-owned by the Company. Certain subsidiaries whose total assets did not represent more than 10% of the Company's consolidated assets or whose revenue did not represent more than 10% of the Company's consolidated revenue as at September 30, 2017, have been omitted.¹ The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets and revenue of the Company as at September 30, 2017. This table omits subsidiaries whose primary role is to hold investments in other CGI subsidiary entities.

Name of Subsidiary	Countries of Incorporation
Conseillers en gestion et informatique CGI inc.	Canada
CGI Information Systems and Management Consultants Inc.	Canada
CGI Technologies and Solutions Inc.	United States of America
CGI Federal Inc.	United States of America
CGI Suomi Oy	Finland
CGI Sverige AB	Sweden
CGI Nederland B.V.	Netherlands
CGI IT UK Limited	United Kingdom
CGI France SAS	France
CGI Deutschland Ltd. & Co. KG	Germany

¹ Based on the Company's annual audited consolidated financial statements for the fiscal year ended September 30, 2017 filed with Canadian securities regulators and which are available at www.sedar.com and on CGI's website at www.cgi.com.

Capital Structure

The Company's authorized share capital consists of an unlimited number of Class A subordinate voting shares carrying one vote per share and an unlimited number of Class B shares (multiple voting) carrying 10 votes per share, all without par value, of which, as of December 11, 2017, 254,873,846 Class A subordinate voting shares and 32,852,748 Class B shares, were issued and outstanding. These shares represent respectively 43.69% and 56.31% of the aggregate voting rights attached to the outstanding Class A subordinate voting shares and Class B shares. Two classes of preferred shares also form part of CGI's authorized capital: an unlimited number of First Preferred Shares, issuable in series, and an unlimited number of Second Preferred Shares, also issuable in series. As of December 11, 2017, there were no preferred shares outstanding.

The Company incorporates by reference the disclosure contained under the headings *Class A Subordinate Voting Shares and Class B Shares* on pages 3 and 4, and *First Preferred Shares and Second Preferred Shares* on pages 4 and 5 of CGI's Management Proxy Circular dated December 11, 2017 which was filed with Canadian securities regulators and which is available at www.sedar.com and on CGI's website at www.cgi.com.

Stock Splits

As of December 11, 2017, the Company had proceeded with four subdivisions of its issued and outstanding Class A subordinate voting shares as follows:

- August 12, 1997 on a two for one basis;
- December 15, 1997 on a two for one basis;
- May 21, 1998 on a two for one basis; and
- January 7, 2000 on a two for one basis.

Market for Securities, Trading Price and Volume

The Class A subordinate voting shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol GIB.A and on the New York Stock Exchange, under the symbol GIB. A total of 134,542,727 Class A subordinate voting shares were traded on the TSX during the fiscal year ended September 30, 2017 as follows:

Month	High ^(a) (\$)	Low ^(a) (\$)	Volume
October 2016	64.44	60.61	8,074,177
November 2016	67.14	62.03	12,034,861
December 2016	65.85	60.93	13,164,692
January 2017	66.25	61.61	10,521,057
February 2017	64.62	60.91	13,765,792
March 2017	64.86	61.11	13,924,542
April 2017	66.02	61.93	7,878,245
May 2017	67.27	64.80	12,125,814
June 2017	69.22	65.04	12,394,080

Month	High ^(a) (\$)	Low ^(a) (\$)	Volume
July 2017	67.22	64.69	7,906,079
August 2017	67.17	61.73	11,268,577
September 2017	65.03	62.45	11,484,811

(a) The high and low prices reflect the highest and lowest prices at which a board lot trade was executed in a trading session during the month.

Normal Course Issuer Bid and Share purchases for cancellation

On February 1, 2017, CGI announced that it was renewing its normal course issuer bid ("NCIB") to purchase for cancellation up to 10% of the Company's public float of its issued and outstanding Class A subordinate voting shares during the NCIB term that commenced on February 6, 2017 and will expire on February 5, 2018 at the latest. On September 14, 2017, the Company entered into a specific share purchase for cancellation program with a third party, which forms part of the NCIB. See *Description of CGI's Business – Significant developments of the Three Most Recent Fiscal Years – Fiscal Year ended September 30, 2017 – Normal Course Issuer Bid* later in this document.

CORPORATE GOVERNANCE

Board and Standing Committee Charters and Codes of Ethics

CGI's Codes of Ethics, including its Code of Ethics and Business Conduct (which incorporates by reference the CGI Anti-Corruption Policy) and its Executive Code of Conduct, the charter of the Board of Directors and the charters of the standing committees of the Board of Directors, including the charter of the Audit and Risk Management Committee, are set out in CGI's Fundamental Texts which are annexed as Appendix A to this Annual Information Form.

Audit Committee Information

The Company incorporates by reference the disclosure contained under the heading *Expertise and Financial and Operational Literacy* on pages 43 to 45 and the disclosure under the heading *Report of the Audit and Risk Management Committee* on page 53 and following of CGI's Management Proxy Circular dated December 11, 2017.

Directors and Officers

Directors

The Company incorporates by reference the disclosure under the heading *Nominees for Election as Directors* relating to the Company's directors contained on pages 8 to 15, and the table on Board of Directors committee membership on page 41 of CGI's Management Proxy Circular dated December 11, 2017.

Jean Brassard, director since 1978, announced that he was retiring and would not present himself for re-election as a director of the Company. He will therefore cease to be a director on January 31, 2018. Mr. Brassard joined the Company in 1978 as a Vice-President and led the development and implementation of major IT projects in all economic sectors served by CGI. He also became President and Chief Operating Officer in 1997.

Executive Officers

The following table states the names of CGI's executive officers, their place of residence, their principal occupation within the Company as of December 11, 2017 and, where required, any other previously held positions in the last five years with the Company or one of its affiliates, or outside of the Company:

Name and Residence	Principal Occupation with the Company	Previously held position (last five years)
Jean-Michel Baticle Précy-sur-Oise, Oise, France	President, France, Luxembourg and Morocco Operations	• Senior Vice-President, Regions • Vice-President, Regions
François Boulanger Brossard, Quebec, Canada	Executive Vice-President and Chief Financial Officer	• Senior Vice-President and Corporate Controller
Mark Boyajian Toronto, Ontario, Canada	President, Canada Operations	• Senior Vice-President & Mid-Atlantic Business Unit Leader • Senior Vice-President, US Mid-Atlantic
Benoit Dubé St-Lambert, Quebec, Canada	Executive Vice-President, Chief Legal Officer and Corporate Secretary	--
Julie Godin Verdun (Nuns' Island), Quebec, Canada	Vice-Chair of the Board, Executive Vice-President, and Chief Planning and Administration Officer	• Vice-Chair of the Board, Chief Planning and Administration Officer • Executive Vice-President, Global Human Resources and Strategic Planning and Vice-Chair of the Board • Executive Vice-President, Human Resources and Strategic Planning
Serge Godin Westmount, Quebec, Canada	Founder and Executive Chairman of the Board	--
Lorne Gorber Boucherville, Quebec, Canada	Executive Vice-President, Global Communications and Investor Relations	• Senior Vice-President, Global Communications and Investor Relations
David L. Henderson Fairfax, Virginia, United States	President, United States Operations, Commercial & State Government	• Senior Vice-President US Central and South • Vice-President US Central and South
Michael J. Keating New York, New York, United States	Senior Vice-President, Global Marketing and IP Strategy	• SVP, Global IP Strategy • SVP, New York Public Sector practice

Name and Residence	Principal Occupation with the Company	Previously held position (last five years)
George J. Mattackal Bengaluru, Karnataka, India	President, Asia Pacific Operations, Global Delivery Centers of Excellence	• Senior Vice-President and Business Unit Leader, Asia Pacific Communication and Enterprise Services Delivery Center • Vice-President Consulting Services, India
Douglas McCuaig Toronto, Ontario, Canada	President, Eastern Central and Southern Europe Operations	• Executive Vice-President, Global Client Transformation Services • President, Canada
Heikki Nikku Tuusula, Helsinki, Finland	President, Nordics Operations	• Senior Vice-President of Finland and Estonia Operations • Managing Director of Logica Finland Operations
Daniel Rocheleau Longueuil, Quebec, Canada	Executive Vice-President and Chief Business Engineering Officer	--
George D. Schindler Westmount, Quebec, Canada	President and Chief Executive Officer	• President and Chief Operating Officer • Chief Operating Officer • President, United States and Canada Operations
Steve Thorn Caterham, Surrey, United Kingdom	President, United Kingdom Operations	• Senior Vice-President, UK Public Sector Business • Senior Vice-President, Application Services • Vice-President, Logica UK Delivery

Ownership of Securities on the Part of Directors and Officers

The Company incorporates by reference the disclosure under the heading *Principal Holders of Class A Subordinate Voting Shares and Class B Shares* on pages 5 and 6 of CGI's Management Proxy Circular dated December 11, 2017.

DESCRIPTION OF CGI'S BUSINESS

Mission, Vision and Strategy

The mission of CGI is to help its clients with professional services of outstanding quality, competence and objectivity, delivering the best solutions to fully satisfy client objectives in information technology ("IT"), business processes and management. In all we do, we foster a culture of partnership, intrapreneurship and integrity, building a global IT and business process services company.

CGI is unique compared to most companies. We not only have a vision, but also a dream: "To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of." This dream has motivated us since our founding in 1976 and drives our vision: "To be a global, world-class end-to-end IT and business consulting services leader helping our clients succeed."

In pursuing this dream and vision, CGI has been highly disciplined throughout its history in executing a “Build and Buy” profitable growth strategy comprised of four pillars that combine profitable organic growth (Build) and accretive acquisitions (Buy):

- **Pillar 1:** Smaller contract wins, renewals and extensions;
- **Pillar 2:** Large, long-term outsourcing contracts;
- **Pillar 3:** Small firm or niche player acquisitions; and
- **Pillar 4:** Large, transformational acquisitions.

The first two pillars relate to driving profitable organic growth through the pursuit of contracts – both large and small – with new and existing clients in our targeted industries.

The last two pillars focus on growth through niche and large acquisitions. We identify niche acquisitions through a strategic qualification process that systematically searches for targets to strengthen our local proximity in metro markets, our industry expertise and enhance our services and solutions. We also pursue large acquisitions to further expand our geographic presence and critical mass, which enables us to compete for large outsourcing contracts and broaden our client relationships. CGI will continue to be a consolidator in the IT services industry.

CGI’s Dream, Vision, Mission and Values are explained in its Fundamental Texts, which are annexed as Appendix A, and are available on CGI’s website at www.cgi.com.

Executing our strategy

CGI’s strategy is executed through a unique business model that combines client proximity with an extensive global delivery network to deliver the following benefits:

- **Local relationships and accountability:** We live and work near our clients to provide a high level of responsiveness, partnership, and innovation. Our local CGI professionals speak our clients’ language, understand their business environment, and collaborate to meet their goals and advance their business.
- **Global reach:** Our local presence is complemented by an expansive global delivery network designated to provide our clients with 24/7 access to best-fit digital capabilities and resources to meet their end-to-end needs. In addition, clients benefit from our unique combination of industry domain and technology expertise within our global delivery model.
- **Committed experts:** One of our key strategic goals is to be our clients’ expert of choice. To achieve this, we invest in developing and recruiting professionals with extensive industry, business and technology expertise, particularly in high-demand areas, such as agile services, DevOps, artificial intelligence and robotics, cloud, cybersecurity, blockchain, data analytics and the Internet of Things. In addition, more than 80% of CGI professionals are also shareholders, providing an added level of commitment to the success of our clients.
- **Comprehensive quality processes:** CGI’s investment in quality frameworks and rigorous client satisfaction assessments has resulted in a consistent track record of on-time and within-budget project delivery.

Business Structure

For the fiscal year ended September 30, 2017, the Company's operations were managed through the following seven operating segments, referred to as our Strategic Business Units, namely: United States ("U.S."); Nordics; Canada; France (including Luxembourg and Morocco) ("France"); United Kingdom ("U.K."); Eastern, Central and Southern Europe (primarily Netherlands and Germany) ("ECS"); and Asia Pacific (including Australia, India and the Philippines) ("Asia Pacific"). For additional information on our operating segments, please refer to sections 3.4, 3.6, 5.3 and 5.4 of CGI's Management's Discussion and Analysis for Fiscal Year 2017 and to note 28 of our annual audited consolidated financial statements for the fiscal years ended September 30, 2017 and 2016, which were filed with Canadian securities regulators and are available at www.sedar.com and on CGI's website at www.cgi.com.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, for the fiscal years ended September 30, 2017 and 2016:

Segment Revenue	2017	2016
<i>In thousands of CAD</i>		
U.S.	3,028,355	2,878,661
Nordics	1,577,883	1,651,322
Canada	1,605,500	1,536,331
France	1,559,869	1,444,966
U.K.	1,286,700	1,431,739
ECS	1,194,409	1,198,854
Asia Pacific	592,350	541,391
Total	10,845,066	10,683,264

Services Offered by CGI

CGI delivers end-to-end portfolio of capabilities, including high-end IT and business consulting, systems integration and outsourcing. CGI's intellectual property ("IP") solutions, combined with in-depth industry expertise, a unique client proximity and best-fit global delivery network, enable CGI to partner with clients around the world to accelerate results, transform their organizations and drive competitive advantage.

CGI delivers end-to-end services that cover the full spectrum of technology delivery; from digital strategy and architecture to solution design, development, integration, implementation and operations. Our portfolio encompasses:

- **High-end IT and business consulting and systems integration:** CGI helps clients create their digital strategy and roadmap, adopting an agile, iterative approach that enables them to innovate, connect and rationalize legacy systems to deliver enterprise-wide change.
- **Outsourcing:** Our clients entrust us with full or partial responsibility for their IT and business functions. In return, we deliver innovation, significant efficiency improvements and cost savings. Typical services in an end-to-end engagement include: application development, integration and maintenance; technology infrastructure management; and business process services, such as collections and payroll management. Outsourcing contracts are long-term in nature, with a typical duration of five to ten or more years allowing our clients to reinvest savings, further driving investments in their digital transformations.

CGI has a wide range of CGI-built IP-based business solutions that help shape opportunities and drive value for its clients and shareholders, including the following¹:

- *CGI Advantage* is a leading enterprise resource planning (“ERP”) solution that helps state and local governments improve their back-office operations and better serve their citizens. Its full suite of built-for-government applications includes financial management, budgeting, payroll, human resource management, regulatory management, case management, obligation recovery and business intelligence. *CGI Advantage* has had 400+ successful implementations spanning U.S. states, cities and counties. Clients include 22 state governments, the two largest U.S. cities by population and four of the six largest U.S. counties by population, including the largest. *CGI Advantage* delivery options include on-premises implementation, managed services hosted in a CGI data center, or as a “software as a service” (“SaaS”) offering.
- *Momentum* is an integrated ERP suite trusted by 150+ organizations across the three branches of the U.S. federal government, including intelligence and defense organizations. *Momentum* provides comprehensive capabilities to improve federal back-office operations. Its delivery options include on-premise implementation, managed services hosted in a CGI data center, or as a SaaS subscription-based offering.
- CGI's Credit Services Solutions, including *CGI Collections360*, *CGI Gateway360*, as well as other applications, are in use by hundreds of enterprises around the world to support their consumer and small business credit operations, improving their revenue management performance.
- *CGI Atlas360* is an end-to-end outsourcing solution with the ability to deliver individual components to support the needs of clients who require one or more specialized services, particularly those who would like to improve the customer experience using an omni channel solution. It is used in five continents, 70 countries and in 39 languages and its business process services include global call center support, fee processing, cash management and complex scheduling, all supported by a cloud-based customer relationship management software.
- *CGI Trade360* delivers all of the software, infrastructure and support resources necessary to power a bank's global trade business. Delivered as a SaaS offering, *CGI Trade360* enables banks to provide the full range of traditional trade, payables, receivables, factoring, collateral management and cash management services to their customers – anywhere, anytime – on a single, integrated and global platform. The *CGI Trade360* platform is built uniquely for multi-bank, multi-currency and multi-time zone processing, and supports more than 45,000 portal users in more than 90 countries.

¹ *CGI Advantage*, *Momentum*, *CGI Collections360*, *CGI Gateway360*, *CGI Atlas360* and *CGI Trade360* are trademarks or registered trademarks of CGI Group Inc. or its affiliates.

Markets for CGI's Services

CGI has long standing and focused practices in all of its core industries, providing clients with a partner that is not only an expert in IT, but expert in their industries. This combination of business knowledge and digital technology expertise allows us to help our clients adapt with shifts in consumer and citizen expectations and market dynamics and, in the process, allows us to evolve the services and solutions we deliver within those industries.

Our targeted industries include: government, financial services, health, utilities, communications, oil & gas, manufacturing, retail & consumer services, transportation and post & logistics. While these represent our go-to-market industry targets, we group these industries into the following for reporting purposes: government; financial services; health; communications & utilities; and manufacturing, retail & distribution (“MRD”).

As the move toward digitalization continues across industries, CGI partners with clients to help guide them in becoming customer-centric digital organizations.

Intangible Properties

We own and use various intangible assets which include, without limitation, brand names, trademarks, patents and patent applications, copyrights and copyrighted material, domain names, customer lists, know-how, tools, techniques, software, processes and methodologies. We derive value through the use of these assets in our business activities and they are central to our operations.

Our success depends, in part, on our ability to protect our proprietary intangible assets that we use to provide our services. We rely on a combination of contractual and licensing agreements and trademarks, copyright and patent laws to protect these assets against infringement.

Our general practice is to pursue trademark, patent, copyright, or other appropriate intellectual property protection that is timely and necessary to protect and leverage our intellectual assets for the longest possible period. We will continue to seek intellectual property protection for our technology, software, methodologies, processes, know-how, tools, techniques and other proprietary information and that throughout the various countries within which CGI operates.

Human Resources

As of September 30, 2017, CGI had approximately 71,000 professionals, whom we refer to as members. In order to encourage the high degree of commitment necessary to ensure the quality and continuity of client service, CGI offers its members the right to acquire Class A subordinate voting shares pursuant to a *Share Purchase Plan*. Among the countries in which we currently offer the Share Purchase Plan, approximately 56,000 of our members own Class A subordinate voting shares. The Company also has a *Profit Participation Plan* which reinforces our ownership culture by distributing a portion of the Company's profits to our members based on business performance.

Specialized Skills and Knowledge

The skills, expertise and competencies required by clients in the IT industry are constantly evolving. CGI strives to be one step ahead and adopts a proactive approach, not only by recruiting engaged and skilled professionals but more importantly by developing and retaining them to meet our clients' needs. In addition to training and development activities and participation in professional associations, our talent management strategy includes stretch project assignments (local and abroad), job shadowing, coaching, mentoring and access to leadership and core competencies development programs through CGI's Leadership Institute. Over the years, we have put in place multiple initiatives to meet our clients' needs, fulfill our business plans, maintain and develop professionals of very high calibre for the benefits of our clients, members and shareholders.

CGI Offices and Global Delivery Model

CGI serves its clients from offices and global delivery centers located in six continents: North America, South America, Europe, Africa, Asia and Australia. The global delivery centers enable CGI to provide its clients with the right mix of onshore, near-shore and off-shore IT services that best suits their business needs. CGI's main offices and global delivery centers are listed below:

Canada

Burnaby, BC	Halifax, NS†	Ottawa, ON	Sherbrooke, QC†
Calgary, AB	Markham, ON	Quebec City, QC†	Toronto, ON
Charlottetown, PEI†	Mississauga, ON†	Regina, SK†	Victoria, BC
Edmonton, AB	Moncton, NB†	Saguenay, QC†	
Fredericton, NB†	Montréal, QC†	Shawinigan, QC†	

United States

Albany, NY	Fairview Heights, IL	New York, NY	Troy, AL†
Atlanta, GA	Fairfax, VA	North Charleston, SC	Tuscon, AZ
Annapolis Junction, MD	Gales Ferry, CT	Phoenix, AZ†	Washington, DC
Belton, TX†	Houston, TX	Pittsburg, PA	Waterville, ME†
Birmingham, AL	Huntsville, AL	Sacramento, CA	Wausau, WI†
Burlington, MA	Lafayette, LA†	San Angelo, TX	
Cleveland, OH	Lakewood, CO	San Antonio, TX	
Columbia, SC	Lebanon, VA†	San Diego, CA	
Columbus, OH	Los Angeles, CA	Sierra Vista, AZ	
Dallas / Fort Worth, TX	Manassas, VA	Somersworth, NH	
Durham, NC	Mobile, AL†	Sterling, VA	

Europe, Asia Pacific, Latin America and Africa

Aarhus, Denmark	Eindhoven, Netherlands	London, U.K.	Riihimäki, Finland
Aalsmeer, Netherlands†	Espoo, Finland	Lyon, France†	Rotterdam, Netherlands
Amiens, France†	Gävle, Sweden	Maastricht, Netherlands	Sacavém, Portugal
Arnhem, Netherlands	Glasgow, U.K.	Madrid, Spain†	São Paulo, Brazil†
Ballerup, Denmark	Gloucester, U.K.	Málaga, Spain†	Sintra, Portugal
Bangalore, India†	Göteborg, Sweden	Malmö, Sweden	Stockholm, Sweden
Bertrange, Luxembourg	Grenoble, France	Manila, Philippines†	Strasbourg, France
Birmingham, U.K.	Groningen, Netherlands	Marseille, France	Sulzback (Taunus), Germany
Bordeaux, France†	Hamburg, Germany	Melbourne, Australia	Sundsvall, Sweden
Borlänge, Sweden	Heerlen, Netherlands	Milton Keynes, U.K.	Sydney, Australia
Bratislava, Slovakia	Helsinki, Finland†	Montpellier, France†	Tallinn, Estonia
Bremen, Germany†	Hoofddorp, Netherlands	Mumbai, India†	Tampere, Finland
Bridgend, U.K.†	Hyderabad, India†	Munich, Germany	Tartu, Estonia
Bristol, U.K.	Karlstad, Sweden	Nantes, France	Toulouse, France†
Brno, Czech Republic†	Köln / Bonn, Germany	Nice, France	Turku, Finland
Bromölla, Sweden	Krakow, Poland†	Oslo, Norway†	Warsaw, Poland†
Casablanca, Morocco†	Kuala Lumpur, Malaysia†	Östersund, Sweden†	
Chennai, India†	Lahti, Finland	Oulu, Finland	
Clermont-Ferrand, France	Le Mans, France	Paris, France	
Darmstadt, Germany	Leatherhead, U.K.	Porto, Portugal†	
Didsbury, U.K.	Leinfelden-Echterdingen, Germany	Prague, Czech Republic†	
Diegem, Belgium	Lille, France	Rabat, Morocco†	
Düsseldorf, Germany	Linköping, Sweden	Reading, U.K.	
Edinburgh, U.K.	Lisbon, Portugal†	Rennes, France	

† indicates cities where CGI operates global delivery centers.

All of CGI's offices are located in rented premises with the exception of the following properties, which are owned by CGI: one property in Belton, Texas; one property in Lebanon, Virginia where the land is leased with a right to purchase; one property in Phoenix, Arizona, which is a data center; one property in Montreal, Quebec, which is a data center; one property in Mississauga, Ontario, which is a data center; one property in Riihimäki, Finland; one office building in Mumbai, India that is built on land that we lease; one property in Odivelas, Portugal; one property in Bromölla, Sweden; and two properties in Bridgend, U.K., one of which is an office and delivery center and the other of which is a parcel of land.

Commercial Alliances

CGI currently has commercial alliance agreements with various business partners. These non-exclusive commercial agreements with hardware and software providers allow the Company to provide its clients with high quality technology, often on advantageous commercial terms. CGI's business partners include prominent hardware and software providers.

Quality Processes

CGI's ISO 9001 certified operations that are reflected in its management frameworks ensure that its clients' objectives are clearly defined, that projects are properly scoped and that the necessary resources are applied to meet objectives. These processes ensure that clients' requirements drive CGI's solutions. Clients are constantly kept informed; their degree of satisfaction is regularly measured and part of the incentive compensation of CGI managers is linked to the results.

The Company began working towards obtaining ISO 9001 certification for the portion of its operations covered by its *Project Management Framework* in 1993 and CGI's Quebec City office was granted ISO 9001 certification in June 1994, which allowed CGI to become North America's first organization in the IT consulting field to receive ISO 9001 certification for the way in which it managed projects. Beginning in 1995, CGI expanded its ISO 9001 certification throughout its Canadian, U.S. and international offices as well as its corporate headquarters. Over the past several years, in the context of CGI's high growth rate, its ISO certified quality system has been a key ingredient in spreading its culture, in part because it helps to integrate new members successfully.

As clients grow and IT projects become increasingly complex, CGI strives to further refine its quality processes while allowing them to branch out across all its activities. CGI's enhanced quality system, of which the *Client Partnership Management Framework* forms part, is simpler and provides the Company's business units with greater autonomy in a context of decentralized activities. CGI applications development centers in Mumbai, Hyderabad, Chennai and Bangalore in India, have also achieved SEI CMMi DEV Level 5 quality certification and ISO 27001 security management system certification.

CGI also obtained ISO 9001 certification for the application of its *Member Partnership Management Framework* in its operations and, in 2004, we similarly obtained ISO 9001 certification for the portion of our operations covered by our *Shareholder Partnership Management Framework* ("SPMF"). The SPMF structures the processes and information flows between CGI and its shareholders as well as with the investment community.

CGI now holds ISO quality certification for the management of its partnerships with each of its three major stakeholder groups, namely clients, members and shareholders.

The IT Services Industry

Trends and Outlook

CGI intends to continue executing on its “Build and Buy” growth strategy, expanding both through profitable organic growth (Build) and through accretive acquisitions (Buy). Today more than ever, government and commercial organizations across various industries are using technology to drive change. Any new service, program or efficiency improvement implemented as part of these changes brings a need for additional IT.

As part of our annual strategic planning activities in 2017, we held 1,300 face-to-face client interviews with business and technology executives across 10 industries in 17 countries. The key priority that emerged from these conversations was a clear and accelerating need across industries to transform in order to meet the growing digital needs of consumers and citizens. In line with this trend is a more pronounced focus on enterprise-wide digital strategies. The number of executives who said they are implementing enterprise-wide initiatives rose to 40 percent – up from just 12 percent from when we held interviews with executives in 2016.

These trends, along with the rise of technological innovation in areas such as automation and analytics, are driving increasing demand for secure enterprise solutions. Delivering on this client demand requires significant investments in scale, reach, and capabilities as well as the understanding that IT is not a commodity but a crucial asset to be protected.

Budget pressures and the need to improve performance remain an ongoing trend across industries, thereby presenting opportunities that the Company has successfully exploited in the past. We believe that the potential for end-to-end IT and business services and solutions – including high-end IT and business consulting, systems integration, outsourcing and intellectual property – remains enormous.

As part of our annual strategic planning activities and client interviews, CGI analyzes spending on IT and business process services in Canada, the U.S. and Europe. As the digital transformation of industries expands and as our clients develop enterprise-wide digital strategies, spending patterns are also changing. Our interviews indicate that clients in every industry plan to increase or maintain their IT spend and are planning to re-balance their budgets to spend more on new applications and reduce legacy costs. Over a three-year period, our interviews indicate that clients plan to more than double the allocation of their budgets to new projects. These findings are supported by external IT spend research conducted by Gartner Inc., which published a report on April 27, 2017 indicating that enterprise IT domain spending was forecast to increase over three years at a compounded annual growth rate (“CAGR”) of 3.4% across all geographies and industries aligned to CGI’s client proximity footprint. These estimates indicate a large untapped potential market for our end-to-end services and solutions.

Competitive Environment

In today’s digital era, there is a competitive urgency for organizations across industries to become digital in a sustainable way. The pressure is on to modernize legacy assets and connect them to digital business and operating models. Central to this massive transformation is the evolving role of technology. Traditionally viewed as an enabler, technology is now recognized as a driver of business transformation. The promise of digital creates an enormous opportunity to transform organizations end-to-end, and CGI is well-positioned to serve as a digital partner and expert of choice. We are working with clients across the globe to implement digital strategies, roadmaps and solutions that revolutionize the customer/citizen experience, drive the launch of new products and services, and deliver efficiencies and cost savings.

As the demand for digitalization increases, competition within the global IT industry is intensifying. CGI's competition comprises a variety of players; from niche companies providing specialized services and software, to global, end-to-end IT service providers and large consulting firms. All of these players are competing to deliver some or all of the services we provide. Many factors distinguish the industry leaders, including the following:

- Depth and breadth of industry and technology expertise;
- Consistent, on-time, within-budget delivery everywhere the client operates;
- Total cost of services and value delivered;
- Breadth of digital IP solutions;
- Ability to deliver practical innovation for measurable results;
- Global, nearshore and onshore delivery network options; and
- Local presence and strength of client relationships.

CGI compares very favourably with the competition with respect to all of these factors. We are not only delivering all of the capabilities clients need to compete in a digital world, but the immediate results and long-term value they expect. As the market dynamics and industry trends continue to increase demand for enterprise solutions from global, end-to-end IT and business consulting services firms, CGI is one of few firms with the scale, reach and capabilities to meet clients' enterprise needs.

Significant Developments of the Three Most Recent Fiscal Years

Key Performance Measures

The Company reports its financial results in accordance with International Financial Reporting Standards ("IFRS"). However, we use a combination of financial measures, ratios, and non-GAAP measures to assess the Company's performance. The non-GAAP measures used to report our financial results do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. The table below summarizes our non-GAAP measures and most relevant key performance measures:

Profitability

Adjusted EBIT (non-GAAP) – is a measure of earnings excluding acquisition-related and integration costs, restructuring costs, net finance costs and income tax expense as these items are not directly related to the cost of operations. Management believes this measure is useful to investors as it best reflects the Company's operating profitability and allows for better comparability from period to period as well as to trend analysis in our operations. A reconciliation of the adjusted EBIT to its closest IFRS measure can be found in section 3.7 of CGI's Management's Discussion and Analysis for Fiscal Year 2017.

Net earnings – is a measure of earnings generated for shareholders.

Diluted earnings per share (diluted EPS) – is a measure of earnings generated for shareholders on a per share basis, assuming all dilutive elements are exercised.

Net earnings excluding specific items (non-GAAP) – is a measure of net earnings excluding certain items not considered by management to be part of our day to day operations. By excluding these items, it provides a better evaluation of operating performance using the same measures as management uses for such purpose. Management believes that, as a result, investors are afforded greater transparency in assessing the true operational performance of the Company and that it also provides better comparability from period to period. A reconciliation of the net earnings excluding specific items (non-GAAP) to its closest IFRS measure can be found in section 3.8.3 of CGI's Management's Discussion and Analysis for Fiscal Year 2017.

Basic and diluted earnings per share excluding specific items (non-GAAP) – is defined as the net earnings excluding specific items (non-GAAP) on a per share basis. Management believes that this measure is useful to investors as it best reflects the Company's operating profitability on a per share basis and allows for better comparability from period to period. The basic and diluted earnings per share reported in accordance with IFRS can be found in section 3.8 of CGI's Management's Discussion and Analysis for Fiscal Year 2017, while the basic and diluted earnings per share excluding specific items can be found in section 3.8.3 of CGI's Management's Discussion and Analysis for Fiscal Year 2017.

Liquidity

Cash provided by operating activities – is a measure of cash generated from managing our day-to-day business operations. We believe strong operating cash flow is indicative of financial flexibility, allowing us to execute the Company's strategy.

Days sales outstanding (DSO) (non-GAAP) – is the average number of days needed to convert our trade receivables and work in progress into cash. DSO is obtained by subtracting deferred revenue from trade accounts receivable and work in progress; the result is divided by the quarter's revenue over 90 days. Deferred revenue is net of the fair value adjustments on revenue-generating contracts established upon business combination. Management tracks this metric closely to ensure timely collection and healthy liquidity, and is committed to a DSO target of 45 days or less. We believe this measure is useful to investors as it demonstrates the Company's ability to timely convert its trade receivables and work in progress into cash.

Growth

Constant currency growth (non-GAAP) – is a measure of revenue growth before foreign currency impacts. This growth is calculated by translating current period results in local currency using the conversion rates in the equivalent period from the prior year. Management believes that it is helpful to adjust revenue to exclude the impact of currency fluctuations to facilitate period-to-period comparisons of business performance. We believe that this measure is useful to investors for the same reason.

Backlog (non-GAAP) – includes new contract wins, extensions and renewals (bookings (non-GAAP)), partially offset by the backlog consumed during the period as a result of client work performed and adjustments related to the volume, cancellation and the impact of foreign currencies to our existing contracts. Backlog incorporates estimates from management that are subject to change. Management tracks this measure as it is a key indicator of management's best estimate of revenue to be realized in the future and believes that this measure is useful to investors for the same reason.

Book-to-bill ratio (non-GAAP) – is a measure of the proportion of the value of our bookings to our revenue in the period. This metric allows management to monitor the Company's business development efforts to ensure we grow our backlog and our business over time and management believes that this measure is useful to investors for the same reason. Management remains committed to maintaining a target ratio greater than 100% over a trailing twelve-month period. Management believes that the longer period is a more representative measure as the services and contract type, size and timing of bookings could cause this measurement to fluctuate significantly if taken for only a three-month period.

Capital Structure

Net debt (non-GAAP) – is obtained by subtracting from our debt our cash and cash equivalents, short-term investments, long-term investments and fair value of foreign currency derivative financial instruments related to debt. Management uses the net debt metric to monitor the Company's financial leverage. We believe that this metric is useful to investors as it provides insight into our financial strength. A reconciliation of net debt to its closest IFRS measure can be found in section 4.5 of CGI's Management's Discussion and Analysis for Fiscal Year 2017.

Net debt to capitalization ratio (non-GAAP) – is a measure of our level of financial leverage and is obtained by dividing the net debt by the sum of shareholder's equity and debt. Management uses the net debt to capitalization ratio to monitor the proportion of debt versus capital used to finance our operations and to assess the Company's financial strength. We believe that this metric is useful to investors for the same reasons.

Return on equity (ROE) (non-GAAP) – is a measure of the rate of return on the ownership interest of our shareholders and is calculated as the proportion of net earnings for the last 12 months over the last four quarters' average equity. Management looks at ROE to measure its efficiency at generating net earnings and how well the Company uses the invested funds to generate net earnings growth. We believe that this measure is useful to investors for the same reasons.

Return on invested capital (ROIC) (non-GAAP) – is a measure of the Company's efficiency at allocating the capital under its control to profitable investments and is calculated as the proportion of the net earnings excluding net finance costs after-tax for the last 12 months, over the last four quarters' average invested capital, which is defined as the sum of equity and net debt. Management examines this ratio to assess how well it is using its funds to generate returns. We believe that this measure is useful to investors for the same reason.

Events Subsequent to the Fiscal Year ended September 30, 2017

On October 6, 2017, the Company acquired Affecto Plc, a leading provider of business intelligence and enterprise information management solutions and services, headquartered in Helsinki, Finland for a total purchase price of \$137.4 million (€93.4 million). This acquisition adds more than 1,000 professionals and annualized revenues of approximately €110 million to the Company.

Fiscal Year ended September 30, 2017

Highlights and Key Performance Measures

Key performance figures for the year include:

- Revenue of \$10.8 billion, up 1.5%, or 4.3% in constant currency;
- Adjusted EBIT of \$1,586.6 million, up \$26.3 million;
- Adjusted EBIT margin of 14.6%, stable;
- Net earnings of \$1,035.2 million, down \$33.5 million;
- Net earnings excluding specific items¹ of \$1,107.0 million, up \$25.5 million;
- Net earnings margin of 9.5%, down 50 basis points;
- Net earnings margin excluding specific items¹ of 10.2%, up 10 basis points;
- Diluted EPS of \$3.41, down 0.3%;
- Diluted EPS excluding specific items¹ of \$3.65, up 5.5%;
- Bookings of \$11.3 billion, or 104% of revenue;
- Backlog of \$20.8 billion, down \$80.5 million; and
- Cash provided by operating activities of \$1,358.6, or 12.5% of revenue.

¹ Specific items include the acquisition-related and integration costs, restructuring costs, both net of tax, which are discussed in sections 3.7.1 and 3.7.2 of CGI's Management's Discussion and Analysis for Fiscal Year 2017.

Acquisitions

During the fiscal year ended September 30, 2017, the Company acquired through its subsidiaries four consulting companies in the US:

- On November 3, 2016, the Company acquired all units of Collaborative Consulting, LLC, a high-end IT consulting company with specialized expertise in financial, life sciences and public sectors, headquartered in Boston, Massachusetts;
- On April 19, 2017, the Company acquired all outstanding shares of Computer Technology Solutions, Inc., a high-end IT consulting company focused on commercial markets, specialized in cloud, analytics and digital transformation, headquartered in Birmingham, Alabama;
- On May 12, 2017, the Company acquired all outstanding shares of eCommerce Systems, Inc., a high-end IT consulting company focused on commercial markets, specialized in cloud, analytics and digital transformation, headquartered in Denver, Colorado; and
- On August 22, 2017, the Company acquired all outstanding shares of Summa Technologies, Inc., a high-end IT consulting company with expertise in digital experience and agile software development, headquartered in Pittsburgh, Pennsylvania.

These companies increase CGI's workforce by approximately 1,000 professionals and, together, generate annual revenues of approximately US\$182 million. These companies were acquired for a total purchase price of \$307.1 million (US\$230.2 million). They complement CGI's proximity model and further strengthen the Company's global capabilities across several in-demand digital transformation areas.

Long-Term Debt

On November 7, 2017, the unsecured committed revolving credit facility of \$1,500 million of the Company was extended by one year to December 2022 and can be further extended. There were no material changes in the terms and conditions including interest rates and banking covenants.

For the fiscal year ended September 30, 2017, we used \$180.9 million to reduce our outstanding long-term debt mainly driven by the scheduled repayment of a tranche of the Senior U.S. unsecured notes in the amount of \$113.6 million (US\$85.0 million). In addition, we drew \$200.0 million on the Company's unsecured committed revolving credit facility to purchase shares for cancellation under our NCIB.

Normal Course Issuer Bid ("NCIB")

On February 1, 2017, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of CGI's NCIB which allows for the purchase for cancellation of up to 21,190,564 Class A subordinate voting shares, representing 10% of the Company's public float as of the close of business on January 25, 2017. Class A subordinate voting shares may be purchased for cancellation under the current NCIB commenced on February 6, 2017 until the earlier of February 5, 2018 or the date on which the Company has either acquired the maximum number of Class A subordinate voting shares allowable under the NCIB, or elects to terminate the NCIB.

During the fiscal year ended September 30, 2017, the Company purchased for cancellation 19,929,268 Class A subordinate voting shares for approximately \$1,246.7 million at an average price of \$62.55 under the current NCIB and the Company's previous NCIB which ended on February 3, 2017. The purchased shares included 4,854,368 Class A subordinate voting shares purchased for cancellation from Caisse de dépôt et de placement du Québec ("CDPQ") for cash consideration of \$300.0 million. In accordance with the TSX rules, this purchase is considered in the annual aggregate limit that the Company is entitled to purchase for cancellation under the current NCIB. The NCIB allows for purchases outside of the facilities of the TSX by private agreements pursuant to exemption orders issued by securities regulatory authorities. As at September 30, 2017, all of these Class A subordinate voting shares were cancelled and paid.

As at September 30, 2017, the Company could purchase up to 7,358,996 Class A subordinate voting shares for cancellation under the current NCIB.

Bookings and Book-To-Bill Ratio

Bookings for the fiscal year ended September 30, 2017 were \$11.3 billion representing a book-to-bill ratio of 104.1%. Of the \$11.3 billion in bookings signed during this year, 42% came from new business, while 58% came from extensions and renewals.

Our largest verticals for bookings were government, MRD and financial services, making up approximately 36%, 24% and 21% of total bookings, respectively. From a reporting segment perspective, the U.S. accounted for 34% of total bookings, followed by the Nordics and France, each respectively at 15%.

Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth.

Foreign currency impact

Foreign currency rate fluctuations unfavourably impacted our revenue by 2.8%. This contrasts with a favourable impact of 3.7% in fiscal 2016 and a favourable impact of 2.0% in fiscal 2015. This is mainly driven by the timing of payments combined with the volatility and fluctuation of foreign exchange rates.

Fiscal Year ended September 30, 2016

Significant Developments

Key performance figures for the year include:

- Revenue of \$10.7 billion, up 3.9%;
- Bookings of \$11.7 billion, or 110% of revenue;
- Backlog of \$20.9 billion; up \$181.8 million;
- Adjusted EBIT of \$1,560.3 million, up 7.1%;
- Adjusted EBIT margin of 14.6%, up 40 basis points;
- Net earnings of \$1,068.7 million, up 9.3%;
- Net earnings margin of 10.0%, up 50 basis points;
- Diluted EPS of \$3.42, up 12.5%;
- Cash provided by operating activities of \$1,333.1 million, or 12.5% of revenue;
- Net debt of \$1.3 billion, down \$446.3 million; and
- Return on equity of 17.2%.

Long-Term Debt

On November 8, 2016, the unsecured committed revolving facility of \$1,500 million of the Company was extended by two years to December 2021. There were no material changes in the terms and conditions including interest rates and banking covenants.

For the fiscal year ended September 30, 2016, \$182.7 million was used to reduce our outstanding long-term debt mainly driven by \$129.7 million in repayment under the term loan credit facility, while we made net repayments of \$901.6 million to reduce our long-term debt the previous year. During the fiscal years ended September 30, 2016 and 2015, the Company used \$24.1 million and \$121.6 million respectively to settle the cross-currency swaps related to the outstanding long-term debt repaid during these periods. There was no outstanding amount under our revolving credit facility other than pursuant to letters of credit.

Normal Course Issuer Bid

On January 27, 2016, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of its NCIB to purchase up to 21,425,992 Class A subordinate voting shares for cancellation, representing 10% of the Company's public float as of the close of business on January 22, 2016. The Class A subordinate voting shares could be purchased for cancellation under the NCIB between February 11, 2016 and the earlier of February 3, 2017 or the date on which the Company had either acquired the maximum number of Class A subordinate voting shares allowable under the NCIB, or elected to terminate the NCIB.

During fiscal 2016, the Company purchased for cancellation 9,319,875 Class A subordinate voting shares for approximately \$517.8 million at an average price of \$55.56 under the then current NCIB. The purchased shares included 7,112,375 Class A subordinate voting shares purchased for cancellation from CDPQ for cash consideration of \$400.0 million. In accordance with the TSX rules, this purchase was considered in the annual aggregate limit that the Company was entitled to purchase for cancellation under its then current NCIB. The NCIB allowed for purchases outside of the facilities of the TSX by private agreements pursuant to exemption orders issued by securities regulatory authorities. As at September 30, 2016, the Company could purchase for cancellation up to 14,313,617 Class A subordinate voting shares under the then current NCIB.

Bookings and Book-To-Bill Ratio

Bookings for the year were \$11.7 billion representing a book-to-bill ratio of 109.8%. Of the \$11.7 billion in bookings signed during this year, 43% came from new business, while 57% came from extensions and renewals.

Our largest verticals for bookings were government, MRD and financial services, making up approximately 33%, 30% and 20% of total bookings, respectively. From a reporting segment perspective, the U.S. accounted for 25% of total bookings, followed by Canada at 21% and the Nordics at 15%.

Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth.

Foreign currency impact

Foreign currency rate fluctuations favourably impacted our revenue by 3.7%. This compared with a favourable impact of 2.0% in fiscal 2015.

Fiscal Year ended September 30, 2015

Significant Developments

Key performance figures for the year include:

- Revenue of \$10,3 billion;
- Bookings of \$11.6 billion; representing a book-to-bill ratio of 113.2%;
- Backlog of \$20.7 billion, up \$2.5 billion;
- Adjusted EBIT of \$1,457.3 million, up \$100.4 million;
- Adjusted EBIT margin of 14.2%, up 130 basis points;
- Net earnings prior to specific items¹ of \$1,005.1 million, up 12.5%;
- Net earnings margin prior to specific items¹ of 9.8% up 130 basis points;
- Diluted EPS prior to specific items¹ of \$3.13, up 11.8%;
- Cash provided by operating activities of \$1,289.3 million representing 12.5% of revenue;
- Return on invested capital of 14.5%;
- Net debt of \$1,779.6 million, down \$333.7 million; and
- Return on equity of 17.7%.

¹ Specific items include the integration costs related to the acquisition of Logica plc, the tax adjustments and the resolution of acquisition-related provisions which are discussed on page 23 of CGI's Management's Discussion and Analysis for Fiscal Year 2015.

Long-Term Debt

On November 9, 2015, the unsecured revolving credit facility of \$1,500 million was extended by one year to December 2019 under the same terms and conditions. All other terms and conditions, including interest rates and banking covenants, remained unchanged.

For the fiscal year ended September 30, 2015, \$901.6 million was used to reduce our outstanding long-term debt mainly driven by \$879.7 million in repayments under the term loan credit facility, while we made

net repayments of \$308.4 million on our long-term debt the prior year. Following the net repayments on our outstanding long-term debt, the Company used \$121.6 million to settle the related cross-currency swaps contract during fiscal 2015. Remaining outstanding amount under our term loan credit facility was \$129.2 million net of financing fees of \$163,000. The unsecured committed term loan credit facility expired on May 2016.

Normal Course Issuer Bid

On January 28, 2015, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of its NCIB to purchase up to 19,052,207 Class A subordinate voting shares for cancellation, representing 10% of the Company's public float as of the close of business on January 23, 2015. The Class A subordinate voting shares could be purchased for cancellation under the NCIB between February 11, 2015 and the earlier of February 10, 2016 or the date on which the Company had either acquired the maximum number of Class A subordinate voting shares allowable under the then current NCIB, or elected to terminate the NCIB.

During fiscal 2015, CGI purchased for cancellation 6,925,735 Class A subordinate voting shares for approximately \$332.5 million at an average price of \$48.01 under the then current NCIB. This included a total of 6,350,735 Class A subordinate voting shares purchased for cancellation between May and September 2015 pursuant to issuer bid orders issued by the Ontario Securities Commission at a price representing a discount to the prevailing market price of the shares on the TSX. The NCIB allowed for purchases outside the facilities of the TSX by private agreements pursuant to exemption orders issued by securities regulatory authorities. As at September 30, 2015, the Company could purchase up to 12,126,472 shares for cancellation under the then current NCIB.

Bookings and Book-To-Bill Ratio

Bookings for the year were \$11.6 billion representing a book-to-bill ratio of 113.2%. Of the \$11.6 billion in bookings signed during this year, 36% came from new business, while 64% came from extensions and renewals.

Our largest verticals for bookings were government, communications & utilities and financial services, making up approximately 28%, 27% and 20% of total bookings, respectively. From a geographical perspective, Canada accounted for 29% of total bookings, followed by the U.S. at 21% and the Nordics at 14%.

Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth.

Foreign currency impact

Foreign currency rate fluctuations favourably impacted our revenue by 2.0%.

FORWARD LOOKING INFORMATION AND RISKS AND UNCERTAINTIES

Forward-Looking Information

All statements in this Annual Information Form that do not directly and exclusively relate to historical facts constitute “forward-looking statements” within the meaning of Section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are “forward-looking information” within the meaning of Canadian securities laws. These statements and this information represent CGI’s intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements or forward-looking information. These factors include but are not restricted to: the timing and size of new contracts; acquisitions and other corporate developments; the ability to attract and retain qualified employees; market competition in the rapidly evolving information technology industry; general economic and business conditions; foreign exchange and other risks identified or incorporated by reference in this Annual Information Form, in CGI’s annual and quarterly Management’s Discussion and Analysis and in other public disclosure documents filed with the Canadian securities regulators (on SEDAR at www.sedar.com) and with the U.S. Securities and Exchange Commission (on EDGAR at www.sec.gov), as well as assumptions regarding the foregoing. The words “believe”, “estimate”, “expect”, “intend”, “anticipate”, “foresee”, “plan”, and similar expressions and variations thereof, identify certain of such forward-looking statements or forward-looking information, which speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking statements and forward-looking information. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements or on this forward-looking information.

Risks and Uncertainties

The description of risks affecting CGI and its activities can be found in section 10 at pages 51 to 58 of CGI’s Management’s Discussion and Analysis for Fiscal Year 2017, which pages are incorporated by reference herein.

LEGAL PROCEEDINGS

The Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on the Company’s financial position, results of operations or the ability to carry on any of its business activities.

TRANSFER AGENT AND REGISTRAR

The Company’s transfer agent for the Company’s Class A subordinate voting shares and Class B shares is Computershare Investor Services Inc. whose head office is located in Toronto, Ontario. Share transfer service is available at Computershare’s Montreal, Quebec, and Toronto, Ontario, offices as well as at the offices of Computershare Trust Company, N.A. in Canton, MA, Jersey City, NJ and Louisville, KY.

AUDITORS

The auditors of the Company are Ernst & Young LLP. They have confirmed their independence to the Audit and Risk Management Committee of the Company's Board of Directors.

The Company incorporates by reference the disclosure under the heading *Fees Billed by the External Auditors* on page 55 of CGI's Management Proxy Circular dated December 11, 2017.

ADDITIONAL INFORMATION

The Company will provide to any person, upon request to the Company, (i) a copy of this Annual Information Form of the Company, together with a copy of any document incorporated by reference therein, (ii) a copy of the annual audited consolidated financial statements of the Company for the fiscal year ended September 30, 2017 together with the accompanying report of the auditor and a copy of any subsequent interim financial statements, (iii) a copy of the Management Proxy Circular dated December 11, 2017 and (iv) a copy of the Management's Discussion and Analysis for the fiscal year ended September 30, 2017.

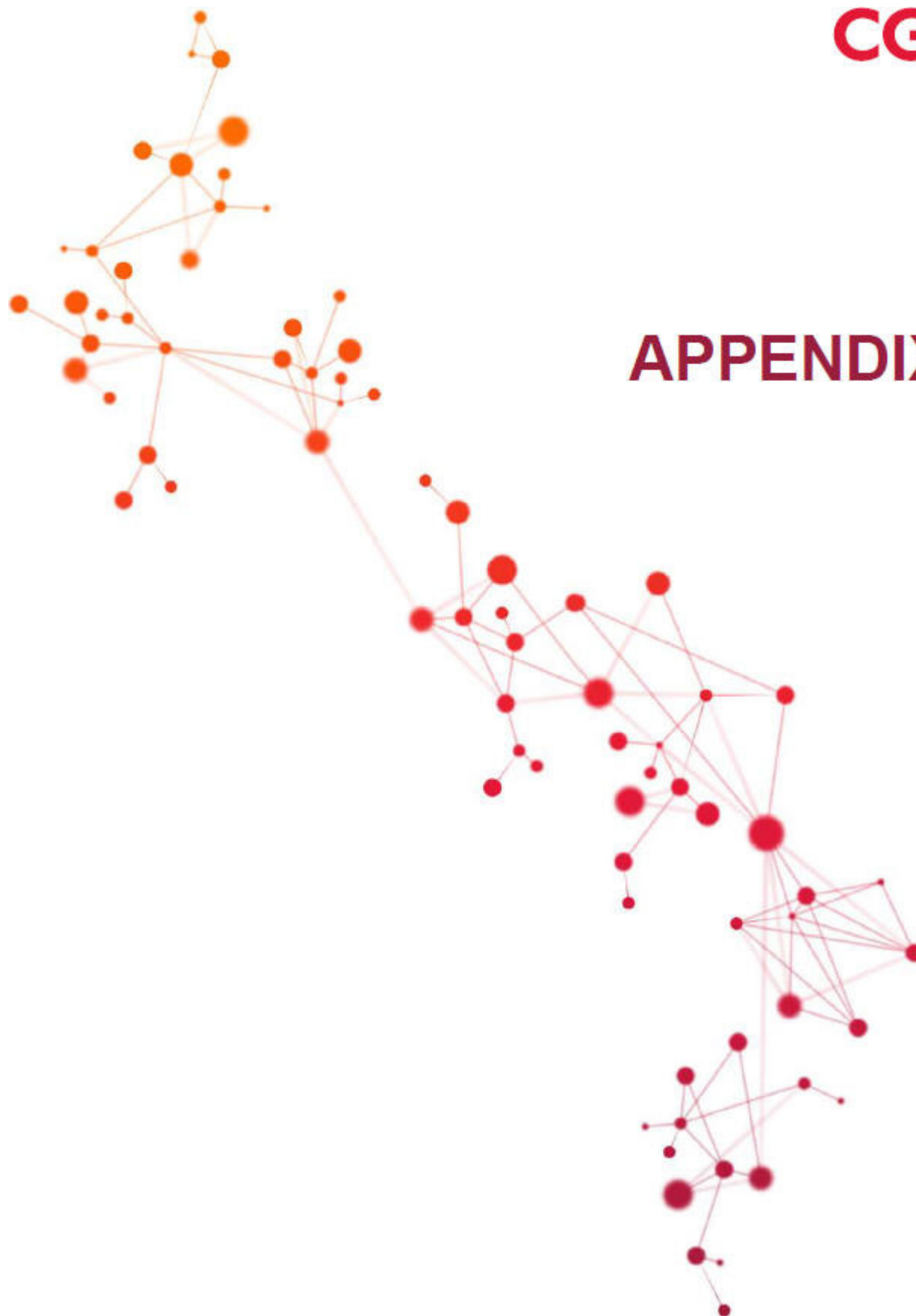
Additional information regarding, among others, directors' and named executive officers' compensation and indebtedness, securities authorized for issuance under equity compensation plans and principal holders of the Company's shares, is included in the Management Proxy Circular dated December 11, 2017.

Additional financial information in relation to the fiscal year ended September 30, 2017 is presented in the annual audited consolidated financial statements of the Company and in the related Management's Discussion and Analysis of the Company.

The documents mentioned above are available on the Canadian Securities Administrators' website at www.sedar.com and on the Company's website at www.cgi.com. You can also obtain a copy of such documents by contacting CGI's Investor Relations by sending an e-mail to ir@cgi.com, by visiting the Investors section on the Company's website at www.cgi.com or by contacting us by mail or phone:

Investor Relations
1350 René-Lévesque Blvd. West
15th Floor
Montreal, Quebec
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APPENDIX



Appendix A

CGI GROUP INC.

Fundamental Texts

The following documents form part of CGI's Fundamental Texts and may be found on the pages indicated below:

<u>Dream, Vision, Mission and Values</u>	2
<u>CGI Management Foundation</u>	10
Documents and Policies Pertaining to Corporate Governance	
– <u>Charter of the Board of Directors</u>	15
– <u>Charter of the Corporate Governance Committee</u>	23
– <u>Charter of the Human Resources Committee</u>	29
– <u>Charter of the Audit and Risk Management Committee</u>	34
Codes of Ethics	
– <u>Code of Ethics and Business Conduct</u>	44
– <u>Executive Code of Conduct</u>	61
– <u>CGI Anti-Corruption Policy</u>	63



Fundamental Texts of CGI Group Inc.

Presentation

This set of documents presents the fundamental texts that define CGI and its management approach. The fundamental texts address not only members of the board of directors, CGI's executive team and the company's shareholders, but also all CGI members as well as anyone who wishes to consult them. Their main objective is to provide a better understanding of the most essential aspects of the company. It is our hope that this understanding will generate a shared vision of what constitutes CGI and of the community of thought that is essential to the company's success. The document will also provide all CGI members with an understanding that will allow them to participate fully in the life of the company and to better represent CGI.

THE FUNDAMENTAL TEXTS INCLUDE:

<u>Presentation</u>	i
<u>1. Dream, Vision, Mission, and Values</u>	1
<u>2. CGI Management Foundation</u>	9
<u>3. Documents and Policies Pertaining to Corporate Governance</u>	14
<u>3.1 Charter of the Board of Directors</u>	15
<u>3.2 Charter of the Corporate Governance Committee</u>	23
<u>3.3 Charter of the Human Resources Committee</u>	29
<u>3.4 Charter of the Audit and Risk Management Committee</u>	34
<u>4. Codes of Ethics</u>	43
<u>5. Appendices</u>	72



1. Dream, Vision, Mission, and Values

Dream, Vision, Mission and Values

This document constitutes Chapter 1 of the Fundamental Texts of CGI Group Inc. It begins with the mission statement of the company and is followed by the vision, the dream and the values of CGI. By “dream”, we essentially mean the intent or initial desire that led to the creation of our company and continues to drive its operation and growth. It also extends to the main principles and governing ideas that define the company’s philosophy in its important cultural and organic aspects. This presentation of CGI’s dream and values is therefore intended to impart in a succinct manner the company’s character, essence, dynamism, values and culture, and the creative impulse that culminated in its creation and of which it is an extension.

A. THE CGI DREAM

A number of governing ideas inspired the creation of CGI and continue to drive its development. These ideas constitute what we call the CGI “dream”. It is a dream based on a set of values to which we are profoundly attached.

The dream has allowed us to assemble, all around the world, a team of extraordinary men and women who share it and are building a company that reflects their aspirations - who are, in fact, building their “own” company. Over the years, our team has built a clientele we are extremely proud of and whom we are dedicated to serving with the utmost skill.

This dream has its roots in the original and simple idea that first motivated CGI’s founders when they created the company:

“To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of.”

From this very basic idea grew an entire business philosophy.

It goes without saying that creating this type of environment is particularly challenging in consulting companies such as ours. Personnel generally work at client locations, making it difficult to develop a sense of belonging through a shared workplace. There is the risk of certain people being “forgotten” when they spend long periods at a client site, and this risk is amplified when these individuals have few CGI colleagues working on the same engagement.

B. THE CGI VISION AND MISSION

Our vision is to be a global world class information technology and business process services leader helping our clients succeed.

The mission of CGI is to help our clients succeed through outstanding quality, competence and objectivity, providing thought leadership and delivering the best services and solutions to fully satisfy client objectives in information technology, business processes and management.

In all we do, we foster a culture of partnership, intrapreneurship, teamwork and integrity, building a global world class information technology and business process services company.

With this mission statement, we are endeavouring to describe not only the company's purpose, but also our ambition and values. In doing so, we hope, in a few words, to advance an overall understanding of these essential aspects of CGI.

The following section will foster a more thorough comprehension of the dream associated with this mission and the values referred to in the mission statement.

C. THE CGI CULTURE AND VALUES

To succeed in creating a highly favourable environment within such a context, CGI has fostered a corporate culture rooted in participation in the company and focused on each of its members. Developing a corporate culture, despite members often working at a distance, began with explicitly defining and then sharing common values. Our fundamental belief is that a company with an inspiring dream, unparalleled integrity, a caring, humane management philosophy and solid values is better able to attract and respond to the profound aspirations of remarkably high-calibre, competent people. These people in turn will seek out a select clientele, one aware of the company's values, and will deliver high-quality services at a competitive price, while meeting the company's profitability objectives. The growth and profitability generated as a result will allow CGI to offer its shareholders a superior and sustained return on their investment.

To support our dream and to create such an environment, we have adhered to a number of principles or governing ideas:

1. Sharing the same values
2. Embracing the objectives of our clients
3. Adopting a caring, humane approach towards our members
4. Focusing on synergy and the strength of teamwork
5. Participating in the development of our company as its owner-shareholders, and sharing in its wealth
6. Promoting robust, healthy and sustainable growth to the benefit of all stakeholders
7. Implementing a management model aligned with our dream and values

1. Sharing the same values

Sharing the same values allows us to enjoy considerable autonomy and swiftness of action without compromising our cohesiveness. It also allows us to mobilize teams more rapidly and bring together the most experienced individuals from across the company, who are able to quickly work as one to address a given challenge. And, of course, these values also guide our decisions and actions.

PARTNERSHIP AND QUALITY

For us, partnership and quality are both a philosophy and a way of life. We constantly deepen our understanding of our clients' business and we develop and follow the best management practices. We entrench these approaches into client relationship and service delivery frameworks in order to foster long term and strong partnerships with our clients. We listen to our clients and we are committed to their total satisfaction in everything we do.

OBJECTIVITY AND INTEGRITY

We exercise the highest degree of independent thinking in selecting the products, services and solutions we recommend to clients. In doing so, we adhere to the highest values of quality, objectivity and integrity. We do not accept any remuneration from suppliers. We always act honestly and ethically. We never seek to gain undue advantages and we avoid conflicts of interest, whether real or perceived.

INTRAPRENEURSHIP AND SHARING

Our collective success is based on our competence, commitment and enthusiasm. We promote a culture of innovation and initiative where we are empowered with a sense of ownership in supporting clients, thus ensuring our profitable growth. Through teamwork, sharing our know-how and expertise across our global operations, we bring the best of CGI to our clients. As members, we share in the value we create through equity ownership and profit participation.

RESPECT

In all we do, we are respectful of our fellow members, clients, business partners and competitors. As a global company, we recognize the richness that diversity brings to the company and welcome this diversity while embracing the overall CGI business culture.

FINANCIAL STRENGTH

We strive to deliver strong, consistent financial performance which sustains long term growth and benefits both members and shareholders. Financial strength enables us to continuously invest in our members' capabilities, our services and our business solutions to the benefit of our clients. To this end, we manage our business to generate industry superior returns.

CORPORATE SOCIAL RESPONSIBILITY

Our business model is designed to ensure that we are close to our clients and communities. As members, we embrace our social responsibilities and contribute to the continuous development of the communities in which we live and work.

2. Embracing the objectives of our clients

At CGI, we believe that accomplishing outstanding work provides one with a strong sense of fulfilment. Our high-quality work allows us to forge rewarding relationships with our colleagues and clients and to experience the pleasure of our own creativity when we find an ideal solution to address our clients' needs.

To this end, we strongly encourage our members to develop a listening attitude to ensure that an understanding of the client's particular situation and needs takes priority in all that we do. For this reason, we foster a culture of independence, objectivity and integrity. We want our clients to know that we understand their objectives and are committed to finding the solution that is right for them. Our flexibility in establishing customized business relationships demonstrates our keen interest in our clients' objectives, cultural environment and values.

This in-depth understanding of our clients' objectives is one of the keys to our success and is as present in our short-term engagements as it is in our outsourcing contracts extending over multiple years.

However, embracing the objectives of our clients goes far beyond simply understanding them. It demands, for example, that we sincerely commit to offering the very best of ourselves in order to demonstrate to clients that we support them as completely as if we were their own employees. It is essential that they "experience our commitment".

3. Adopting a caring, humane approach towards our members

Although the demands of our industry are considerable, CGI has always believed that this in no way conflicts with the very humane and caring approach we take in all of the relationships we foster. And while our human resources policies and Member Partnership Management Framework embody this concern and commitment, for CGI, this is also an issue of maturity and genuine leadership. It is a question of the quality of "being". To foster this attitude of caring and sensitivity towards others, CGI has led by example. Since the inception of the company, this approach has been transmitted, most notably through the example set by our founders as well as by teamwork and the CGI Leadership Institute, and is today an integral component of CGI's spirit and culture.

4. Focusing on synergy and the strength of teamwork

CGI favours the accomplishment of work through synergy, which refers to the pooling of our members' skills, experience and creative abilities in all aspects of corporate life. Whether deciding on the direction to take in a service proposal or determining the best solution for a client, we incorporate synergy into everything we do.

Normally, a synergy group will hold meetings at key milestones throughout the entire lifespan of a given engagement. The group not only includes subject matter experts, but also less experienced members, who gain knowledge from their colleagues and are therefore able to more rapidly hone their own expertise. The objective is always to find appropriate and proven solutions for our clients. This practice is entrenched in our Quality System, which has earned ISO 9001 certification.

The practice of synergy underscores an outstanding cultural trait: at CGI, we believe that we are stronger and that everyone benefits when we work as a team. Our clients receive services of higher quality, and our members constantly learn from one another through concrete achievements.

5. Participating in the development of our company as its owner-shareholders, and sharing in its wealth

It is important that our members consider CGI as “their” company and that they participate in its growth and development. Involvement in professional groups that help maintain CGI's leadership position is just one of the many such forms of participation.

However, for this involvement in the company to be complete and rewarding, we feel it necessary that all CGI members be able to also share in the benefits generated by their activities. For this reason, since its founding, CGI has offered all of its members the opportunity to be shareholders and owners of their company. To this end, CGI has implemented a Share Purchase Plan, through which it pays half the cost of shares up to a certain amount. Members also qualify for a portion of the company's annual profits when objectives are met (Profit Participation Plan). This capital sharing opportunity has existed since CGI was established.

It is an approach that incorporates many advantages:

FOR OUR CLIENTS

Because of this approach, CGI has very few freelance or contract employees. This helps assure our clients that the experience we acquire through working with them is more likely to remain in the company. Moreover, the people they deal with at CGI are also owners of the company and are therefore completely committed to producing high-quality, dependable work in order to strengthen the client relationship.

FOR OUR SHAREHOLDERS

Our external shareholders can rest assured that, as fellow owners, all of CGI's members have their mutual interests at heart, i.e. a desire to see the company grow and the drive to execute each contract in a way that will yield the targeted profit margin. This also impacts business development, for, as shareholders, our members strive to promote the company's growth, but will not sacrifice profitability by submitting counter-productive bids. And finally, shareholders are also assured that all of our members will manage the company's costs as if they were their own.

FOR OUR MEMBERS

As members and shareholders, we feel above all that the growth in value, which we are contributing to, does provide us with a lucrative return over the long term. It is indeed more stimulating to work for a company that values the sharing of wealth. This also guarantees greater transparency in the management of the company. Because we must communicate our financial results to everyone, all of CGI's managers are more accountable to the people they lead and are more likely to involve them in the decision process. We believe that our approach to corporate ownership fosters greater overall dynamism and cohesiveness of action. This also allows us to attract and retain individuals with a genuine desire to build and develop the company.

6. Promoting robust, healthy and sustainable growth to the benefit of all stakeholders

Robust, healthy and sustained growth is vital to the company's success. Much of our clientele consists of large companies with operations extending over many countries. We are committed to serving these clients well, often through long-term relationships that require us to deploy professionals in sufficient numbers where clients operate. The growth of our clients' business requires that we grow with them. Also, as a result of our success, an increasing number of clients call upon us to provide them with services. Robust growth is therefore intrinsic to the nature of the business we are in.

Growth is not only a vital component of our activities and essential to our clients, it also benefits our members. It provides them with an opportunity to embark upon new and stimulating challenges and develop their own potential. And growth, when financially healthy and profitable, clearly benefits all of our shareholders (including our member shareholders) through the value it generates.

To maintain healthy and sustained growth, it is important that the companies or groups that join our ranks be welcomed and well integrated into our operations. In order to succeed in its growth strategy, CGI has developed its integration capability into a core competency. This capacity to integrate is based on three main axes. The first axis is aimed primarily at welcoming newcomers, answering their legitimate questions, confirming their new conditions of employment and, above all, allowing them to discover CGI by sharing its dream and values. The second axis is directed towards establishing the various synergy goals linked to an acquisition or an outsourcing deal. This encourages all parties to understand that this combination of strengths offers new, stimulating opportunities. The third axis is aimed at assuring the organizational transition and a rapid transfer to the CGI Management Foundation, especially with regards to the Quality System.

It follows that there ought to be an equilibrium of interests among all of the company's core stakeholders: clients, members and shareholders.



It is of course also essential that, as it grows, our company continues to act as a responsible corporate citizen by respecting and supporting the communities in which it operates and by respecting the environment.

The following are a few concrete examples of how this balanced approach promotes the healthy and sustained growth of CGI:

- We must ensure, at every step of our growth that we preserve the quality of the services we offer to our current and future clients.
- We must also ensure that our members are adequately prepared to face the new challenges we offer them and that they have the resources needed to accomplish their work.
- Growth must not come at the expense of the communities where we do business, or of the environment in general. In fact, we are committed to participating in the development of these communities and the protection of the environment.
- We strive to ensure that our growth and development efforts provide short-term benefits without negatively impacting our long-term performance. We believe this also to be in the best interests of our shareholders.

When the above conditions are met, robust, healthy, balanced and sustainable growth will follow.

7. Implementing a management model aligned with our dream and values

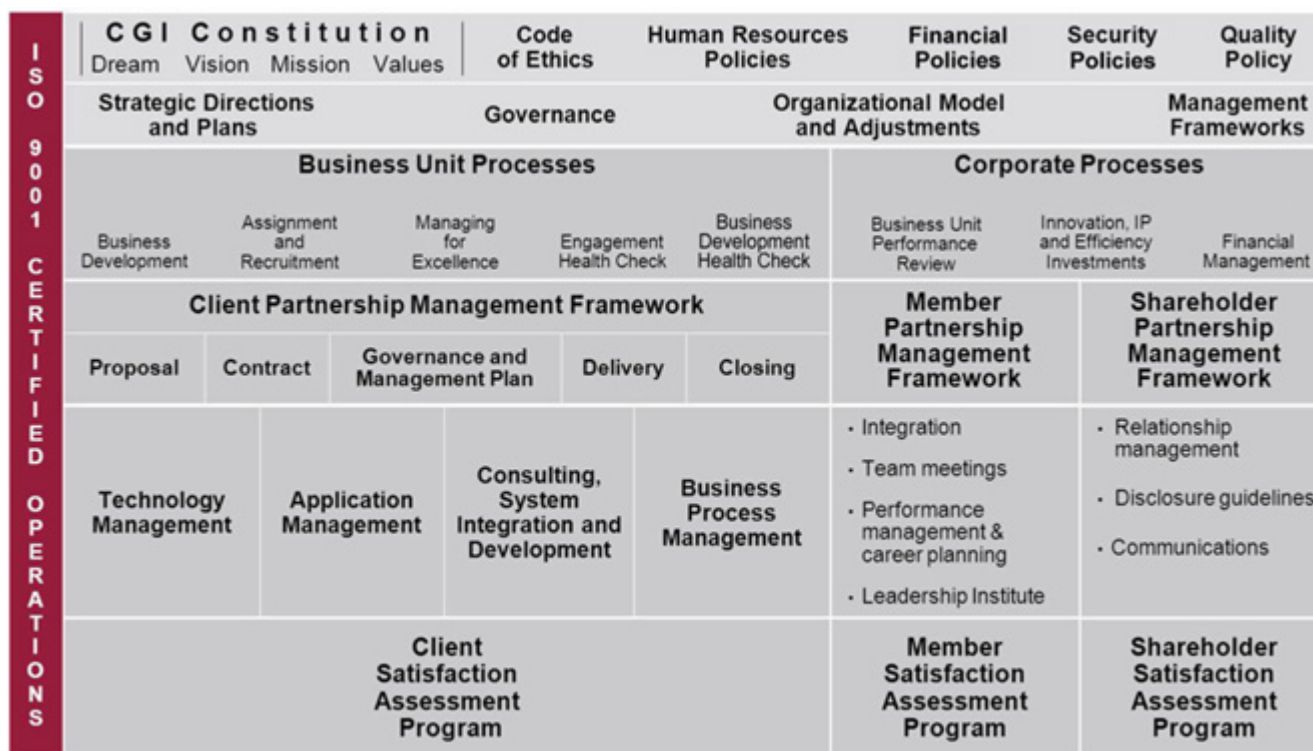
CGI's dream is being fulfilled every day through the constant efforts of our members who share and believe in this dream. It is also achieved through a disciplined management approach that is based on the company's objectives to produce high quality work for its clients, promote the development of its members and provide high value to its shareholders



2. CGI Management Foundation

CGI Management Foundation

INTRODUCTION



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Version 4.0.52

In the above diagram, we have assembled the key elements that define and guide the management of CGI. For this reason, these elements have been called the CGI Management “Foundation.” They reflect our collective experience and have been developed to make our actions as efficient as possible. This efficiency must first and foremost respect a number of principles, which are themselves integrated into the CGI Management Foundation and deserve to be emphasized:

- 1) the primacy of the dream, the vision, the mission and the values of the company;
- 2) the equilibrium between the legitimate interests of our clients, members and shareholders;
- 3) the balance between the need to assure cohesiveness and rigour in the management of the company and the commitment to promote autonomy, initiative and entrepreneurship.

The CGI Management Foundation intends to guide rather than prescribe.

Thus, it offers a certain amount of freedom in order to remain focused on our essential goal: to provide high-quality services truly adapted to our clients’ needs.

We will now examine the individual elements of the Foundation.

DREAM, VISION, MISSION, VALUES, QUALITY POLICY, STRATEGIC DIRECTIONS AND PLANS

The first section of the diagram aims at ensuring that all decisions are well aligned on the dream, vision, mission, and values of the company. These are described in the first section of this document.

The next component is our Quality Policy. It has earned ISO 9001 certification, which requires that CGI demonstrate every year to external evaluators that its Quality Policy is applied across all of its operations.

The final component of this uppermost section focuses on Strategic Directions and Plans. These are established on an annual and triennial basis according to a rigorous process that includes extensive participation from within the company as well as from our clients and our shareholders. The emphasis placed on involving all business units and corporate services in the planning process helps ensure that the objectives established and methods selected are shared by all to the fullest extent possible and that they generate enthusiastic commitment in their implementation.

GOVERNANCE POLICIES AND FRAMEWORKS, HUMAN RESOURCES POLICIES, FINANCIAL POLICIES AND ORGANIZATIONAL MODEL

The first component of the second section refers to the company's governance policies and frameworks. These policies and frameworks are comprised of the following documents:

- 1) the Charters of the Board of Directors and its standing committees;
- 2) the Codes of Ethics, to which members, officers and directors of the company must adhere;
- 3) the Operations Management Framework, which outlines the delegation framework with respect to decision making (e.g. who may authorize and sign a million dollar proposal; who may authorize promotion to a vice-president's position).

The second component involves human resources policies. CGI members can access all of the company's human resources policies, from compensation and training to career development, on CGI's internal portal.

The third component focuses on financial policies. It covers how we determine our profitability objectives, target ratios (e.g. profit margins, maximum percentage allotted to certain expenses), how and when our financial results are prepared, the rules governing disclosure of results, etc. These policies and rules are outlined in a document under the responsibility of the Chief Financial Officer, and the most pertinent elements are communicated to all of our members.

Finally, the organizational model favoured by CGI is one that provides considerable autonomy to our business units. This model consists of creating business units in major cities in the regions that we serve. We also put a high priority on establishing solid business relationships within these regions, particularly with the decision makers from the companies operating in these cities. Each of these "metropolitan" business units is structured according to the key economic sectors served by CGI (finance, telecommunications, etc.). The implementation of a service offering for clients which have operations in multiple regions or countries is achieved through collaboration among business units, which, in the case of large contracts and particularly those involving outsourcing, can result in entire business units being dedicated to our major clients or to groups of clients who share the same needs. Consulting services and centres of expertise throughout CGI ensure that knowledge, strategies and leading-edge solutions are shared within the entire company.

BUSINESS UNIT PROCESSES AND PARTNERSHIP MANAGEMENT FRAMEWORKS

Business Unit Processes					Corporate Processes		
Business Development	Assignment and Recruitment	Managing for Excellence	Engagement Health Check	Business Development Health Check	Business Unit Performance Review	Innovation, IP and Efficiency Investments	Financial Management
Client Partnership Management Framework					Member Partnership Management Framework	Shareholder Partnership Management Framework	
Proposal	Contract	Governance and Management Plan	Delivery	Closing			
Technology Management	Application Management	Consulting, System Integration and Development	Business Process Management		• Integration • Team meetings • Performance management & career planning • Leadership Institute	• Relationship management • Disclosure guidelines • Communications	

The Business Unit Processes explain how the Client Partnership Management Framework and the Member Partnership Management Framework are applied locally in each business unit. They also describe how business development activities and other initiatives crucial to the smooth operation of each business unit should be managed.

The activities at the core of the operational management of CGI are aligned onto three management frameworks: the Client Partnership Management Framework, the Member Partnership Management Framework and the Shareholder Partnership Management Framework. These frameworks are the cornerstones of a continuous improvement process that is supported by the documentation and the systematic, audited application of our best practices. The process is also constantly fuelled by client, member and shareholder evaluations of our activities and performance.

The first is the Client Partnership Management Framework. CGI's leadership position in its industry is contingent upon its ability to deliver services of the highest quality to its clients at competitive prices and within the established time frames. The Client Partnership Management Framework is the basis of how we manage our relationships with our clients. For each of type of mandates (outsourcing, projects, and consulting services), this framework guides our teams in the achievement of all phases of their work, from the proposal to its completion of the mandate. It is based not only on our best practices, but also relies on the industry's best standards and practices. A rigorous, regular program to evaluate the satisfaction of our clients allows us to measure our progress and continuously improve our practices. This evaluation is conducted on a face-to-face basis with the client, who must sign the evaluation. Each year, CGI establishes improvement objectives based on the results obtained the previous year.

The Member Partnership Management Framework guides all of our managers through the communications and dialogue activities they have with their teams. This cycle begins with welcoming activities and is followed by informal meetings, team meetings at various levels, career planning and performance reviews. We measure the satisfaction of our members annually through a survey conducted by an outside firm. Members

can also use the survey to communicate their observations and suggestions to the head of their business unit or the CGI executive team. The results are published, and commitments are made by the leaders of both the business units and the company itself to address the comments submitted and make needed improvements.

The Shareholder Partnership Management Framework describes our information and relationship program with our investors beyond the prescribed activities associated with corporate governance, transparency and the disclosure of results.

Client Satisfaction Assessment Program	Member Satisfaction Assessment Program	Shareholder Satisfaction Assessment Program

The final section refers to the way we measure our results. First and foremost, we systematically measure the satisfaction levels of active clients regularly. We also measure member satisfaction annually, and we are currently developing a shareholder satisfaction measurement tool.



3. Documents and Policies Pertaining to Corporate Governance

Documents and Policies Pertaining to Corporate Governance

3.1 Charter of the Board of Directors

Important note

Chapter 1, Dream, Vision, Mission, and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Charter. This Charter should therefore be read in conjunction with Chapter 1.

1. INTERPRETATION

“Financially Literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

“Independent Director” means a director who meets the independence criteria set out in section 1.4 of Multilateral Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators and as amended and in effect as of June 30, 2005, which is reproduced in Appendix A.

2. OBJECTIVES

CGI’s shareholders are the first and most important element in the Company’s governance structures and processes. At each annual general meeting, the Company’s shareholders elect the members of the Company’s Board of Directors and give them a mandate to manage and oversee the management of the Company’s affairs for the coming year.

In the normal course of operations, certain corporate actions which may be material to CGI are initiated from time to time by the Company’s senior management and, at the appropriate time, are submitted to CGI’s Board of Directors for consideration and approval. When appropriate, such matters are also submitted for consideration and approval by CGI’s shareholders. All such approvals are sought in accordance with the charters of the Board of Directors and standing committees, CGI’s corporate governance practices and applicable corporate and securities legislation.

The overall stewardship of the Company is the responsibility of the Board of Directors. In accomplishing the mandate it receives from the Company’s shareholders, the Board of Directors may delegate certain of its authority and responsibilities to committees and management and reserve certain powers to itself. Nonetheless, it will retain full effective control over the Company.

3. COMPOSITION

- 3.1 The majority of the Board of Directors shall be comprised of Independent Directors. The application of the definition of Independent Director to the circumstances of each individual director is the responsibility of the Board of Directors which will disclose on an annual basis whether it is constituted with the appropriate number of directors which are Independent Directors and the basis for its analysis. The Board of Directors will also disclose which directors are Independent Directors or not and provide a description of the business, family, direct and indirect shareholding or other relationship between each director and the Company.
- 3.2 The Company expects and requires directors to be and remain free of conflictual interests or relationships and to refrain from acting in ways which are actually or potentially harmful, conflictual or detrimental to the Company's best interests. Each director shall comply with the Company's formal code of ethics and business conduct that governs the behaviour of members, directors and officers and shall complete and file annually with the Company any and all documents required pursuant to such formal code of ethics and business conduct with respect to conflict of interests. This matter will also be reviewed annually by the Corporate Governance Committee. The Board of Directors will monitor compliance with said code as well as with the Company's executive code of conduct applicable to its principal executive officer, principal financial officer, principal accounting officer or controller, or other persons performing similar functions within the Company. The Board will also be responsible for the granting of any waivers from compliance with the codes for directors and officers. The Board of Directors will disclose in due time the adoption of such codes as well as all waivers and specify the circumstances and rationale for granting the waiver.
- 3.3 The Board of Directors, following advice of its Corporate Governance Committee, is responsible for evaluating its size and composition and establishing a Board comprised of members who facilitate effective decision-making, have appropriate skills and diverse background. The Company's target is to have women represent at least 30% of its directors. The Board of Directors has the ability to increase or decrease its size.
- 3.4 CGI's corporate governance practices require that all members of CGI's Board of Directors be both financially and operationally literate. "Financial Literacy" means that the director has the knowledge and skills necessary to read and understand CGI's financial statements. "Operational literacy" means that the director has substantial experience in the execution of day to day business decisions and strategic business objectives acquired as a result of meaningful past experience as a chief executive officer or as a senior executive officer in another capacity but with a broad responsibility for operations. The members of the Board of Directors who serve on the Company's Audit and Risk Management Committee must be operationally literate and be financially literate in the sense of having the ability to read and understand a set of financial statements that present a breadth and level of complexity of

accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by CGI's financial statements, and otherwise in keeping with applicable governance standards under applicable securities laws and regulations.

- 3.5 A director who makes a major change in principal occupation will forthwith disclose this fact to the Board of Directors and will offer his or her resignation to the Board of Directors for consideration. It is not intended that directors who retire or whose professional positions change should necessarily leave the Board of Directors. However, there should be an opportunity for the Board of Directors to review the continued appropriateness of the Board of Directors membership under such circumstances.
- 3.6 The Board of Directors is responsible for approving new nominees to the Board. New directors will be provided with an orientation and education program which will include written information about the duties and obligations of directors, the business and operations of the Company, documents from recent Board of Directors meetings and opportunities for meetings and discussion with senior management and other directors. The details of the orientation of each new director will be tailored to that director's individual needs and areas of interest. The prospective candidates should fully understand the role of the Board of Directors and its committees and the contribution expected from individual directors and the Board of Directors will ensure that they are provided with the appropriate information to that effect. In addition, the Board of Directors will ascertain and make available to its members, when required, continuing education as per the business and operations of the Company.

4. RESOURCES

- 4.1 The Board of Directors will implement structures and procedures to ensure that it functions independently of management.
- 4.2 The Board of Directors appreciates the value of having certain members of senior management attend each Board of Directors meeting to provide information and opinion to assist the directors in their deliberations. The Executive Chairman of the Board will seek the Board of Directors' concurrence in the event of any proposed change to the management attendees at Board of Directors meetings. Management attendees will be excused for any agenda items which are reserved for discussion among directors only.

5. RESPONSIBILITIES AND DUTIES

The principal responsibilities and duties of the Board of Directors include the following, it being understood that in carrying out their responsibilities and duties, directors may consult with management and may retain external advisors at the expense of the Company in appropriate circumstances. Any engagement of external advisors shall be subject to the approval of the Chair of the Corporate Governance Committee.

5.1 General Responsibilities

- 5.1.1 The Board of Directors will oversee the management of the Company. In doing so, the Board of Directors will establish a productive working relationship with the Executive Chairman of the Board and the Chief Executive Officer and other members of senior management.
- 5.1.2 The Board of Directors will oversee the formulation of long-term strategic, financial and organizational goals for the Company. It shall approve the Company's strategic plan and review same on at least an annual basis. This plan will take into account the opportunity and risks of the Company's business.
- 5.1.3 As part of the responsibility of the Board of Directors to oversee management of the Company, the Board of Directors will engage in active monitoring of the Company and its affairs in its stewardship capacity.
- 5.1.4 The Board of Directors will engage in a review of short and long-term performance of the Company in accordance with approved plans.
- 5.1.5 The officers of the Company, headed by the Executive Chairman of the Board and the Chief Executive Officer, shall be responsible for general day to day management of the Company and for making recommendations to the Board of Directors with respect to long term strategic, financial, organizational and related objectives.
- 5.1.6 The Board of Directors will periodically review the significant risks and opportunities affecting the Company and its business and oversee the actions, systems and controls in place to manage and monitor risks and opportunities. The Board of Directors may impose such limits as may be in the interests of the Company and its shareholders.
- 5.1.7 The Board of Directors will oversee how the Company communicates its goals and objectives to its shareholders and other relevant constituencies.
- 5.1.8 The Board of Directors will oversee the succession planning including appointing, training and monitoring senior management and the Executive Chairman of the Board in particular.

- 5.1.9 The Board of Directors is responsible for overseeing a Communication Policy for the Company. In doing so, the Board of Directors will ensure that the policy (i) addresses how the Company interacts with analysts, investors, other key stakeholders and the public, (ii) contains measures for the Company to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and (iii) is reviewed at least annually.
- 5.1.10 The Board of Directors will oversee the integrity of the Company's internal control and management information systems.
- 5.1.11 The Board of Directors will make sure that the Company adopt prudent financial standards with respect to the business of the Company and prudent levels of debt in relation to the Company's consolidated capitalization.
- 5.1.12 The Board of Directors will also consider and approve:
- i) transactions out of the ordinary course of business including, without limitation, proposals on mergers, acquisitions or other major investments or divestitures;
 - ii) all matters that would be expected to have a major impact on shareholders;
 - iii) the appointment of any person to any position that would qualify such person as an officer of the Company; and
 - iv) any proposed changes in compensation to be paid to members of the Board of Directors on the recommendation of the Human Resources Committee.
- 5.1.13 The Board of Directors will also receive reports and consider:
- i) The quality of relationships between the Company and its key customers;
 - ii) Changes in the shareholder base of the Company from time to time and relationships between the Company and its significant shareholders;
 - iii) Periodic reports from Board of Directors' committees with respect to matters considered by such committees;
 - iv) Health, safety and environmental matters as they affect the Company and its business; and
 - v) Such other matters as the Board of Directors may, from time to time, determine.

- 5.1.14 The Board of Directors will oversee management through an ongoing review process.
- 5.1.15 The Board of Directors will, together with the Executive Chairman of the Board develop a position descriptions for the Executive Chairman of the Board and the Chief Executive Officer. The Board of Directors will also approve the corporate objectives that the Executive Chairman of the Board is responsible for meeting and assess management's performance in relation to such objectives. The Board of Directors will raise any concerns related to the performance of the Chief Executive Officer with the Executive Chairman of the Board as appropriate.
- 5.1.16 The Board of Directors will receive a report from its Human Resources Committee on succession planning as set forth in such committee's mandate.

5.2 Self-Assessment of the Board of Directors and Peer Review

The Board of Directors will annually review the assessment of the Board of Directors' performance and recommendation provided by the Corporate Governance Committee, and every two years, conduct a peer review of the independent directors. The objective of this review is to increase the effectiveness of the Board of Directors and contribute to a process of continuous improvement in the Board of Directors' execution of its responsibilities. It is expected that the result of such reviews will be to identify any areas where the directors and/or management believe that the Board of Directors and/or the directors individually could make a better contribution to the affairs of the Company. The Board of Directors will take appropriate action based upon the results of the review process.

5.3 Committees

- 5.3.1 The Board of Directors shall appoint committees to assist it in performing its duties and processing the quantity of information it receives.
- 5.3.2 Each committee operates according to a Board of Directors approved written mandate outlining its duties and responsibilities. This structure may be subject to change as the Board of Directors considers from time to time which of its responsibilities can best be fulfilled through more detailed review of matters in committee.
- 5.3.3 The Board of Directors will review annually the work undertaken by each committee and the responsibilities thereof.
- 5.3.4 The Board of Directors will annually evaluate the performance and review the work of its committees, including their respective mandates and the sufficiency of such mandates.
- 5.3.5 The Board of Directors will annually appoint a Lead Director as well as a member of each of its committees to act as Chair of the committee.

- 5.3.6 Subject to subsection 5.3.8, committees of the Board of Directors shall be composed of a majority of Independent Directors.
- 5.3.7 The Board of Directors shall appoint members of committees after considering the recommendations of the Corporate Governance Committee and the Executive Chairman of the Board, the skills and desires of individual Board members, and the diversity of their background (including in terms of gender, ethnicity, age, experience and geographical representation), all in accordance with the mandates of such committees approved by the Board.
- 5.3.8 The Audit Committee shall be composed only of Independent Directors. All members of the Audit Committee shall be Financially Literate and at least one member shall be a financial expert within the meaning of applicable regulatory requirements.

5.4 Lead Director

- 5.4.1 The Lead Director shall be an Independent Director. He will oversee that the Board of Directors discharges its responsibilities, ensure that the Board of Directors evaluates the performance of management objectively and that the Board of Directors understands the boundaries between the Board of Directors and management responsibilities.
- 5.4.2 The Lead Director will chair periodic meetings of the Independent Directors and assume other responsibilities which the Independent Directors as a whole might designate from time to time.
- 5.4.3 The Lead Director should be able to stand sufficiently back from the day-to-day running of the business to ensure that the Board of Directors is in full control of the Company's affairs and alert to its obligations to the shareholders.
- 5.4.4 The Lead Director shall provide input to the Executive Chairman of the Board on preparation of agendas for Board and committee meetings.
- 5.4.5 The Lead Director shall chair Board meetings when the Executive Chairman of the Board is not in attendance, subject to the provisions of the by-laws of the Company.
- 5.4.6 The Lead Director shall provide leadership for the independent directors and ensure that the effectiveness of the Board is assessed on a regular basis.
- 5.4.7 The Lead Director shall set the agenda for the meetings of the Independent Directors.
- 5.4.8 The Lead Director shall report to the Board concerning the deliberations of the independent directors as required.

- 5.4.9 The Lead Director shall, in conjunction with the Executive Chairman of the Board, facilitate the effective and transparent interaction of Board members and management;
- 5.4.10 The Lead Director shall provide feedback to the Executive Chairman of the Board and act as a sounding board with respect to strategies, accountability, relationships and other issues.

5.5 Review of the Board Mandate

In order to ensure that this mandate is kept current in the light of changes which may occur in corporate practice or the structure of the Company, the Board of Directors will annually reconfirm this mandate or initiate a review to revise it.

5.6 Board of Directors Compensation

The Human Resources Committee will review the adequacy and form of compensation of the senior management and directors each year. The Committee shall make recommendations to the Board of Directors for consideration when it believes changes in compensation are warranted. Furthermore, the Board of Directors will ensure the compensation realistically reflects the responsibility and risk involved in being a director.

6. COMMUNICATIONS POLICY

- 6.1 The Board of Directors will consider and review the means by which shareholders can communicate with the Company including the opportunity to do so at the annual meeting, communications interfaces through the Company's website and the adequacy of resources available within the Company to respond to shareholders through the office of the Corporate Secretary and otherwise. However, the Board of Directors believes that it is the function of the management to speak for the Company in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. It is understood that individual directors may from time to time be requested by management to assist with such communications. It is expected, if communications from stakeholders are made to individual directors, management will be informed and consulted to determine any appropriate response.
- 6.2 The Board of Directors has the responsibility for monitoring compliance by the Company with the corporate governance requirements and guidelines of the Toronto Stock Exchange and the New York Stock Exchange. The Board of Directors will approve the disclosure of the Company's system of governance and the operation of such system.

3.2 Charter of the Corporate Governance Committee

Important note

Chapter 1, Dream, Vision, Mission, and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Charter. This Charter should therefore be read in conjunction with Chapter 1.

1. INTERPRETATION

“Committee” means the Corporate Governance Committee of the Board of Directors of the Company.

“Independent Director” means a director who meets the independence criteria set out in section 1.4 of Multilateral Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators and as amended and in effect as of June 30, 2005, which is reproduced in Appendix A.

2. OBJECTIVES

The Committee is responsible for: (a) developing the Company’s approach to Board governance issues and the Company’s response to the corporate governance guidelines; (b) reviewing the composition and contribution of the Board and its members and recommending Board nominees; (c) overseeing the orientation program for new directors; and (d) helping to maintain an effective working relationship between the Board of Directors and management.

3. COMPOSITION

3.1 The Committee shall be composed of a majority of Independent Directors.

3.2 The Board of Directors shall appoint an independent director as the Chair of the Committee. If the Chair is absent from a meeting, the members shall select a Chair from those in attendance to act as Chair of the meeting.

4. MEETINGS

4.1 Meetings of the Committee shall be held at the call of the Chair, but not less than twice annually. Meetings of the Committee may be called by the Chair of the Committee, the Executive Chairman of the Board or the Chief Executive Officer.

4.2 The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than two members of the Committee from time to time. Subject to

the foregoing requirement, unless otherwise determined by the Board of Directors, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.

- 4.3 Notice of each meeting shall be given to each member, to the Executive Chairman of the Board, to the Chief Executive Officer and to the Corporate Secretary of the Company.
- 4.4 The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee, including in particular the Chief Executive Officer.
- 4.5 The Committee shall appoint a secretary to be the secretary of all meetings of the Committee and to maintain minutes of all meetings and deliberations of the Committee.

5. RESPONSIBILITIES AND DUTIES

5.1 Role and responsibilities of the Committee Chair:

- 5.1.1 The Chair of the Committee:
 - 5.1.1.1 Provides leadership for the Committee by ensuring that:
 - (i) The responsibilities of the Committee are well understood by Committee members and management.
 - (ii) The Committee works as a cohesive team.
 - (iii) Adequate resources and timely and relevant information are available to the Committee to support its work.
 - (iv) The effectiveness of the Committee is assessed on a regular basis.
 - (v) The Committee's structure and mandate is appropriate and adequate to support the discharge of the Committee's responsibilities.
 - (vi) The scheduling, organization and procedures of Committee meetings provide adequate time for the consideration and discussion of relevant issues.
 - 5.1.1.2 Works with the Executive Chairman of the Board and Corporate Secretary to set the calendar of the Committee's regular meetings.

- 5.1.1.3 Has the authority to convene special meetings as required.
- 5.1.1.4 Sets the agenda in collaboration with the Executive Chairman of the Board and the Corporate Secretary.
- 5.1.1.5 Presides at meetings.
- 5.1.1.6 Acts as liaison with management with regard to the work of the Committee.
- 5.1.1.7 Reports to the Board concerning the work of the Committee.
- 5.1.1.8 Exercises the authority specifically delegated to the Chair by the Committee, if any.

5.2 General Responsibilities

BOARD MEMBERS

- 5.2.1 Review criteria regarding the composition of the Board of Directors and committees of the Board of Directors, such as size, proportion of Independent Directors, and criteria to determine and promote “relatedness” as well as the diversity of Board members’ background, including in terms of gender (with a target of women representing at least 30% of the directors), ethnicity, age, experience and geographical representation), while seeking to facilitate effective decision-making. Given the Board of Directors’ composition and history of long-term succession planning, no date has yet been set to meet the target of women’s representation at Board level but progress will be monitored periodically.
- 5.2.2 Review criteria relating to tenure as a director, such as limitations on the number of times a director may stand for re-election, and the continuation of directors in an honorary or similar capacity.
- 5.2.3 Review criteria for retention of directors unrelated to age or tenure, such as attendance at Board of Directors and committee meetings, health or the assumption of responsibilities which are incompatible with effective Board of Directors membership; and assess the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors, the contribution of individual directors on an ongoing basis and establish in light of the opportunities and risks facing the Company, what competencies, skills and personal qualities it seeks in new Board members in order to add value to the Company.
- 5.2.4 Recommend to the Board of Directors the list of candidates for directors to be nominated for election by shareholders at annual meetings of shareholders.
- 5.2.5 Recommend to the Board of Directors candidates to fill vacancies on the Board of Directors occurring between annual meetings of shareholders.

- 5.2.6 Recommend to the Board of Directors the removal of a director in exceptional circumstances, for example (a) such director is in a position of conflict of interest or (b) the criteria underlying the appointment of such director change.
- 5.2.7 Ensure that the Board of Directors can function independently of management. To this end, arrange for meetings on a regular basis of the Independent Directors without management present. In such cases, meetings will be chaired by the Lead Director.

DIRECTOR ORIENTATION

- 5.2.8 As an integral element of the process for appointing new directors, put in place an orientation and education program for new recruits to the Board of Directors and review from time to time the value and benefit of such program.

COMPLIANCE

- 5.2.9 Ensure corporate compliance with applicable legislation including director and officer compliance.
- 5.2.10 Review proposed amendments to the Company's by-laws before making recommendations to the Board of Directors.

CODES OF BUSINESS CONDUCT

- 5.2.11 Periodically review and make recommendations to the Board of Directors with respect to the Company's formal code of ethics and business conduct for its members, directors and officers and its executive code of conduct applicable to the Company's principal executive officer, principal financing officer, principal accounting officer or controller, or other persons performing similar functions within the Company; including the disclosure of the adoption of such codes.
- 5.2.12 Monitor adherence to the codes and review potential situations related thereto brought to the attention of the Committee by the Corporate Secretary of the Company in order to recommend or not in certain circumstances to the Board of Directors to grant or not waivers from compliance with the codes for directors and officers. The Committee shall also ensure that when such waivers are granted, the Board of Directors shall disclose same in due time and specify the circumstances and rationale for granting the waiver.

CORPORATE GOVERNANCE PRINCIPLES

- 5.2.13 Make recommendations to the Board of Directors as deemed appropriate in the context of adherence to corporate governance guidelines in effect from time to time.

- 5.2.14 In conjunction with the Executive Chairman of the Board, recommend to the Board of Directors the membership and chairs of the committees of the Board of Directors.
- 5.2.15 Review annually the Board/management relationship.
- 5.2.16 On a yearly basis, review the measures applied by the Company to promote diversity, their effectiveness, and annual and cumulative progress made in achieving their objectives.
- 5.2.17 Advise the Board of Directors on the disclosure to be contained in the Company's public disclosure documents, such as the Company's annual management proxy circular or annual report, on matters of corporate governance as required by the Toronto Stock Exchange, the New York Stock Exchange or any other applicable exchange or regulator.
- 5.2.18 Generally advise the Board of Directors on all other matters of corporate governance.

EXTERNAL AND INTERNAL RESOURCES

- 5.2.19 Retain such independent external advisors as it may deem necessary and advisable for its purposes.
- 5.2.20 Report to the Board of Directors on its proceedings, reviews undertaken, and any associated recommendations.
- 5.2.21 Have adequate resources to discharge its responsibilities;
- 5.2.22 Have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.
- 5.2.23 The Chair of the Committee shall review the opportunity for the Board of Directors of the Company or individual directors to retain external advisors at the expense of the Company in certain appropriate circumstances in carrying out their responsibilities.

SHAREHOLDER PROPOSALS

- 5.2.24 Review and make recommendations on shareholder proposals to the Board of Directors or refer them to the Executive Chairman of the Board as appropriate.

5.3 Other Responsibilities

The Committee shall carry out such other mandates as the Board of Directors may request from time to time.

5.4 Review of Mandate of the Committee

The Board of Directors should review and reassess the adequacy of the mandate on an annual basis.

5.5 Compensation

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may determine from time to time.

3.3 Charter of the Human Resources Committee

Important note

Chapter 1, Dream, Vision, Mission, and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Charter. This Charter should therefore be read in conjunction with Chapter 1.

1. INTERPRETATION

“Committee” means the Human Resources Committee of the Board of Directors of the Company.

“Executive Officer” means an individual who is:

- (a) a Chair, Vice-Chair or President;
- (b) a leader in charge of a principal business unit or function; or
- (c) performing a policy-making function in respect of the Company.

Note: The definition is derived from the definition contained in National Instrument 51-102 adopted by the Canadian Securities Administrators.

“Independent Director” means a director who meets the independence criteria set out in section 1.4 of Multilateral Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators, as amended, which is reproduced in Appendix A.

2. OBJECTIVES

The Committee is responsible for reviewing and making recommendations to the Board of Directors of the Company for the appointment of officers of the Company and for determining terms of employment of senior executives whose remuneration must be disclosed as per applicable legislation, and such other senior executives as may be proposed by the Executive Chairman of the Board and the Chief Executive Officer. It shall also perform functions such as reviewing succession planning and matters of compensation as well as such other matters the Committee may consider suitable with respect to compensation or as may be specifically directed by the Board of Directors from time to time.

3. COMPOSITION

- 3.1 The Committee shall be composed of a majority of Independent Directors.
- 3.2 The Board of Directors shall appoint one of the Independent Directors as the Chair of the Committee. If the Chair is absent from a meeting, the members shall select a Chair from those in attendance to act as Chair of the meeting.

4. MEETINGS

- 4.1 Meetings of the Committee shall be held at the call of the Chair, but not less than three times annually. Meetings of the Committee may be called by the Chair of the Committee, the Executive Chairman of the Board or the Chief Executive Officer.
- 4.2 The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than two members of the Committee from time to time. Subject to the foregoing requirement, unless otherwise determined by the Board of Directors, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.
- 4.3 Notice of each meeting shall be given to each member, to the Executive Chairman of the Board, to the Chief Executive Officer and to the Corporate Secretary of the Company.
- 4.4 The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee, including in particular the Executive Chairman of the Board.
- 4.5 The Committee shall appoint a secretary to be the secretary of all meetings of the Committee and to maintain minutes of all meetings and deliberations of the Committee.

5. RESPONSIBILITIES AND DUTIES

5.1 Role and responsibilities of the Committee Chair:

- 5.1.1 The Chair of the Committee:
 - 5.1.1.1 Provides leadership for the Committee by ensuring that:
 - (i) The responsibilities of the Committee are well understood by Committee members and management.
 - (ii) The Committee works as a cohesive team.
 - (iii) Adequate resources and timely and relevant information are available to the Committee to support its work.
 - (iv) The effectiveness of the Committee is assessed on a regular basis.

- (v) The committee's structure and mandate is appropriate and adequate to support the discharge of the Committee's responsibilities.
- (vi) The scheduling, organization and procedures of Committee meetings provide adequate time for the consideration and discussion of relevant issues.

- 5.1.1.2 Works with the Executive Chairman of the Board and Corporate Secretary to set the calendar of the Committee's regular meetings.
- 5.1.1.3 Has the authority to convene special meetings as required.
- 5.1.1.4 Sets the agenda in collaboration with the Executive Chairman of the Board and the Corporate Secretary.
- 5.1.1.5 Presides at meetings.
- 5.1.1.6 Acts as liaison with management with regard to the work of the Committee.
- 5.1.1.7 Reports to the Board concerning the work of the Committee.
- 5.1.1.8 Exercises the authority specifically delegated to the Chair by the Committee, if any.

5.2 General Responsibilities

- 5.2.1 The Committee shall, among other things, have responsibility to advise the Board of Directors on human resources planning, compensation of members of the Board of Directors, Executive Officers and other employees, short and long-term incentive plans, benefit plans, and Executive Officer appointments.
- 5.2.2 The Committee shall review and report to the Board of Directors on:
 - 5.2.2.1 Management's succession plans for Executive Officers, with special emphasis on the Executive Chairman of the Board and Chief Executive Officer succession;
 - 5.2.2.2 Compensation philosophy of the organization, including a remuneration strategy and remuneration policies for the Executive Officer level, as proposed by the Executive Chairman of the Board and the Chief Executive Officer;
 - 5.2.2.3 Recommendations to the Board of Directors for the appointment of the Executive Chairman of the Board, the Chief Executive Officer and other Executive Officers, corporate objectives which the Executive Chairman of the Board and such other Executive Officers, as the case

may be, are responsible for meeting, assessment of the Executive Chairman of the Board and of the Chief Executive Officer against these objectives, monitoring of the Executive Chairman of the Board's performance and providing advice and counsel in the execution of his duties;

- 5.2.2.4 Total remuneration plan including adequacy and form of compensation realistically reflecting the responsibilities and risks of the position for the Executive Chairman of the Board and for the Chief Executive Officer of the Company and, in connection therewith, consider appropriate information, including information from the Board of Directors with respect to the overall performance of the Executive Chairman of the Board and of the Chief Executive Officer;
- 5.2.2.5 Remuneration for Executive Officers, annual adjustment to executive salaries, and the design and administration of short and long-term incentive plans, stock options, benefits and perquisites as proposed by the Executive Chairman of the Board and the Chief Executive Officer;
- 5.2.2.6 Employment and termination arrangements for senior management;
- 5.2.2.7 Adoption of new, or significant modifications to, pay and benefit plans;
- 5.2.2.8 Appointment of officers and executive officers as appropriate, while considering and promoting the diversity of the executive team's background, including in terms of gender, ethnicity, age and experience;
- 5.2.2.9 Significant organizational changes;
- 5.2.2.10 The Committee's proposed executive compensation report to be contained in the Company's annual proxy circular;
- 5.2.2.11 Management development programs for the Company;
- 5.2.2.12 Any special employment contracts or arrangements with officers of the Company including any contracts relating to change of control; and
- 5.2.2.13 Remuneration for members of the Board of Directors and committees thereof, including adequacy and form of compensation realistically reflecting the responsibilities and risks of the positions and recommend changes where applicable.
- 5.2.3 The Committee shall perform such other duties as may from time to time be assigned to it by the Board of Directors including those relating to compensation of officers and senior employees and the manpower resources of the Company.

5.3 Other Responsibilities

- 5.3.1 The Committee shall have the right to retain such independent external advisors as it may deem necessary and advisable for its purposes and to assess and review, on an annual basis or as deemed appropriate, the independence of such external advisors.
- 5.3.2 The Committee shall report to the Board of Directors on its proceedings, reviews undertaken, and any associated recommendations.
- 5.3.3 The Committee shall have adequate resources to discharge its responsibilities.
- 5.3.4 The Committee shall have the right, for the purposes of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

5.4 Review of Mandate of the Committee

The Board of Directors should review and reassess the adequacy of this mandate on an annual basis.

5.5 Compensation

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may determine from time to time.

3.4 Charter of the Audit and Risk Management Committee

Important note

Chapter 1, Dream, Vision, Mission, and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Charter. This Charter should therefore be read in conjunction with Chapter 1.

1. INTERPRETATION

“Committee” means the Audit and Risk Management Committee of the Board of Directors of the Company.

“Financially Literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

“Independent Director” means a director who meets the independence criteria set out in section 1.4 of Multilateral Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators and as amended and in effect as of June 30, 2005, which is reproduced in Appendix A.

2. OBJECTIVES

The Committee will assist the Board of Directors in fulfilling its oversight responsibilities. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, management, the internal auditors and the external auditors.

3. COMPOSITION

- 3.1 The Committee shall consist solely of Independent Directors, all of whom shall be Financially Literate and at least one of whom shall be a financial expert as defined in the applicable corporate governance rules imposed by regulatory bodies.
- 3.2 Following each annual meeting of shareholders, the Board of Directors shall elect three or more directors, who shall meet the independence and experience requirements of the New York Stock Exchange and the Toronto Stock Exchange as well as the other similar requirements under applicable securities regulations, to serve on the Committee until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs. Any member may be removed from office or replaced at any time by the Board of Directors.

- 3.3 The Board of Directors shall appoint one of the members of the Committee as the Chair of the Committee. If the Chair is absent from a meeting, the members shall select a Chair from those in attendance to act as Chair of the meeting.

4. MEETINGS AND RESOURCES

- 4.1 Regular meetings of the Committee shall be held quarterly. Special meetings of the Committee may be called by the Chair of the Committee, the external auditors, the Executive Chairman of the Board, the Chief Executive Officer or the Chief Financial Officer of the Company.
- 4.2 The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than two members of the Committee from time to time. Subject to the foregoing requirement, unless otherwise determined by the Board of Directors, the Committee shall have the power to fix its quorum and to regulate its procedure. Matters decided by the Committee shall be decided by majority vote.
- 4.3 Notice of each meeting shall be given to each member, the external auditors, the Executive Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer of the Company, any or all of whom shall be entitled to attend. Notice of each meeting shall also be given, as the case may be, to the internal auditor who shall also attend whenever requested to do so by the Chair of the Committee or the Corporate Secretary.
- 4.4 Notice of meeting may be given orally or by letter, telephone facsimile transmission, telephone or electronic device not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held.
- 4.5 Opportunities should be afforded periodically to the external auditors and, as the case may be, to the internal auditor and the senior management to meet separately with the Committee. In addition, the Committee may meet in camera, with only members of the Committee present, whenever the Committee determines that it is appropriate to do so.
- 4.6 The Committee shall have the authority to retain special legal counselling, accounting or other consultants as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee at the Company's expense.
- 4.7 The Corporate Secretary of the Company or designate of the Corporate Secretary shall be the Secretary of all meetings of the Committee and shall maintain minutes of all meetings and deliberations of the Committee.

5. RESPONSIBILITIES AND DUTIES

5.1 Role and responsibilities of the Committee Chair:

5.1.1 The Chair of the Committee:

5.1.1.1 Provides leadership for the Committee by ensuring that:

- (i) The responsibilities of the Committee are well understood by Committee members and management.
- (ii) The Committee works as a cohesive team.
- (iii) Adequate resources and timely and relevant information are available to the Committee to support its work.
- (iv) The effectiveness of the Committee is assessed on a regular basis.
- (v) The committee's structure and mandate is appropriate and adequate to support the discharge of the Committee's responsibilities.
- (vi) The scheduling, organization and procedures of Committee meetings provide adequate time for the consideration and discussion of relevant issues.

5.1.1.2 Works with the Executive Chairman of the Board, the Chief Financial Officer and the Corporate Secretary to set the calendar of the Committee's regular meetings.

5.1.1.3 Has the authority to convene special meetings as required.

5.1.1.4 Sets the agenda in collaboration with the Executive Chairman of the Board, the Chief Financial Officer and the Corporate Secretary.

5.1.1.5 Presides at meetings.

5.1.1.6 Acts as liaison with management with regard to the work of the Committee.

5.1.1.7 Reports to the Board concerning the work of the Committee.

5.1.1.8 Exercises the authority specifically delegated to the Chair by the Committee, if any.

5.2 General responsibilities

While the Committee has the responsibilities and powers set forth below, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate. This is the responsibility of management and the external auditors. Nor is it the duty of the Committee to conduct investigations, or to assure compliance with laws and regulations. The Committee shall review disagreements, if any, between management and the external auditors and shall make recommendations to resolve such disagreements. In the event that any such disagreement persists, the matter will be referred by the Committee to the Board of Directors for a final determination.

5.3 Review of mandate of the committee

The Board of Directors and the Committee shall review and reassess the adequacy of this mandate on an annual basis.

5.4 Publicly disclosed financial information

- 5.4.1 The Committee shall review and recommend for approval by the Board of Directors, before release to the public:
 - 5.4.1.1 interim unaudited financial statements;
 - 5.4.1.2 audited annual financial statements, in conjunction with the report of the external auditors;
 - 5.4.1.3 all public disclosure documents containing audited or unaudited financial information, including any prospectus, the annual information form and management's discussion and analysis of financial condition and results of operations, as well as related press releases, including earnings guidance; and
 - 5.4.1.4 the compliance of management certification of financial reports with applicable legislation and attestation of the Company's disclosure controls and procedures.
- 5.4.2 The Committee shall review any report which accompanies published financial statements (to the extent such a report discusses financial condition or operating results) for consistency of disclosure with the financial statements themselves.
- 5.4.3 In its review of financial statements, the Committee should obtain an explanation from management of all significant variances between comparative reporting periods and an explanation from management for items which vary from expected or budgeted amounts as well as from previous reporting periods.

- 5.4.4 In its review of financial statements, the Committee should review unusual or extraordinary items, transactions with related parties, and adequacy of disclosures, asset and liability carrying values, income tax status and related reserves, qualifications, if any, contained in letters of representation and business risks, uncertainties, commitments and contingent liabilities.
- 5.4.5 In its review of financial statements, the Committee shall review the appropriateness of the Company's significant accounting principles and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.
- 5.4.6 The Committee shall satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, and shall periodically assess the adequacy of those procedures.

5.5 Financial reporting and accounting trends

The Committee shall:

- 5.5.1 Review and assess the effectiveness of accounting policies and practices concerning financial reporting;
- 5.5.2 Review with management and with the external auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
- 5.5.3 Question management and the external auditors regarding significant financial reporting issues discussed and the method of resolution; and
- 5.5.4 Review general accounting trends and issues of accounting policy, standards and practices which affect or may affect the Company.

5.6 Internal controls

- 5.6.1 The Committee shall review and monitor the Company's internal control procedures, programs and policies, and assess the adequacy and effectiveness of internal controls over the accounting and financial reporting systems, with particular emphasis on controls over computerized systems.
- 5.6.2 The Committee shall review:
 - 5.6.2.1 The evaluation of internal controls by the external auditors, together with management's response;

- 5.6.2.2 The working relationship between management and external auditors;
- 5.6.2.3 The appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process;
- 5.6.2.4 The review and approval of the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- 5.6.2.5 Any decisions related to the need for internal auditing, including whether this function should be outsourced and, in such case, approving the supplier which shall not be the external auditors; and
- 5.6.2.6 Internal control procedures to ensure compliance with the law and avoidance of conflicts of interest.
- 5.6.3 The Committee shall undertake private discussions with staff of the internal audit function to establish internal audit independence, the level of co-operation received from management, the degree of interaction with the external auditors, and any unresolved material differences of opinion or disputes.

5.7 Internal Auditor

The Committee shall:

- 5.7.1 Review the mandate and annual objectives of the internal auditor, if the appointment of an internal auditor is deemed appropriate;
- 5.7.2 Review the adequacy of the Company's internal audit resources; and
- 5.7.3 Ensure the internal auditor has ongoing access to the Chair of the Committee as well as all officers of the Company, particularly the Executive Chairman of the Board and the Chief Executive Officer.
- 5.7.4 Review the audit plans, performance and summaries of the reports of the internal audit function as well as management's response including follow-up to any identified weakness.

5.8 External Auditors

- 5.8.1 The Committee shall recommend to the Board of Directors the appointment of the external auditors, which firm is ultimately accountable to the Committee and the Board of Directors.

- 5.8.2 The Committee shall i) receive periodic reports from the external auditors regarding the auditors independence, the performance of the auditors, the qualifications of the key audit partner and audit managers, a periodic review of the auditors' quality control procedures, material issues arising from the periodic quality control review and the steps taken by the auditors to address such findings, ii) discuss such reports with the auditors, and if so determined by the Committee, iii) recommend that the Board of Directors take appropriate action to satisfy itself as to the independence of the auditors and the quality of their performance.
- 5.8.3 The Committee shall take appropriate steps to assure itself that the external auditors are satisfied with the quality of the Company's accounting principles and that the accounting estimates and judgments made by management reflect an appropriate application of generally accepted accounting principles.
- 5.8.4 The Committee shall undertake private discussions on a regular basis with the external auditors to review, among other matters, the quality of financial personnel, the level of co-operation received from management, any unresolved material differences of opinion or disputes with management regarding financial reporting and the effectiveness of the work of the internal audit function.
- 5.8.5 The Committee shall review the terms of the external auditors' engagement and the appropriateness and reasonableness of the proposed audit fees as well as the compensation of any advisors retained by the Committee.
- 5.8.6 The Committee shall review and pre-approve any engagements for non-audit services provided by the external auditors or their affiliates to the Company or its subsidiaries, together with the fees for such services, and consider the impact of this on the independence of the external auditors. The Committee shall determine which non-audit services the external auditors are prohibited from providing.
- 5.8.7 When a change of auditors is proposed, the Committee shall review all issues related to the change, including the information required to be disclosed by regulations and the planned steps for an orderly transition.
- 5.8.8 The Committee shall review all reportable events, including disagreements, unresolved issues and consultations on a routine basis whether or not there is to be a change of auditors.
- 5.8.9 When discussing auditor independence, the Committee will consider both rotating the lead audit partner or audit partner responsible for reviewing the audit after a number of years and establishing hiring policies for employees or former employees of its external auditor.

5.9 Audit Procedures

- 5.9.1 The Committee shall review the audit plans of the internal and external audits, including the degree of co-ordination in those plans, and shall inquire as to the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal acts. The audit plans should be reviewed with the external auditors and with management, and the Committee should recommend to the Board of Directors the scope of the external audit as stated in the audit plan.
- 5.9.2 The Committee shall review any problems experienced by the external auditors in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management.
- 5.9.3 The Committee shall review the post-audit or management letter containing the recommendations of the external auditors, and management's response and subsequent follow-up to any identified weakness.

5.10 Risk management and other responsibilities

- 5.10.1 The Committee shall put in place procedures to receive and handle complaints or concerns received by the Company about accounting or audit matters including the anonymous submission by employees of concerns respecting accounting or auditing matters.
- 5.10.2 The Committee shall review such litigation, claims, transactions or other contingencies as the internal auditor, external auditors or any officer of the Company may bring to its attention, and shall periodically review the Company's risk management programs. In that regard the Committee shall review the Company's major risk exposures and the steps taken by management to monitor, control and report such exposures.
- 5.10.3 The Committee shall review the policy on use of derivatives and monitor the risk.
- 5.10.4 The Committee shall review the related party transactions in line with the New York Stock Exchange rules and regulations and those of any other applicable exchange or regulator.
- 5.10.5 The Committee shall review assurances of compliance with covenants in trust deeds or loan agreements.
- 5.10.6 The Committee shall review business risks that could affect the ability of the Company to achieve its business plan.
- 5.10.7 The Committee shall review uncertainties, commitments, and contingent liabilities material to financial reporting.

- 5.10.8 The Committee shall review the effectiveness of control and control systems utilized by the Company in connection with financial reporting and other identified business risks.
- 5.10.9 The Committee shall review incidents of fraud, illegal acts, conflicts of interest and related-party transactions.
- 5.10.10 The Committee shall review material valuation issues.
- 5.10.11 The Committee shall review the quality and accuracy of computerized accounting systems, the adequacy of the protections against damage and disruption, and security of confidential information through information systems reporting.
- 5.10.12 The Committee shall review material matters relating to audits of subsidiaries.
- 5.10.13 The Committee shall review cases where management has sought accounting advice on a specific issue from an accounting firm other than the one appointed as auditor.
- 5.10.14 The Committee shall review any legal matters that could have a significant impact on the financial statements.
- 5.10.15 The Committee shall consider other matters of a financial nature it feels are important to its mandate or as directed by the Board of Directors.
- 5.10.16 The Committee shall report regularly to the Board of Directors on its proceedings, reviews undertaken and any associated recommendations.
- 5.10.17 The Committee shall have the right, for the purpose of discharging the powers and responsibilities of the Committee, to inspect any relevant records of the Company and its subsidiaries.

5.11 Compensation

Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may determine from time to time.



4. Codes of Ethics

4.1 Code of Ethics and Business Conduct

for members, officers and directors of CGI

To the CGI Team

This Code of Ethics and Business Conduct is based on the values and philosophy that have guided CGI successfully since the Company's inception in 1976. It constitutes a unique repository where the combination of CGI policies, guidelines, principles of conduct and best practices have been regrouped under one umbrella document, for the benefit of our members, officers and directors.

CGI's operations have grown significantly and now extend worldwide, and our business environment has become increasingly competitive and complex. The scope and pace of our business requires us to make quick and informed decisions, in a manner consistent with our values.

This Code provides guidance - and a global view - for CGI members, officers and directors to consistently achieve the professionalism that has earned our Company an enviable reputation among our clients and within our industry. It also provides guidance for CGI directors when acting for the Company.

This Code is not meant to be a complete list of ethics and business conduct covering every eventuality. It highlights situations that CGI's members, officers and directors may face in their duties and provides the basic principles to guide their actions. CGI recognizes the importance of supporting these individuals as ethical issues arise, and has an open door policy for resolving such issues with integrity.

Upon joining CGI, all members, as part of their employment contract, undertake to observe this Code in all aspects of their work. Furthermore, annually, all members shall renew such undertaking.

We must always behave responsibly and in line with the Company's core values when working on behalf of CGI for its clients and other stakeholders. By preserving our personal integrity and the professional reputation of CGI, I am confident that together we will succeed in achieving the Company's mission and vision.

Serge Godin

Founder and Executive Chairman of the Board

Important note

Chapter 1, Dream, Vision, Mission, and Values of the CGI Group Inc. Fundamental Texts constitutes the fundamental principles of this Code of Ethics and Business Conduct. This Code should therefore be read in conjunction with Chapter 1.

1. VALUES, PHILOSOPHY, VISION AND MISSION

Values

CGI has always believed in investing in the future to ensure continued success. From the beginning, the Company has invested in developing a strong corporate culture, based on six core values that reflect its approach to business. These values are: quality and partnership, intrapreneurship and sharing, respect, objectivity and integrity, financial strength and corporate social responsibility. These values are at the heart of CGI's success. They ensure that CGI takes a long-term view on business issues, and builds long-lasting partnerships with its clients.

Philosophy

The success of CGI Group Inc. and its subsidiaries is based on the knowledge, creativity and commitment of its members. CGI ensures this success by recruiting the most qualified people available. CGI's members share in the risks and rewards of CGI's business as partners of CGI and are committed to its objectives. They take a disciplined approach to their work and constantly strive for excellence to achieve the best results for every client. In exchange, CGI strives to recognize the value of its members by offering them a stimulating work environment that fosters their personal and professional development.

Vision

To be a global world class information technology and business process services leader helping our clients succeed.

Mission

To help our clients succeed through outstanding quality, competence and objectivity, providing thought leadership and delivering the best services and solutions to fully satisfy client objectives in information technology, business processes and management.

In all we do, we foster a culture of partnership, intrapreneurship, teamwork and integrity, building a global world class information technology and business process services company.

2. PURPOSE AND SCOPE OF THE CODE

This Code of Ethics and Business Conduct (the “Code”) defines CGI’s character and guides the actions and decisions of the salaried employees (“members”), officers and directors of CGI. Compliance with the Code is essential for many reasons and notably to preserve and enhance CGI’s reputation and maximize shareholder value. In keeping with CGI’s values, the Code outlines the essential rules and guidelines necessary to preserve CGI’s enviable reputation among its clients and within its industry. The Code is not meant to be a complete list of ethics and business conduct covering every eventuality. It highlights situations that CGI members, officers and directors may face in their duties. The code is meant to give them a broad and clear understanding of the conduct expected of them, wherever CGI does business. While the specific illustrations are primarily addressed to members, they should be read as being equally applicable to the members of CGI’s Board of Directors to the extent that they may be applicable in the circumstances.

Should a member be confronted with a situation where further guidance is required, the matter should be discussed with the member’s manager. CGI recognizes its obligation to support its members, officers and directors as ethical issues arise.

3. MEMBER’S CONDUCT AND BEHAVIOUR

General conduct

Upon joining CGI and annually thereafter, all members are by virtue of the “Member Commitment to the Code of Ethics and Business Conduct”, which must be signed where permitted locally, subject to the Company Code of Ethics and Business Conduct and related policies and guidelines.

If a member ceases to be employed by CGI for any reason, the Member Commitment specifies which elements continue to apply, namely those related to the confidentiality obligations.

Respect and integrity

All members of CGI support the Company’s philosophy and contribute to CGI’s development and good reputation by promoting synergy and teamwork, by expressing their ideas and by adopting the highest standards of service quality and integrity. The members of CGI are its ambassadors. They must always behave responsibly and demonstrate courtesy, honesty, civility and respect for other members of CGI, for its clients and for its suppliers, and must never do anything that could harm CGI’s reputation or that could otherwise bring CGI into disrepute.

Loyalty

Members are expected to act at all times with diligence and loyalty towards CGI and in such a way as to safeguard CGI's interests. Members should not act in a way or publicly hold a position that might harm the image or reputation of CGI.

Relations with clients

CGI's services often involve visiting or working at a client's place of business. A member working at a client's site must comply with the client's practices and procedures and treat the client's facilities with respect. The member must work as efficiently and meticulously as possible and leave the client's premises and property as he or she found them. As well, members must use the client's information and systems infrastructures for the sole purpose of the client's contract and protect those infrastructures and information at all times.

Relations with competitors

If a member is working with a competitor of CGI on a joint project for a client, the member must avoid any situations that could cause conflicts. The member must respect the roles that the client has assigned to each party and work as a team in the client's best interests. CGI's members also have both an ethical and a legal responsibility to portray the Company's competitors fairly and accurately. CGI does not tolerate its members using improper means for gathering information about its competitors.

Maintenance of assets

All members of CGI have a responsibility to protect CGI's assets against loss, theft, abuse and unauthorized use or disposal. If, in the course of his or her work, a member of CGI is supplied with any property belonging to CGI or to a third party, the member must use said property in accordance with CGI's Security and acceptable use policy, and as may otherwise be specified in the binding agreement he or she signed with CGI the member must use said property solely for work-related purposes as specified in the binding agreement he or she signed upon joining CGI. . More specifically, the members must use CGI's systems infrastructures in a manner consistent with legal requirements, professional ethics, the policies established by the administrators of CGI's network and of any external networks that the member uses, and must respect the copyrights protecting any software that the member also uses. As well, members must never use the clients' systems infrastructures, including the clients' software, for any purpose that is not work-related. CGI applies a zero-tolerance policy to any abuse of its systems infrastructures or those of its clients.

At the end of employment, members are required to return all CGI property and assets in their possession to their manager or to a designated CGI representative.

Health and Safety

CGI is committed to providing a safe and healthy work environment for all members. Accordingly, members are expected to observe the following rules:

Drug-Free Workplace

CGI maintains a drug-free workplace. Accordingly, in the workplace, members may not:

- Use, sell, or possess illegal drugs;
- Abuse or misuse controlled substances, prescription drugs, or over-the-counter medications; or
- Abuse alcohol.

Restrictions on Alcohol Use

With the exception of specially-authorized CGI functions, no member may consume, serve, or be under the influence of alcohol while on CGI property or while performing CGI business.

Alcohol may be served at CGI functions only with the prior approval of a Senior Vice President. In such circumstances, CGI strongly encourages members to use discretion, act responsibly, and behave in a manner becoming to the Company. When working in parts of the world where alcohol use or possession is prohibited, CGI members must comply with local laws.

4. INTEGRITY OF BOOKS AND RECORDS AND COMPLIANCE WITH SOUND ACCOUNTING PRACTICES

Preparation of books and records

Accuracy and reliability in the preparation of all business records is of critical importance to the decision-making process and to the proper discharge of financial, legal and reporting obligations. All business records, expense accounts, invoices, bills, payroll and member records and other reports are to be prepared with care and honesty. False or misleading entries are not permitted in CGI's books and records.

Financial transactions

All financial transactions are to be properly recorded in the books of account and accounting procedures are to be supported by the necessary internal controls. In turn, all books and records of CGI must be available for audit.

In relation to CGI's books and records, members must:

- i) not intentionally cause Company documents to be incorrect in any way;
- ii) not create or participate in the creation of any records that are intended to conceal anything that is improper;
- iii) properly and promptly record all disbursements of funds;
- iv) co-operate with internal and external auditors;
- v) report any knowledge of any untruthful or inaccurate statements or records or transactions that do not seem to serve a legitimate commercial purpose; and
- vi) not make unusual financial arrangements with a client or a supplier (such as, over-invoicing or under-invoicing) for payments on their behalf to a party not related to the transaction.

The nature of CGI's business places special importance on the accuracy of time keeping and expense reporting.

Accurate Timekeeping

Client billing, member compensation, and cost estimating depends on CGI's ability to record and account for member time worked accurately.

Accordingly, CGI is committed to accurate total time accounting and reporting within all of its subsidiaries.

All members are required to comply with CGI's timekeeping policy and procedures and any applicable contract requirements. Members must record all time worked daily and submit reports weekly, accurately reflecting all time worked on both direct and indirect projects. Managers are responsible for ensuring that members know the correct project code for each project assignment

Knowingly mischarging your time or falsifying time records violates CGI policy and may also violate the law. No member may knowingly charge time inaccurately or knowingly approve mischarging. Similarly, shifting time worked on one project to another project also is strictly prohibited.

To ensure accurate time reporting, members must be sure that they understand and carefully follow CGI's timekeeping policy and procedures. Members must obtain the correct charge code before starting work on any new direct or indirect project. If a member has any questions regarding time charging, the question should be raised with their manager. In all cases, members must take the steps necessary to ensure that their time records are current, accurate, and complete.

Expense Reimbursement

Members must honestly and accurately report their business-related expenses for reimbursement. A member's signature on an expense report certifies that the information provided is complete and accurate and represents a valid business expense.

Breaches

Suspected breaches of the Code which directly or indirectly affect CGI's business must be reported to the Chief Financial Officer, the Chief Executive Officer or the Chief Legal Officer, or alternatively to the Chair of the Audit and Risk Management Committee and CGI's Corporate Secretary.

In addition, CGI has established a policy for incident reporting (often referred to as a "whistleblower policy") as well as a process under that policy which allows any person who has direct knowledge of specific facts to report incidents where the Company is exposed to a serious risk in matters of accounting, auditing, internal accounting controls, finance, banking or financial corruption. The process in place protects the incident reporter and ensures the confidentiality of the report. See the heading "Compliance with the Code" below.

5. CONFIDENTIAL INFORMATION, INTELLECTUAL PROPERTY AND PRIVACY

Definitions

Confidential Information

"Confidential Information" means information about the Company's business dealings, development strategies and financial results; products or processes; client lists; vendor lists or purchase prices; cost, pricing, marketing or service strategies; results of research and development work, technical know-how, manufacturing processes, computer software; reports and information related to mergers, acquisitions and divestitures. "Confidential Information" also includes information that relates to intellectual property and may include, but is not limited to: business strategies, product marketing and costing information and information provided by suppliers and competitors. In addition, the way the Company puts publicly-known information together, to achieve a particular result, is often a valuable trade secret.

The following information and documents constitute confidential information or documents of CGI or its clients, as the case may be:

- i) methodologies;
- ii) all information related to: processes, formulas, research and development, products, financials, marketing; names and lists of customers, employees and suppliers as well as related data; computer programs, all software developed or to be developed including flow charts, source and object codes;
- iii) all information related to projects undertaken by the Company whether they are merger and acquisition or divestiture projects or projects related to large client contracts, including all information obtained in due diligence initiatives, whether such information pertains to CGI or to any third party; and
- iv) all other information or documents that, if disclosed, could be prejudicial to CGI or its clients.

Intellectual Property

“Intellectual Property” (IP) means patents, copyrights, trademarks, trade secrets and industrial designs of CGI.

Non-disclosure undertaking

CGI Confidential Information

During the normal course of business, members will have access to confidential information about CGI. In some cases, the information may affect the value of CGI shares. Each member must protect the confidentiality of all confidential CGI information and documents. Members cannot discuss them away from work, and cannot divulge any confidential CGI information or any information that could harm CGI. Confidential CGI information could include information from other members or information acquired from outside sources, sometimes under obligations of secrecy. Members are expected to use such information exclusively for business purposes and this information must not be disclosed externally, including to a spouse, partner or relative, without the approval of a member’s manager.

Third Party Agreements

In cases where information or records are obtained under an agreement with a third party, such as software licenses or technology purchases, members must ensure that the provisions of such agreements are strictly adhered to so that CGI will not be deemed to be in default. Unauthorized disclosure or use of information or records associated with these agreements could expose the member involved and/or CGI to serious consequences.

Disclosure guidelines

Insider Information

Confidential information about CGI or other public companies may not be used as a basis for trading in CGI securities, or the securities of any other company in respect of which CGI or its members, consultants or advisers are in possession of insider information. For this purpose, CGI has an established policy regarding the use of insider information and trading in securities. This policy is entitled “Guidelines on Timely Disclosure of Material Information and Transactions in Securities by Insiders” which extends to all directors, officers and, when in possession of Confidential Information, members, those authorized to speak on behalf of CGI and all other insiders. It is designed to protect the integrity of the Company and its directors, officers and members while ensuring compliance with all applicable securities legislation in Canada, the United States and other countries. The law stipulates that insiders may not take advantage of inside information to trade in the securities of a company. Likewise, other than in the necessary course of business, employees must not provide another person (including a spouse, partner or relative) with any information that would give them an unfair advantage when trading in securities of the company, including client companies or any other company that is the subject of an acquisition, divestiture or client related project.

Material Information

CGI's guidelines on disclosure also cover the disclosure of information with a material impact, defined as any information that, if disclosed to a potential investor, could affect his or her perception of the value of the Company as an investment. Because CGI is a publicly traded company, any information that may have a material impact on CGI's results or on the perception of the value of the stock must be communicated in accordance with CGI's "Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders." If a member thinks that he or she is in possession of a piece of information that is not known to management and may have a material impact on the Company, the member must communicate it immediately to either the Executive Chairman of the Board, the Chief Executive Officer, the Chief Legal Officer, or the Chief Financial Officer, without divulging it to anyone else.

Client Information

Just as CGI's members must protect confidential information about CGI, they must also show discretion at all times with regard to the client's business affairs. Unless a member has the client's express authorization, he or she should never reveal any information that could harm the client's interests and should never use any information that he or she obtains in the course of a project or assignment for any purpose other than that project or assignment. If the client restricts the distribution of certain information within its own organization, the member must comply with those restrictions as well.

Member Information

Subject to applicable law, CGI collects and maintains personal information relating to its members, including medical and benefits information. Access to such information is restricted to CGI personnel on a need-to-know basis. They must ensure that this information is not disclosed in violation of CGI's policies and practices. Personal information is released to outside parties only with the member's approval, except to satisfy the requirements considered by CGI to be appropriate for legal reasons.

Intellectual Property

In the course of their duties, members may develop or create new designs, inventions, systems or processes, products or documents. When these achievements have been made as a direct result of a member's employment with the Company and through use of CGI's resources, they belong to CGI. Moreover, CGI is free to use this work as it so wishes and members cannot use nor divulge, publish or otherwise disseminate it without prior written consent from CGI. Upon request, members will execute documents made necessary to confirm or complete the assignment of rights to CGI.

Suppliers and Partners Information

All information on CGI suppliers and partners is also confidential and must not be disclosed without the express consent of the persons concerned.

Privacy

CGI must comply with industry practices and applicable laws when processing the personal data of clients, members and third parties. Therefore, any member who processes personal data may only do so in accordance with CGI's privacy policies and processes.

6. CONFLICTS OF INTEREST

Definitions

The members of CGI must avoid any actual or apparent conflicts of interest and should never engage in any conduct which is, or could potentially be, harmful to CGI or its reputation. A conflict of interest exists when a member favours his or her personal interests over those of CGI or its clients or when an obligation or situation arising from a member's personal activities or financial affairs may adversely influence the member's judgement in the performance of his or her duties at CGI.

Particular caution should be taken when dealing with initiatives involving contracts with any governmental or quasi-governmental agency.

Guidelines

The following guidelines provide guidance for members to avoid situations which are or may appear to be in conflict with their responsibility to act in the best interest of the Company.

Financial Interests - A conflict of interest exists when a member who is able to influence business with CGI (or family or a close personal friend of such member) owns, directly or indirectly, a beneficial interest in an organization which is a competitor of CGI, or which has current or prospective business as a supplier, customer or contractor with CGI. This does not include the situation where the financial interest in question consists of shares, bonds or other securities of a company listed on a securities exchange and where the amount of this interest is less than one percent of the value of the class of security involved.

Outside Work - When a member, directly or indirectly, acts as a director, officer, employee, consultant or agent of an organization that is a competitor of CGI, or which has current or prospective business as a supplier, customer or contractor with CGI, there is a conflict of interest. Similarly, a conflict of interest may exist when a member undertakes to engage in an independent business venture or to perform work or services for another entity should that activity prevent such member from devoting the time and effort to the conduct of CGI's business, which his or her position requires.

Gifts or Favours - A conflict of interest will arise when a member, either directly or indirectly, solicits or accepts any gift or favour from any person or organization which is a competitor of CGI, or which has current or prospective business with CGI as a customer, supplier, partner or contractor. For this purpose, a “gift” or “favour” includes any gratuitous service, loan, discount, money or article of value. It does not include articles of nominal value normally used for sales promotion purposes, ordinary and reasonable business meals and entertainment expenses if they have a clear business purpose, are permitted under the anti-corruption laws and local laws, conform to generally accepted local customs and are received in a sporadic manner.

Commissions - CGI or its members will never accept any commissions from a third-party vendor when recommending software, hardware or any equipment to a client as part of a service agreement.

Trading with CGI - A conflict of interest may exist when a member is directly or indirectly a party to a transaction with CGI.

Misappropriation of Business Opportunities - A conflict of interest will exist when a member, without the knowledge and consent of CGI, appropriates for his or her own use, or that of another person or organization, the benefit of any business venture, opportunity or potential opportunity about which the member may have learned or that he or she may have developed during the course of his or her employment.

Bribes - Neither CGI nor its members will pay bribes to clients or client representatives to obtain business from them. Refer to CGI’s Anti-Corruption Policy under Section 4.3 below for further information on this topic.

Former Employees of Customers – Hiring or retaining the services of former employees of customers, whether in the private or public sector (including quasi-government agencies), may result in actual or perceived conflicts of interest. Accordingly, any such person may not: (i) for a period of two years from the termination of his or her employment with a former customer be assigned to work on, or in any way contribute to, a CGI project or contract that is linked to his or her former functions, unless the customer’s prior written consent is obtained and the hire is not prohibited by any code of ethics or other restrictions or undertakings applicable to such person; and (ii) disclose to any CGI member any confidential information such person obtained during the course of his or her former functions with the customer.

Personal Relationships – The potential for a conflict, or perceived conflict, between personal/family relationships and work responsibilities may arise, for example, where a member interacts with someone in a professional capacity in the course of CGI’s business dealings with whom the member shares a close personal relationship or friendship. It may also arise if a member has a direct influence in deciding whether CGI will engage in business dealings with a person, supplier or third party with whom the member shares a close personal relationship or friendship. If the close personal relationship or friendship may be perceived as adversely affecting the member’s judgment or objectivity, both in the workplace and in any business dealings, a conflict or perceived conflict exists.

Reporting

Any actual, potential or perceived conflict of interest situation must be discussed with the member's manager (or, in the case of an executive officer, with either CGI's Executive Chairman of the Board, Chief Executive Officer, Chief Financial Officer or Chief Legal Officer) as soon as possible so that steps can be taken to address the situation.

7. LAWS, STATUTES AND REGULATIONS

Compliance with the law

It is CGI's policy to comply, not merely with the letter, but also with the spirit of the law. CGI is required to maintain compliance with various acts, statutes and regulations governing activities in the jurisdictions in which it carries on business and expects members acting on its behalf to do likewise. Members are also expected to report any situation of concern to ethics.crp@cgi.com or to the CGI Legal Department.

Guidelines for compliance

This Code does not seek to provide legal guidance for all laws, statutes and regulations that impact CGI's activities. Specialized resources - legal, tax, environmental, government relations, personnel - are available within CGI for that purpose. There are, however, several items of legislation that warrant specific mention. These are listed below along with some general guidelines for compliance.

Health and safety laws

CGI is committed to creating and maintaining healthy and safe workplaces for its members. Members are expected to comply with all safety laws, regulations and directives from their managers (which may not necessarily be a law or regulation).

Environmental laws

CGI is committed to preserving and enhancing the environment in the communities where its various businesses operate through responsible and environmentally-oriented operating practices. Members are encouraged to participate in undertakings geared to improving the environment in both their workplace and their community.

Human rights legislation

Every person has the right to equal treatment with respect to employment and the right to be free of discrimination because of race, ancestry, place of origin, colour, ethnic origin, citizenship, religion, sex, sexual orientation, age, pregnancy, record of offences, marital status, social conditions, political beliefs, language, veteran status (U.S. only), family status, disability or means used to overcome a disability. The following are

CGI's policies on equal employment opportunity, anti-discrimination and anti-harassment as well as the procedure for reporting any breach or violation of these policies:

- i) **Equal Employment Opportunity** - CGI is committed to treating all people fairly and equitably, without discrimination. The company has established a program to ensure that groups which are often subject to discrimination are equitably represented within CGI and to eliminate any employment rules and practices that could be discriminatory. CGI regards diversity among its members as a priceless resource and one which enables the Company to work harmoniously with clients from around the world.
- ii) **Anti-Harassment and Anti-Discrimination Policies** - CGI recognizes that everyone has the right to work in an environment free of sexual, psychological and racial harassment. CGI will do everything in its power to prevent its members from becoming victims of such harassment. CGI defines sexual, psychological or racial harassment as any behaviour, in the form of words, gestures, or actions, generally repeated, that has undesired sexual, psychological or racial connotations, that has a negative impact on a person's dignity or physical or psychological integrity, or that results in that person being subjected to unfavourable working conditions or dismissal.

CGI will prevent any form of harassment or discrimination against job candidates and members on any of the grounds mentioned above, whether during the hiring process or during employment. This commitment applies to such areas as training, performance assessment, promotions, transfers, layoffs, remuneration and all other employment practices and working conditions.

All CGI managers are personally accountable for enforcing this policy and must make every effort to prevent discriminatory or harassing behaviour and to intervene immediately if they observe a problem or if a problem is reported to them.

In their professional capacity, all members must refrain from any form of harassment or discrimination against anyone, including suppliers, customers and constructors.

- iii) **Procedure for Reporting Discrimination or Harassment** - Any member of CGI who feels discriminated against or harassed can and should, in all confidence and without fear of reprisal, personally report the facts to the vice-president of his or her business unit and to the human resources leader either in that business unit, in the country or at the corporate head office. The facts will be examined carefully by these two individuals. Neither the name of the person reporting the facts nor the circumstances surrounding them will be disclosed to anyone whatsoever, unless such disclosure is necessary for an investigation or disciplinary action. Any disciplinary action will be determined by these same two people and will be proportional to the seriousness of the behaviour concerned. CGI will also provide appropriate assistance to any member who is a victim of discrimination or harassment. In addition, retaliation against persons who make complaints of harassment, witness harassment, offer testimony or are otherwise involved in the investigation of harassment complaints will not be tolerated.

Competition act

CGI is required to make its own decisions on the basis of its best interest and must do so independent of agreements or understandings with competitors. The Competition Act (Canada) or corresponding provisions of foreign legislation in matters of competition prohibit certain arrangements or agreements with others regarding product prices, terms of sale, division of markets, allocation of customers or other practices that restrain competition. It is the responsibility of each manager to comply with the letter and spirit of all competition laws as they apply to CGI.

Questions concerning competition-sensitive issues must be addressed to ethics.crp@cgi.com or the CGI Legal Department.

Securities laws and insider trading

Members who possess material non-public information may not buy or sell CGI securities while such information remains non-public and must refrain from passing such information on to others, including spouses, partners, relatives and friends. These trading prohibitions apply to members at all levels - not just officers or managers. The prohibition on such trading is based on such information potentially providing an unfair advantage to the member.

“Material non-public information” is non-public information that is significant enough that, if publicly known, is likely to affect the market price of any of CGI’s securities. CGI has adopted “Guidelines on Timely Disclosure of Material Information and Transactions in Securities of CGI by Insiders”. Each member, officer and director must abide by the provisions of these guidelines, when applicable.

Export and import laws

CGI members may find themselves dealing with goods or services that are the subject of export or import restrictions, such as, for example, information or technology that has military or state security applications. Members who deal with controlled goods and services must comply with the CGI policies and procedures that are designed to ensure that the controls are respected.

Laws that protect classified information

In the normal course of CGI’s business with government clients, our members may be required to hold government security clearances and they may have access to information that is classified or facilities that are restricted. Members must comply with the letter and with the spirit of the laws, rules and regulations that apply to classified information and facilities that are restricted.

Whether a member holds a security clearance or not, members must not seek access to classified information or restricted facilities unless that access is required in order to allow them to carry out their assigned tasks. Members must not accept access to, retain, or otherwise deal with classified information, or enter restricted

facilities, unless they hold a current and valid security clearance that entitles them to have the appropriate degree of access. If there is any doubt about whether information is classified or whether facilities are restricted, about the restrictions that may apply to information or facilities, or whether the member's security clearance is adequate in the circumstances, the member must first consult with the CGI security officer who has the authority to advise the member.

8. INVESTOR AND MEDIA RELATIONS

Authorized Spokespersons

Initiatives relating to investor and media communications are the responsibility of CGI's authorized spokespersons. Therefore, members are not allowed to make any public statement about CGI without first obtaining the authorization of such authorized spokespersons.

9. COMMUNITY ACTIVITIES AND POLITICAL AND PUBLIC CONTRIBUTIONS

As a global organization conducting business throughout the world, CGI is committed to the charitable donation of funds and services for humanitarian and other social needs, particularly in cases of emergencies or disasters. Monetary and other contributions to charities, social projects and funds, including schools, educational funds and infrastructure projects, should occur outside of work hours and be handled with caution as they can be conduits for corrupt payments. In order to minimize this risk, CGI requires appropriate due diligence be conducted into such charities and projects prior to the approval of any charitable contributions made on its behalf. No contributions of any kind may be made on CGI's behalf to any political party, candidate or campaign. In no event shall any charitable or political donations be made for the purpose of gaining any improper business advantage.

Questions to consider when making charitable payments:

1. Is the organization or body receiving the payment duly registered and does it otherwise comply with applicable law?
2. Is the organization or body, including its board of directors and other representatives, free of any political or other undue influence?
3. What is the purpose of the payment?
4. Is the payment consistent with CGI's internal guidelines on charitable giving?
5. Is the payment at the request of a foreign official?
6. Is a foreign official associated with the charity and, if so, can the foreign official make decisions regarding CGI's business in that country?

7. Is the payment conditioned on receiving business or other benefits?

10. COMPLIANCE WITH THE CODE

Management responsibilities

CGI's managers have a special duty to be role models of appropriate business conduct and to see that the principles and policies of this Code and of other CGI guidelines and policies referred to in this Code are upheld. This means:

- i) **Copy of the Code** - Ensuring that all members have a copy of the Code, and that they understand and comply with its provisions.
- ii) **Assistance** - Offering assistance and explanations to any member who has questions, doubts or is in a difficult situation. Managers are also required to counsel members promptly when their conduct or behaviour is inconsistent with the Code.
- iii) **Enforcement** - Taking prompt and decisive action when a violation of the Code has occurred, in consultation with the CGI Legal Department. If a manager knows a member is contemplating a prohibited action and does nothing, the manager will be held responsible along with the member.

Member responsibilities

Each member is accountable for observing the rules of conduct that are normally accepted as standard in a business enterprise. In addition they must abide by the following:

- i) **Compliance** - CGI's members are expected to comply with the Code and all policies and procedures of the company as well as to actively promote and support CGI's values.
- ii) **Preventing** - Members should take all necessary steps to prevent a Code violation.
- iii) **Reporting** - Subject to applicable law, members must immediately report to their manager (i) situations of non-compliance with respect to this Code of which they become aware and (ii) suspected violations of the Code. All information will, to the extent possible, be received in confidence. It is corporate policy not to take action against a member who reports in good faith unless unusual circumstances warrant such action.

In addition, CGI has established a policy for incident reporting (often referred to as a "whistleblower policy") as well as a process under that policy which allows any person who has direct knowledge of specific facts to report incidents in which the Company is exposed to

a serious risk in matters of accounting, auditing, internal accounting controls, finance, banking or financial corruption. The process in place protects the incident reporter and ensures the confidentiality of the report.

Incident reports may be submitted either by telephone by dialing 1 800 422 3076 toll free, by dialing (503) 748-0564 and reversing the long distance charges, or by submitting an incident report online. For telephone reports, all long distances charges will be at the expense of CGI. For those who wish to submit incident reports online, a link to the incident reporting web site is provided on CGI's Enterprise Portal or members may access the incident reporting system directly at <https://ethicspoint.com> or such other site as is communicated by CGI from time to time.

CGI's incident reporting system is managed by EthicsPoint, Inc., a company unrelated to CGI which has undertaken to ensure the confidentiality of all incident reporters as well as the confidentiality of the reports they submit.

CGI's policy on incident reporting is entitled the Serious Ethical Incidents Reporting Policy and is available on the CGI Enterprise Portal.

- iv) **Consequences** - Unethical behaviour, violations of this Code and of CGI's other guidelines and policies, as well as withholding information during the course of an investigation regarding a possible violation of the Code, may result in disciplinary action which will be commensurate with the seriousness of the behaviour. Such action could include termination as well as civil or criminal action.

11. ADMINISTRATION OF THE CODE

Periodic review

Responsibility for the periodic review and revision of the Code lies with CGI's Corporate Governance Committee.

Monitoring compliance

The Board of Directors of CGI will monitor compliance with the Code and will be responsible for the granting of any waivers from compliance with the Code for directors and officers of CGI. The Corporate Secretary of CGI shall, when deemed appropriate, make reports to the Board of Directors of CGI with respect to compliance with this Code.

Questions

Questions concerning this Code should be referred to a member's manager who, when warranted, shall report to CGI's Corporate Secretary.

4.2 Executive Code of Conduct

This Executive Code of Conduct (the “Code”) is part of the commitment of CGI Group Inc. (“CGI”) to ethical business conduct and practices. This Code reflects CGI’s firm commitment, not only to adherence to the law, but also to the highest standards of ethical conduct.

This Code specifically covers CGI’s principal executive officer, principal financial officer, principal accounting officer or controller, or other persons performing similar functions (collectively, the “officers”) and supplements the Code of Ethics and Business Conduct.

1. HONEST AND ETHICAL CONDUCT

Respect and integrity

The officers of CGI are its ambassadors. They must always behave responsibly and demonstrate courtesy, honesty, civility and respect for all other employees of CGI, for its clients and for its suppliers.

Ethics

Supporting CGI’s objectives, officers in performing their duties will carry out their responsibilities at all times in a way that promotes ethics in their leadership. The officers will:

- (i) Undertake their responsibilities in a vigilant manner in the interests of CGI and to avoid any real or perceived impression of personal advantage;
- (ii) Advance CGI’s legitimate interests when the opportunity arises at all times ahead of their own interests;
- (iii) Proactively promote ethical behavior among subordinates and peers; and
- (iv) Use corporate assets and resources in a responsible and fair manner, having regard for the interests of CGI.

2. FULL, FAIR, ACCURATE, TIMELY AND UNDERSTANDABLE DISCLOSURE

Annual and quarterly reports

Each officer shall read each annual or quarterly report filed or submitted under the applicable securities laws and satisfy himself or herself that the report does not contain any untrue statement of a material fact or omit to state a material fact that is necessary in order for the statements made not to be misleading, in light of the circumstances in which such statements were made.

Financial statements

Each officer shall satisfy himself or herself that the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition and results of operations of CGI as of, and for, the periods presented in the report.

Reports to securities regulators

Officers shall perform their responsibilities with a view to causing periodic reports filed with securities regulators to contain information which is accurate, complete, fair and understandable and to be filed in a timely fashion.

Reporting concerns and complaints

An officer who believes it is necessary or appropriate to do so can refer concerns about the quality and scope of financial or related reporting requirements to the Chair of the Audit Committee. Any officer who receives a bona fide material complaint about financial reporting from any employee shall report such complaints to the Audit Committee. Any officer who has disclosed such concerns in good faith shall not face any form of retribution.

3. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

The officers are cognizant of their leadership roles within the organization and the importance of compliance with the letter and spirit of applicable laws, rules and regulations relating to financial and related reporting.

4. COMPLIANCE WITH THE CODE

General responsibilities

Officers have a special duty to be role models of appropriate business conduct and see that the principles and policies of this Code and other CGI guidelines and policies are upheld.

Reporting

Any violation or suspected violation of the Code should be personally reported by an officer to CGI's Executive Chairman of the Board, Chief Executive Officer, Chief Financial Officer or Chief Legal Officer.

Accountability

Non-compliance with this Code in every respect by an officer will be a matter for consideration and review by the Board of Directors of CGI.

4.3 CGI Anti-Corruption Policy

Policy statement

CGI is committed to conducting its activities free from the illegal and improper influence of bribery and to ensuring compliance with all anti-bribery and anti-corruption laws and regulations that may be applicable to its business world-wide (collectively, “**Anti-Corruption Laws**”). It is essential that our members, officers, and directors, as well as all third parties who act on behalf of CGI, comply at all times with the letter and the spirit of all Anti-Corruption Laws.

Overview

Bribery is offering, giving, receiving, or soliciting **any item of value** to improperly influence the actions of a person **in order to obtain or retain business or an unfair advantage in the conduct of business; or to induce or reward improper conduct**. “Kickback” is another term for bribery. Bribery can arise in both the public and the private sphere. It can take place directly or indirectly (e.g. through a Third Party). It can take many forms. Anti-Corruption Laws require companies like CGI to have proactive measures to prevent, detect, and address bribery and corrupt practices.

There are many reasons to care about bribery and corruption.

Bribery and corruption are crimes punishable by fines and/or imprisonment. CGI officers, directors and members, as well as Third Parties, must not engage in any form of bribery or corruption. Whenever members are asked to approve or make a payment, they must ensure that they fully understand the reason for the payment and that the payment is legitimate. If in doubt, they should not make or agree to make the payment and contact the CGI Legal Department or ethics.crp@cgi.com for guidance.

Bribery and corruption have been identified as key factors that limit economic growth and contribute to inequality. By wrongfully benefiting a few individuals, they limit competition, undermine innovation, and corrupt societies. Bribery is also detrimental to our business – studies show that companies where bribery is condoned have lower levels of productivity and lower employee morale. Put simply, it is unethical and against CGI’s values.

Individuals and companies can face civil and criminal charges resulting in large fines, imprisonment, and suspension or debarment from government contract processes. Failure to comply puts members, their colleagues, and CGI at risk. This could have a very serious impact on members, and CGI’s business and reputation.

Key principles

1. BRIBES MUST NOT BE OFFERED OR ACCEPTED

CGI prohibits the offering, giving, receiving, or soliciting of any item of value to improperly influence the actions of a person in order to obtain or retain business or an unfair advantage in the conduct of business; or to induce or reward improper conduct. “Items of value” can include:

- payments of money;
- extension of credit or loans;
- travel and accommodations expenses;
- gifts, meals, and entertainment;
- political contributions and charitable donations;
- free use of company services, facilities or property;
- favors that are of value to a recipient (e.g., offering a job to a member of a person’s family); or
- anything else of value.

Bribery and corruption can take many forms. Red flags can include cash payments or gifts to individuals or family members; inflated commissions; inflated invoices; fake consultancy agreements; unauthorized rebates; political or charitable donations; and excessive payment of travel expenses for inappropriate non-business related travel. In some cases, simply offering an inducement is unlawful, even if not accepted. **This Policy is intended to help you understand how to apply this prohibition in our business.** It explores the areas identified above in more depth.

2. UNDERSTANDING CGI POLICIES AND IDENTIFYING RISKS

The first step in compliance is to understand our Code of Ethics, including this Policy, and how it impacts your responsibilities on a day-to-day basis. Knowing what steps to take to prevent risk and to ensure the proper handling of any issues relating to bribery and corruption is essential to compliance.

3. RESPOND

CGI will assess bribery and corruption risks on an ongoing basis within each Strategic Business Unit. CGI will implement mitigation plans and training programs as part of its system of internal controls. CGI will also monitor compliance at the local level to ensure that this Policy is being followed by all members. You should always complete all required training and cooperate with ongoing monitoring.

4. DOCUMENT AND REPORT

All documentation of financial transactions must be accurate and complete. You should always document your transactions in compliance with the Code of Ethics, and report any issues arising under this Policy that you become aware of as required by CGI's Serious Ethical Incidents Reporting Policy. Questions under this Policy can be addressed to ethics.crp@cgi.com.

Areas of Focus

CGI has established procedures and guidelines to translate this Policy and our principles into practice. This section outlines the general requirements and procedures for the following risk areas:

1. Gifts

Policy

Though gifts are recognized as appropriate ways of developing business relationships and promoting the CGI brand, we must ensure that the offering, solicitation and receipt of gifts does not give rise to even an appearance of impropriety. Particular vigilance must be exercised where gifts are extended to Government Officials.

All gifts offered by CGI must:

- (i) be permitted under local law and the Anti-Corruption Laws and conform to generally accepted local customs;
- (ii) have a clear business purpose which is directly related to CGI's commercial objectives;
- (iii) be reasonable in value and not appear lavish or extravagant; and
- (iv) not be intended to create any obligation on behalf of the recipient or to result in CGI receiving any favour or advantage in return.

Typically, small gifts containing the CGI logo (such as coffee mugs, t-shirts, pens, and the like) offered sporadically to persons at CGI promotional events (such as trade shows) will not violate this Policy as long as they are not excessive.

A chart attached as **Appendix B** to this Policy provides limits on gifts to Government Officials allowed under the laws of various jurisdictions. All Members must adhere to these limits when offering gifts to Government Officials. When dealing with private parties, these limits should also be used as guidelines for determining if the value of a gift is reasonable. You should consult with the CGI Legal Department if you have any questions related to offering any gifts to Government Officials to ensure that they comply with local laws and the Anti-Corruption Laws. You can also direct inquiries to ethics.crp@cgi.com.

Full Transparency Required

If offering or accepting a gift meets these standards, it must be made or accepted in a fully transparent way. Gifts which are excessive, frequent, or intended to create an obligation on the part of the recipient are strictly prohibited.

How we ensure compliance

No reimbursement or payment for any gifts offered by a CGI member that otherwise comply with this Policy will be made without adequate approvals in compliance with the Operations Management Framework and supporting documentation / receipts.

Red flags

Examples of common “red flags” that could indicate bribery or corruption include the following:

- Gifts that would be illegal under local or Anti-Corruption Laws;
- Gifts to or from parties engaged in a public tender or competitive bidding process;
- Any gift of cash or cash equivalents, or securities;
- Any gift where something is expected in return;
- Any gift that appears excessive based on common sense standards or local custom;
- Any gift that is paid for personally.

2. Hospitality, travel, entertainment and meals

Policy

As with gifts, providing hospitality, travel, entertainment, and meals (collectively, “**Hospitality**”) to any person may be a violation of the law if they are excessive, unreasonable, or do not have a valid business purpose. The same principle applies to soliciting or receiving Hospitality from existing or potential clients. CGI prohibits payment or reimbursement of expenses for any person to attend site visits or other CGI business events unless the expenses are reasonable, reflect actual costs incurred, directly relate to CGI business, and are permissible under local law and custom. CGI discourages the providing of Hospitality to the family members or guests of clients unless a clear business purpose for the Hospitality can be demonstrated.

Hospitality Offered by or to CGI Members

All Hospitality offered by or to CGI members must meet these requirements:

- (i) The Hospitality must be permitted under local law and the Anti-Corruption Laws and conform to generally accepted local customs;
- (ii) The host offering the Hospitality must be present;
- (iii) The purpose is to hold a genuine business discussion or foster better business relations and do not develop any form of obligation;
- (iv) The Hospitality is openly offered and not solicited; and
- (v) The Hospitality is not frequent or excessive, and is reasonable in value, so as to not raise questions of impropriety.

As with gifts, the chart in **Appendix B identifies permissible limits on Hospitality for Government Officials** in specific jurisdictions. All Members must adhere to these guidelines when providing Hospitality to Government Officials. When dealing with private parties, these limits should also be used as guidelines for determining if the value of any Hospitality.

Full Transparency Required

If offering or receiving Hospitality meets these standards, it must be made or accepted in a fully transparent way. Hospitality which is excessive, frequent, or intended to create an obligation on the part of the recipient is strictly prohibited.

How we ensure compliance

Approval for the payment or reimbursement of bona fide and actual Hospitality expenses for clients, potential clients, and Government Officials must be obtained from the Legal Department prior to offering such a payment or reimbursement. All travel expenses must comply with the CGI Travel Policy. Expenses related to Hospitality offered by CGI must be submitted and approved in accordance with CGI expense reporting guidelines so that the expenses are properly categorized and auditable.

Red flags

Examples of common “red flags” that could indicate bribery or corruption include the following:

- Hospitality expenses for persons for which there is not a legitimate business purpose;

- Hospitality expenses for family members of any person;
- Hospitality expenses submitted on behalf of non-CGI members (as opposed to being paid by CGI directly);
- Payment for flights and accommodations for potential or existing CGI clients to meet with CGI representatives when the CGI representatives could just as easily have met with the clients at the client's site;
- Use of travel agencies not approved by CGI for arranging or paying for Hospitality of Government Officials.

3. Third parties

Policy

Most Anti-Corruption Laws impose liability on companies which become involved in direct or indirect bribery. This means that CGI may incur liability where a Third Party engaged to represent or provide a service to, or on behalf of, CGI makes an improper payment or otherwise engages in improper conduct in the course of its work for CGI. This exposure may arise notwithstanding that the payment or conduct in question is prohibited by CGI and/or that CGI had no knowledge of this payment. All CGI dealings with Third Parties must be carried out with the highest degree of integrity, visibility, and in compliance with all relevant laws and regulations.

How we ensure compliance

Professional integrity is a prerequisite for the selection and retention of Third Parties by CGI. Prior to the retention of any Third Party, the CGI member responsible for such retention must ensure that **appropriate due diligence** is conducted on such Third Party and any compliance “red flags” that are identified are properly addressed. In certain circumstances, Third Parties will receive compliance training, and all Third Parties are subject to CGI’s monitoring requirements and audit to ensure compliance with Anti-Corruption Laws and this Policy. Contracts with Third Parties must, where appropriate, contain appropriate terms to mitigate corruption risks.

CGI’s approach to retaining, training and monitoring Third Parties is “risk-based”, which takes into account a number of factors, including the corruption risk in the country in which the Third Party conducts its activities for CGI, the nature of CGI’s relationship with the Third Party, the reputation and notoriety of the Third Party and the value and prospects of CGI’s relationship with the Third Party. In higher risk situations, enhanced due diligence, training and monitoring, including the Third Party’s agreement to comply with **CGI’s Third-Party Code of Ethics**, will be required in accordance with procedures and protocols to be issued by the CGI Legal Department.

Red flags

Examples of common “red flags” that could indicate bribery or corruption include the following:

- Excessive commissions to third-party representatives or consultants;

- Third-party “consulting agreements” that include only vaguely described services;
- Family, business, or other “special” ties with government or political officials;
- Reputation for violating local law or company policy;
- Negative press, rumors, allegations or sanctions;
- Requests from government officials or clients to engage or hire specific Third Parties;
- Lack of credentials for the nature of the work being performed by the Third Party;
- Request to make payment to an entity located in an off-shore tax haven;
- Lack of an office or established place of business, or a shell-company incorporated in an offshore jurisdiction;
- Requests for payment of non-contracted amounts, or lack of documentation for services performed;
- Convoluted or complex payment requests (such as payments to third parties or to accounts in other countries, requests for payments in cash, or requests for up-front payments);
- Requests for political or charitable contributions or other favors as a way of influencing official action;
- Requests for specific sums of money to “fix” problems or “make them go away.”

4. Facilitation payments

Policy

“**Facilitation Payments**” are payments made to secure, facilitate or speed-up routine, non-discretionary government actions (e.g. payments for speeding up customs clearance, loading and unloading cargo or scheduling government inspections or issuing government licenses or port documentation). **CGI regards Facilitation Payments to be a form of corruption and strictly prohibits them.**

How we ensure compliance

CGI members who are requested to make a facilitation payment should make a report to ethics.crp@cgi.com immediately. In addition, any CGI member that makes a payment that could reasonably be misunderstood as a Facilitation Payment should make a report to ethics.crp@cgi.com and ensure that the payment transaction is completely and accurately documented in CGI’s books and records.

Red flags

Examples of common “red flags” that could indicate bribery or corruption include the following:

- Payments to obtain permits, licenses, or work orders to which you are already entitled;
- Payments to receive police protection or mail pickup/delivery;

- Payments to receive phone service or water/power supply;
- Payments to schedule inspections or transit of goods across border controls.

5. Anti-money laundering

Money laundering is the process by which one conceals the existence of an illegal source of income and then disguises that income to make it appear legitimate. Use by CGI of proceeds tainted by illegality can give rise to liability in the countries in which CGI operates. CGI members should make a report pursuant to the Serious Ethical Incidents Reporting Policy or to ethics.crp@cgi.com if they become aware of suspicious circumstances leading them to believe that any transaction might involve the payment or the receipt of proceeds of any unlawful activity.

Red flags

Examples of common “red flags” that could indicate money laundering include the following:

- Refusal to disclose the source of funds or the beneficial ownership of funds;
- Uncertain qualifications of a participant for a proposed transaction; for example, if the principal business of such participant appears to be unrelated to such transaction;
- Cash payments;
- Payments to and from tax haven jurisdictions;
- Complicated payment and transaction structures, including the use of multiple parties in transactions where payments and shipments are made to or from third parties which are not parties to the underlying contract;
- Criminal connections of transaction participants.

Training and Monitoring

In furtherance of CGI’s commitment to compliance with the law, this Anti-Corruption Policy is communicated to all CGI directors, officers, members and Third Parties, and is available on the CGI Enterprise Portal. Responsibility for compliance with this Policy, including the duty to seek guidance when in doubt, rests with the members or relevant Third Parties.

CGI will provide regular training on this Policy. When necessary, specialized training will be provided to members, directors and/or officers with significant compliance responsibilities or in high risk functions.

CGI will audit and monitor compliance with this Policy on an ongoing basis.

Reporting of Suspected Violations

Subject to applicable law, any suspected breaches of this Policy which directly or indirectly affect CGI's business must be reported consistent with CGI's Serious Ethical Incidents Reporting Policy. The process in place protects the incident reporter and ensures the confidentiality of the report. There will be no retaliation for making a report. According to our Serious Ethical Incidents Reporting Policy, you can make confidential reports of misconduct by calling a toll-free hotline number (see policy for numbers to call) or online (at ethicspoint.com).

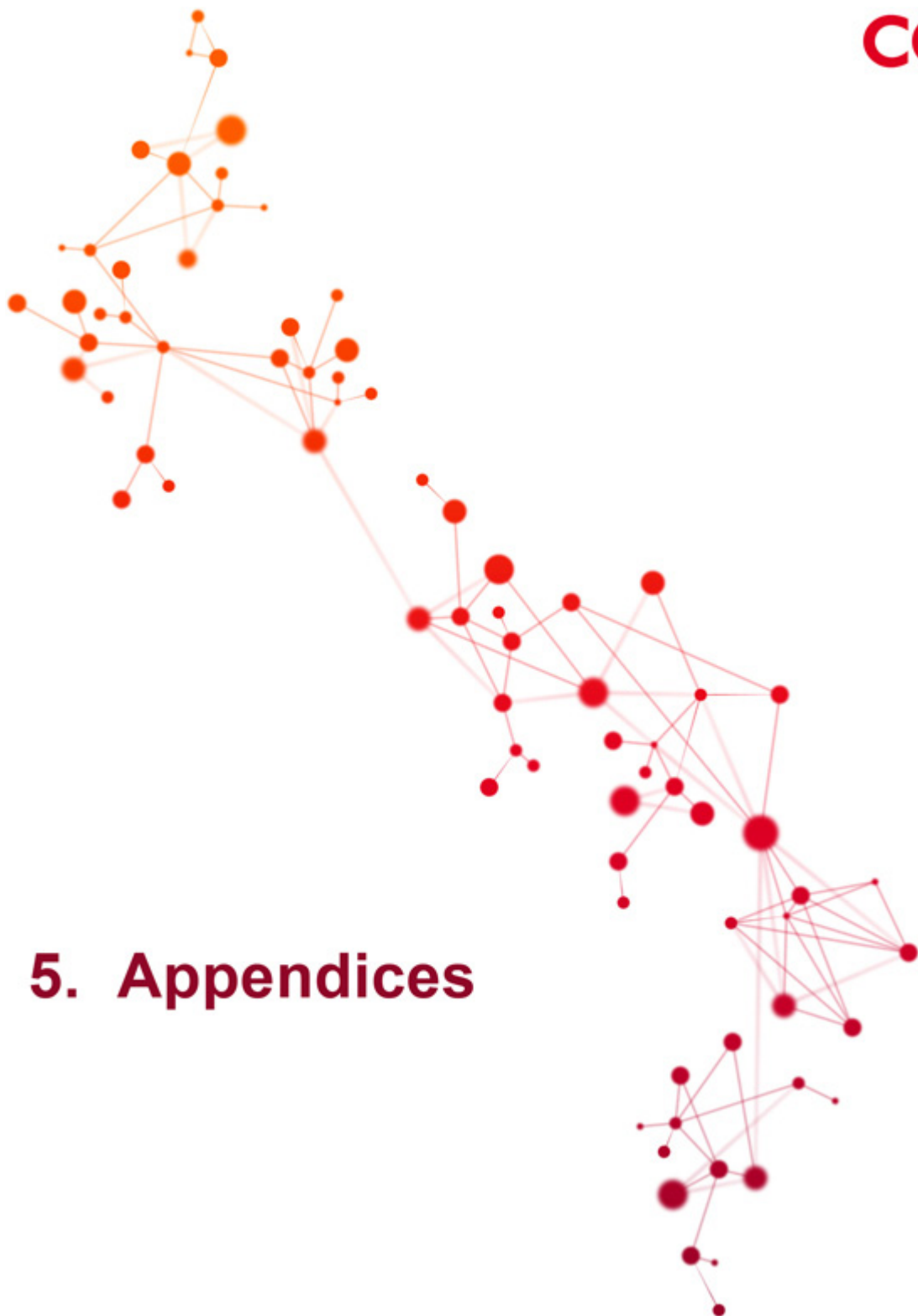
Consequences of Misconduct

The consequences of violating applicable Anti-Corruption Laws are potentially very serious for CGI and individual members. CGI will vigorously enforce compliance with this Policy. Violations may result in disciplinary action, including in serious cases, termination of employment. Violations may also result in criminal and civil exposure for CGI and any individuals involved, including imprisonment, fines and damages actions, and can cause significant damage to CGI's reputation in the market place. CGI may also face suspension and disbarment from public sector contracts as a result of violations by CGI members.

Third Parties who breach the CGI Third Party Code of Ethics may also be subject to prosecution and severe penalties, including the termination of their contract with CGI.

Questions about this Policy

Questions about the application of this Policy to specific circumstances can be directed to ethics.crp@cgi.com. Questions can also be directed to your local CGI Legal Department or Human Resources representative.



5. Appendices

APPENDIX A

Definition of Independence in effect as of June 30, 2005 under CSA Multilateral Instrument 52-110, as amended

1.4 Meaning of independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or

- (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.

- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

1.5 additional independence requirements

- (1) Despite any determination made under section 1.4, an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities, is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Appendix B:

Limits on Permissible Gifts and Hospitalities for Government Officials

The following table sets forth guidelines contained in applicable local law for permissible limits on Gifts and Hospitalities being offered or made by CGI members to Government Officials in select jurisdictions where CGI operates its business:

Country	Limit for Gifts	Limits for Hospitality
Australia	AUD 38 (approximately CAD 30)	AUD 125 (approximately CAD 100)
Austria	requires opinion of local counsel, except for items of symbolic value, such as pens, calendars and other items with the Company logo	requires opinion of local counsel
Brazil	BRL 100 (CAD 55)	BRL 100 (approximately CAD 55) recommended
Canada	CAD 24	CAD 47 breakfast; CAD 70 lunch; CAD 95 dinner; CAD 29 refreshments
China	RMB 200 (approximately CAD 29)	RMB 515 (approximately CAD 75)
France	EUR 21 (approximately CAD 30)	EUR 65 (approximately CAD 100)
Germany	items of symbolic value EUR 35 (approximately CAD 50), such as pens, calendars and other items with the Company logo	EUR 65 (approximately CAD 100), opinion of local counsel recommended
India	INR 1,000 (approximately CAD 22)	INR 1,000 (approximately CAD 22) recommended
Ireland	EUR 30 (approximately CAD 42)	EUR 100 (approximately CAD 141)
Japan	requires opinion of local counsel, except gift items distributed widely for commemorative purposes, and commemorative gifts at a buffet party where more than 20 guests are in attendance	requires opinion of local counsel, except refreshments at Company premises, e.g., cup of coffee
Netherlands	EUR 50 (approximately CAD 70), with prior approval of recipient's supervisor	meals not permissible, except as part of a seminar, fair or similar event with prior approval of recipient's supervisor

Country	Limit for Gifts	Limits for Hospitality
New Zealand	NZD 30 (approximately CAD 19)	NZD 80 (approximately CAD 52)*
Philippines	gifts, such as Company souvenirs of minor value, e.g., PHP 1,500 (approximately CAD 30)	PHP 1,500 (approximately CAD 30)
Poland	Requires opinion of local counsel, except for small Company souvenirs of minor value, e.g., pen	PLN 240 (approximately CAD 100)
Russia	RUB 500 (approximately CAD 20)	RUB 2,500 (approximately CAD 100)
Singapore	requires opinion of local counsel, except for items of symbolic value, such as pens, calendars and other items with the Company logo	requires opinion of local counsel, except for modest working lunch/refreshments at Company premises
South Africa	ZAR 350 (approximately CAD 44)	ZAR 815 (approximately CAD 75)
Spain	EUR 21 (approximately CAD 30)	EUR 65 (approximately CAD 100)
United Kingdom	requires opinion of CGI Legal Department	requires opinion of CGI Legal Department
United States	Requires opinion of CGI Legal Department	requires opinion of CGI Legal Department

Consolidated Financial Statements of

CGI GROUP INC.

For the years ended September 30, 2017 and 2016

Management's and Auditors' Reports

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The management of CGI Group Inc. (the Company) is responsible for the preparation and integrity of the consolidated financial statements and the Management's Discussion and Analysis (MD&A). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and necessarily include some amounts that are based on management's best estimates and judgement. Financial and operating data elsewhere in the MD&A are consistent with that contained in the accompanying consolidated financial statements.

To fulfill its responsibility, management has developed, and continues to maintain, systems of internal controls reinforced by the Company's standards of conduct and ethics, as set out in written policies to ensure the reliability of the financial information and to safeguard its assets. The Company's internal control over financial reporting and consolidated financial statements are subject to audit by the independent auditors, Ernst & Young LLP, whose reports follow. They were appointed as independent auditors, by a vote of the Company's shareholders, to conduct an integrated audit of the Company's consolidated financial statements and of the Company's internal control over financial reporting. In addition, the Audit and Risk Management Committee of the Board of Directors reviews the disclosure of financial information and oversees the functioning of the Company's financial disclosure controls and procedures.

Members of the Audit and Risk Management Committee of the Board of Directors, all of whom are independent of the Company, meet regularly with the independent auditors and with management to discuss internal controls in the financial reporting process, auditing matters and financial reporting issues and formulate the appropriate recommendations to the Board of Directors. The independent auditors have unrestricted access to the Audit and Risk Management Committee. The consolidated financial statements and MD&A have been reviewed and approved by the Board of Directors.

/s/ George D. Schindler

George D. Schindler
President and Chief Executive Officer
November 7, 2017

/s/ François Boulanger

François Boulanger
Executive Vice-President and Chief Financial Officer

Management's and Auditors' Reports

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and,
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

All internal control systems have inherent limitations; therefore, even where internal control over financial reporting is determined to be effective, it can provide only reasonable assurance. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of the end of the Company's 2017 fiscal year, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO framework). Based on this assessment, management has determined the Company's internal control over financial reporting as at September 30, 2017 was effective.

The effectiveness of the Company's internal control over financial reporting as at September 30, 2017 has been audited by the Company's independent auditors, as stated in their report appearing on page 3.

/s/ George D. Schindler

George D. Schindler
President and Chief Executive Officer
November 7, 2017

/s/ François Boulanger

François Boulanger
Executive Vice-President and Chief Financial Officer

Management's and Auditors' Reports

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Shareholders of CGI Group Inc.

We have audited CGI Group Inc.'s (the Company) internal control over financial reporting as of September 30, 2017, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO framework) (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2017 based on the COSO criteria.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of the Company as at and for the year ended September 30, 2017, and our report dated November 7, 2017 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP

Montréal, Canada
November 7, 2017

1. CPA auditor, CA, public accountancy permit No. A113209

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2017 and 2016

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Management's and Auditors' Reports

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of CGI Group Inc.

We have audited the accompanying consolidated financial statements of CGI Group Inc. (the Company), which comprise the consolidated balance sheets as of September 30, 2017 and 2016 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended September 30, 2017 and 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CGI Group Inc. as at September 30, 2017 and 2016, and its financial performance and its cash flows for the years ended September 30, 2017 and 2016, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CGI Group Inc.'s internal control over financial reporting as of September 30, 2017, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO framework) and our report dated November 7, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Ernst & Young LLP
Ernst & Young LLP

Montréal, Canada
November 7, 2017

1. CPA auditor, CA, public accountancy permit No. A113209

Consolidated Statements of Earnings

For the years ended September 30
(in thousands of Canadian dollars, except per share data)

	2017	2016
	\$	\$
Revenue	10,845,066	10,683,264
Operating expenses		
Costs of services, selling and administrative (Note 22)	9,257,659	9,120,929
Acquisition-related and integration costs (Note 26b)	10,306	—
Restructuring costs (Note 24)	88,628	29,100
Net finance costs (Note 25)	69,792	78,426
Foreign exchange loss	784	2,024
	9,427,169	9,230,479
Earnings before income taxes	1,417,897	1,452,785
Income tax expense (Note 15)	382,702	384,069
Net earnings	1,035,195	1,068,716
Earnings per share (Note 20)		
Basic earnings per share	3.48	3.51
Diluted earnings per share	3.41	3.42

See Notes to the Consolidated Financial Statements.

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2017 and 2016

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Consolidated Statements of Comprehensive Income

For the years ended September 30
(in thousands of Canadian dollars)

	2017	2016
	\$	\$
Net earnings	1,035,195	1,068,716
Items that will be reclassified subsequently to net earnings (net of income taxes):		
Net unrealized losses on translating financial statements of foreign operations	(141,465)	(274,283)
Net gains on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations	13,109	18,446
Net unrealized losses on cash flow hedges	(12,261)	(18,297)
Net unrealized (losses) gains on available-for-sale investments	(3,509)	229
Items that will not be reclassified subsequently to net earnings (net of income taxes):		
Net remeasurement losses on defined benefit plans	(611)	(20,193)
Other comprehensive loss	(144,737)	(294,098)
Comprehensive income	890,458	774,618

See Notes to the Consolidated Financial Statements.

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2017 and 2016

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Consolidated Balance Sheets

As at September 30
(in thousands of Canadian dollars)

	2017	2016
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (Notes 27d and 31)	165,872	596,529
Accounts receivable (Note 4)	1,285,880	1,101,606
Work in progress	922,620	935,496
Current derivative financial instruments (Note 31)	8,152	22,226
Prepaid expenses and other current assets	160,402	170,393
Income taxes	6,541	7,876
Total current assets before funds held for clients	2,549,467	2,834,126
Funds held for clients (Note 5)	313,552	369,530
Total current assets	2,863,019	3,203,656
Property, plant and equipment (Note 6)	396,613	439,293
Contract costs (Note 7)	243,056	211,018
Intangible assets (Note 8)	490,426	509,781
Other long-term assets (Note 9)	85,159	86,970
Long-term financial assets (Note 10)	111,307	129,383
Deferred tax assets (Note 15)	146,602	179,898
Goodwill (Note 11)	7,060,030	6,933,333
	11,396,212	11,693,332
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,004,307	1,107,863
Accrued compensation	578,886	523,553
Current derivative financial instruments (Note 31)	12,069	4,517
Deferred revenue	409,332	390,367
Income taxes	174,102	159,410
Provisions (Note 12)	86,154	34,924
Current portion of long-term debt (Note 13)	122,467	192,036
Total current liabilities before clients' funds obligations	2,387,317	2,412,670
Clients' funds obligations	314,233	365,994
Total current liabilities	2,701,550	2,778,664
Long-term provisions (Note 12)	40,892	40,454
Long-term debt (Note 13)	1,739,536	1,718,939
Other long-term liabilities (Note 14)	213,436	244,307
Long-term derivative financial instruments (Note 31)	82,365	46,473
Deferred tax liabilities (Note 15)	213,515	183,579
Retirement benefits obligations (Note 16)	202,292	216,308
	5,193,586	5,228,724
Equity		
Retained earnings	3,794,439	3,778,848
Accumulated other comprehensive income (Note 17)	159,391	304,128
Capital stock (Note 18)	2,054,725	2,194,731
Contributed surplus	194,071	186,901
	6,202,626	6,464,608
	11,396,212	11,693,332

See Notes to the Consolidated Financial Statements.

Consolidated Balance Sheets

As at September 30
(in thousands of Canadian dollars)

Approved by the Board

/s/ George D. Schindler
George D. Schindler
Director

/s/ Serge Godin
Serge Godin
Director

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2017 and 2016

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Consolidated Statements of Changes in Equity

For the years ended September 30
(in thousands of Canadian dollars)

	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity
	\$	\$	\$	\$	\$
Balance as at September 30, 2016	3,778,848	304,128	2,194,731	186,901	6,464,608
Net earnings	1,035,195	—	—	—	1,035,195
Other comprehensive loss	—	(144,737)	—	—	(144,737)
Comprehensive income	1,035,195	(144,737)	—	—	890,458
Share-based payment costs	—	—	—	34,443	34,443
Income tax impact associated with stock options	—	—	—	5,961	5,961
Exercise of stock options (Note 18)	—	—	60,943	(11,169)	49,774
Exercise of performance share units (PSUs) (Note 18)	—	—	23,666	(23,666)	—
Purchase of Class A subordinate shares for cancellation (Note 18)	(1,019,604)	—	(227,060)	—	(1,246,664)
Resale of Class A subordinate shares held in trust (Note 18)	—	—	2,445	1,601	4,046
Balance as at September 30, 2017	3,794,439	159,391	2,054,725	194,071	6,202,626

	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity
	\$	\$	\$	\$	\$
Balance as at September 30, 2015	3,057,578	598,226	2,254,245	172,120	6,082,169
Net earnings	1,068,716	—	—	—	1,068,716
Other comprehensive loss	—	(294,098)	—	—	(294,098)
Comprehensive income	1,068,716	(294,098)	—	—	774,618
Share-based payment costs	—	—	—	38,299	38,299
Income tax impact associated with stock options	—	—	—	19,704	19,704
Exercise of stock options (Note 18)	—	—	111,405	(21,972)	89,433
Exercise of PSUs (Note 18)	—	—	21,250	(21,250)	—
Purchase of Class A subordinate shares for cancellation (Note 18)	(347,446)	—	(170,374)	—	(517,820)
Purchase of Class A subordinate shares held in trust (Note 18)	—	—	(21,795)	—	(21,795)
Balance as at September 30, 2016	3,778,848	304,128	2,194,731	186,901	6,464,608

See Notes to the Consolidated Financial Statements.

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2017 and 2016

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Consolidated Statements of Cash Flows

For the years ended September 30
(in thousands of Canadian dollars)

	2017	2016
	\$	\$
Operating activities		
Net earnings	1,035,195	1,068,716
Adjustments for:		
Amortization and depreciation (Note 23)	377,204	400,060
Deferred income tax expense (Note 15)	60,897	96,490
Foreign exchange gain	(3,102)	(2,618)
Share-based payment costs	34,443	38,299
Net change in non-cash working capital items (Note 27a)	(146,085)	(267,873)
Cash provided by operating activities	1,358,552	1,333,074
Investing activities		
Business acquisitions (net of cash acquired) (Note 26a)	(283,061)	(38,442)
Purchase of property, plant and equipment	(112,667)	(165,516)
Proceeds from sale of property, plant and equipment	3,317	10,254
Additions to contract costs	(95,676)	(103,156)
Additions to intangible assets	(106,267)	(100,963)
Purchase of long-term investments	(5,150)	(14,701)
Proceeds from sale of long-term investments	7,248	29,629
Payments received from long-term receivables	—	164
Cash used in investing activities	(592,256)	(382,731)
Financing activities		
Net change in unsecured committed revolving credit facility (Note 13)	200,000	—
Increase of long-term debt	18,921	40,508
Repayment of long-term debt	(199,841)	(223,159)
Repayment of debt assumed in business acquisitions	(9,119)	—
Settlement of derivative financial instruments (Note 31)	—	(24,057)
Purchase of Class A subordinate shares held in trust (Note 18)	—	(21,795)
Resale of Class A subordinate shares held in trust (Note 18)	4,046	—
Purchase and cancellation of Class A subordinate shares (Note 18)	(1,246,664)	(527,286)
Issuance of Class A subordinate shares	49,671	89,485
Cash used in financing activities	(1,182,986)	(666,304)
Effect of foreign exchange rate changes on cash and cash equivalents	(13,967)	7,228
Net (decrease) increase in cash and cash equivalents	(430,657)	291,267
Cash and cash equivalents, beginning of year	596,529	305,262
Cash and cash equivalents, end of year	165,872	596,529

Supplementary cash flow information (Note 27).

See Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

1. Description of business

CGI Group Inc. (the Company), directly or through its subsidiaries, manages information technology (IT) services as well as business process services (BPS) to help clients effectively realize their strategies and create added value. The Company's services include the management of IT and business functions (outsourcing), systems integration and consulting, as well as the sale of software solutions. The Company was incorporated under Part IA of the Companies Act (Québec) predecessor to the Business Corporations Act (Québec) which came into force on February 14, 2011 and its shares are publicly traded. The executive and registered office of the Company is situated at 1350 René-Lévesque Blvd. West, Montréal, Québec, Canada, H3G 1T4.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The accounting policies were consistently applied to all periods presented.

The Company's consolidated financial statements for the years ended September 30, 2017 and 2016 were authorized for issue by the Board of Directors on November 7, 2017.

3. Summary of significant accounting policies

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated on consolidation.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed or has right to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the relevant activities of the entity. Subsidiaries are fully consolidated from the date of acquisition and continue to be consolidated until the date control over the subsidiaries ceases.

BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value as described below.

USE OF JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of assets, liabilities, equity and the accompanying disclosures at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Because the use of judgements and estimates is inherent in the financial reporting process, actual results could differ.

Significant judgements and estimates about the future and other major sources of estimation uncertainty at the end of the reporting period could have a significant risk of causing a material adjustment to the carrying amounts of the following within the next financial year: deferred tax assets, revenue recognition, estimated losses on revenue-generating contracts, goodwill impairment, business combinations, provisions for income tax uncertainties and litigation and claims.

The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognized in the consolidated financial statements are:

Revenue recognition of multiple component arrangements

Assessing whether the deliverables within an arrangement are separately identifiable components requires judgement by management. A component is considered as separately identifiable if it has value to the client on a stand-alone basis. The

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

Company first reviews the contract clauses to evaluate if the deliverable is accepted separately by the client. Then, the Company assesses if the deliverable could have been provided by another vendor and if it would have been possible for the client to decide to not purchase the deliverable.

CGI Group Inc. – Consolidated Financial Statements for the years ended September 30, 2017 and 2016

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Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

3. Summary of significant accounting policies (continued)

USE OF JUDGEMENTS AND ESTIMATES (CONTINUED)

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgement is required concerning uncertainties that exist with respect to the timing of future taxable income required to recognize a deferred tax asset. The Company recognizes an income tax benefit only when it is probable that the tax benefit will be realized in the future. In making this judgement, the Company assesses forecasts and the availability of future tax planning strategies.

A description of estimations is included in the respective sections within the Notes to the Consolidated Financial Statements.

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE

The Company generates revenue principally through the provision of IT services and BPS as described in Note 1.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company recognizes revenue when the following criteria are met: there is clear evidence that an arrangement exists, the amount of revenue and related costs can be measured reliably, it is probable that future economic benefits will flow to the Company, the stage of completion can be measured reliably where services are delivered and the significant risks and rewards of ownership, including effective control, are transferred to clients where products are sold. Revenue is measured at the fair value of the consideration received or receivable net of discounts, volume rebates and sales related taxes.

Some of the Company's arrangements may include client acceptance clauses. Each clause is analyzed to determine whether the earnings process is complete when the service is performed. Formal client sign-off is not always necessary to recognize revenue provided that the Company objectively demonstrates that the criteria specified in the acceptance provisions are satisfied. Some of the criteria reviewed include historical experience with similar types of arrangements, whether the acceptance provisions are specific to the client or are included in all arrangements, the length of the acceptance term and historical experience with the specific client.

Revenue from sales of third party vendor's products, such as software licenses, hardware or services is recorded gross when the Company is a principal to the transaction and is recorded net of costs when the Company is acting as an agent between the client and vendor. Factors generally considered to determine whether the Company is a principal or an agent are if the Company has the primary responsibility for providing the product or service, adds meaningful value to the vendor's product or service, has discretion in supplier selection and assumes credit risks.

Relative selling price

The Company's arrangements often include a mix of the services and products as described below. If an arrangement involves the provision of multiple components, the total arrangement value is allocated to each separately identifiable component based on its relative selling price. When estimating selling price of each component, the Company maximizes the use of observable prices which are established using the Company's prices for same or similar components. When observable prices are not available, the Company estimates selling prices based on its best estimate. The best estimate of selling price is the price at which the Company would normally expect to offer the services or products and is established by considering a number of internal and external factors including, but not limited to, geographies, the Company's pricing policies, internal costs and margins. The appropriate revenue recognition method is applied for each separately identifiable component as described below.

Outsourcing

Revenue from outsourcing and BPS arrangements is generally recognized as the services are provided at the contractually stated price, unless there is a better measure of performance or delivery.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

3. Summary of significant accounting policies (continued)

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE (CONTINUED)

Systems integration and consulting services

Revenue from systems integration and consulting services under time and material arrangements is recognized as the services are rendered, and revenue under cost-based arrangements is recognized as reimbursable costs are incurred.

Revenue from systems integration and consulting services under fixed-fee arrangements where the outcome of the arrangements can be estimated reliably is recognized using the percentage-of-completion method over the service period. The Company primarily uses labour costs or labour hours to measure the progress towards completion. This method relies on estimates of total expected labour costs or total expected labour hours to complete the service, which are compared to labour costs or labour hours incurred to date, to arrive at an estimate of the percentage of revenue earned to date. Management regularly reviews underlying estimates of total expected labour costs or hours. If the outcome of an arrangement cannot be estimated reliably, revenue is recognized to the extent of arrangement costs incurred if it is probable that such costs will be recoverable.

Revenue from benefits-funded arrangements is recognized only to the extent that it is probable that the benefit stream associated with the transaction will generate sufficient amounts to fund the value on which revenue recognition is based.

Software licenses

Most of the Company's software license arrangements include other services such as implementation, customization and maintenance. For these types of arrangements, revenue from a software license is recognized upon delivery if it has been identified as a separately identifiable component. Otherwise, it is combined with the implementation and customization services and is accounted for as described in Systems integration and consulting services section above. Revenue from maintenance services for software licenses sold and implemented is recognized ratably over the term of the maintenance period.

Work in progress and deferred revenue

Amounts recognized as revenue in excess of billings are classified as work in progress. Amounts received in advance of the performance of services or delivery of products are classified as deferred revenue.

Estimated losses on revenue-generating contracts

Estimated losses on revenue-generating contracts may occur due to additional costs which were not foreseen at inception of the contract. Contract losses are measured at the amount by which the estimated total costs exceed the estimated total revenue from the contract. The estimated losses on revenue-generating contracts are recognized in the period when it is determined that a loss is probable. The expected loss is first applied to impair the related capitalized contract costs with the excess recorded in accounts payable and accrued liabilities and in other long-term liabilities. Management regularly reviews arrangement profitability and the underlying estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of unrestricted cash and short-term investments having an initial maturity of three months or less.

FUNDS HELD FOR CLIENTS AND CLIENTS' FUNDS OBLIGATIONS

In connection with the Company's payroll, tax filing and claims services, the Company collects funds for payment of payroll, taxes and claims, temporarily holds such funds until payment is due, remits the funds to the clients' employees, appropriate tax authorities or claims holders, files federal and local tax returns and handles related regulatory correspondence and amendments. The funds held for clients include cash and long-term bonds. The Company presents the funds held for clients and related obligations separately. Funds held for clients are classified as current assets since, based upon management's

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

intentions, these funds are held solely for the purpose of satisfying the clients' funds obligations, which will be repaid within one year of the consolidated balance sheet date. The market fluctuations affect the fair value of the long-term bonds. Due to those fluctuations, funds held for clients might not equal to the clients' funds obligations.

Interest income earned and realized gains and losses on the disposal of bonds are recorded in revenue in the period that the income is earned, since the collecting, holding and remitting of these funds are critical components of providing these services.

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Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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3. Summary of significant accounting policies (continued)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PP&E), including those under finance leases, are recorded at cost and are depreciated over their estimated useful lives using the straight-line method.

Buildings	10 to 40 years
Leasehold improvements	Lesser of the useful life or lease term
Furniture, fixtures and equipment	3 to 20 years
Computer equipment	3 to 5 years

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized in PP&E at an amount equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments at the inception of the lease, and then depreciated over the economic useful life of the asset or lease term, whichever is shorter. The capital element of future lease payments is included in the consolidated balance sheets within long-term debt. Interest is charged to the consolidated statements of earnings so as to achieve a constant rate of interest on the remaining balance of the liability.

Lease payments under operating leases are charged to the consolidated statements of earnings on a straight-line basis over the lease term. Operating lease incentives, typically for premises, are recognized as a reduction in the rental expense over the lease term.

CONTRACT COSTS

Contract costs are mainly incurred when acquiring or implementing long-term outsourcing contracts. Contract costs are comprised primarily of transition costs and incentives.

Transition costs

Transition costs consist mostly of costs associated with the installation of systems and processes, as well as conversion of the client's applications to the Company's platforms incurred after the award of outsourcing and BPS contracts. Transition costs are comprised essentially of labour costs, including compensation and related fringe benefits, as well as subcontractor costs.

Incentives

Occasionally, incentives are granted to clients upon the signing of outsourcing contracts. These incentives are granted in the form of cash payments.

Pre-contract costs

Pre-contract costs associated with acquiring or implementing long-term outsourcing contracts are expensed as incurred except where it is virtually certain that the contracts will be awarded and the costs are directly related to the acquisition of the contract. For outsourcing contracts, the Company is virtually certain that a contract will be awarded when the Company is selected by the client but the contract has not yet been signed.

Amortization of contract costs

Contract costs are amortized using the straight-line method over the period services are provided. Amortization of transition costs and pre-contract costs, if any, is included in costs of services, selling and administrative and amortization of incentives is recorded as a reduction of revenue.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

3. Summary of significant accounting policies (continued)

CONTRACT COSTS (CONTINUED)

Impairment of contract costs

When a contract is not expected to be profitable, the expected loss is first applied to impair the related capitalized contract costs. The excess of the expected loss over the capitalized contract costs is recorded as estimated losses on revenue-generating contracts in accounts payable and accrued liabilities and in other long-term liabilities. If at a future date the contract returns to profitability, the previously recognized impairment loss must be reversed. First the estimated losses on revenue-generating contracts must be reversed, and if there is still additional projected profitability then any capitalized contract costs that were impaired must be reversed. The reversal of the impairment loss is limited so that the carrying amount does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the contract costs in prior years.

INTANGIBLE ASSETS

Intangible assets consist mainly of internal-use software, business solutions, software licenses and client relationships. Internal-use software, business solutions and software licenses are recorded at cost. Internal-use software developed internally is capitalized when it meets specific capitalization criteria related to technical and financial feasibility and when the Company demonstrates its ability and intention to use it. Business solutions developed internally and marketed are capitalized when they meet specific capitalization criteria related to technical, market and financial feasibility. Internal-use software, business solutions, software licenses and client relationships acquired through business combinations are initially recorded at their fair value based on the present value of expected future cash flows, which involve making estimates about the future cash flows and discount rates.

Amortization of intangible assets

The Company amortizes its intangible assets using the straight-line method over their estimated useful lives.

Internal-use software	2 to 7 years
Business solutions	2 to 10 years
Software licenses	3 to 8 years
Client relationships and other	2 to 10 years

IMPAIRMENT OF PP&E, INTANGIBLE ASSETS AND GOODWILL

Timing of impairment testing

The carrying values of PP&E, intangible assets and goodwill are reviewed for impairment when events or changes in circumstances indicate that the carrying value may be impaired. The Company assesses at each reporting date whether any such events or changes in circumstances exist. The carrying value of PP&E and intangible assets not available for use and goodwill is tested for impairment annually as at September 30.

Impairment testing

If any indication of impairment exists or when annual impairment testing for an asset is required, the Company estimates the recoverable amount of the asset or cash-generating unit (CGU) to which the asset relates to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use (VIU) to the Company. The Company mainly uses the VIU. In assessing the VIU, estimated future cash flows 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 or CGU. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If the recoverable amount of an asset or a CGU is estimated to be less than its carrying

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amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statements of earnings.

Goodwill acquired through business combinations is allocated to the CGU or group of CGUs that are expected to benefit from synergies of the related business combination. The group of CGUs that benefit from the synergies correspond to the Company's operating segments. For goodwill impairment testing purposes, the group of CGUs that represents the lowest level within the Company at which management monitors goodwill is the operating segment level.

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3. Summary of significant accounting policies (continued)

IMPAIRMENT OF PP&E, INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment testing (continued)

The recoverable amount of each operating segment has been determined based on the VIU calculation which includes estimates about their future financial performance based on cash flows approved by management covering a period of five years as the Company generates revenue mainly through long-term contracts. Key assumptions used in the VIU calculations are the discount rate applied and the long-term growth rate of net operating cash flows. In determining these assumptions, management has taken into consideration the current economic environment and its resulting impact on expected growth and discount rates. The cash flow projections reflect management's expectations of the operating segment's operating performance and growth prospects in the operating segment's market. The discount rate applied to an operating segment is the weighted average cost of capital (WACC). Management considers factors such as country risk premium, risk-free rate, size premium and cost of debt to derive the WACC. Impairment losses relating to goodwill cannot be reversed in future periods.

For impaired assets, other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the recoverable amount of the asset. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of earnings.

LONG-TERM FINANCIAL ASSETS

Long-term investments presented in long-term financial assets are comprised of bonds which are classified as long-term based on management's intentions.

BUSINESS COMBINATIONS

The Company accounts for its business combinations using the acquisition method. Under this method, the consideration transferred is measured at fair value. Acquisition-related and integration costs associated with the business combination are expensed as incurred. The Company recognizes goodwill as the excess of the cost of the acquisition over the net identifiable tangible and intangible assets acquired and liabilities assumed at their acquisition-date fair values. The goodwill recognized is composed of the future economic value associated to acquired work force and synergies with the Company's operations which are primarily due to reduction of costs and new business opportunities. Management makes assumptions when determining the acquisition-date fair values of the identifiable tangible and intangible assets acquired and liabilities assumed which involve estimates, such as the forecasting of future cash flows, discount rates, and the useful lives of the assets acquired. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of acquisition and the date where all significant information necessary to determine the fair values is available, not to exceed 12 months. All other subsequent changes are recognized in the consolidated statements of earnings.

EARNINGS PER SHARE

Basic earnings per share is based on the weighted average number of shares outstanding during the period. Diluted earnings per share is determined using the treasury stock method to evaluate the dilutive effect of stock options and PSUs.

RESEARCH AND SOFTWARE DEVELOPMENT COSTS

Research costs are charged to earnings in the period in which they are incurred, net of related tax credits. Software development costs related to internal-use software and business solutions are charged to earnings in the year they are incurred, net of related tax credits, unless they meet specific capitalization criteria related to technical, market and financial feasibility as described in the Intangible assets section above.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

3. Summary of significant accounting policies (continued)

TAX CREDITS

The Company follows the income approach to account for research and development (R&D) and other tax credits, whereby investment tax credits are recorded when there is a reasonable assurance that the assistance will be received and that the Company will comply with all relevant conditions. Under this method, tax credits related to operating expenditures are recorded as a reduction of the related expenses and recognized in the period in which the related expenditures are charged to earnings. Tax credits related to capital expenditures are recorded as a reduction of the cost of the related assets. The tax credits recorded are based on management's best estimates of amounts expected to be received and are subject to audit by the taxation authorities.

INCOME TAXES

Income taxes are accounted for using the liability method of accounting.

Current income taxes are recognized with respect to the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheets date.

Deferred tax assets and liabilities are determined based on deductible or taxable temporary differences between the amounts reported for consolidated financial statement purposes and tax values of the assets and liabilities using enacted or substantively enacted tax rates that will be in effect for the year in which the differences are expected to be recovered or settled. Deferred tax assets and liabilities are recognized in earnings, in other comprehensive income or in equity based on the classification of the item to which they relate.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Once this assessment is made, the Company considers the analysis of forecasts and future tax planning strategies. Estimates of taxable profit are made based on the forecast by jurisdiction on an undiscounted basis. In addition, management considers factors such as substantively enacted tax rates, the history of the taxable profits and availability of tax strategies.

The Company is subject to taxation in numerous jurisdictions and there are transactions and calculations for which the ultimate tax determination is uncertain. When a tax position is uncertain, the Company recognizes an income tax asset or reduces an income tax liability only when it is probable that the tax asset will be realized in the future or that the income tax liability is no longer probable. The provision for uncertain tax positions is made using the best estimate of the amount expected to be paid based on qualitative assessment of all relevant factors such as experience of previous tax audits or interpretations of tax regulations.

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company's provisions consist of liabilities for leases of vacated premises, litigation and claims provisions arising in the ordinary course of business and decommissioning liabilities for operating leases of office buildings. The Company also records restructuring provisions for termination of employment costs related to its productivity improvement initiatives and to the integration of its business acquisitions.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are discounted using a current pre-tax rate when the impact of the time value of money is material. The increase in the provisions due to the passage of time is recognized as finance costs.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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The Company accrues provisions for onerous leases which consist of estimated costs associated with vacated premises. The provisions reflect the present value of lease payments in excess of the expected sublease proceeds on the remaining term of the lease.

The accrued litigation and legal claims provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavourable outcome.

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Notes to the Consolidated Financial Statements

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3. Summary of significant accounting policies (continued)

PROVISIONS (CONTINUED)

Decommissioning liabilities pertain to operating leases of buildings where certain arrangements require premises to be returned to their original state at the end of the lease term. The provision is determined using the present value of the estimated future cash outflows.

Restructuring provisions are recognized when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, appropriate timelines and has been communicated to those affected by it.

TRANSLATION OF FOREIGN CURRENCIES

The Company's consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity in the Company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

Foreign currency transactions and balances

Revenue, expenses and non-monetary assets and liabilities denominated in foreign currencies are recorded at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the balance sheets date. Unrealized and realized translation gains and losses are reflected in the consolidated statements of earnings.

Foreign operations

For foreign operations that have functional currencies different from the Company, assets and liabilities denominated in a foreign currency are translated at exchange rates in effect at the balance sheets date. Revenue and expenses are translated at average exchange rates prevailing during the period. Resulting unrealized gains or losses on translating financial statements of foreign operations are reported in other comprehensive income.

For foreign operations with the same functional currency as the Company, monetary assets and liabilities are translated at the exchange rates in effect at the balance sheets date and non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses are translated at average exchange rates during the period. Translation exchange gains or losses of such operations are reflected in the consolidated statements of earnings.

SHARE-BASED PAYMENTS

Equity-settled plans

The Company operates equity-settled stock option and PSU plans under which the Company receives services from employees, officers and directors as consideration for equity instruments.

The fair value of those share-based payments is established on the grant date using the Black-Scholes option pricing model for the stock options and the closing price of Class A subordinate shares of the Company on the Toronto Stock Exchange (TSX) for the PSUs. The number of stock options and PSUs expected to vest are estimated on the grant date and subsequently revised on each reporting date. For stock options, the estimation of fair value requires making assumptions for the most appropriate inputs to the valuation model including the expected life of the option and expected stock price volatility. The fair values, adjusted for expectations related to performance conditions and for expected forfeitures, are recognized as share-based payment costs in earnings with a corresponding credit to contributed surplus on a graded-vesting basis over the vesting period.

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When stock options are exercised, any consideration paid is credited to capital stock and the recorded fair value of the stock options is removed from contributed surplus and credited to capital stock. When PSUs are exercised, the recorded fair value of PSUs is removed from contributed surplus and credited to capital stock.

Share purchase plan

The Company operates a share purchase plan for eligible employees. Under this plan, the Company matches the contributions made by employees up to a maximum percentage of the employee's salary. The Company contributions to the plan are recognized in salaries and other member costs within costs of services, selling and administrative.

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Notes to the Consolidated Financial Statements

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3. Summary of significant accounting policies (continued)

SHARE-BASED PAYMENTS (CONTINUED)

Cash-settled deferred share units

The Company operates a deferred share unit (DSU) plan to compensate the members of the Board of Directors. The expense is recognized within costs of services, selling and administrative for each DSU granted equal to the closing price of Class A subordinate shares of the Company on the TSX at the date on which DSUs are awarded and a corresponding liability is recorded in accrued compensation. After the grant date, the DSU liability is remeasured for subsequent changes in the fair value of the Company's shares.

FINANCIAL INSTRUMENTS

All financial instruments are initially measured at their fair value. Subsequently, financial assets classified as loans and receivables and financial liabilities classified as other liabilities are measured at their amortized cost using the effective interest rate method. Financial assets and liabilities classified as fair value through earnings (FVTE) and classified as available-for-sale are measured subsequently at their fair value.

Financial instruments may be designated on initial recognition as FVTE if any of the following criteria are met: i) the financial instrument contains one or more embedded derivatives that otherwise would have to be accounted for separately; ii) the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring the financial asset or liability or recognizing the gains and losses on them on a different basis; or iii) the financial asset and financial liability are part of a group of financial assets or liabilities that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Gains and losses related to periodic revaluations of financial assets and liabilities designated as FVTE are recorded in the consolidated statements of earnings.

The unrealized gains and losses, net of applicable income taxes, on available-for-sale assets are reported in other comprehensive income. Interest income earned and realized gains and losses on the sale of available-for-sale assets are recorded in the consolidated statements of earnings.

Transaction costs are comprised primarily of legal, accounting and other costs directly attributable to the issuance of the respective financial assets and liabilities. Transaction costs are capitalized to the cost of financial assets and liabilities classified as other than FVTE.

Financial assets are derecognized if the contractual rights to the cash flows from the financial asset expire or the asset is transferred and the transfer qualifies for derecognition. The transfer qualifies for derecognition if substantially all the risks and rewards of ownership of the financial asset are transferred.

The Company has made the following classifications:

FVTE

Cash and cash equivalents and derivative financial instruments unless they qualify for hedge accounting. In addition, deferred compensation plan assets within long-term financial assets were designated by management as FVTE upon initial recognition as this reflected management's investment strategy.

Loans and receivables

Trade accounts receivable, cash included in funds held for clients and long-term receivables within long-term financial assets.

Available-for-sale

Long-term bonds included in funds held for clients and in long-term investments within long-term financial assets.

Other liabilities

Accounts payable and accrued liabilities, accrued compensation, long-term debt and clients' funds obligations.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

3. Summary of significant accounting policies (continued)

FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

Fair value measurements recognized in the balance sheets are categorized in accordance with the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1, but that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency exchange risks.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting date. The resulting gain or loss is recognized in the consolidated statements of earnings unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the consolidated statements of earnings depends on the nature of the hedge relationship.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management's objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The cash flows of the hedging transactions are classified in the same manner as the cash flows of the position being hedged.

Derivative financial instruments used as hedging items are recorded at fair value in the consolidated balance sheets under current derivative financial instruments, long-term financial assets or long-term derivative financial instruments. Valuation models, such as discounted cash flow analysis using observable market inputs, are utilized to determine the fair values of the derivative financial instruments.

Hedges of net investments in foreign operations

The Company uses cross-currency swaps and foreign currency denominated long-term debt to hedge portions of the Company's net investments in its U.S. and European operations. Foreign exchange translation gains or losses on the net investments and the effective portions of gains or losses on instruments hedging the net investments are recorded in other comprehensive income. To the extent that the hedge is ineffective, such differences are recognized in consolidated statements of earnings. When the hedged net investment is disposed of, the relevant amount in other comprehensive income is transferred to earnings as part of the gain or loss on disposal.

Cash flow hedges of future revenue and long-term debt

The majority of the Company's costs are denominated in currency other than the Canadian dollar. The risk of foreign exchange fluctuation impacting the results is substantially mitigated by matching the Company's costs with revenue denominated in the same currency. In certain cases where there is a substantial imbalance for a specific currency, the Company enters into foreign currency forward contracts to hedge the variability in the foreign currency exchange rates.

The Company also uses interest rate and cross-currency swaps to hedge either the cash flow exposure or the foreign exchange exposure of the long-term debt.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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3. Summary of significant accounting policies (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS (CONTINUED)

Cash flow hedges of future revenue and long-term debt (continued)

Those derivatives are documented as cash flow hedges and no component of the derivative contracts' fair value are excluded from the assessment and measurement of hedge effectiveness. The effective portion of the change in fair value of the derivative financial instruments is recognized in other comprehensive income and the ineffective portion, if any, in the consolidated statements of earnings. The effective portion of the change in fair value of the derivatives is reclassified out of other comprehensive income into the consolidated statements of earnings when the hedged element is recognized in the consolidated statements of earnings.

Fair value hedges of Senior U.S. unsecured notes

The Company entered into interest rate swaps to hedge the fair value exposure of the issued fixed rate Senior U.S. unsecured notes. Under the interest rate swaps, the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount.

The changes in the fair value of the interest rate swaps are recognized in the consolidated statements of earnings as finance costs. The changes in the fair value of the hedged items attributable to the risk hedged is recorded as part of the carrying value of the Senior U.S. unsecured notes and are also recognized in the consolidated statements of earnings as finance costs. If the hedged items are derecognized, the unamortized fair value is recognized immediately in the consolidated statements of earnings.

EMPLOYEE BENEFITS

The Company operates both defined benefit and defined contribution post-employment benefit plans.

The cost of defined contribution plans is charged to the consolidated statements of earnings on the basis of contributions payable by the Company during the year.

For defined benefit plans, the defined benefit obligations are calculated by independent actuaries using the projected unit credit method. The retirement benefits obligations in the consolidated balance sheets represent the present value of the defined benefit obligations as reduced by the fair value of plan assets. The retirement benefits assets are recognized to the extent that the Company can benefit from refunds or a reduction in future contributions. Retirement benefits plans that are funded by the payment of insurance premiums are treated as defined contribution plans unless the Company has an obligation either to pay the benefits directly when they fall due or to pay further amounts if assets accumulated with the insurer do not cover all future employee benefits. In such circumstances, the plan is treated as a defined benefit plan.

Insurance policies are treated as plan assets of a defined benefit plan if the proceeds of the policy:

- Can only be used to fund employee benefits;
- Are not available to the Company's creditors; and
- Either cannot be paid to the Company unless the proceeds represent surplus assets not needed to meet all the benefit obligations or are a reimbursement for benefits already paid by the Company.

Insurance policies that do not meet the above criteria are treated as non-current investments and are held at fair value as long-term financial assets in the consolidated balance sheets.

The actuarial valuations used to determine the cost of defined benefit pension plans and their present value involve making assumptions about discount rates, future salary and pension increases, inflation rates and mortality. Any changes in these assumptions will impact the carrying amount of pension obligations. In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

3. Summary of significant accounting policies (continued)

EMPLOYEE BENEFITS (CONTINUED)

The current service cost is recognized in the consolidated statements of earnings under costs of services, selling and administrative. The net interest cost calculated by applying the discount rate to the net defined benefit liabilities or assets is recognized as net finance cost or income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past services or the gains or losses on curtailment is recognized immediately in the consolidated statements of earnings. The gains or losses on the settlement of a defined benefit plan are recognized when the settlement occurs.

Remeasurements on defined benefit plans include actuarial gains and losses, changes in the effect of the asset ceiling and the return on plan assets, excluding the amount included in net interest on the net defined liabilities or assets. Remeasurements are charged or credited to other comprehensive income in the period in which they arise.

FUTURE ACCOUNTING STANDARD CHANGES

The following standards have been issued but are not yet effective. The Company's preliminary assessments are subject to change, as the Company is progressing in the assessment of the impact of these standards on its consolidated financial statements.

IAS 7 - Statement of Cash Flows

In January 2016, the IASB amended IAS 7, *Statement of Cash Flows*, to require enhanced disclosure about changes in liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates and changes in fair value. The amendments to IAS 7 are effective on October 1, 2017 for the Company and the additional disclosures will be provided in its consolidated financial statements for the year ended September 30, 2018.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and other revenue related interpretations.

The standard will be effective on October 1, 2018 for the Company. Accordingly, IFRS 15 will be applied in the Company's interim consolidated financial statements for the three months ended December 31, 2018. The standard permits two possible transition methods for its application: i) retrospectively to each prior reporting period presented or ii) retrospectively with the cumulative effect of initially applying the standard recognized on the date of the initial application. The Company has not yet selected a transition method.

In preparation for the conversion to IFRS 15, the Company has developed a detailed conversion plan consisting of four phases: 1) awareness, 2) detailed impact assessment, 3) design and 4) implementation. As part of the awareness phase, the Company has established a Steering Committee responsible for monitoring the progress and approving recommendations from the project team. The Steering Committee meets regularly and quarterly updates are provided to the Audit and Risk Management Committee.

The Company has completed the awareness phase which also involved a high-level review of the differences between current requirements and IFRS 15. The Company is progressing through the second phase of the conversion plan which encompasses a detailed impact assessment of the differences identified. Generally, the Company expects that revenue from outsourcing, BPS and systems integration and consulting services arrangements will continue to be recognized as the services are provided in a manner that is consistent with its current accounting policies. The Company is in the process of evaluating the impact of the standard on the revenue recognition from software licenses and the additional disclosure requirements.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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The remaining two phases, design and implementation are being conducted concurrently up until the effective date. The impacts on the other key elements such as IT changes, education and training requirements, internal control over financial reporting and impacts on business activities of the Company's conversion plan will be assessed during those phases.

3. Summary of significant accounting policies (continued)

FUTURE ACCOUNTING STANDARD CHANGES (CONTINUED)

IFRS 9 - Financial Instruments

In July 2014, the IASB amended IFRS 9, *Financial Instruments*, to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The standard will be effective on October 1, 2018 for the Company and is required to be applied retrospectively. Accordingly, IFRS 9 will be applied in the interim consolidated financial statements for the three months ended December 31, 2018.

The standard simplifies the classification of financial assets, while carrying forward most of the requirements of IAS 39. The standard introduces a new impairment model, which allows the use of a simplified approach, and a new hedge accounting model that is more closely aligned with risk-management activities. The Company has performed a high-level review of the differences between IAS 39 and IFRS 9. Based on the preliminary assessment performed to date, the Company does not expect a significant impact on its consolidated financial statements.

IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB issued International Financial Reporting Interpretations Committee (IFRIC) Interpretation 22, *Foreign Currency Transactions and Advance Consideration*, to clarify the transaction date for the purpose of determining the exchange rate to use on initial recognition of the related transactions when the Company has received or paid in advance consideration in a foreign currency. This interpretation will be effective on October 1, 2018 for the Company, with earlier application permitted. Based on the preliminary assessment performed to date, the Company does not expect a significant impact on its consolidated financial statements.

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16, *Leases*, to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease agreement. The standard supersedes IAS 17, *Leases*, and other lease related interpretations, eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. The standard will be effective on October 1, 2019 for the Company with earlier application permitted. When the Company is the lessee, it is expected that the application of IFRS 16 will result in on-balance sheet recognition of most of its lease agreements that are currently considered operating leases, which are primarily for the rental of premises. The Company also expects a decrease of its property costs and an increase of its finance costs and amortization and depreciation resulting from the change in the recognition, measurement and presentation of rental expenses.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

4. Accounts receivable

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Trade (Note 31)	931,530	816,885
R&D and other tax credits ¹	246,616	187,047
Other	107,734	97,674
	1,285,880	1,101,606

¹ R&D and other tax credits were related to government programs in Canada, United States of America (U.S.), France, United Kingdom (U.K.) and other countries.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016
(tabular amounts only are in thousands of Canadian dollars, except per share data)

5. Funds held for clients

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Cash	118,043	173,554
Long-term bonds (Note 31)	195,509	195,976
	313,552	369,530

6. Property, plant and equipment

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Total
	\$	\$	\$	\$	\$
Cost					
As at September 30, 2016	68,576	206,193	165,807	651,742	1,092,318
Additions	2,475	16,438	12,642	89,402	120,957
Additions - business acquisitions (Note 26a)	—	673	1,206	3,609	5,488
Disposals/retirements	(4,076)	(11,141)	(13,696)	(87,158)	(116,071)
Foreign currency translation adjustment	(1,335)	(1,837)	(1,943)	(12,232)	(17,347)
As at September 30, 2017	65,640	210,326	164,016	645,363	1,085,345
Accumulated depreciation					
As at September 30, 2016	15,001	146,836	97,574	393,614	653,025
Depreciation expense (Note 23)	2,324	20,687	15,796	114,047	152,854
Impairment (Notes 23 and 24)	4,985	—	364	558	5,907
Disposals/retirements	(1,350)	(10,932)	(13,558)	(87,126)	(112,966)
Foreign currency translation adjustment	(269)	(1,790)	(1,045)	(6,984)	(10,088)
As at September 30, 2017	20,691	154,801	99,131	414,109	688,732
Net carrying amount as at September 30, 2017	44,949	55,525	64,885	231,254	396,613

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Total
	\$	\$	\$	\$	\$
Cost					
As at September 30, 2015	84,432	209,594	159,947	665,633	1,119,606
Additions	650	18,987	19,085	134,322	173,044
Disposals/retirements	(12,947)	(16,123)	(9,278)	(114,575)	(152,923)
Foreign currency translation adjustment	(3,559)	(6,265)	(3,947)	(33,638)	(47,409)
As at September 30, 2016	68,576	206,193	165,807	651,742	1,092,318
Accumulated depreciation					
As at September 30, 2015	14,589	147,219	89,121	395,568	646,497
Depreciation expense (Note 23)	5,590	19,860	17,187	120,468	163,105
Disposals/retirements	(3,673)	(16,123)	(6,522)	(102,245)	(128,563)
Foreign currency translation adjustment	(1,505)	(4,120)	(2,212)	(20,177)	(28,014)
As at September 30, 2016	15,001	146,836	97,574	393,614	653,025
Net carrying amount as at September 30, 2016	53,575	59,357	68,233	258,128	439,293

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

6. Property, plant and equipment (continued)

PP&E include the following assets acquired under finance leases:

	As at September 30, 2017			As at September 30, 2016		
	Cost	Accumulated depreciation	Net carrying amount	Cost	Accumulated depreciation	Net carrying amount
	\$	\$	\$	\$	\$	\$
Furniture, fixtures and equipment	15,201	6,381	8,820	18,030	9,082	8,948
Computer equipment	46,514	29,992	16,522	64,484	40,668	23,816
	61,715	36,373	25,342	82,514	49,750	32,764

7. Contract costs

	As at September 30, 2017			As at September 30, 2016		
	Cost	Accumulated amortization	Net carrying amount	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$	\$	\$	\$
Transition costs	420,475	185,461	235,014	392,908	189,381	203,527
Incentives	58,978	50,936	8,042	97,140	89,649	7,491
	479,453	236,397	243,056	490,048	279,030	211,018

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Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

8. Intangible assets

	Internal-use software acquired	Internal-use software internally developed	Business solutions acquired	Business solutions internally developed	Software licenses	Client relationships and other	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
As at September 30, 2016	92,824	72,332	94,209	382,380	213,777	935,100	1,790,622
Additions	11,815	23,201	—	43,934	19,563	—	98,513
Additions - business acquisitions (Note 26a)	78	—	—	—	255	50,141	50,474
Disposals/retirements	(4,750)	(805)	(7,330)	(24,271)	(12,804)	—	(49,960)
Foreign currency translation adjustment	(920)	60	(2,835)	(14,419)	(2,916)	(19,554)	(40,584)
As at September 30, 2017	99,047	94,788	84,044	387,624	217,875	965,687	1,849,065
Accumulated amortization							
As at September 30, 2016	72,368	46,513	81,611	237,953	111,593	730,803	1,280,841
Amortization expense (Note 23)	7,232	5,102	6,120	32,758	34,640	71,181	157,033
Disposals/retirements	(4,750)	(805)	(7,330)	(24,271)	(12,804)	—	(49,960)
Foreign currency translation adjustment	(564)	32	(2,250)	(9,089)	(1,757)	(15,647)	(29,275)
As at September 30, 2017	74,286	50,842	78,151	237,351	131,672	786,337	1,358,639
Net carrying amount as at September 30, 2017	24,761	43,946	5,893	150,273	86,203	179,350	490,426

	Internal-use software acquired	Internal-use software internally developed	Business solutions acquired	Business solutions internally developed	Software licenses	Client relationships and other	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
As at September 30, 2015	92,959	55,340	128,370	388,040	174,095	954,667	1,793,471
Additions	5,669	17,112	1,943	37,501	68,683	—	130,908
Additions - business acquisitions	—	—	—	—	—	8,984	8,984
Disposals/retirements	(629)	—	(34,190)	(36,062)	(22,795)	—	(93,676)
Foreign currency translation adjustment	(5,175)	(120)	(1,914)	(7,099)	(6,206)	(28,551)	(49,065)
As at September 30, 2016	92,824	72,332	94,209	382,380	213,777	935,100	1,790,622
Accumulated amortization							
As at September 30, 2015	66,481	42,464	110,818	247,518	100,616	656,763	1,224,660
Amortization expense (Note 23)	9,880	4,066	6,467	30,341	35,583	90,558	176,895
Disposals/retirements	(629)	—	(34,190)	(36,062)	(22,196)	—	(93,077)
Foreign currency translation adjustment	(3,364)	(17)	(1,484)	(3,844)	(2,410)	(16,518)	(27,637)
As at September 30, 2016	72,368	46,513	81,611	237,953	111,593	730,803	1,280,841
Net carrying amount as at September 30, 2016	20,456	25,819	12,598	144,427	102,184	204,297	509,781

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

9. Other long-term assets

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Long-term maintenance agreements	25,561	20,942
Insurance contracts held to fund defined benefit pension and life assurance arrangements - reimbursement rights (Note 16)	23,945	24,435
Retirement benefits assets (Note 16)	11,623	8,797
Deposits	10,843	9,893
Deferred financing fees	3,292	2,882
Other	9,895	20,021
	85,159	86,970

10. Long-term financial assets

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Deferred compensation plan assets (Notes 16 and 31)	46,906	42,139
Long-term investments (Note 31)	23,047	27,246
Long-term receivables	16,415	10,239
Long-term derivative financial instruments (Note 31)	24,939	49,759
	111,307	129,383

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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11. Goodwill

The Company's operations are managed through the following seven operating segments referred to as the Company's Strategic Business Units, namely: U.S.; Nordics; Canada; France (including Luxembourg and Morocco) (France); U.K.; Eastern, Central and Southern Europe (primarily Netherlands and Germany) (ECS); and Asia Pacific (including Australia, India and the Philippines) (Asia Pacific). The operating segments reflect the current management structure and the way that the chief operating decision-maker, who is the President and Chief Executive Officer of the Company, evaluates the business.

The Company completed the annual impairment test as at September 30, 2017 and did not identify any impairment.

The variations in goodwill were as follows:

	U.S.	Nordics	Canada	France	U.K.	ECS	Asia Pacific	Total
	\$	\$	\$	\$	\$	\$	\$	\$
As at September 30, 2016	1,743,020	1,190,615	1,112,146	881,627	839,016	853,311	313,598	6,933,333
Business acquisitions	238,322	—	—	—	—	—	—	238,322
Foreign currency translation adjustment	(95,279)	(709)	—	2,092	(14,751)	4,057	(7,035)	(111,625)
As at September 30, 2017	1,886,063	1,189,906	1,112,146	883,719	824,265	857,368	306,563	7,060,030

Key assumptions in goodwill impairment testing

The key assumptions for the CGUs are disclosed in the following tables:

As at September 30, 2017	U.S.	Nordics	Canada	France	U.K.	ECS	Asia Pacific
	%	%	%	%	%	%	%
Pre-tax WACC	11.7	9.2	8.9	9.3	8.1	9.0	17.2
Long-term growth rate of net operating cash flows¹	2.0	1.9	2.0	2.0	1.9	1.9	2.0

As at September 30, 2016	U.S.	Nordics	Canada	France	U.K.	ECS	Asia Pacific
	%	%	%	%	%	%	%
Pre-tax WACC	11.8	10.0	9.0	9.2	8.1	9.1	19.2
Long-term growth rate of net operating cash flows¹	2.0	1.9	2.0	2.0	1.9	1.9	2.0

¹ The long-term growth rate is based on published industry research.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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12. Provisions

	Onerous leases ^{1, 4}	Litigation and claims ²	Decommissioning liabilities ³	Restructuring ⁴	Total
	\$	\$	\$	\$	\$
As at September 30, 2016	16,246	9,000	36,706	13,426	75,378
Additional provisions	17,326	4,207	1,933	72,633	96,099
Utilized amounts	(7,055)	(3,649)	(1,698)	(23,047)	(35,449)
Reversals of unused amounts	(1,417)	(2,859)	(4,480)	—	(8,756)
Discount rate adjustment and imputed interest	139	—	291	—	430
Foreign currency translation adjustment	(278)	(127)	(367)	116	(656)
As at September 30, 2017	24,961	6,572	32,385	63,128	127,046
Current portion	9,845	6,572	7,867	61,870	86,154
Non-current portion	15,116	—	24,518	1,258	40,892

	Onerous leases ^{1, 4}	Litigation and claims ²	Decommissioning liabilities ³	Restructuring ⁴	Total
	\$	\$	\$	\$	\$
As at September 30, 2015	39,483	24,159	38,753	54,640	157,035
Additional provisions	2,639	2,168	4,891	29,100	38,798
Utilized amounts	(13,492)	(10,553)	(2,278)	(69,724)	(96,047)
Reversals of unused amounts	(10,480)	(6,160)	(1,593)	—	(18,233)
Discount rate adjustment and imputed interest	184	—	433	—	617
Foreign currency translation adjustment	(2,088)	(614)	(3,500)	(590)	(6,792)
As at September 30, 2016	16,246	9,000	36,706	13,426	75,378
Current portion	6,362	9,000	8,582	10,980	34,924
Non-current portion	9,884	—	28,124	2,446	40,454

¹ As at September 30, 2017, the timing of cash outflows relating to these provisions ranges between one and nine years (one and seven years as at September 30, 2016) and they were discounted at a weighted average rate of 0.71% (0.77% as at September 30, 2016). The reversals of unused amounts are mostly due to favourable settlements.

² As at September 30, 2017, litigation and claims include provisions related to tax exposure (other than those related to income tax), contractual disputes, employee claims and other of \$1,163,000, \$5,254,000 and \$155,000, respectively (as at September 30, 2016, nil, \$5,289,000 and \$3,711,000, respectively). The reversals of unused amounts are mostly due to favourable settlements of tax exposures and employee claims and other.

³ As at September 30, 2017, the decommissioning liabilities were based on the expected cash flows of \$33,034,000 (\$37,472,000 as at September 30, 2016) and were discounted at a weighted average rate of 0.90% (0.98% as at September 30, 2016). The timing of the settlements of these obligations ranges between one and ten years as at September 30, 2017 (one and eleven years as at September 30, 2016). The reversals of unused amounts are mostly due to favourable settlements.

⁴ See Note 24, Restructuring costs and Note 26, Investments in subsidiaries.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

13. Long-term debt

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Senior U.S. unsecured notes repayable in December by tranches of \$175,126 (U.S.\$140,000) in 2018 and \$312,725 (U.S.\$250,000) in 2021 ¹	485,401	630,881
Senior unsecured notes repayable in September by tranches of \$50,036 (U.S.\$ 40,000) in 2019, \$68,800 (U.S.\$55,000) in 2021, \$375,270 (U.S.\$ 300,000) in 2024, \$437,815 (U.S.\$350,000) in 7 yearly payments of U.S.\$50,000 from 2018 to 2024 and \$125,647 (€85,000) in 2021 ²	1,057,027	1,102,155
Unsecured committed revolving credit facility ³	200,000	—
Obligations repayable in blended monthly installments maturing at various dates until 2021, bearing a weighted average interest rate of 2.49% (2.57% in 2016)	61,703	111,205
Obligations under finance leases repayable in blended monthly installments maturing at various dates until 2022, bearing a weighted average interest rate of 2.89% (3.40% in 2016)	29,794	42,172
Other long-term debt	28,078	24,562
	1,862,003	1,910,975
Current portion	122,467	192,036
	1,739,536	1,718,939

¹ As at September 30, 2017, an amount of \$487,851,000 was drawn, less fair value adjustments relating to interest rate swaps designated as fair value hedges of \$2,208,000 and financing fees of \$242,000. In December 2016, the Company repaid the matured tranche of the Senior U.S. unsecured notes for a total amount of \$113,584,000. Following that repayment, the private placement financing with U.S. institutional investors is comprised of two tranches of Senior U.S. unsecured notes with a weighted average maturity of 3.1 years and a weighted average interest rate of 4.76% (4.57% in 2016). The Senior U.S. unsecured notes contain covenants that require the Company to maintain certain financial ratios (Note 32). As at September 30, 2017, the Company was in compliance with these covenants.

² As at September 30, 2017, an amount of \$1,057,568,000 was drawn, less financing fees of \$541,000. The private placement is comprised of four tranches of Senior U.S. unsecured notes and one tranche of Senior euro unsecured note, with a weighted average maturity of 4.9 years and a weighted average interest rate of 3.62% (3.62% in 2016). The Senior unsecured notes contain covenants that require the Company to maintain certain financial ratios (Note 32). As at September 30, 2017, the Company was in compliance with these covenants.

³ The Company has an unsecured committed revolving credit facility available for an amount of \$1,500,000,000 that expires in December 2021. This facility bears interest at Bankers' acceptance, LIBOR or Canadian prime, plus a variable margin that is determined based on the Company's leverage ratio. As at September 30, 2017, an amount of \$200,000,000 was drawn upon this facility at Canadian prime with no margin at a weighted average interest rate of 3.20%. Also, an amount of \$9,631,000 has been committed against this facility to cover various letters of credit issued for clients and other parties. On November 7, 2017, the facility was extended by one year to December 2022 and can be further extended. There were no material changes in the terms and conditions including interest rates and banking covenants. The unsecured committed revolving credit facility contains covenants that require the Company to maintain certain financial ratios (Note 32). As at September 30, 2017, the Company was in compliance with these covenants.

Principal repayments on long-term debt, excluding fair value hedges, obligations under finance leases and financing fees, over the forthcoming years are as follows:

	\$
Less than one year	109,006
Between one and two years	308,678
Between two and five years	914,472
Beyond five years	503,044
Total principal repayments on long-term debt	1,835,200

Minimum finance lease payments are as follows:

	Principal	Interest	Payment
	\$	\$	\$
Less than one year	13,408	678	14,086
Between one and two years	7,965	376	8,341
Between two and five years	8,421	261	8,682
Total minimum finance lease payments	29,794	1,315	31,109

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

14. Other long-term liabilities

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Deferred revenue	112,244	151,292
Deferred compensation plan liabilities (Note 16)	48,379	43,844
Deferred rent	39,554	43,118
Other	13,259	6,053
	213,436	244,307

15. Income taxes

	Year ended September 30 2017	Year ended September 30 2016
	\$	\$
Current income tax expense		
Current income tax expense in respect of the current year	337,331	294,992
Adjustments recognized in the current year in relation to the income tax expense of prior years	(15,526)	(7,413)
Total current income tax expense	321,805	287,579
Deferred income tax expense		
Deferred income tax expense relating to the origination and reversal of temporary differences	70,641	106,939
Deferred income tax expense relating to changes in tax rates	2,575	7,776
Adjustments recognized in the current year in relation to the deferred income tax expense of prior years	2,115	928
Recognition of previously unrecognized temporary differences	(14,434)	(19,153)
Total deferred income tax expense	60,897	96,490
Total income tax expense	382,702	384,069

The Company's effective income tax rate differs from the combined Federal and Provincial Canadian statutory tax rate as follows:

	Year ended September 30 2017	Year ended September 30 2016
	%	%
Company's statutory tax rate	26.8	26.9
Effect of foreign tax rate differences	1.3	0.9
Final determination from agreements with tax authorities and expirations of statutes of limitations	(0.9)	(0.4)
Non-deductible and tax exempt items	(0.3)	(1.0)
Recognition of previously unrecognized temporary differences	(1.0)	(1.3)
Minimum income tax charge	0.9	0.8
Impact on deferred tax assets and liabilities resulting from tax rate changes	0.2	0.5
Effective income tax rate	27.0	26.4

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

15. Income taxes (continued)

The continuity of deferred tax balances is as follows:

	As at September 30, 2016	Additions from business acquisitions	Recognized in earnings	Recognized in other comprehensive income	Recognized in equity	Foreign currency translation adjustment and other	As at September 30, 2017
	\$	\$	\$	\$	\$	\$	\$
Accounts payable, accrued liabilities and other long-term liabilities	81,092	—	4,339	—	—	(2,734)	82,697
Tax benefits on losses carried forward	134,725	990	(54,545)	—	—	(2,277)	78,893
Accrued compensation	41,780	—	5,274	—	(4,876)	(1,348)	40,830
Retirement benefits obligations	41,265	—	(2,876)	(3,822)	—	(405)	34,162
Allowance for doubtful accounts	598	—	(275)	—	—	—	323
PP&E, contract costs, intangible assets and other long-term assets	(136,663)	(4,116)	4,217	—	—	2,479	(134,083)
Work in progress	(79,550)	—	(4,836)	—	—	3,488	(80,898)
Goodwill	(56,050)	—	(7,117)	—	—	2,499	(60,668)
Refundable tax credits on salaries	(22,216)	—	(7,569)	—	—	—	(29,785)
Cash flow hedges	(9,035)	—	140	6,277	—	263	(2,355)
Other	373	—	2,351	1,629	—	(382)	3,971
Deferred taxes, net	(3,681)	(3,126)	(60,897)	4,084	(4,876)	1,583	(66,913)

	As at September 30, 2015	Additions from business acquisitions	Recognized in earnings	Recognized in other comprehensive income	Recognized in equity	Foreign currency translation adjustment and other	As at September 30, 2016
	\$	\$	\$	\$	\$	\$	\$
Accounts payable, accrued liabilities and other long-term liabilities	73,483	—	10,259	—	—	(2,650)	81,092
Tax benefits on losses carried forward	224,397	—	(76,391)	—	—	(13,281)	134,725
Accrued compensation	57,439	93	(23,819)	—	8,468	(401)	41,780
Retirement benefits obligations	32,491	—	3,041	6,565	—	(832)	41,265
Allowance for doubtful accounts	4,400	—	(3,698)	—	—	(104)	598
PP&E, contract costs, intangible assets and other long-term assets	(145,720)	(2,576)	13,632	—	—	(1,999)	(136,663)
Work in progress	(68,167)	—	(12,921)	—	—	1,538	(79,550)
Goodwill	(54,807)	—	(2,309)	—	—	1,066	(56,050)
Refundable tax credits on salaries	(21,131)	—	(1,085)	—	—	—	(22,216)
Cash flow hedges	(14,061)	—	265	3,959	—	802	(9,035)
Other	2,120	154	(3,464)	1,196	—	367	373
Deferred taxes, net	90,444	(2,329)	(96,490)	11,720	8,468	(15,494)	(3,681)

The deferred tax balances are presented as follows in the consolidated balance sheets:

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Deferred tax assets	146,602	179,898
Deferred tax liabilities	(213,515)	(183,579)
	(66,913)	(3,681)

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

15. Income taxes (continued)

As at September 30, 2017, the Company had \$454,027,000 (\$744,092,000 as at September 30, 2016) in operating tax losses carried forward, of which \$41,205,000 (\$105,505,000 as at September 30, 2016) expire at various dates up to 2037 and \$412,822,000 (\$638,587,000 as at September 30, 2016) have no expiry dates. The Company recognized a deferred tax asset of \$95,491,000 (\$170,075,000 as at September 30, 2016) on the losses carried forward and recognized a valuation allowance of \$21,218,000 (\$39,430,000 as at September 30, 2016). The resulting net deferred tax asset of \$74,273,000 (\$130,645,000 as at September 30, 2016) is the amount that is more likely than not to be realized, based on deferred tax liabilities reversal and future taxable profits. The unrecognized losses amounted to \$89,954,000 (\$143,700,000 as at September 30, 2016).

As at September 30, 2017, the Company had \$658,734,000 (\$662,334,000 as at September 30, 2016) in non-operating tax losses carried forward that have no expiry dates. The Company recognized a deferred tax asset of \$110,862,000 (\$113,125,000 as at September 30, 2016) on the losses carried forward and recognized a valuation allowance of \$106,242,000 (\$109,045,000 as at September 30, 2016). The resulting net deferred tax asset of \$4,620,000 (\$4,080,000 as at September 30, 2016) is the amount that is more likely than not to be realized, based on deferred tax liabilities reversal and future taxable profits. The unrecognized losses amounted to \$640,246,000 (\$638,300,000 as at September 30, 2016).

As at September 30, 2017, the Company had \$126,389,000 (\$557,800,000 as at September 30, 2016) of cash and cash equivalents held by foreign subsidiaries. The tax implications of the repatriation of cash and cash equivalent not considered indefinitely reinvested have been accounted for and will not materially affect the Company's liquidity. In addition, the Company has not recorded deferred tax liabilities on undistributed earnings of \$2,779,924,000 (\$2,339,815,000 as at September 30, 2016) coming from its foreign subsidiaries as they are considered indefinitely reinvested. Upon distribution of these earnings in the form of dividends or otherwise, the Company may be subject to taxes.

16. Employee benefits

The Company operates various post-employment plans, including defined benefit and defined contribution pension plans as well as other benefit plans for its employees.

DEFINED BENEFIT PLANS

The Company operates defined benefit pension plans primarily for the benefit of employees in U.K., Germany and France, with smaller plans in other countries. The benefits are based on pensionable salary and years of service. U.K. and Germany plans are funded with assets held in separate funds. France plan is unfunded.

The defined benefit plans expose the Company to interest risk, inflation risk, longevity risk, currency risk and market investment risk.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The following description focuses mainly on plans registered in U.K., Germany and France:

U.K.

In U.K., the Company has three defined benefit pension plans, CMG U.K. Pension Scheme, Logica U.K. Pension & Life Assurance Scheme and Logica Defined Benefit Pension Plan.

The CMG U.K. Pension Scheme is closed to new members and is closed to further accrual of rights for existing members. The Logica U.K. Pension & Life Assurance Scheme is still open but only for employees who come from the civil service with protected pensions. Logica Defined Benefit Pension Plan was created to mirror the Electricity Supply Pension Scheme and was created for employees that worked for National Grid and Welsh Water with protected benefits.

Both the Logica U.K. Pension & Life Assurance Scheme and Logica Defined Benefit Pension Plan are employer and employee based contribution plans.

The trustees are the custodians of the defined benefit pension plans and are responsible for the plan administration, including investment strategies. The trustees review periodically the investment and the asset allocation policies. As such, CMG U.K. Pension Scheme policy is to target an allocation of 35% to return-seeking assets such as equities and 65% towards a mixture of assets such as bonds and liability-driven investments such as investment funds; Logica U.K. Pension & Life Assurance Scheme policy is to invest 20% of the scheme assets in equities and 80% in bonds; and Logica Defined Benefit Pension Plan policy is to invest 30% of the plan assets in equities and 70% in bonds.

U.K. Pensions Act 2004 requires that full formal actuarial valuations are carried out at least every three years to determine the contributions that the Company should pay in order for the plan to meet its statutory objective, taking into account the assets already held. In the interim years, the trustees need to obtain estimated funding updates unless the scheme has less than 100 members in total.

The latest funding actuarial valuations of the three defined benefit pension plans described above were undertaken as at September 30, 2015, of which the following reported a deficit:

- The actuarial valuation of the CMG U.K. Pension Scheme reported a deficit of \$111,390,000. A new recovery plan was proposed starting January 1, 2017 and reflecting quarterly payments of \$3,731,000 to cover the deficit and \$293,000 to cover administration expenses; and
- The actuarial valuation of the Logica Defined Benefit Pension Plan reported a deficit of \$7,882,000. A new recovery plan was proposed starting January 1, 2017 and reflecting monthly payments of \$154,000 to cover the deficit and \$10,000 to cover administration expenses.

Germany

In Germany, the Company has numerous defined benefit pension plans which are all closed to new members. In the majority of the plans, upon retirement of employees, the benefits are in the form of a monthly pension and in a few plans, the employees will receive an indemnity in the form of a lump-sum payment. About one third of the plans are bound by the former Works Council agreements. There are no mandatory funding requirements. The plans are funded by the contributions made by the Company. In some plans, insurance policies are taken out to fund retirement benefit plans. These do not qualify as plan assets and are presented as reimbursement rights.

France

In France, the retirement indemnities are provided in accordance with the Labour Code. Upon retirement, employees will receive an indemnity, depending on the salary and seniority in the Company, in the form of a lump-sum payment.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The following tables present amounts for post-employment benefits plans included in the consolidated balance sheets:

As at September 30, 2017	U.K.	Germany	France	Other	Total
	\$	\$	\$	\$	\$
Defined benefit obligations	(792,216)	(87,995)	(52,546)	(58,933)	(991,690)
Fair value of plan assets	763,859	12,088	—	25,074	801,021
	(28,357)	(75,907)	(52,546)	(33,859)	(190,669)
Fair value of reimbursement rights	—	22,863	—	1,082	23,945
Net liability recognized in the balance sheet	(28,357)	(53,044)	(52,546)	(32,777)	(166,724)

Presented as:

Other long-term assets (Note 9)					
Insurance contracts held to fund defined benefit pension and life assurance arrangements - reimbursement rights	—	22,863	—	1,082	23,945
Retirement benefits assets	11,316	—	—	307	11,623
Retirement benefits obligations	(39,673)	(75,907)	(52,546)	(34,166)	(202,292)
	(28,357)	(53,044)	(52,546)	(32,777)	(166,724)

As at September 30, 2016	U.K.	Germany	France	Other	Total
	\$	\$	\$	\$	\$
Defined benefit obligations	(814,156)	(97,392)	(58,565)	(60,041)	(1,030,154)
Fair value of plan assets	792,665	12,403	—	17,575	822,643
	(21,491)	(84,989)	(58,565)	(42,466)	(207,511)
Fair value of reimbursement rights	—	23,269	—	1,166	24,435
Net liability recognized in the balance sheet	(21,491)	(61,720)	(58,565)	(41,300)	(183,076)

Presented as:

Other long-term assets (Note 9)					
Insurance contracts held to fund defined benefit pension and life assurance arrangements - reimbursement rights	—	23,269	—	1,166	24,435
Retirement benefits assets	8,797	—	—	—	8,797
Retirement benefits obligations	(30,288)	(84,989)	(58,565)	(42,466)	(216,308)
	(21,491)	(61,720)	(58,565)	(41,300)	(183,076)

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Defined benefit obligations	U.K.	Germany	France	Other	Total
	\$	\$	\$	\$	\$
As at September 30, 2016	814,156	97,392	58,565	60,041	1,030,154
Obligations extinguished on settlements	—	—	—	(1,029)	(1,029)
Current service cost	1,552	878	4,906	4,735	12,071
Interest cost	18,147	982	599	2,778	22,506
Actuarial gains due to change in financial assumptions ¹	(22,195)	(9,055)	(8,625)	(1,884)	(41,759)
Actuarial gains due to change in demographic assumptions ¹	(12,043)	—	(2,395)	(626)	(15,064)
Actuarial losses (gains) due to experience ¹	25,041	422	(209)	339	25,593
Plan participant contributions	113	—	—	—	113
Benefits paid from the plan	(18,065)	(1,033)	—	(3,377)	(22,475)
Benefits paid directly by employer	—	(1,634)	(305)	(708)	(2,647)
Foreign currency translation adjustment ¹	(14,490)	43	10	(1,336)	(15,773)
As at September 30, 2017	792,216	87,995	52,546	58,933	991,690
Defined benefit obligations of unfunded plans	—	—	52,546	33,353	85,899
Defined benefit obligations of funded plans	792,216	87,995	—	25,580	905,791
As at September 30, 2017	792,216	87,995	52,546	58,933	991,690

Defined benefit obligations	U.K.	Germany	France	Other	Total
	\$	\$	\$	\$	\$
As at September 30, 2015	753,583	82,380	49,603	48,727	934,293
Liabilities assumed in business acquisitions	—	—	381	—	381
Current service cost	1,133	808	4,314	5,720	11,975
Interest cost	26,177	1,911	1,172	2,529	31,789
Actuarial losses due to change in financial assumptions ¹	199,229	15,576	8,178	4,849	227,832
Actuarial (gains) losses due to change in demographic assumptions ¹	(8,853)	—	(3,870)	121	(12,602)
Actuarial losses due to experience ¹	64	257	43	209	573
Past service cost	—	—	—	3,552	3,552
Plan participant contributions	181	—	—	22	203
Benefits paid from the plan	(21,781)	(225)	—	(2,085)	(24,091)
Benefits paid directly by employer	—	(1,926)	(577)	(1,882)	(4,385)
Foreign currency translation adjustment ¹	(135,577)	(1,389)	(679)	(1,721)	(139,366)
As at September 30, 2016	814,156	97,392	58,565	60,041	1,030,154
Defined benefit obligations of unfunded plans	—	—	58,565	34,436	93,001
Defined benefit obligations of funded plans	814,156	97,392	—	25,605	937,153
As at September 30, 2016	814,156	97,392	58,565	60,041	1,030,154

¹ Amounts recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016
(tabular amounts only are in thousands of Canadian dollars, except per share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Plan assets and reimbursement rights	U.K.	Germany	France	Other	Total
	\$	\$	\$	\$	\$
As at September 30, 2016	792,665	35,672	—	18,741	847,078
Assets distributed on settlements	—	—	—	(449)	(449)
Interest income on plan assets	17,628	364	—	1,157	19,149
Employer contributions	17,651	1,411	305	11,482	30,849
Return on assets excluding interest income ¹	(29,635)	380	—	532	(28,723)
Plan participants contributions	113	—	—	—	113
Benefits paid from the plan	(18,065)	(1,033)	—	(3,377)	(22,475)
Benefits paid directly by employer	—	(1,634)	(305)	(708)	(2,647)
Administration expenses paid from the plan	(2,108)	—	—	(113)	(2,221)
Foreign currency translation adjustment ¹	(14,390)	(209)	—	(1,109)	(15,708)
As at September 30, 2017	763,859	34,951	—	26,156	824,966
Plan assets	763,859	12,088	—	25,074	801,021
Reimbursement rights	—	22,863	—	1,082	23,945
As at September 30, 2017	763,859	34,951	—	26,156	824,966

Plan assets and reimbursement rights	U.K.	Germany	France	Other	Total
	\$	\$	\$	\$	\$
As at September 30, 2015	726,224	35,120	—	16,207	777,551
Interest income on plan assets	25,494	813	—	1,087	27,394
Employer contributions	17,896	2,024	577	5,302	25,799
Return on assets excluding interest income ¹	178,033	437	—	597	179,067
Plan participants contributions	181	—	—	22	203
Benefits paid from the plan	(21,781)	(225)	—	(2,085)	(24,091)
Benefits paid directly by employer	—	(1,926)	(577)	(1,882)	(4,385)
Administration expenses paid from the plan	(1,839)	—	—	(3)	(1,842)
Foreign currency translation adjustment ¹	(131,543)	(571)	—	(504)	(132,618)
As at September 30, 2016	792,665	35,672	—	18,741	847,078
Plan assets	792,665	12,403	—	17,575	822,643
Reimbursement rights	—	23,269	—	1,166	24,435
As at September 30, 2016	792,665	35,672	—	18,741	847,078

¹ Amounts recognized in other comprehensive income.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The plan assets at the end of the years consist of:

As at September 30, 2017	U.K.	Germany	France	Other	Total
	\$	\$	\$	\$	\$
Quoted equities	233,871	—	—	—	233,871
Quoted bonds	183,729	—	—	123	183,852
Property	32,353	—	—	—	32,353
Cash	75,044	—	—	51	75,095
Other ¹	238,862	12,088	—	24,900	275,850
	763,859	12,088	—	25,074	801,021

As at September 30, 2016	U.K.	Germany	France	Other	Total
	\$	\$	\$	\$	\$
Quoted equities	200,163	—	—	—	200,163
Quoted bonds	188,674	—	—	162	188,836
Property	30,004	—	—	—	30,004
Cash	62,708	—	—	55	62,763
Other ¹	311,116	12,403	—	17,358	340,877
	792,665	12,403	—	17,575	822,643

¹ Other is mainly composed of various insurance policies and quoted investment funds to cover some of the defined benefit obligations.

Plan assets do not include any shares of the Company, property occupied by the Company or any other assets used by the Company.

The following table summarizes the expense¹ recognized in the consolidated statements of earnings:

	Year ended September 30	
	2017	2016
	\$	\$
Current service cost	12,071	11,975
Settlement gain	(580)	—
Past service cost	—	3,552
Net interest on net defined benefit obligations or assets	3,357	4,395
Administration expenses	2,221	1,842
	17,069	21,764

¹ The expense was presented as costs of services, selling and administrative for an amount of \$11,491,000 and as net finance costs for an amount of \$5,578,000 (Note 25) (\$15,527,000 and \$6,237,000, respectively for the year ended September 30, 2016).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Actuarial assumptions

The following are the principal actuarial assumptions (expressed as weighted averages). The assumed discount rates, future salary and pension increases, inflation rates and mortality all have a significant effect on the accounting valuation.

As at September 30, 2017	U.K.	Germany	France	Other
	%	%	%	%
Discount rate	2.69	1.75	1.75	4.50
Future salary increases	3.48	2.50	2.86	1.96
Future pension increases	3.38	1.50	—	—
Inflation rate	3.48	2.00	2.00	2.85

As at September 30, 2016	U.K.	Germany	France	Other
	%	%	%	%
Discount rate	2.31	1.04	1.04	3.86
Future salary increases	3.15	2.50	2.17	2.07
Future pension increases	3.11	1.50	—	—
Inflation rate	3.15	2.00	2.00	3.10

The average longevity over 65 of a member presently at age 45 and 65 are as follows:

As at September 30, 2017	U.K.	Germany
	(in years)	
Longevity at age 65 for current members		
Males	22.1	20.0
Females	23.9	24.0
Longevity at age 45 for current members		
Males	23.5	22.0
Females	25.4	26.0

As at September 30, 2016	U.K.	Germany
	(in years)	
Longevity at age 65 for current members		
Males	22.2	20.0
Females	24.2	24.0
Longevity at age 45 for current members		
Males	23.9	22.0
Females	26.1	26.0

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16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Actuarial assumptions (continued)

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each country. Mortality assumptions for the most significant countries are based on the following post-retirement mortality tables for the year ended September 30, 2017: (1) U.K.: 100% S2PxA (year of birth) plus CMI_2016 projections with 1.25% p.a. minimum long term improvement rate, (2) Germany: Heubeck RT2005G and (3) France: INSEE TVTD 2010-2012.

The following tables show the sensitivity of the defined benefit obligations to changes in the principal actuarial assumptions:

As at September 30, 2017	U.K.	Germany	France
	\$	\$	\$
Increase of 0.25% in the discount rate	(34,430)	(2,922)	(2,065)
Decrease of 0.25% in the discount rate	36,668	3,081	2,174
Salary increase of 0.25%	582	56	2,208
Salary decrease of 0.25%	(575)	(55)	(2,105)
Pension increase of 0.25%	17,169	1,338	—
Pension decrease of 0.25%	(16,347)	(1,282)	—
Increase of 0.25% in inflation rate	27,484	1,338	2,208
Decrease of 0.25% in inflation rate	(26,022)	(1,282)	(2,105)
Increase of one year in life expectancy	22,051	2,442	378
Decrease of one year in life expectancy	(21,965)	(2,186)	(407)

As at September 30, 2016	U.K.	Germany	France
	\$	\$	\$
Increase of 0.25% in the discount rate	(36,935)	(3,556)	(2,476)
Decrease of 0.25% in the discount rate	39,406	3,762	2,612
Salary increase of 0.25%	724	80	2,588
Salary decrease of 0.25%	(714)	(78)	(2,466)
Pension increase of 0.25%	17,860	1,802	—
Pension decrease of 0.25%	(16,963)	(1,721)	—
Increase of 0.25% in inflation rate	28,843	1,802	2,588
Decrease of 0.25% in inflation rate	(27,303)	(1,721)	(2,466)
Increase of one year in life expectancy	24,093	2,918	444
Decrease of one year in life expectancy	(23,900)	(2,601)	(485)

The sensitivity analysis above have been based on a method that extrapolates the impact on the defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the year.

The weighted average durations of the defined benefit obligations are as follows:

	Year ended September 30	
	2017	2016
	(in years)	
U.K.	19	20
Germany	14	15
France	16	18
Other	11	13

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

16. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The Company expects to contribute \$23,798,000 to defined benefit plans during the next year, of which \$19,753,000 relates to the U.K. plans, and \$4,045,000 relates to the other plans. The contributions will include new benefit accruals and deficit recovery payments.

DEFINED CONTRIBUTION PLANS

The Company also operates defined contribution pension plans. In some countries, contributions are made into state pension plans. The pension cost for defined contribution plans amounted to \$234,122,000 in 2017 (\$236,678,000 in 2016).

In addition, in Sweden, the Company contributes to a multi-employer plan, Alecta SE (Alecta) pension plan, which is a defined benefit pension plan. This pension plan is classified as a defined contribution plan as sufficient information is not available to use defined benefit accounting. Alecta lacks the possibility of establishing an exact distribution of assets and provisions to the respective employers. The Company's proportion of the total contributions to the plan is 0.81% and the Company's proportion of the total number of active members in the plan is 0.55%.

Alecta uses a collective funding ratio to determine the surplus or deficit in the pension plan. Any surplus or deficit in the plan will affect the amount of future contributions payable. The collective funding is the difference between Alecta's assets and the commitments to the policy holders and insured individuals. The collective solvency is normally allowed to vary between 125% and 155%, with the target being 140%. As at September 30, 2017, Alecta collective funding ratio was 158% (142% in 2016). The plan expense was \$34,208,000 in 2017 (\$34,528,000 in 2016). The Company expects to contribute \$27,590,000 to the plan during the next year.

OTHER BENEFIT PLANS

The Company maintains deferred compensation plans covering some of its U.S. and Germany management. Some of the plans include assets that will be used to fund the liabilities. As at September 30, 2017, the deferred compensation liability totaled \$48,379,000 (\$43,844,000 as at September 30, 2016) (Note 14) and the deferred compensation assets totaled \$46,906,000 (\$42,139,000 as at September 30, 2016) (Note 10).

For the deferred compensation plan in U.S., a trust was established so that the plan assets could be segregated; however, the assets are subject to the Company's general creditors in the case of bankruptcy. The assets composed of investments vary with employees' contributions and changes in the value of the investments. The change in liabilities associated with the plan is equal to the change of the assets. The assets in the trust and the associated liabilities totaled \$46,480,000 as at September 30, 2017 (\$41,423,000 as at September 30, 2016).

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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17. Accumulated other comprehensive income

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Items that will be reclassified subsequently to net earnings:		
Net unrealized gains on translating financial statements of foreign operations, net of accumulated income tax expense of \$65,850 as at September 30, 2017 (\$69,777 as at September 30, 2016)	695,591	837,056
Net losses on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations, net of accumulated income tax recovery of \$69,296 as at September 30, 2017 (\$72,490 as at September 30, 2016)	(453,690)	(466,799)
Net unrealized gains on cash flow hedges, net of accumulated income tax expense of \$2,332 as at September 30, 2017 (\$8,876 as at September 30, 2016)	1,670	13,931
Net unrealized (losses) gains on available-for-sale investments, net of accumulated income tax recovery of \$178 as at September 30, 2017 (net of accumulated income tax expense of \$965 as at September 30, 2016)	(562)	2,947
Items that will not be reclassified subsequently to net earnings:		
Net remeasurement losses on defined benefit plans, net of accumulated income tax recovery of \$20,933 as at September 30, 2017 (\$25,160 as at September 30, 2016)	(83,618)	(83,007)
	159,391	304,128

For the year ended September 30, 2017, \$15,425,000 of the net unrealized gains previously recognized in other comprehensive income, net of income tax expense of \$9,534,000, were reclassified to net earnings for derivative financial instruments designated as cash flow hedges (\$11,834,000 of the net unrealized gains net of income tax expense of \$6,725,000 for the year ended September 30, 2016).

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18. Capital stock

Authorized, an unlimited number without par value:

First preferred shares, carrying one vote per share, ranking prior to second preferred shares, Class A subordinate shares and Class B shares with respect to the payment of dividends;

Second preferred shares, non-voting, ranking prior to Class A subordinate shares and Class B shares with respect to the payment of dividends;

Class A subordinate shares, carrying one vote per share, participating equally with Class B shares with respect to the payment of dividends and convertible into Class B shares under certain conditions in the event of certain takeover bids on Class B shares;

Class B shares, carrying ten votes per share, participating equally with Class A subordinate shares with respect to the payment of dividends and convertible at any time at the option of the holder into Class A subordinate shares.

For the fiscal years 2017 and 2016, the Class A subordinate and the Class B shares varied as follows:

	Class A subordinate shares		Class B shares		Total	
	Number	Carrying value	Number	Carrying value	Number	Carrying value
		\$		\$		\$
As at September 30, 2015	275,773,284	2,207,826	33,272,767	46,419	309,046,051	2,254,245
Issued upon exercise of stock options ¹	5,283,485	111,405	—	—	5,283,485	111,405
PSUs exercised ²	—	21,250	—	—	—	21,250
Purchased and cancelled ³	(9,519,875)	(170,374)	—	—	(9,519,875)	(170,374)
Purchased and held in trust ⁴	—	(21,795)	—	—	—	(21,795)
Conversion of shares ⁵	420,019	586	(420,019)	(586)	—	—
As at September 30, 2016	271,956,913	2,148,898	32,852,748	45,833	304,809,661	2,194,731
Issued upon exercise of stock options ¹	2,079,150	60,943	—	—	2,079,150	60,943
PSUs exercised ²	—	23,666	—	—	—	23,666
Purchased and cancelled ³	(19,929,268)	(227,060)	—	—	(19,929,268)	(227,060)
Shares held in trust resold ⁴	—	2,445	—	—	—	2,445
As at September 30, 2017	254,106,795	2,008,892	32,852,748	45,833	286,959,543	2,054,725

¹ The carrying value of Class A subordinate shares includes \$11,169,000 (\$21,972,000 during the year ended September 30, 2016), which corresponds to a reduction in contributed surplus representing the value of accumulated compensation costs associated with the stock options exercised during the year.

² During the year ended September 30, 2017, 659,640 PSUs were exercised (969,241 during the year ended September 30, 2016) with a recorded value of \$23,666,000 (\$21,250,000 during the year ended September 30, 2016) that was removed from contributed surplus. As at September 30, 2017, 468,668 Class A subordinate shares were held in trust under the PSU plan (1,192,308 as at September 30, 2016) (Note 19b).

³ On February 1, 2017, the Company's Board of Directors authorized the renewal of a Normal Course Issuer Bid (NCIB) for the purchase of up to 21,190,564 Class A subordinate shares for cancellation on the open market through the TSX. The Class A subordinate shares are available for purchase commencing February 6, 2017, until no later than February 5, 2018, or on such earlier date when the Company completes its purchases or elects to terminate the bid.

During the year ended September 30, 2017, the Company purchased 15,074,900 Class A subordinate shares for cancellation (2,207,500 during the year ended September 30, 2016) under the previous and current NCIB for a cash consideration of \$946,664,000 (\$117,820,000 during the year ended September 30, 2016) and the excess of the purchase price over the carrying value in the amount of \$823,450,000 (\$99,553,000 during the year ended September 30, 2016) was charged to retained earnings. During the year ended September 30, 2016, the Company paid and cancelled 200,000 Class A subordinate shares with a carrying value of \$1,631,000 and a purchase value of \$9,466,000 that were held from previous period.

In addition, during the year ended September 30, 2017, the Company purchased 4,854,368 Class A subordinate shares for cancellation (7,112,375 during the year ended September 30, 2016) from the Caisse de dépôt et placement du Québec for a cash consideration of \$300,000,000 (\$400,000,000 during the year ended September 30, 2016). The excess of the purchase price over the carrying value in the amount of \$196,154,000 (\$247,893,000 during the year ended September 30, 2016) was charged to retained earnings. In accordance with the requirements of the TSX, the purchase is considered in the annual aggregate limit that the Company is entitled to purchase under its current NCIB.

⁴ During the year ended September 30, 2017, the trustee resold 64,000 Class A subordinate shares that were held in trust on the open market in accordance with the terms of the PSU plan (nil during the year ended September 30, 2016). The excess of proceeds over the carrying value of the Class A subordinate shares, in the amount of \$1,601,000, resulted in an increase of contributed surplus. During the year ended September 30, 2016, the trustee, in accordance with the terms of the PSU plan and a Trust Agreement, purchased 441,722 Class A subordinate shares of the Company on the open market for a cash consideration of \$21,795,000.

⁵ During the year ended September 30, 2016, a shareholder converted 420,019 Class B shares into 420,019 Class A subordinate shares.

Notes to the Consolidated Financial Statements

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19. Share-based payments

a) Stock options

Under the Company's stock option plan, the Board of Directors may grant, at its discretion, stock options to purchase Class A subordinate shares to certain employees, officers and directors of the Company and its subsidiaries. The exercise price is established by the Board of Directors and is equal to the closing price of the Class A subordinate shares on the TSX on the day preceding the date of the grant. Stock options generally vest over four years from the date of grant conditionally upon achievement of objectives and must be exercised within a ten-year period, except in the event of retirement, termination of employment or death. As at September 30, 2017, 30,561,122 Class A subordinate shares have been reserved for issuance under the stock option plan.

The following table presents information concerning all outstanding stock options granted by the Company:

	2017		2016	
	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share
		\$		\$
Outstanding, beginning of year	16,623,619	39.40	20,629,392	29.23
Granted	2,961,866	63.22	3,882,977	62.53
Exercised	(2,079,150)	23.94	(5,283,485)	16.93
Forfeited	(2,267,952)	49.12	(2,558,272)	39.39
Expired	(500)	7.72	(46,993)	14.22
Outstanding, end of year	15,237,883	44.70	16,623,619	39.40
Exercisable, end of year	7,527,054	28.77	7,798,604	24.10

The weighted average share price at the date of exercise for stock options exercised in 2017 was \$64.49 (\$58.65 in 2016).

The following table summarizes information about outstanding stock options granted by the Company as at September 30, 2017:

Options outstanding				Options exercisable		
Range of exercise price	Number of options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of options	Weighted average exercise price	
\$			\$			\$
9.31 to 9.41	235,229	1.00	9.31	235,229	9.31	
11.39 to 13.26	524,425	2.00	12.59	524,425	12.59	
14.48 to 15.96	1,136,174	3.00	15.48	1,136,174	15.48	
19.28 to 21.31	283,523	4.00	19.75	283,523	19.75	
23.65 to 30.79	1,965,317	5.21	23.89	1,965,317	23.89	
34.68 to 38.79	1,886,662	6.35	37.22	1,752,804	37.17	
39.47 to 47.36	1,042,738	7.13	39.67	757,139	39.70	
47.81 to 56.69	1,725,490	7.99	48.46	866,563	48.50	
57.21 to 63.72	6,438,325	9.43	63.21	5,880	57.21	
	15,237,883	7.22	44.70	7,527,054	28.77	

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19. Share-based payments (continued)

a) Stock options (continued)

The fair value of stock options granted in the year and the weighted average assumptions used in the calculation of their fair value on the date of grant using the Black-Scholes option pricing model were as follows:

	Year ended September 30	
	2017	2016
Grant date fair value (\$)	13.03	13.11
Dividend yield (%)	0.00	0.00
Expected volatility (%) ¹	22.52	25.41
Risk-free interest rate (%)	1.66	0.56
Expected life (years)	4.00	4.00
Exercise price (\$)	63.22	62.53
Share price (\$)	63.22	62.53

¹ Expected volatility was determined using statistical formulas and based on the weekly historical average of closing daily share prices over the period of the expected life of stock option.

b) Performance share units

Under the PSU plan, the Board of Directors may grant PSUs to senior executives and other key employees (participants) which entitle them to receive one Class A subordinate share for each PSU. The vesting performance conditions are determined by the Board of Directors at the time of each grant. PSUs expire on the business day preceding December 31 of the third calendar year following the end of the fiscal year during which the PSU award was made, except in the event of retirement, termination of employment or death. Granted PSUs vest annually over a period of four years from the date of grant conditionally upon achievement of objectives.

Class A subordinate shares purchased in connection with the PSU plan are held in trust for the benefit of the participants. The trust, considered as a structured entity, is consolidated in the Company's consolidated financial statements with the cost of the purchased shares recorded as a reduction of capital stock (Note 18).

The following table presents information concerning the number of outstanding PSUs granted by the Company:

Outstanding as at September 30, 2015	1,719,827
Granted ¹	570,000
Exercised	(969,241)
Forfeited	(128,278)
Outstanding as at September 30, 2016	1,192,308
Granted ¹	221,000
Exercised	(659,640)
Forfeited	(285,000)
Outstanding as at September 30, 2017	468,668

¹ The PSUs granted in 2017 had a grant date fair value of \$62.49 per unit (\$48.35 in 2016).

On September 26, 2017, the Company adopted a new PSU plan with similar terms and conditions to the existing PSU plan. There was no grant under the new plan during the year ended September 30, 2017.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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19. Share-based payments (continued)

c) Share purchase plan

Under the share purchase plan, the Company contributes an amount equal to a percentage of the employee's basic contribution, up to a maximum of 3.50%. An employee may make additional contributions in excess of the basic contribution, however the Company does not match contributions in the case of such additional contributions. The employee and Company's contributions are remitted to an independent plan administrator who purchases Class A subordinate shares on the open market on behalf of the employee through either the TSX or New York Stock Exchange.

d) Deferred share unit plan

External members of the Board of Directors (participants) are entitled to receive part or their entire retainer fee in DSUs. DSUs are granted with immediate vesting and must be exercised no later than December 15 of the calendar year immediately following the calendar year during which the participant ceases to act as a Director. Each DSU entitles the holder to receive a cash payment equal to the closing price of Class A subordinate shares on the TSX on the payment date. As at September 30, 2017, the number of outstanding DSUs was 136,246 (107,856 DSUs as at September 30, 2016).

e) Share-based payment costs

The share-based payment expense recorded in costs of services, selling and administrative is as follows:

	Year ended September 30	
	2017	2016
	\$	\$
Stock options	25,133	17,720
PSUs	9,310	20,579
Share purchase plan	97,729	87,683
DSUs	2,075	2,916
	134,247	128,898

20. Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the years ended September 30:

	2017			2016		
	Net earnings	Weighted average number of shares outstanding ¹	Earnings per share	Net earnings	Weighted average number of shares outstanding ¹	Earnings per share
	\$		\$	\$		\$
Basic	1,035,195	297,516,970	3.48	1,068,716	304,808,130	3.51
Net effect of dilutive stock options and PSUs ²		5,776,515			7,965,026	
	1,035,195	303,293,485	3.41	1,068,716	312,773,156	3.42

¹ During the year ended September 30, 2017, 19,929,268 Class A subordinate shares purchased and 468,668 Class A subordinate shares held in trust were excluded from the calculation of weighted average number of shares outstanding as of the date of transaction (9,519,875 and 1,192,308, respectively during the year ended September 30, 2016).

² The calculation of the diluted earnings per share excluded 6,419,566 stock options for the year ended September 30, 2017 (3,842,800 for the year ended September 30, 2016), as they were anti-dilutive.

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21. Construction contracts in progress

Revenue from systems integration and consulting services under fixed-fee arrangements where the outcome of the arrangements can be estimated reliably is recognized using the percentage-of-completion method over the service period. The Company primarily uses labour costs or labour hours to measure the progress towards completion. If the outcome of an arrangement cannot be estimated reliably, revenue is recognized to the extent of arrangement costs incurred that are likely to be recoverable.

Amounts recognized as revenue in excess of billings are classified as work in progress. Amounts received in advance of the performance of services or delivery of products are classified as deferred revenue.

The status of the Company's construction contracts still in progress at the end of the reporting period was as follows:

	As at September 30, 2017	As at September 30, 2016
	\$	\$
Recognized as:		
Revenue in the respective year	1,527,904	1,443,169
Recognized as:		
Amounts due from customers under construction contracts ¹	278,792	414,427
Amounts due to customers under construction contracts	(56,068)	(105,187)

¹ As at September 30, 2017, retentions held by customers for contract work in progress amounted to \$11,971,000 (\$72,277,000 as at September 30, 2016).

22. Costs of services, selling and administrative

	Year ended September 30	
	2017	2016
	\$	\$
Salaries and other member costs ¹	6,412,607	6,254,917
Professional fees and other contracted labour	1,273,944	1,243,143
Hardware, software and data center related costs	814,274	795,347
Property costs	349,881	399,682
Amortization and depreciation (Note 23)	366,377	394,054
Other operating expenses	40,576	33,786
	9,257,659	9,120,929

¹ Net of R&D and other tax credits of \$182,951,000 in 2017 (\$174,199,000 in 2016).

23. Amortization and depreciation

	Year ended September 30	
	2017	2016
	\$	\$
Depreciation of PP&E ¹ (Note 6)	152,854	163,105
Amortization of intangible assets (Note 8)	157,033	176,895
Amortization of contract costs related to transition costs	56,490	54,054
Included in costs of services, selling and administrative (Note 22)	366,377	394,054
Amortization of contract costs related to incentives (presented as a reduction of revenue)	2,336	3,221
Amortization of deferred financing fees (presented in finance costs)	1,090	1,154
Amortization of premiums and discounts on investments related to funds held for clients (presented net as a reduction of revenue)	1,494	1,631
Impairment of PP&E (presented in restructuring costs) (Notes 6 and 24)	5,907	—
	377,204	400,060

¹ Depreciation of PP&E acquired under finance leases was \$11,623,000 in 2017 (\$14,471,000 in 2016).

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24. Restructuring costs

During the year ended September 30, 2017, the Company announced it will incur approximately \$165,000,000 of restructuring costs over the next year to compress the timeline of implementing certain elements of its profitable growth strategy and incurred \$88,628,000 of costs related to the announced program. This amount includes restructuring costs for termination of employments of \$67,426,000 accounted for in restructuring provisions, leases of vacated premises of \$14,550,000 accounted for in onerous lease provisions, impairment of PP&E of \$5,907,000 (Notes 6 and 23), as well as other restructuring costs of \$745,000. The initiative is expected to yield benefits throughout fiscal year 2018.

During the year ended September 30, 2016, the Company completed the previously announced restructuring program for productivity improvement initiatives and incurred \$29,100,000 of restructuring costs for termination of employments for a total expense of \$65,000,000 over the entire program.

25. Net finance costs

	Year ended September 30	
	2017	2016
	\$	\$
Interest on long-term debt	62,022	70,257
Net interest costs on net defined benefit obligations or assets (Note 16)	5,578	6,237
Other finance costs	5,911	3,542
Finance costs	73,511	80,036
Finance income	(3,719)	(1,610)
	69,792	78,426

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26. Investments in subsidiaries

a) Acquisitions

The Company made the following acquisitions during the year ended September 30, 2017:

- On November 3, 2016, the Company acquired all units of Collaborative Consulting, LLC, a high-end IT consulting company with specialized expertise in financial, life sciences and public sectors, headquartered in Boston, Massachusetts;
- On April 19, 2017, the Company acquired all outstanding shares of Computer Technology Solutions, Inc., a high-end IT consulting company focused on commercial markets, specialized in cloud, analytics and digital transformation, headquartered in Birmingham, Alabama;
- On May 12, 2017, the Company acquired all outstanding shares of eCommerce Systems, Inc., a high-end consulting IT company focused on commercial markets, specialized in cloud, analytics and digital transformation, headquartered in Denver, Colorado; and
- On August 22, 2017, the Company acquired all outstanding shares of Summa Technologies, Inc. (Summa), a high-end IT consulting company with expertise in digital experience and agile software development, headquartered in Pittsburgh, Pennsylvania.

The following table presents the purchase price allocations for all the above acquisitions based on the acquisition-date fair values of the identifiable tangible and intangible assets acquired and liabilities assumed. The purchase price allocation for Summa is preliminary.

	2017
	\$
Current assets	40,705
PP&E	5,488
Intangible assets	50,474
Goodwill ¹	238,322
Current liabilities	(29,953)
Deferred tax liabilities	(3,126)
Debt	(9,648)
	292,262
Cash acquired	14,814
Net assets acquired	307,076
Consideration paid	297,875
Consideration payable ²	9,201

¹ The goodwill arising from the acquisitions mainly represents the future economic value associated to acquired work force and synergies with the Company's operations. All of the goodwill is included in the U.S. operating segment and \$191,231,000 is deductible for tax purposes.

² Repayable in annually installments through 2021 and bearing interest at a rate of 2.04%.

In addition, on October 6, 2017, the Company acquired 94.79% of the outstanding shares of Affecto Plc (Affecto), a leading provider of business intelligence and enterprise information management solutions and services, headquartered in Helsinki, Finland, for a cash consideration of \$137,436,000. On October 10, 2017, the Company submitted an application to initiate statutory squeeze-out proceedings in order to complete the redemption of the shares held by the remaining shareholders of Affecto. At the time of the approval of the Company's consolidated financial statements, the initial accounting for the acquisition of Affecto was incomplete.

These acquisitions will complement the Company's proximity model and further strengthen its global capabilities across several in-demand digital transformation areas.

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b) Acquisition-related and integration costs

In connection with these acquisitions, the Company expensed \$10,306,000 related to acquisition-related and integration costs during the year ended September 30, 2017. This amount includes acquisition-related costs of \$1,661,000 and integration costs of \$8,645,000. The acquisition-related costs consist mainly of professional fees incurred for the acquisitions. The integration costs mainly include termination of employments of \$5,207,000 accounted for in restructuring provisions, leases of vacated premises of \$1,382,000 accounted for in onerous lease provisions, as well as other integration costs of \$ 2,056,000.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

27. Supplementary cash flow information

a) Net change in non-cash working capital items is as follows for the years ended September 30:

	2017	2016
	\$	\$
Accounts receivable	(164,452)	(35,829)
Work in progress	(8,056)	(102,354)
Prepaid expenses and other assets	16,403	(18,573)
Long-term financial assets	(13,338)	(4,802)
Accounts payable and accrued liabilities	(92,873)	16,764
Accrued compensation	44,837	(43,528)
Deferred revenue	(12,993)	3,551
Provisions	50,777	(77,192)
Long-term liabilities	8,612	(11,897)
Retirement benefits obligations	(12,395)	(1,150)
Derivative financial instruments	3,229	(2,256)
Income taxes	34,164	9,393
	(146,085)	(267,873)

b) Non-cash operating, investing and financing activities related to operations are as follows for the years ended September 30:

	2017	2016
	\$	\$
Operating activities		
Accounts receivable	(118)	(15)
Accounts payable and accrued liabilities	34,522	36,139
Provisions	1,571	1,074
	35,975	37,198
Investing activities		
Purchase of PP&E	(16,365)	(15,427)
Additions of intangible assets	(23,236)	(32,608)
	(39,601)	(48,035)
Financing activities		
Increase in obligations under finance leases	3,508	9,238
Increase in obligations other than finance leases	—	1,584
Issuance of shares	118	15
	3,626	10,837

c) Interest paid and received and income taxes paid are classified within operating activities and are as follows for the years ended September 30:

	2017	2016
	\$	\$
Interest paid	78,227	82,369
Interest received	3,680	1,455
Income taxes paid	244,227	246,134

d) Cash and cash equivalents consisted fully of unrestricted cash as at September 30, 2017 and 2016.

Notes to the Consolidated Financial Statements

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28. Segmented information

The following tables present information on the Company's operations based on its current management structure managed through seven operating segments. Segment results are based on the location from which the services are delivered - the geographic delivery model (Note 11).

	Year ended September 30, 2017							
	U.S.	Nordics	Canada	France	U.K.	ECS	Asia Pacific	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	3,028,355	1,577,883	1,605,500	1,559,869	1,286,700	1,194,409	592,350	10,845,066
Earnings before acquisition-related and integration costs, restructuring costs, net finance costs and income tax expense ¹	495,774	179,989	343,856	193,075	152,185	98,981	122,763	1,586,623
Acquisition-related and integration costs (Note 26b)								(10,306)
Restructuring costs (Note 24)								(88,628)
Net finance costs (Note 25)								(69,792)
Earnings before income taxes								1,417,897

¹ Total amortization and depreciation of \$370,207,000 included in the U.S., Nordics, Canada, France, U.K., ECS and Asia Pacific operating segments was \$98,163,000, \$47,907,000, \$62,050,000, \$32,377,000, \$69,506,000, \$37,480,000 and \$22,724,000, respectively for the year ended September 30, 2017.

	Year ended September 30, 2016							
	U.S.	Nordics	Canada	France	U.K.	ECS	Asia Pacific	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	2,878,661	1,651,322	1,536,331	1,444,966	1,431,739	1,198,854	541,391	10,683,264
Earnings before restructuring costs, net finance costs and income tax expense ¹	486,295	186,742	345,483	174,685	154,262	114,256	98,588	1,560,311
Restructuring costs (Note 24)								(29,100)
Net finance costs (Note 25)								(78,426)
Earnings before income taxes								1,452,785

¹ Total amortization and depreciation of \$398,906,000 included in the U.S., Nordics, Canada, France, U.K., ECS and Asia Pacific operating segments was \$94,744,000, \$69,385,000, \$58,695,000, \$34,542,000, \$79,342,000, \$40,427,000 and \$21,771,000, respectively for the year ended September 30, 2016.

The accounting policies of each operating segment are the same as those described in the Summary of significant accounting policies (Note 3). Intersegment revenue is priced as if the revenue was from third parties.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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28. Segmented information (continued)

GEOGRAPHIC INFORMATION

The following table provides external revenue information based on the client's location which is different from the revenue presented under operating segments, due to the intersegment revenue:

	2017	2016
	\$	\$
U.S.	3,118,044	2,969,506
Nordics		
Sweden	775,093	829,080
Finland	654,155	648,981
Others	239,658	248,826
	1,668,906	1,726,887
Canada	1,746,438	1,643,680
France		
France	1,555,721	1,433,354
Others	38,445	38,690
	1,594,166	1,472,044
U.K.	1,419,419	1,568,323
ECS		
Germany	415,104	397,059
Netherlands	421,673	449,031
Others	332,401	318,991
	1,169,178	1,165,081
Asia Pacific		
Others	128,915	137,743
	128,915	137,743
	10,845,066	10,683,264

The following table provides information for PP&E, contract costs and intangible assets based on their location:

	As at September 30, 2017	As at September 30, 2016
	\$	\$
U.S.	312,909	290,303
Canada	311,667	283,121
U.K.	183,213	234,743
France	66,416	76,654
Sweden	66,953	72,795
Finland	35,363	34,745
Germany	38,310	46,825
Netherlands	25,300	30,487
Rest of the world	89,964	90,419
	1,130,095	1,160,092

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28. Segmented information (continued)

INFORMATION ABOUT SERVICES

The following table provides revenue information based on services provided by the Company:

	2017	2016
	\$	\$
Outsourcing		
IT services	4,640,892	4,680,329
BPS	1,128,258	1,099,342
Systems integration and consulting services	5,075,916	4,903,593
	10,845,066	10,683,264

MAJOR CLIENT INFORMATION

Contracts with the U.S. federal government and its various agencies, included within the U.S. operating segment, accounted for \$1,521,821,000 and 14.00% of revenues for the year ended September 30, 2017 (\$1,405,955,000 and 13.20% for the year ended September 30, 2016).

29. Related party transactions

a) Transactions with subsidiaries

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation. The Company owns 100% of the equity interests of its principal subsidiaries.

The Company's principal subsidiaries whose revenues, based on the geographic delivery model, represent more than 3% of the consolidated revenues are as follows:

Name of subsidiary	Country of incorporation
CGI Technologies and Solutions Inc.	United States
CGI Federal Inc.	United States
CGI Suomi Oy	Finland
CGI Sverige AB	Sweden
Conseillers en gestion et informatique CGI Inc.	Canada
CGI Information Systems and Management Consultants Inc.	Canada
CGI France SAS	France
CGI IT UK Limited	United Kingdom
CGI Nederland BV	Netherlands
CGI Deutschland Ltd & Co KG	Germany
CGI Information Systems and Management Consultants Private Limited	India

b) Compensation of key management personnel

Compensation of key management personnel, defined as the President and Chief Executive Officer, the Executive Vice President and Chief Financial Officer and the Board of Directors was as follows:

	2017	2016 ¹
	\$	\$
Short-term employee benefits	8,990	6,224
Share-based payments	15,537	23,803

¹ Includes the Chief Operating Officer.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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30. Commitments, contingencies and guarantees

a) Commitments

As at September 30, 2017, the Company is committed under the terms of operating leases with various expiration dates up to 2028, primarily for the rental of premises and computer equipment used in outsourcing contracts, in the aggregate amount of approximately \$656,775,000, excluding costs for services and taxes.

The future minimum lease payments under non-cancellable operating leases are due as follows:

	\$
Less than one year	174,835
Between one and two years	127,411
Between two and five years	241,387
Beyond five years	113,142

The majority of the lease agreements are renewable at the end of the lease period at market rates. The lease expenditure charged to earnings during the year was \$200,424,000 (\$223,289,000 in 2016), net of subleases income of \$14,653,000 (\$19,220,000 in 2016). As at September 30, 2017, the total future minimum subleases payments expected to be received under non-cancellable subleases were \$12,868,000 (\$25,801,000 as at September 30, 2016).

The Company entered into long-term service and other agreements representing a total commitment of \$238,931,000. Minimum payments under these agreements are due as follows:

	\$
Less than one year	109,495
Between one and two years	70,073
Between two and five years	59,363

b) Contingencies

From time to time, the Company is involved in legal proceedings, audits, litigation and claims which primarily relate to tax exposure, contractual disputes and employee claims arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts and will ultimately be resolved when one or more future events occur or fail to occur. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or the ability to carry on any of its business activities. Claims for which there is a probable unfavourable outcome are recorded in provisions (Note 12).

In addition, the Company is engaged to provide services under contracts with the U.S. Government. The contracts are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. Government investigate whether the Company's operations are being conducted in accordance with these requirements. Generally, the Government has the right to change the scope of, or terminate, these projects at its convenience. The termination or reduction in the scope of a major government project could have a materially adverse effect on the results of operations and financial condition of the Company.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

30. Commitments, contingencies and guarantees (continued)

c) Guarantees

Sale of assets and business divestitures

In connection with the sale of assets and business divestitures, the Company may be required to pay counterparties for costs and losses incurred as the result of breaches in contractual obligations, representations and warranties, intellectual property right infringement and litigation against counterparties, among others. While some of the agreements specify a maximum potential exposure of approximately \$10,865,000 in total, others do not specify a maximum amount or limited period. It is not possible to reasonably estimate the maximum amount that may have to be paid under such guarantees. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. No amount has been accrued in the consolidated balance sheets relating to this type of indemnification as at September 30, 2017. The Company does not expect to incur any potential payment in connection with these guarantees that could have a materially adverse effect on its consolidated financial statements.

Other transactions

In the normal course of business, the Company may provide certain clients, principally governmental entities, with bid and performance bonds. In general, the Company would only be liable for the amount of the bid bonds if the Company refuses to perform the project once the bid is awarded. The Company would also be liable for the performance bonds in the event of default in the performance of its obligations. As at September 30, 2017, the Company had committed a total of \$30,297,000 of these bonds. To the best of its knowledge, the Company is in compliance with its performance obligations under all service contracts for which there is a bid or performance bond, and the ultimate liability, if any, incurred in connection with these guarantees, would not have a materially adverse effect on the Company's consolidated results of operations or financial condition.

Moreover, the Company has letters of credit for a total of \$86,813,000 in addition to the letters of credit covered by the unsecured committed revolving credit facility (Note 13). These guarantees are required in some of the Company's contracts with customers.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016
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31. Financial instruments

FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table presents the financial liabilities included in the long-term debt (Note 13) which are measured at amortized cost. The financial liabilities are categorized using the fair value hierarchy.

	Level	As at September 30, 2017		As at September 30, 2016	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
Financial liabilities for which fair value is disclosed					
Other liabilities					
Senior U.S. and euro unsecured notes	Level 2	1,542,428	1,638,980	1,733,036	1,855,143
Unsecured committed revolving credit facility	Level 2	200,000	200,000	—	—
Obligations other than finance leases	Level 2	61,703	60,847	111,205	109,966
Obligations under finance leases	Level 2	29,794	29,667	42,172	41,753
Other long-term debt	Level 2	28,078	27,348	24,562	22,843
		1,862,003	1,956,842	1,910,975	2,029,705

The following table presents financial assets and liabilities measured at fair value categorized using the fair value hierarchy:

	Level	As at September 30, 2017	As at September 30, 2016
		\$	\$
Financial assets			
Financial assets at fair value through earnings			
Cash and cash equivalents	Level 2	165,872	596,529
Deferred compensation plan assets (Note 10)	Level 1	46,906	42,139
		212,778	638,668
Derivative financial instruments designated as hedging instruments			
Current derivative financial instruments	Level 2	8,152	22,226
Long-term derivative financial instruments (Note 10)	Level 2	24,939	49,759
		33,091	71,985
Available-for-sale			
Long-term bonds included in funds held for clients (Note 5)	Level 2	195,509	195,976
Long-term investments (Note 10)	Level 2	23,047	27,246
		218,556	223,222
Financial liabilities			
Derivative financial instruments designated as hedging instruments			
Current derivative financial instruments	Level 2	12,069	4,517
Long-term derivative financial instruments	Level 2	82,365	46,473
		94,434	50,990

There have been no transfers between Level 1 and Level 2 for the years ended September 30, 2017 and 2016.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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31. Financial instruments (continued)

FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the fair value of outstanding derivative financial instruments:

	Recorded in derivative financial instruments	As at September 30, 2017 \$	As at September 30, 2016 \$
Hedges of net investments in foreign operations			
\$831,400 cross-currency swaps in euro designated as a hedging instrument of the Company's net investment in European operations (\$831,400 as at September 30, 2016)	Current assets	2,907	—
	Long-term assets	14,539	31,603
Cash flow hedges of future revenue			
U.S.\$65,691 foreign currency forward contracts between the U.S. dollar and the Indian rupee (U.S.\$31,033 as at September 30, 2016)	Current assets	37	3,358
	Long-term assets	162	—
	Current liabilities	330	58
	Long-term liabilities	427	—
\$146,881 foreign currency forward contracts between the Canadian dollar and the Indian rupee (\$116,700 as at September 30, 2016)	Current assets	4,644	11,935
	Long-term assets	7,429	7,429
	Current liabilities	554	—
	Long-term liabilities	969	—
€21,483 foreign currency forward contracts between the euro and the Indian rupee (€8,900 as at September 30, 2016)	Current assets	—	376
	Current liabilities	275	—
	Long-term liabilities	366	—
£29,034 foreign currency forward contracts between the British pound and the Indian rupee (£15,200 as at September 30, 2016)	Current assets	24	5,094
	Current liabilities	771	—
	Long-term liabilities	895	—
€75,374 foreign currency forward contracts between the euro and the British pound (€52,700 as at September 30, 2016)	Current assets	33	—
	Long-term assets	70	—
	Current liabilities	1,477	3,626
	Long-term liabilities	1,987	350
€53,527 foreign currency forward contracts between the euro and the Moroccan dirham (€8,300 as at September 30, 2016)	Long-term assets	2,669	—
	Current liabilities	1,681	710
	Long-term liabilities	5,427	—
Other foreign currency forward contracts	Current assets	507	1,463
	Long-term assets	70	—
	Current liabilities	231	123
	Long-term liabilities	345	—
Cash flow hedges of Senior U.S. unsecured notes			
U.S.\$600,000 cross-currency swaps to Canadian dollar (U.S.\$600,000 as at September 30, 2016)	Current liabilities	6,750	—
	Long-term liabilities	69,540	46,123

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31. Financial instruments (continued)

FAIR VALUE MEASUREMENTS (CONTINUED)

	Recorded in derivative financial instruments	As at September 30, 2017	As at September 30, 2016
		\$	\$
Fair value hedges of Senior U.S. unsecured notes			
U.S.\$250,000 interest rate swaps fixed-to-floating (U.S.\$250,000 as at September 30, 2016)	Long-term assets	—	10,727
	Long-term liabilities	2,409	—

Valuation techniques used to value financial instruments are as follows:

- The fair value of Senior U.S. and euro unsecured notes, the unsecured committed revolving credit facility and the other long-term debt is estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions;
- The fair value of long-term bonds included in funds held for clients and in long-term investments is determined by discounting the future cash flows using observable inputs, such as interest rate yield curves or credit spreads, or according to similar transactions on an arm's-length basis;
- The fair value of foreign currency forward contracts is determined using forward exchange rates at the end of the reporting period;
- The fair value of cross-currency swaps and interest rate swaps is determined based on market data (primarily yield curves, exchange rates and interest rates) to calculate the present value of all estimated cash flows;
- The fair value of cash and cash equivalents is determined using observable quotes; and
- The fair value of deferred compensation plan assets within long-term financial assets is based on observable price quotations at the reporting date.

As at September 30, 2017, there were no changes in valuation techniques.

The Company expects that approximately \$7,286,000 of the accumulated net unrealized gain on derivative financial instruments designated as cash flow hedges as at September 30, 2017 will be reclassified in the consolidated statements of earnings in the next 12 months.

During the year ended September 30, 2017, the Company's hedging relationships were effective.

MARKET RISK

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk and currency risk, affect the fair values of financial assets and liabilities.

Interest rate risk

The Company has interest rate swaps whereby the Company receives a fixed rate of interest and pays interest at a variable rate on the notional amount of a portion of its Senior U.S. unsecured notes. These swaps are being used to hedge the exposure to changes in the fair value of the debt.

The Company is also exposed to interest rate risk on its unsecured committed revolving credit facility.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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31. Financial instruments (continued)

MARKET RISK (CONTINUED)

Interest rate risk (continued)

The Company analyzes its interest rate risk exposure on an ongoing basis using various scenarios to simulate refinancing or the renewal of existing positions. Based on these scenarios, a change in the interest rate of 1% would not have had a significant impact on net earnings and comprehensive income.

Currency risk

The Company operates internationally and is exposed to risk from changes in foreign currency exchange rates. The Company mitigates this risk principally through foreign currency denominated debt and derivative financial instruments, which includes foreign currency forward contracts and cross-currency swaps.

The Company hedges a portion of the translation of the Company's net investments in its U.S. and European operations into Canadian dollar, with Senior U.S. and euro unsecured notes. The Company also hedges a portion of the translation of the Company's net investments in its European operations with cross-currency swaps.

During the year ended September 30, 2016, the Company entered into Canadian dollar to euro cross-currency swap agreements for a notional amount of \$831,400,000 designated as hedging instruments of the Company's net investment in European operations.

During the year ended September 30, 2016, the Company settled cross-currency swaps with a notional amount of \$109,730,000 for a net amount of \$24,057,000. The loss on settlements was recognized in other comprehensive income and will be transferred to earnings when the net investment is disposed of.

During the year ended September 30, 2016, the Company has entered into cross-currency swap agreements, for a notional amount of U.S.\$600,000,000, related to its Senior U.S. unsecured notes. The cross-currency swaps are designated as cash flow hedges to offset the variability in the exchange rate between the U.S. and Canadian dollar.

The Company enters into foreign currency forward contracts to hedge the variability in various foreign currency exchange rates on future revenues. Hedging relationships are designated and documented at inception and quarterly effectiveness assessments are performed during the year.

The Company is mainly exposed to fluctuations in the Swedish krona, the U.S. dollar, the euro and the British pound. The following table details the Company's sensitivity to a 10% strengthening of the Swedish krona, the U.S. dollar, the euro and the British pound foreign currency rates on net earnings and comprehensive income against the Canadian dollar. The sensitivity analysis on net earnings presents the impact of foreign currency denominated financial instruments and adjusts their translation at period end for a 10% strengthening in foreign currency rates. The sensitivity analysis on other comprehensive income presents the impact of a 10% strengthening in foreign currency rates on the fair value of foreign currency forward contracts designated as cash flow hedges and on net investment hedges.

	2017				2016			
	Swedish krona impact	U.S. dollar impact	euro impact	British pound impact	Swedish krona impact	U.S. dollar impact	euro impact	British pound impact
	\$	\$	\$	\$	\$	\$	\$	\$
(Decrease) increase in net earnings	(860)	(1,174)	2,383	(539)	(913)	(1,581)	2,964	(450)
Decrease in other comprehensive income	(1,839)	(74,974)	(93,866)	(4,788)	(847)	(85,380)	(92,264)	(2,581)

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

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31. Financial instruments (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's activities are financed through a combination of the cash flows from operations, borrowing under existing credit facility, the issuance of debt and the issuance of equity. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The following tables summarize the carrying amount and the contractual maturities of both the interest and principal portion of financial liabilities. All amounts contractually denominated in foreign currency are presented in Canadian dollar equivalent amounts using the period-end spot rate.

As at September 30, 2017	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	Beyond five years
	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	1,004,307	1,004,307	1,004,307	—	—	—
Accrued compensation	578,886	578,886	578,886	—	—	—
Senior U.S. and euro unsecured notes	1,542,428	1,823,352	124,201	343,207	818,095	537,849
Unsecured committed revolving credit facility	200,000	226,810	6,400	6,400	214,010	—
Obligations other than finance leases	61,703	63,454	33,850	18,623	10,981	—
Obligations under finance leases	29,794	31,109	14,086	8,341	8,682	—
Other long-term debt	28,078	28,787	13,986	2,988	9,130	2,683
Clients' funds obligations	314,233	314,233	314,233	—	—	—
Derivative financial liabilities						
Cash flow hedges of future revenue	90					
Outflow		17,036	5,486	6,530	5,020	—
(Inflow)		(16,989)	(5,417)	(5,083)	(6,489)	—
Cross-currency swaps	58,844					
Outflow		849,762	83,877	317,085	291,798	157,002
(Inflow)		(846,228)	(91,446)	(310,451)	(291,936)	(152,395)
Interest rate swaps	2,409					
Outflow		63,248	14,055	14,055	35,138	—
(Inflow)		(70,222)	(15,605)	(15,605)	(39,012)	—
	3,820,772	4,067,545	2,080,899	386,090	1,055,417	545,139

Notes to the Consolidated Financial Statements

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31. Financial instruments (continued)

LIQUIDITY RISK (CONTINUED)

As at September 30, 2016	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	Beyond five years
	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	1,107,863	1,107,863	1,107,863	—	—	—
Accrued compensation	523,553	523,553	523,553	—	—	—
Senior U.S. and euro unsecured notes	1,733,036	2,083,673	178,105	130,140	786,108	989,320
Obligations other than finance leases	111,205	115,362	48,860	35,668	30,834	—
Obligations under finance leases	42,172	44,205	19,716	11,789	11,932	768
Other long-term debt	24,562	24,687	15,404	1,187	3,797	4,299
Clients' funds obligations	365,994	365,994	365,994	—	—	—
Derivative financial (assets) liabilities						
Cash flow hedges of future revenue	(24,788)					
Outflow		4,813	4,454	359	—	—
(Inflow)		(31,221)	(22,510)	(3,945)	(4,766)	—
Cross-currency swaps	14,520					
Outflow		865,655	17,906	83,678	536,888	227,183
(Inflow)		(917,944)	(30,315)	(95,920)	(558,094)	(233,615)
Interest rate swaps	(10,727)					
Outflow		68,273	12,413	12,413	37,240	6,207
(Inflow)		(90,025)	(16,368)	(16,368)	(49,105)	(8,184)
	3,887,390	4,164,888	2,225,075	159,001	794,834	985,978

As at September 30, 2017, the Company held cash and cash equivalents and long-term investments of \$188,919,000 (\$623,775,000 as at September 30, 2016). The Company also had available \$1,290,369,000 in unsecured committed revolving credit facility (\$1,466,086,000 as at September 30, 2016). As at September 30, 2017, trade accounts receivable amounted to \$931,530,000 (\$816,885,000 as at September 30, 2016). Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

31. Financial instruments (continued)

CREDIT RISK

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash and cash equivalents, accounts receivable and long-term investments. The maximum exposure of credit risk is generally represented by the carrying amount of these items reported on the consolidated balance sheets.

The Company is exposed to credit risk in connection with long-term investments through the possible inability of borrowers to meet the terms of their obligations. The Company mitigates this risk by investing primarily in high credit quality corporate and government bonds with a credit rating of A or higher.

The Company has accounts receivable derived from clients engaged in various industries including governmental agencies, finance, telecommunications, manufacturing and utilities that are not concentrated in any specific geographic area. These specific industries may be affected by economic factors that may impact trade accounts receivable. However, management does not believe that the Company is subject to any significant credit risk in view of the Company's large and diversified client base. Overall, management does not believe that any single industry or geographic region represents a significant credit risk to the Company.

The following table sets forth details of the age of trade accounts receivable that are past due:

	2017	2016
	\$	\$
Not past due	806,041	684,454
Past due 1-30 days	79,016	76,339
Past due 31-60 days	25,262	19,415
Past due 61-90 days	8,999	10,749
Past due more than 90 days	16,969	31,241
	936,287	822,198
Allowance for doubtful accounts	(4,757)	(5,313)
	931,530	816,885

The carrying amount of trade accounts receivable is reduced by an allowance account and the amount of the loss is recognized in the consolidated statements of earnings within costs of services, selling and administrative. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against costs of services, selling and administrative in the consolidated statements of earnings.

Notes to the Consolidated Financial Statements

For the years ended September 30, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data)

32. Capital risk management

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to these risks.

The Company manages its capital to ensure that there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance. As at September 30, 2017, total managed capital¹ was \$8,253,548,000 (\$8,999,358,000 as at September 30, 2016). Managed capital consists of long-term debt, including the current portion (Note 13), cash and cash equivalents, long-term investments (Note 10) and shareholders' equity. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. When capital needs have been specified, the Company's management proposes capital transactions for the approval of the Company's Audit and Risk Management Committee and Board of Directors. The capital risk policy remains unchanged from prior periods.

The Company monitors its capital by reviewing various financial metrics, including the following:

- Net Debt¹/Capitalization¹
- Debt/EBITDA¹

Net debt, capitalization and EBITDA are additional measures. Net debt represents debt (including the current portion and the fair value of derivative financial instruments) less cash and cash equivalents and long-term investments. Capitalization is shareholders' equity plus debt. EBITDA is calculated as earnings from continuing operations before finance costs, income taxes, depreciation, amortization, restructuring costs and acquisition-related and integration costs. The Company believes that the results of the current internal ratios are consistent with its capital management's objectives.

The Company is subject to external covenants on its Senior U.S. and euro unsecured notes and unsecured committed revolving credit facility. The ratios are as follows:

- A leverage ratio¹, which is the ratio of total debt to EBITDA for the four most recent quarters².
- An interest and rent coverage ratio¹, which is the ratio of the EBITDAR¹ for the four most recent quarters to the total finance costs and the operating rentals in the same periods. EBITDAR is calculated as EBITDA before rent expense².
- In the case of the Senior U.S. and euro unsecured notes, a minimum net worth is required, whereby shareholders' equity, excluding foreign exchange translation adjustments included in accumulated other comprehensive income, cannot be less than a specified threshold.

These ratios are calculated on a consolidated basis.

The Company is in compliance with these covenants and monitors them on an ongoing basis. The ratios are also reviewed quarterly by the Company's Audit and Risk Management Committee. The Company is not subject to any other externally imposed capital requirements.

¹ Non-GAAP measure.

² In the event of an acquisition, the available historical financial information of the acquired company will be used in the computation of the ratios.



**MANAGEMENT'S
DISCUSSION AND ANALYSIS
FISCAL YEAR 2017**

November 8, 2017

Basis of Presentation

This Management's Discussion and Analysis of the Financial Position and Results of Operations (MD&A) is the responsibility of management and has been reviewed and approved by the Board of Directors. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee, which is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors.

Throughout this document, CGI Group Inc. is referred to as "CGI", "we", "our" or "Company". This MD&A provides information management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of the Company. This document should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended September 30, 2017 and 2016. CGI's accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are in Canadian dollars unless otherwise noted.

Materiality of Disclosures

This MD&A includes information we believe is material to investors. We consider something to be material if it results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares, or if it is likely that a reasonable investor would consider the information to be important in making an investment decision.

Forward-Looking Statements

All statements in this MD&A that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of Section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are "forward-looking information" within the meaning of Canadian securities laws. These statements and this information represent CGI's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements or forward-looking information. These factors include but are not restricted to: the timing and size of new contracts; acquisitions and other corporate developments; the ability to attract and retain qualified employees; market competition in the rapidly evolving information technology industry; general economic and business conditions; foreign exchange and other risks identified or incorporated by reference in this MD&A and in other public disclosure documents filed with the Canadian securities regulatory authorities (on SEDAR at www.sedar.com) and the U.S. Securities and Exchange Commission (on EDGAR at www.sec.gov), as well as assumptions regarding the foregoing. The words "believe", "estimate", "expect", "intend", "anticipate", "foresee", "plan", and similar expressions and variations thereof, identify certain of such forward-looking statements or forward-looking information, which speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking statements and forward-looking information. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are

cautioned not to place undue reliance on these forward-looking statements or on this forward-looking information. You will find more information about the risks that could cause our actual results to differ significantly from our current expectations in section 10 – Risk Environment.

Non-GAAP and Key Performance Measures

The reader should note that the Company reports its financial results in accordance with IFRS. However, we use a combination of financial measures, ratios, and non-GAAP measures to assess our Company's performance. The non-GAAP measures used in this MD&A do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS.

The table below summarizes our non-GAAP measures and most relevant key performance measures:

Profitability	- Adjusted EBIT (non-GAAP) – is a measure of earnings excluding acquisition-related and integration costs, restructuring costs, net finance costs and income tax expense as these items are not directly related to the cost of operations. Management believes this measure is useful to investors as it best reflects the Company's operating profitability and allows for better comparability from period to period as well as to trend analysis in our operations. A reconciliation of the adjusted EBIT to its closest IFRS measure can be found in section 3.7 of the present document. - Net earnings – is a measure of earnings generated for shareholders. - Diluted earnings per share (diluted EPS) – is a measure of earnings generated for shareholders on a per share basis, assuming all dilutive elements are exercised. - Net earnings excluding specific items (non-GAAP) – is a measure of net earnings excluding certain items not considered by management to be part of our day to day operations. By excluding these items, it provides a better evaluation of operating performance using the same measures as management. Management believes that, as a result, investors are afforded greater transparency in assessing the true operational performance of the Company, and that it also provides better comparability from period to period. A reconciliation of the net earnings excluding specific items to its closest IFRS measure can be found in section 3.8.3. of the present document. - Basic and diluted earnings per share excluding specific items (non-GAAP) – is defined as the net earnings excluding specific items (non-GAAP) on a per share basis. Management believes that this measure is useful to investors as it best reflects the Company's operating profitability on a per share basis and allows for better comparability from period to period. The basic and diluted earnings per share reported in accordance with IFRS can be found in section 3.8 of the present document while the basic and diluted earnings per share excluding specific items can be found in section 3.8.3 of the present document.
Liquidity	- Cash provided by operating activities – is a measure of cash generated from managing our day-to-day business operations. We believe strong operating cash flow is indicative of financial flexibility, allowing us to execute our Company's strategy. - Days sales outstanding (DSO) (non-GAAP) – is the average number of days needed to convert our trade receivables and work in progress into cash. DSO is obtained by subtracting deferred revenue from trade accounts receivable and work in progress; the result is divided by the quarter's revenue over 90 days. Deferred revenue is net of the fair value adjustments on revenue-generating contracts established upon a business combination. Management tracks this metric closely to ensure timely collection and healthy liquidity, and is committed to a DSO target of 45 days or less. We believe this measure is useful to investors as it demonstrates the Company's ability to timely convert its trade receivables and work in progress into cash.

Growth	- Constant currency growth (non-GAAP) – is a measure of revenue growth before foreign currency impacts. This growth is calculated by translating current period results in local currency using the conversion rates in the equivalent period from the prior year. Management believes that it is helpful to adjust revenue to exclude the impact of currency fluctuations to facilitate period-to-period comparisons of business performance. We believe that this measure is useful to investors for the same reason. - Backlog (non-GAAP) – includes new contract wins, extensions and renewals (bookings (non-GAAP)), partially offset by the backlog consumed during the period as a result of client work performed and adjustments related to the volume, cancellation and the impact of foreign currencies to our existing contracts. Backlog incorporates estimates from management that are subject to change. Management tracks this measure as it is a key indicator of management's best estimate of revenue to be realized in the future and believes that this measure is useful to investors for the same reason. - Book-to-bill ratio (non-GAAP) – is a measure of the proportion of the value of our bookings to our revenue in the period. This metric allows management to monitor the Company's business development efforts to ensure we grow our backlog and our business over time and management believes that this measure is useful to investors for the same reason. Management remains committed to maintaining a target ratio greater than 100% over a trailing twelve-month period. Management believes that a longer period is a more representative measure as the services and contract type, size and timing of bookings could cause this measurement to fluctuate significantly if taken for only a three-month period.
Capital Structure	- Net debt (non-GAAP) – is obtained by subtracting from our debt our cash and cash equivalents, short-term investments, long-term investments and fair value of foreign currency derivative financial instruments related to debt. Management uses the net debt metric to monitor the Company's financial leverage. We believe that this metric is useful to investors as it provides insight into our financial strength. A reconciliation of net debt to its closest IFRS measure can be found in section 4.5 of the present document. - Net debt to capitalization ratio (non-GAAP) – is a measure of our level of financial leverage and is obtained by dividing the net debt by the sum of shareholder's equity and debt. Management uses the net debt to capitalization ratio to monitor the proportion of debt versus capital used to finance our operations and to assess the Company's financial strength. We believe that this metric is useful to investors for the same reasons. - Return on equity (ROE) (non-GAAP) – is a measure of the rate of return on the ownership interest of our shareholders and is calculated as the proportion of net earnings for the last 12 months over the last four quarters' average equity. Management looks at ROE to measure its efficiency at generating net earnings for the Company's shareholders and how well the Company uses the invested funds to generate net earnings growth. We believe that this measure is useful to investors for the same reasons. - Return on invested capital (ROIC) (non-GAAP) – is a measure of the Company's efficiency at allocating the capital under its control to profitable investments and is calculated as the proportion of the net earnings excluding net finance costs after-tax for the last 12 months, over the last four quarters' average invested capital, which is defined as the sum of equity and net debt. Management examines this ratio to assess how well it is using its funds to generate returns. We believe that this measure is useful to investors for the same reason.

Reporting segments

The Company's operations are managed through the following seven operating segments, referred to as our Strategic Business Units, namely: United States of America (U.S.); Nordics; Canada; France (including Luxembourg and Morocco) (France); United Kingdom (U.K.); Eastern, Central and Southern Europe (primarily Netherlands and Germany) (ECS); and Asia Pacific (including Australia, India and the Philippines) (Asia Pacific). Please refer to sections 3.4, 3.6, 5.3 and 5.4 of the present document and to note 28 of our audited consolidated financial statements for additional information on our segments.

MD&A Objectives and Contents

In this document, we:

- Provide a narrative explanation of the audited consolidated financial statements through the eyes of management;
- Provide the context within which the audited consolidated financial statements should be analyzed, by giving enhanced disclosure about the dynamics and trends of the Company's business; and
- Provide information to assist the reader in ascertaining the likelihood that past performance is indicative of future performance.

In order to achieve these objectives, this MD&A is presented in the following main sections:

Section	Contents	Pages
1. Corporate Overview	A description of our business and how we generate revenue as well as the markets in which we operate. 1.1. About CGI 1.2. Vision and Strategy 1.3. Competitive Environment	7 8 9
2. Highlights and Key Performance Measures	A summary of key highlights during the year, the past three years' key performance measures, and CGI's stock performance. 2.1. Fiscal 2017 Year-Over-Year Highlights 2.2. Selected Yearly Information & Key Performance Measures 2.3. Stock Performance 2.4. Investments in Subsidiaries 2.5. Subsequent Event	10 11 12 13 15
3. Financial Review	A discussion of year-over-year changes to financial results between the years ended September 30, 2017 and 2016, describing the factors affecting revenue and adjusted EBIT on a consolidated and reportable segment basis, and also by describing the factors affecting changes in the major expense categories. Also discussed are bookings broken down by contract type, service type, segment, and by vertical market. 3.1. Bookings and Book-to-Bill Ratio 3.2. Foreign Exchange 3.3. Revenue Distribution 3.4. Revenue by Segment 3.5. Operating Expenses 3.6. Adjusted EBIT by Segment 3.7. Earnings Before Income Taxes 3.8. Net Earnings and Earnings Per Share	16 17 18 19 22 23 24 26

Section	Contents	Pages
4. Liquidity	A discussion of changes in cash flows from operating, investing and financing activities. This section also describes the Company's available capital resources, financial instruments, and off-balance sheet financing and guarantees. Measures of capital structure (net debt to capitalization ratio, ROE, and ROIC) and liquidity (DSO) are analyzed on a year-over-year basis.	
	4.1. Consolidated Statements of Cash Flows	28
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	4.5. Selected Measures of Capital Resources and Liquidity	33
	4.6. Off-Balance Sheet Financing and Guarantees	33
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5. Fourth Quarter Results	A discussion of year-over-year changes to the unaudited operating results between the three months ended September 30, 2017 and 2016, describing the factors affecting revenue, adjusted EBIT earnings on a consolidated and reportable segment basis as well as cash from operating, investing and financing activities.	
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	5.6. Consolidated Statements of Cash Flows	44
6. Eight Quarter Summary	A summary of the past eight quarters' key performance measures and a discussion of the factors that could impact our quarterly results.	46
7. Changes in Accounting Policies	A summary of the future accounting standard changes.	48
8. Critical Accounting Estimates	A discussion of the critical accounting estimates made in the preparation of the audited consolidated financial statements.	50
9. Integrity of Disclosure	A discussion of the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.	53
10. Risk Environment	A discussion of the risks affecting our business activities and what may be the impact if these risks are realized.	
	10.1. Risks and Uncertainties	54
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1. Corporate Overview

1.1. ABOUT CGI

Founded in 1976 and headquartered in Montréal, Canada, CGI is among the largest independent Information Technology (IT) and business consulting services firms in the world. CGI delivers an end-to-end portfolio of capabilities, including high-end IT and business consulting, systems integration, and outsourcing. CGI's Intellectual Property (IP) solutions, combined with in-depth industry expertise, a unique client proximity and best-fit global delivery network enable CGI to partner with clients around the world to accelerate results, transform their organizations, and drive competitive advantage. The Company employs approximately 71,000 professionals worldwide.

End-to-end services and solutions

CGI delivers end-to-end services that cover the full spectrum of technology delivery; from digital strategy and architecture to solution design, development, integration, implementation, and operations. Our portfolio encompasses:

- **High-end IT and business consulting and systems integration:** CGI helps clients create their digital strategy and roadmap, adopting an agile, iterative approach that enables them to innovate, connect and rationalize legacy systems to deliver enterprise-wide change.
- **Outsourcing:** Our clients entrust us with full or partial responsibility for their IT and business functions. In return, we deliver innovation, significant efficiency improvements, and cost savings. Typical services in an end-to-end engagement include: application development, integration and maintenance; technology infrastructure management; and business process services, such as collections and payroll management. Outsourcing contracts are long-term in nature, with a typical duration of five to ten or more years, allowing our clients to reinvest savings, further driving investments in their digital transformations.

Deep industry expertise

CGI has long standing and focused practices in all of our core industries, providing clients with a partner that is not only an expert in IT, but expert in their industries. This combination of business knowledge and digital technology expertise allows us to help our clients adapt with shifts in consumer and citizen expectations and market dynamics and, in the process, allows us to evolve the services and solutions we deliver within those industries.

Our targeted industries include: government, financial services, health, utilities, communications, oil & gas, manufacturing, retail & consumer services, transportation and post & logistics. While these represent our go-to-market industry targets, we group these industries into the following for reporting purposes: government; financial services; health; communications & utilities; and manufacturing, retail & distribution (MRD).

As the move toward digitalization continues across industries, CGI partners with clients to help guide them in becoming customer-centric digital organizations.

Digital IP solutions

CGI's comprehensive portfolio of IP solutions supports our clients' mission-critical business functions and accelerates their digital transformation. We offer more than 150 IP-based solutions for the industries we serve, as well as cross-industry solutions. These solutions include digital-enabling software applications, reusable frameworks and innovative delivery methodologies such as Software as a Service.

Applied innovation

CGI is a trusted partner with more than 40 years of experience in delivering innovative, client-inspired business services and solutions. Through our day-to-day project engagements as well as global programs and investments, CGI partners with clients to deliver practical innovations that are replicable, scalable, and deliver measurable results. We help develop, innovate and protect the technology that enables clients to achieve their digital transformation goals faster with reduced risk and enduring results.

Quality processes

CGI clients expect consistency of service wherever and whenever they engage us. We have an outstanding track record of on-time, within-budget delivery as a result of our commitment to excellence and our robust governance model - the CGI Management Foundation. The CGI Management Foundation provides a common business language, frameworks and practices for managing all operations consistently across the globe, driving a focus on continuous improvement. We also invest in rigorous quality and service delivery standards (including ISO and Capability Maturity Model Integration (CMMI) certification programs), as well as a comprehensive Client Satisfaction Assessment Program, with signed client assessments, to ensure high satisfaction on an ongoing basis.

1.2. VISION AND STRATEGY

CGI is unique compared to most companies. We not only have a vision, but also a dream: *“To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of.”* This dream has motivated us since our founding in 1976 and drives our vision: *“To be a global, world-class end-to-end IT and business consulting services leader helping our clients succeed.”*

In pursuing this dream and vision, CGI has been highly disciplined throughout its history in executing a Build and Buy profitable growth strategy comprised of four pillars that combine profitable organic growth (Build) and accretive acquisitions (Buy):

Pillar 1: Smaller contract wins, renewals and extensions

Pillar 2: Large, long-term outsourcing contracts

Pillar 3: Small firm or niche player acquisitions

Pillar 4: Large, transformational acquisitions

The first two pillars relate to driving profitable organic growth through the pursuit of contracts - both large and small - with new and existing clients in our targeted industries.

The last two pillars focus on growth through niche and large acquisitions. We identify niche acquisitions through a strategic qualification process that systematically searches for targets to strengthen our local proximity in metro markets, our industry expertise and enhance our services and solutions. We also pursue large acquisitions to further expand our geographic presence and critical mass, which enables us to compete for large outsourcing contracts and broaden our client relationships. CGI will continue to be a consolidator in the IT services industry.

Executing our strategy

CGI's strategy is executed through a unique business model that combines client proximity with an extensive global delivery network to deliver the following benefits:

- **Local relationships and accountability:** We live and work near our clients to provide a high level of responsiveness, partnership, and innovation. Our local CGI professionals speak our clients' language, understand their business environment, and collaborate to meet their goals and advance their business.
- **Global reach:** Our local presence is complemented by an expansive global delivery network that ensures our clients have 24/7 access to best-fit digital capabilities and resources to meet their end-to-end needs. In addition, clients benefit from our unique combination of industry domain and technology expertise within our global delivery model.
- **Committed experts:** One of our key strategic goals is to be our clients' expert of choice. To achieve this, we invest in developing and recruiting professionals with extensive industry, business and technology expertise, particularly in high-demand areas, such as agile services, DevOps, artificial intelligence and robotics, cloud, cybersecurity, blockchain, data analytics and the Internet of Things. In addition, more than 80% of CGI professionals are also shareholders, providing an added level of commitment to the success of our clients.
- **Comprehensive quality processes:** CGI's investment in quality frameworks and rigorous client satisfaction assessments has resulted in a consistent track record of on-time and within-budget project delivery.

1.3. COMPETITIVE ENVIRONMENT

In today's digital era, there is a competitive urgency for organizations across industries to become digital in a sustainable way. The pressure is on to modernize legacy assets and connect them to digital business and operating models. Central to this massive transformation is the evolving role of technology. Traditionally viewed as an enabler, technology is now recognized as a driver of business transformation. The promise of digital creates an enormous opportunity to transform organizations end-to-end, and CGI is well-positioned to serve as a digital partner and expert of choice. We're working with clients across the globe to implement digital strategies, roadmaps and solutions that revolutionize the customer/citizen experience, drive the launch of new products and services, and deliver efficiencies and cost savings.

As the demand for digitalization increases, competition within the global IT industry is intensifying. CGI's competition comprises a variety of players; from niche companies providing specialized services and software, to global, end-to-end IT service providers, to large consulting firms. All of these players are competing to deliver some or all of the services we provide. Many factors distinguish the industry leaders, including the following:

- Depth and breadth of industry and technology expertise;
- Consistent, on-time, within-budget delivery everywhere the client operates;
- Total cost of services and value delivered;
- Breadth of digital IP solutions;
- Ability to deliver practical innovation for measurable results;
- Global, nearshore and onshore delivery network options; and
- Local presence and strength of client relationships.

CGI compares very favourably with the competition with respect to all of these factors. We're not only delivering all of the capabilities clients need to compete in a digital world, but the immediate results and long-term value they expect. As the market dynamics and industry trends continue to increase demand for enterprise solutions from global, end-to-end IT and business consulting services firms, CGI is one of few firms with the scale, reach, and capabilities to meet clients' enterprise needs.

2. Highlights and Key Performance Measures

2.1. FISCAL 2017 YEAR-OVER-YEAR HIGHLIGHTS

- Revenue of \$10.8 billion, up 1.5%, or 4.3% in constant currency;
- Adjusted EBIT of \$1,586.6 million, up \$26.3 million;
- Adjusted EBIT margin of 14.6%, stable;
- Net earnings of \$1,035.2 million, down \$33.5 million;
- Net earnings excluding specific items¹ of \$1,107.0 million, up \$25.5 million;
- Net earnings margin of 9.5%, down 50 basis points;
- Net earnings margin excluding specific items¹ of 10.2%, up 10 basis points;
- Diluted EPS of \$3.41, down 0.3%;
- Diluted EPS excluding specific items¹ of \$3.65, up 5.5%;
- Bookings of \$11.3 billion, or 104% of revenue;
- Backlog of \$20.8 billion, down \$80.5 million; and,
- Cash provided by operating activities of \$1,358.6, or 12.5% of revenue.

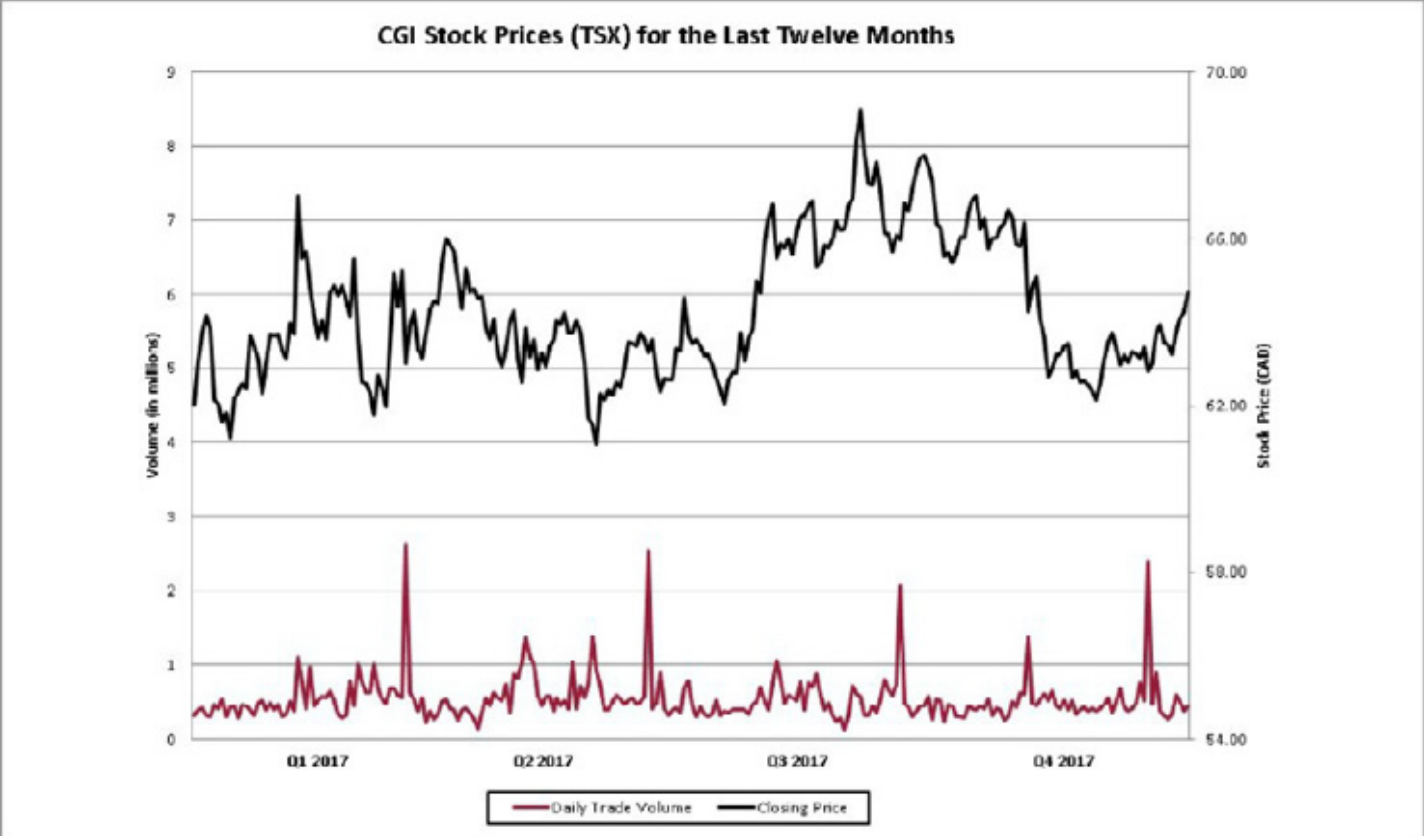
¹ Specific items include the acquisition-related and integration costs, restructuring costs, both net of tax, which are discussed in sections 3.7.1. and 3.7.2. of the present document.

2.2. SELECTED YEARLY INFORMATION & KEY PERFORMANCE MEASURES

As at and for the years ended September 30, <i>In millions of CAD unless otherwise noted</i>	2017	2016	2015	Change 2017 / 2016	Change 2016 / 2015
Growth					
Revenue	10,845.1	10,683.3	10,287.1	161.8	396.2
Year-over-year revenue growth	1.5%	3.9%	(2.0%)	(2.4%)	5.9%
Constant currency year-over-year revenue growth	4.3%	0.2%	(4.0%)	4.1%	4.2%
Backlog	20,813	20,893	20,711	(80)	182
Bookings	11,284	11,731	11,640	(447)	91
Book-to-bill ratio	104.1%	109.8%	113.2%	(5.7%)	(3.4%)
Profitability					
Adjusted EBIT	1,586.6	1,560.3	1,457.3	26.3	103.0
Adjusted EBIT margin	14.6%	14.6%	14.2%	—%	0.4%
Net earnings	1,035.2	1,068.7	977.6	(33.5)	91.1
Net earnings margin	9.5%	10.0%	9.5%	(0.5)%	0.5%
Diluted EPS (in dollars)	3.41	3.42	3.04	(0.01)	0.38
Net earnings excluding specific items	1,107.0	1,081.5	1,005.1	25.5	76.4
Net earnings margin excluding specific items	10.2%	10.1%	9.8%	0.1%	0.3%
Diluted EPS excluding specific items (in dollars)	3.65	3.46	3.13	0.19	0.33
Liquidity					
Cash provided by operating activities	1,358.6	1,333.1	1,289.3	25.5	43.8
As a % of revenue	12.5%	12.5%	12.5%	—%	—%
Days sales outstanding	47	44	44	3	—
Capital structure					
Net debt	1,749.4	1,333.3	1,779.6	416.1	(446.3)
Net debt to capitalization ratio	21.5%	15.8%	21.7%	5.7%	(5.9)%
Return on equity	16.1%	17.2%	17.7%	(1.1)%	(0.5)%
Return on invested capital	13.7%	14.2%	14.1%	(0.5)%	0.1%
Balance sheet					
Cash and cash equivalents, and short-term investments	165.9	596.5	305.3	(430.6)	291.2
Total assets	11,396.2	11,693.3	11,787.3	(297.1)	(94.0)
Long-term financial liabilities ¹	1,821.9	1,765.4	1,896.4	56.5	(131.0)

¹ Long-term financial liabilities include the long-term portion of the debt and the long-term derivative financial instruments.

2.3. STOCK PERFORMANCE



2.3.1. Fiscal 2017 Trading Summary

CGI's shares are listed on the Toronto Stock Exchange (TSX) (stock quote – GIB.A) and the New York Stock Exchange (NYSE) (stock quote – GIB) and are included in key indices such as the S&P/TSX 60 Index.

TSX	(CAD)	NYSE	(USD)
Open:	62.14	Open:	47.28
High:	69.22	High:	53.65
Low:	60.61	Low:	45.73
Close:	64.70	Close:	51.87
CDN average daily trading volumes ¹ :	928,613	NYSE average daily trading volumes:	176,297

¹ Includes the average daily volumes of both the TSX and alternative trading systems.

2.3.2. Normal Course Issuer Bid (NCIB)

On February 1, 2017, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of CGI's NCIB which allows for the purchase for cancellation of up to 21,190,564 Class A subordinate voting shares, representing 10% of the Company's public float as of the close of business on January 25, 2017. Class A subordinate voting shares may be purchased for cancellation under the current NCIB commenced on February 6, 2017 until the earlier of February 5, 2018 or the date on which the Company has either acquired the maximum number of Class A subordinate voting shares allowable under the NCIB, or elects to terminate the NCIB.

During fiscal 2017, the Company purchased for cancellation 19,929,268 Class A subordinate voting shares for approximately \$1,246.7 million at an average price of \$62.55 under the previous and current NCIB. The purchased shares included 4,854,368 Class A subordinate voting shares purchased for cancellation from Caisse de dépôt et de placement du Québec (CDPQ) for cash consideration of \$300.0 million. In accordance with the Toronto stock exchange rules, this purchase is considered in the annual aggregate limit that the Company is entitled to purchase for cancellation under the current NCIB. As at September 30, 2017, all of these Class A subordinate voting shares were cancelled and paid.

As at September 30, 2017, the Company could purchase up to 7,358,996 Class A subordinate voting shares for cancellation, under the current NCIB.

2.3.3. Capital Stock and Options Outstanding

The following table provides a summary of the Capital Stock and Options Outstanding as at November 3, 2017:

Capital Stock and Options Outstanding	As at November 3, 2017
Class A subordinate voting shares	254,370,913
Class B multiple voting shares	32,852,748
Options to purchase Class A subordinate voting shares	14,897,339

2.4 INVESTMENTS IN SUBSIDIARIES

During the year ended September 30, 2017, the Company wholly acquired four consulting companies:

- On November 3, 2016, the Company acquired all units of Collaborative Consulting, LLC, a high-end IT consulting company with specialized expertise in financial, life sciences and public sectors, headquartered in Boston, Massachusetts;
- On April 19, 2017, the Company acquired all outstanding shares of Computer Technology Solutions, Inc., a high-end IT consulting company focused on commercial markets, specialized in cloud, analytics and digital transformation, headquartered in Birmingham, Alabama;
- On May 12, 2017, the Company acquired all outstanding shares of eCommerce Systems, Inc., a high-end IT consulting company focused on commercial markets, specialized in cloud, analytics and digital transformation, headquartered in Denver, Colorado; and,
- On August 22, 2017, the Company acquired all outstanding shares of Summa Technologies, Inc., a high-end IT consulting company with expertise in digital experience and agile software development, headquartered in Pittsburgh, Pennsylvania.

These companies increase CGI's workforce by approximately 1,000 professionals and, together, generate annual revenues of approximately US\$182 million. These companies were acquired for a total purchase price of \$307.1 million (US\$230.2 million).

These acquisitions will complement CGI's proximity model and further strengthen the Company's global capabilities across several in-demand digital transformation areas. Please refer to note 26 of our audited consolidated financial statements for additional information on our investments in subsidiaries.

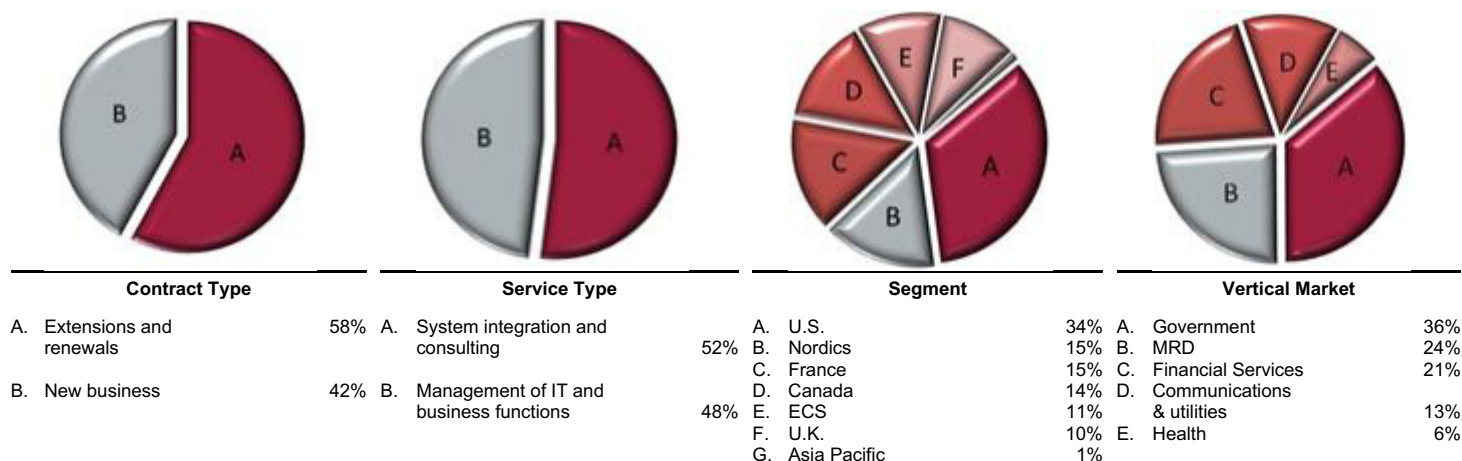
2.5 SUBSEQUENT EVENT

On October 6, 2017, the Company acquired 94.8% of the outstanding shares of Affecto Plc (Affecto), a leading provider of business intelligence and enterprise information management solutions and services, headquartered in Helsinki, Finland for a total purchase price of \$137.4 million (€93.4 million). This acquisition adds more than 1,000 professionals and annualized revenues of approximately €110 million to the Company. On October 10, 2017, the Company submitted an application to initiate statutory squeeze-out proceedings in order to complete the redemption of the shares held by the remaining shareholders of Affecto.

3. Financial Review

3.1. BOOKINGS AND BOOK-TO-BILL RATIO

Bookings for the year ended September 30, 2017 were \$11.3 billion representing a book-to-bill ratio of 104.1%. The breakdown of the new bookings signed during the year is as follows:



Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth.

The following table provides a summary of the bookings and book-to-bill ratio by segment:

<i>In thousands of CAD except for percentages</i>	Bookings for the year ended September 30, 2017	Book-to-bill ratio for the year ended September 30, 2017
Total CGI	11,284,444	104.1%
U.S.	3,862,364	123.8%
Nordics	1,723,831	103.4%
Canada	1,627,079	92.9%
France	1,668,325	104.6%
U.K.	1,131,449	79.9%
ECS	1,175,816	100.7%
Asia Pacific	95,580	74.1%

3.2. FOREIGN EXCHANGE

The Company operates globally and is exposed to changes in foreign currency rates. Accordingly, as prescribed by IFRS, we value assets, liabilities and transactions that are measured in foreign currencies using various exchange rates. We report all dollar amounts in Canadian dollars.

Closing foreign exchange rates

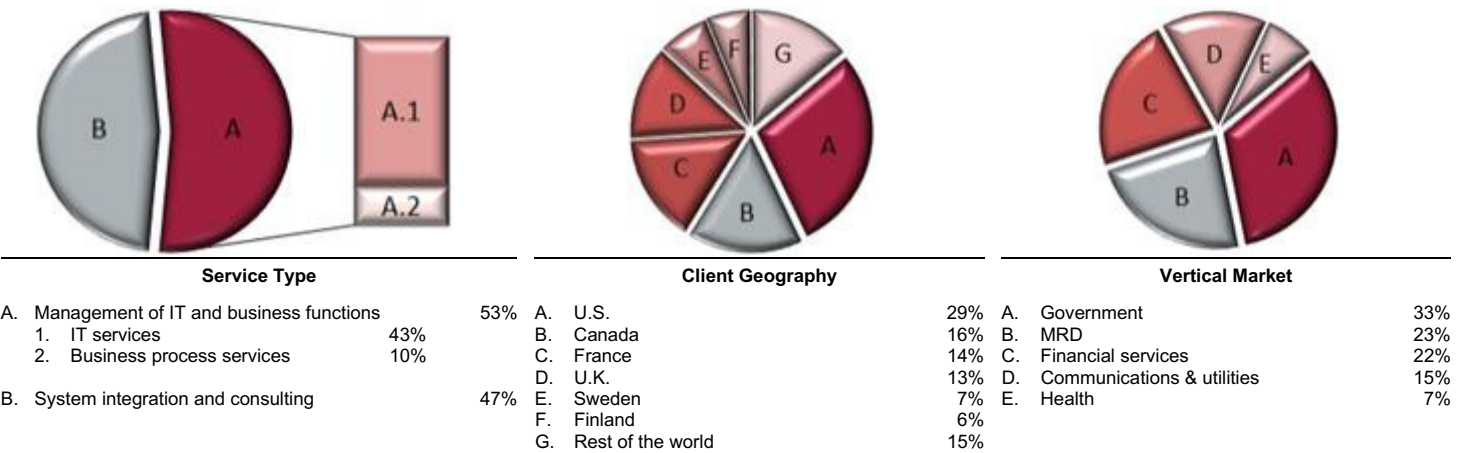
As at September 30,	2017	2016	Change
U.S. dollar	1.2509	1.3121	(4.7%)
Euro	1.4782	1.4747	0.2%
Indian rupee	0.0192	0.0197	(2.5%)
British pound	1.6770	1.7076	(1.8%)
Swedish krona	0.1534	0.1531	0.2%
Australian dollar	0.9809	1.0061	(2.5%)

Average foreign exchange rates

For the years ended September 30,	2017	2016	Change
U.S. dollar	1.3140	1.3255	(0.9%)
Euro	1.4511	1.4722	(1.4%)
Indian rupee	0.0200	0.0198	1.0%
British pound	1.6650	1.8876	(11.8%)
Swedish krona	0.1507	0.1574	(4.3%)
Australian dollar	1.0013	0.9760	2.6%

3.3. REVENUE DISTRIBUTION

The following charts provide additional information regarding our revenue mix for the year:



3.3.1. Client Concentration

IFRS guidance on segment disclosures defines a single customer as a group of entities that are known to the reporting entity to be under common control. As a consequence, our work for the U.S. federal government including its various agencies represented 14.0% of our revenue for fiscal 2017 as compared to 13.2% in fiscal 2016.

3.4. REVENUE BY SEGMENT

Our seven segments are reported based on where the client's work is delivered from - our geographic delivery model.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, separately showing the impacts of foreign currency exchange rate variations between fiscal 2017 and fiscal 2016. The fiscal 2016 revenue by segment was recorded reflecting the actual foreign exchange rates for that period. The foreign exchange impact is the difference between the current period's actual results and the same period's results converted with the prior year's foreign exchange rates.

For the years ended September 30, <i>In thousands of CAD except for percentages</i>	2017	2016	Change	
			\$	%
Total CGI revenue	10,845,066	10,683,264	161,802	1.5%
Variation prior to foreign currency impact	4.3%			
Foreign currency impact	(2.8%)			
Variation over previous period	1.5%			
U.S.				
Revenue prior to foreign currency impact	3,057,628	2,878,661	178,967	6.2%
Foreign currency impact	(29,273)			
U.S. revenue	3,028,355	2,878,661	149,694	5.2%
Nordics				
Revenue prior to foreign currency impact	1,625,526	1,651,322	(25,796)	(1.6%)
Foreign currency impact	(47,643)			
Nordics revenue	1,577,883	1,651,322	(73,439)	(4.4%)
Canada				
Revenue prior to foreign currency impact	1,606,252	1,536,331	69,921	4.6%
Foreign currency impact	(752)			
Canada revenue	1,605,500	1,536,331	69,169	4.5%
France				
Revenue prior to foreign currency impact	1,585,155	1,444,966	140,189	9.7%
Foreign currency impact	(25,286)			
France revenue	1,559,869	1,444,966	114,903	8.0%
U.K.				
Revenue prior to foreign currency impact	1,464,181	1,431,739	32,442	2.3%
Foreign currency impact	(177,481)			
U.K. revenue	1,286,700	1,431,739	(145,039)	(10.1%)
ECS				
Revenue prior to foreign currency impact	1,206,541	1,198,854	7,687	0.6%
Foreign currency impact	(12,132)			
ECS revenue	1,194,409	1,198,854	(4,445)	(0.4%)
Asia Pacific				
Revenue prior to foreign currency impact	593,131	541,391	51,740	9.6%
Foreign currency impact	(781)			
Asia Pacific revenue	592,350	541,391	50,959	9.4%

For the year ended September 30, 2017, revenue was \$10,845.1 million, an increase of \$161.8 million, or 1.5% over the same period last year. On a constant currency basis, revenue increased by 4.3%. Foreign currency rate fluctuations unfavourably impacted our revenue by \$293.3 million or 2.8%. The increase in revenue was primarily due to the improving market demand for our services and solutions translating to higher work volumes and new business across most segments, as well as recent business acquisitions.

3.4.1. U.S.

For the year ended September 30, 2017, revenue in our U.S. segment was \$3,028.4 million, an increase of \$149.7 million or 5.2% over the same period last year. On a constant currency basis, revenue increased by \$179.0 million or 6.2%. The increase was driven by revenue associated with recent business acquisitions, growth in the US Federal market and an increase in IP services and solutions revenue. This was partly offset by lower work volumes in the state and local government market, in part due to the successful completion of a large program.

On a client geographic basis, the top two U.S. vertical markets were government and financial services, generating revenues of approximately \$2,357 million for the year ended September 30, 2017.

3.4.2. Nordics

For the year ended September 30, 2017, revenue in our Nordics segment was \$1,577.9 million, a decrease of \$73.4 million or 4.4% over the same period last year. On a constant currency basis, revenue decreased by \$25.8 million or 1.6%. The change in revenue was mainly due to the expiration of certain infrastructure outsourcing contracts and decreased work volume in Denmark. This was partly offset by growth primarily within the financial services vertical market in Finland.

On a client geographic basis, the top two Nordics vertical markets were MRD and government, generating revenues of approximately \$1,064 million for the year ended September 30, 2017.

3.4.3. Canada

For the year ended September 30, 2017, revenue in our Canada segment was \$1,605.5 million, an increase of \$69.2 million or 4.5% compared to the same period last year. The increase in revenue was mainly the result of an increase in new and existing business primarily within the financial services and government vertical markets, as well as the ramping up of new outsourcing contracts in the MRD vertical market. This was partly offset by the expiration of certain infrastructure outsourcing contracts and the increased use of our offshore global delivery centers in Asia Pacific.

On a client geographic basis, the top two Canada vertical markets were financial services and communication & utilities, generating revenues of approximately \$1,073 million for the year ended September 30, 2017.

3.4.4. France

For the year ended September 30, 2017, revenue in our France segment was \$1,559.9 million, an increase of \$114.9 million or 8.0% over the same period last year. On a constant currency basis, revenue increased by \$140.2 million or 9.7%. The increase in revenue was mainly due to the increase in new and existing business within the MRD vertical market, the increased work volume within the government and financial services vertical markets and, to a lesser extent, a prior year's business acquisition.

On a client geographic basis, the top two France vertical markets were MRD and financial services, generating revenues of approximately \$1,038 million for the year ended September 30, 2017.

3.4.5. U.K.

For the year ended September 30, 2017, revenue in our U.K. segment was \$1,286.7 million, a decrease of \$145.0 million or 10.1% over the same period last year. On a constant currency basis, revenue increased by \$32.4 million or 2.3%. The increase in revenue was mainly due to growth in the government and communication & utilities vertical markets as well as the favourable renegotiation of a loss making contract in Q1 2017. This was partly offset by projects completed in fiscal 2017 and the favourable impact of the sale of additional equipment in Q4 2016.

On a client geographic basis, the top two U.K. vertical markets were government and communication & utilities, generating revenues of approximately \$986 million for the year ended September 30, 2017.

3.4.6. ECS

For the year ended September 30, 2017, revenue in our ECS segment was \$1,194.4 million, a decrease of \$4.4 million or 0.4% over the same period last year. On a constant currency basis, revenue increased by \$7.7 million or 0.6%. The increase in revenue was mainly due to increased work volume across all geographies, with the exception of the Netherlands, partly offset by the wind-down of the majority of our operations in South America.

On a client geographic basis, the top two ECS vertical markets were MRD and communication & utilities, generating revenues of approximately \$746 million for the year ended September 30, 2017.

3.4.7. Asia Pacific

For the year ended September 30, 2017, revenue in our Asia Pacific segment was \$592.4 million, an increase of \$51.0 million or 9.4% over the same period last year. On a constant currency basis, revenue increased by \$51.7 million or 9.6%. The increase in revenue was due to continued demand for our offshore delivery centers.

On a client geographic basis, the top two Asia Pacific vertical markets were communication & utilities and MRD, generating revenues of approximately \$83 million for the year ended September 30, 2017.

3.5. OPERATING EXPENSES

For the years ended September 30, <i>In thousands of CAD except for percentages</i>	2017	% of Revenue	2016	% of Revenue	Change	
					\$	%
Costs of services, selling and administrative	9,257,659	85.4%	9,120,929	85.4%	136,730	1.5%
Foreign exchange loss	784	0.0%	2,024	0.0%	(1,240)	(61.3%)

3.5.1. Costs of Services, Selling and Administrative

For the year ended September 30, 2017, costs of services, selling and administrative expenses amounted to \$9,257.7 million, an increase of \$136.7 million over the same period last year. As a percentage of revenue, cost of services, and our selling and administrative expenses were both stable when compared to the same period last year.

During the year ended September 30, 2017 the translation of the results of our foreign operations from their local currencies to the Canadian dollar favourably impacted costs by \$270.3 million substantially offsetting the unfavourable translation impact of \$293.3 million on our revenue.

3.5.2. Foreign Exchange Loss

During the year ended September 30, 2017, CGI incurred \$0.8 million of foreign exchange losses, mainly driven by the timing of payments combined with the volatility and fluctuation of foreign exchange rates. The Company, in addition to its natural hedges, uses derivatives as a strategy to manage its exposure, to the extent possible, to exchange rate fluctuations.

3.6. ADJUSTED EBIT BY SEGMENT

For the years ended September 30, <i>In thousands of CAD except for percentages</i>	2017	2016	\$ Change	%
U.S.	495,774	486,295	9,479	1.9%
As a percentage of U.S. revenue	16.4%	16.9%		
Nordics	179,989	186,742	(6,753)	(3.6%)
As a percentage of Nordics revenue	11.4%	11.3%		
Canada	343,856	345,483	(1,627)	(0.5%)
As a percentage of Canada revenue	21.4%	22.5%		
France	193,075	174,685	18,390	10.5%
As a percentage of France revenue	12.4%	12.1%		
U.K.	152,185	154,262	(2,077)	(1.3%)
As a percentage of U.K. revenue	11.8%	10.8%		
ECS	98,981	114,256	(15,275)	(13.4%)
As a percentage of ECS revenue	8.3%	9.5%		
Asia Pacific	122,763	98,588	24,175	24.5%
As a percentage of Asia Pacific revenue	20.7%	18.2%		
Adjusted EBIT	1,586,623	1,560,311	26,312	1.7%
Adjusted EBIT margin	14.6%	14.6%		

For the year ended September 30, 2017, adjusted EBIT margin remained stable at 14.6% as compared to the same period last year.

3.6.1. U.S.

For the year ended September 30, 2017, adjusted EBIT in the U.S. segment was \$495.8 million, an increase of \$9.5 million when compared to the same period last year. Adjusted EBIT margin decreased to 16.4% from 16.9%. The change in adjusted EBIT margin was mainly the result of a positive impact from additional research and development tax credits in fiscal 2016, partly compensated by an improved mix of IP services and solution revenue and higher utilization.

3.6.2. Nordics

For the year ended September 30, 2017, adjusted EBIT in the Nordics segment was \$180.0 million, a decrease of \$6.8 million when compared to the same period last year. Adjusted EBIT margin increased to 11.4% from 11.3% as a decrease in amortization of client relationships and the improved cost structure in Norway were offset by certain project challenges in Denmark and the timing of the winding down of remaining fixed costs following the expiration of certain infrastructure outsourcing contracts.

3.6.3. Canada

For the year ended September 30, 2017, adjusted EBIT in the Canada segment was \$343.9 million, a decrease of \$1.6 million when compared to the same period last year, while the adjusted EBIT margin decreased to 21.4% from 22.5% last year. The change in adjusted EBIT margin was mainly driven by the timing of the winding down of remaining fixed costs following the expiration of certain infrastructure outsourcing contracts, combined with the costs associated to ramping up of new outsourcing contracts.

3.6.4. France

For the year ended September 30, 2017, adjusted EBIT in the France segment was \$193.1 million, an increase of \$18.4 million when compared to the same period last year. Adjusted EBIT margin increased to 12.4% from 12.1% mainly due to an overall increase in new and existing business and improved utilization rates.

3.6.5. U.K.

For the year ended September 30, 2017, adjusted EBIT in the U.K. segment was \$152.2 million, a decrease of \$2.1 million when compared to the same period last year. Adjusted EBIT margin increased to 11.8% from 10.8%. The increase in adjusted EBIT margin was mainly the result of an improved cost structure and from a provision taken on a client contract in Q4 2016.

3.6.6. ECS

For the year ended September 30, 2017, adjusted EBIT in the ECS segment was \$99.0 million, a decrease of \$15.3 million when compared to the same period last year. Adjusted EBIT margin decreased to 8.3% from 9.5% last year. The change in adjusted EBIT margin was mainly due to lower work volume and projects completed in the Netherlands, which impacted our utilization.

3.6.7. Asia Pacific

For the year ended September 30, 2017, adjusted EBIT in the Asia Pacific segment was \$122.8 million an increase of \$24.2 million when compared to the same period last year. Adjusted EBIT margin increased to 20.7% from 18.2% mainly due to increased scale and productivity improvements in our Asian global delivery centers and improved utilization in Australia.

3.7. EARNINGS BEFORE INCOME TAXES

The following table provides a reconciliation between our adjusted EBIT and earnings before income taxes, which is reported in accordance with IFRS.

	2017	% of Revenue	2016	% of Revenue	Change	
					\$	%
For the years ended September 30,						
<i>In thousands of CAD except for percentages</i>						
Adjusted EBIT	1,586,623	14.6%	1,560,311	14.6%	26,312	1.7%
Minus the following items:						
Acquisition-related and integration costs	10,306	0.1%	—	—	10,306	—
Restructuring costs	88,628	0.8%	29,100	0.3%	59,528	204.6%
Net finance costs	69,792	0.6%	78,426	0.7%	(8,634)	(11.0%)
Earnings before income taxes	1,417,897	13.1%	1,452,785	13.6%	(34,888)	(2.4)%

3.7.1. Acquisition-Related and Integration Costs

For the year ended September 30, 2017, the Company incurred \$10.3 million of acquisition-related and integration costs, pertaining to the integration of our recent acquisitions' operations to the CGI operating model. These costs are mainly related to the termination of certain employees, as well as leases for premises which the Company vacated.

3.7.2. Restructuring Costs

In fiscal 2016, we completed the previously announced restructuring program for productivity improvement initiatives and incurred \$29.1 million of restructuring costs for a total expense of \$65.0 million over the entire program.

On August 2, 2017, the Company announced it will incur approximately \$165.0 million of restructuring costs over the next year to compress the timeline of implementing certain elements of its profitable growth strategy. The initiative is expected to yield benefits throughout fiscal 2018. A total amount of \$88.6 million was expensed during Q4 2017 and the remaining amount is expected to be expensed in fiscal 2018. Please refer to note 24 of our audited consolidated financial statements for additional information on our restructuring costs.

3.7.3. Net Finance Costs

Net finance costs mainly include the interest on our long-term debt. The decrease in net finance costs for the year ended September 30, 2017 was mainly the result of the debt repayments.

3.8. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

For the years ended September 30, <i>In thousands of CAD except for percentage and shares data</i>	2017	2016	Change	
			\$	%
Earnings before income taxes	1,417,897	1,452,785	(34,888)	(2.4%)
Income tax expense	382,702	384,069	(1,367)	(0.4%)
Effective tax rate	27.0%	26.4%		
Net earnings	1,035,195	1,068,716	(33,521)	(3.1%)
Net earnings margin	9.5%	10.0%		
Weighted average number of shares outstanding				
Class A subordinate voting shares and Class B multiple voting shares (basic)	297,516,970	304,808,130		(2.4%)
Class A subordinate voting shares and Class B multiple voting shares (diluted)	303,293,485	312,773,156		(3.0%)
Earnings per share (in dollars)				
Basic	3.48	3.51	(0.03)	(0.9%)
Diluted	3.41	3.42	(0.01)	(0.3%)

3.8.1. Income Tax Expense

For the year ended September 30, 2017, the income tax expense was \$382.7 million compared to \$384.1 million over the same period last year, while our effective tax rate increased to 27.0% from 26.4%. The increase in income tax rate was mainly due to tax adjustments for a net favourable amount of \$8.5 million in fiscal 2016 from the U.K. When excluding these tax adjustments and the tax effects from restructuring costs incurred, the income tax rate would have been 27.0% for the year ended September 30, 2016 as presented in the table in section 3.8.3.

Based on the enacted rates at the end of fiscal 2017 and our current business mix, we expect our effective tax rate before any significant adjustments to be in the range of 27.0% to 29.0% in subsequent periods.

3.8.2. Weighted Average Number of Shares

For fiscal 2017, CGI's basic and diluted weighted average number of shares decreased compared to fiscal 2016 due to the impact of the purchase for cancellation of Class A subordinate voting shares, partly offset by the grants and the exercise of stock options.

3.8.3. Net Earnings and Earnings per Share Excluding Specific Items

Below is a table showing the year-over-year comparison excluding specific items namely, acquisition-related and integration costs, restructuring costs, and tax adjustments:

For the years ended September 30,	2017	2016	Change	
			\$	%
<i>In thousands of CAD except for percentages and shares data</i>				
Earnings before income taxes	1,417,897	1,452,785	(34,888)	(2.4%)
Add back:				
Acquisition-related and integration costs	10,306	—	10,306	—
Restructuring costs	88,628	29,100	59,528	204.6%
Earnings before income taxes excluding specific items	1,516,831	1,481,885	34,946	2.4%
Margin	14.0%	13.9%		
Income tax expense	382,702	384,069	(1,367)	(0.4%)
Add back:				
Tax deduction on acquisition-related and integration costs	3,849	—	3,849	—
Tax deduction on restructuring costs	23,292	7,858	15,434	196.4%
Tax adjustments	—	8,500	(8,500)	(100.0%)
Income tax expense excluding specific items	409,843	400,427	9,416	2.4%
Effective tax rate excluding specific items	27.0%	27.0%		
Net earnings excluding specific items	1,106,988	1,081,458	25,530	2.4%
Net earnings excluding specific items margin	10.2%	10.1%		
Weighted average number of shares outstanding				
Class A subordinate voting shares and Class B multiple voting shares (basic)	297,516,970	304,808,130		(2.4%)
Class A subordinate voting shares and Class B multiple voting shares (diluted)	303,293,485	312,773,156		(3.0%)
Earnings per share excluding specific items (in dollars)				
Basic	3.72	3.55	0.17	4.8%
Diluted	3.65	3.46	0.19	5.5%

4. Liquidity

4.1. CONSOLIDATED STATEMENTS OF CASH FLOWS

CGI's growth is financed through a combination of our cash flow from operations, borrowing under our existing credit facilities, the issuance of long-term debt, and the issuance of equity. One of our financial priorities is to maintain an optimal level of liquidity through the active management of our assets and liabilities as well as our cash flows.

As at September 30, 2017, cash and cash equivalents were \$165.9 million. The following table provides a summary of the generation and use of cash for the years ended September 30, 2017 and 2016.

For the years ended September 30,	2017	2016	Change
<i>In thousands of CAD</i>			
Cash provided by operating activities	1,358,552	1,333,074	25,478
Cash used in investing activities	(592,256)	(382,731)	(209,525)
Cash used in financing activities	(1,182,986)	(666,304)	(516,682)
Effect of foreign exchange rate changes on cash and cash equivalents	(13,967)	7,228	(21,195)
Net (decrease) increase in cash and cash equivalents	(430,657)	291,267	(721,924)

4.1.1. Cash Provided by Operating Activities

For the year ended September 30, 2017, cash provided by operating activities was \$1,358.6 million or 12.5% of revenue as compared to \$1,333.1 million or 12.5% for the same period last year.

The following table provides a summary of the generation and use of cash from operating activities:

For the years ended September 30,	2017	2016	Change
<i>In thousands of CAD</i>			
Net earnings	1,035,195	1,068,716	(33,521)
Amortization and depreciation	377,204	400,060	(22,856)
Other adjustments ¹	92,238	132,171	(39,933)
Cash flow from operating activities before net change in non-cash working capital items	1,504,637	1,600,947	(96,310)
<i>Net change in non-cash working capital items:</i>			
Accounts receivable, work in progress and deferred revenue	(185,501)	(134,632)	(50,869)
Accounts payable and accrued liabilities, accrued compensation, provisions and long-term liabilities	11,353	(115,853)	127,206
Other ²	28,063	(17,388)	45,451
Net change in non-cash working capital items	(146,085)	(267,873)	121,788
Cash provided by operating activities	1,358,552	1,333,074	25,478

¹ Comprised of deferred income taxes, foreign exchange gain and share-based payment costs.

² Comprised of prepaid expenses and other assets, long-term financial assets, retirement benefits obligations, derivative financial instruments and income taxes.

For the year ended September 30, 2017, the net \$146.1 million of cash used in non-cash working capital items is primarily explained by the increase in our DSO from 44 days in 2016 to 47 days in 2017, the impact of the Company's revenue growth on accounts receivable and the increase in other receivables mainly due to the net increase of U.S. research & development tax credits, partially offset by an increase of income tax liabilities. The Company maintains a target DSO of 45 days.

The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations.

4.1.2. Cash Used in Investing Activities

For the year ended September 30, 2017, \$592.3 million was used in investing activities while \$382.7 million was used in the prior year.

The following table provides a summary of the generation and use of cash from investing activities:

For the years ended September 30, <i>In thousands of CAD</i>	2017	2016	Change
Business acquisitions	(283,061)	(38,442)	(244,619)
Proceeds from sale of property, plant & equipment	3,317	10,254	(6,937)
Purchase of property, plant and equipment	(112,667)	(165,516)	52,849
Additions to contract costs	(95,676)	(103,156)	7,480
Additions to intangible assets	(106,267)	(100,963)	(5,304)
Net proceeds from sale of long-term investments	2,098	14,928	(12,830)
Payments received from long-term receivables	—	164	(164)
Cash used in investing activities	(592,256)	(382,731)	(209,525)

The increase of \$209.5 million in cash used in investing activities during the year ended September 30, 2017 was mainly due to business acquisitions in the U.S. Furthermore, there was a decrease in purchase of property, plant and equipment due to less investments across our data center infrastructure operations, when compared to the same period last year.

4.1.3. Cash Used in Financing Activities

For the year ended September 30, 2017, \$1,183.0 million were used in financing activities while \$666.3 million were used in the prior year.

The following table provides a summary of the generation and use of cash from financing activities:

For the years ended September 30, <i>In thousands of CAD</i>	2017	2016	Change
Net change in unsecured committed revolving credit facility	200,000	—	200,000
Net change in long-term debt	(180,920)	(182,651)	1,731
	19,080	(182,651)	201,731
Settlement of derivative financial instruments	—	(24,057)	24,057
Repayment of debt assumed in business acquisitions	(9,119)	—	(9,119)
Purchase of Class A subordinate voting shares held in trust	—	(21,795)	21,795
Resale of Class A subordinate voting shares held in trust	4,046	—	4,046
Purchase and cancellation of Class A subordinate voting shares	(1,246,664)	(527,286)	(719,378)
Issuance of Class A subordinate voting shares	49,671	89,485	(39,814)
Cash used in financing activities	(1,182,986)	(666,304)	(516,682)

For the year ended September 30, 2017, we used \$180.9 million to reduce our outstanding long-term debt mainly driven by the scheduled repayment of a tranche of the Senior U.S. unsecured notes in the amount of \$113.6 million (US\$85.0 million). In addition, we drew \$200.0 million on the Company's unsecured committed revolving credit facility to purchase shares for cancellation under our NCIB.

We used \$182.7 million to reduce our outstanding long-term debt during the same period last year, mainly driven by repayments on the term loan credit facility. In parallel with these 2016 repayments, the Company used \$24.1 million to settle the associated cross currency swap contracts.

For the year ended September 30, 2017, \$1,246.7 million was used to purchase for cancellation 19,929,268 Class A subordinate voting shares under the previous and current NCIB. For the year ended September 30, 2016, \$527.3 million was used to purchase for cancellation 9,519,875 Class A subordinate voting shares.

Finally, for the year ended September 30, 2017, we received \$49.7 million in proceeds from the exercise of stock options, compared to \$89.5 million during the year ended September 30, 2016.

4.1.4. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents

For the year ended September 30, 2017, the effect of foreign exchange rate changes on cash and cash equivalents was an unfavourable impact of \$14.0 million. This amount had no effect on net earnings as it was recorded in other comprehensive income.

4.2. CAPITAL RESOURCES

As at September 30, 2017	Available
<i>In thousands of CAD</i>	
Cash and cash equivalents	165,872
Long-term investments	23,047
\$1.5 billion unsecured committed revolving facility ¹	1,290,369
Total	1,479,288

¹ Includes an amount of \$200.0 million outstanding under our unsecured committed revolving credit facility and letters of credit in the aggregate amount of \$9.6 million as at September 30, 2017.

Our cash position and bank lines are sufficient to support our growth strategy. As at September 30, 2017, cash and cash equivalents and long-term investments represented \$188.9 million.

Cash equivalents typically include term deposits, all with maturities of 90 days or less. Long-term investments include corporate and government bonds with maturities ranging from one to five years, rated "A" or higher.

The amount of capital available was \$1,479.3 million. The long-term debt agreements contain covenants, which require us to maintain certain financial ratios. As at September 30, 2017, CGI was in compliance with these covenants.

Total debt decreased by \$49.0 million to \$1,862.0 million as at September 30, 2017, compared to \$1,911.0 million as at September 30, 2016. The variance was mainly due to an unrealized gain of \$69.5 million on foreign exchange translation offset by additional long-term debt for a net amount of \$19.1 million.

As at September 30, 2017, CGI was showing a positive working capital² of \$161.5 million. The Company also had \$1,290.4 million available under its unsecured committed revolving facility and is generating a significant level of cash that will allow it to fund its operations while maintaining adequate levels of liquidity. On November 7, 2017, the unsecured committed revolving facility was extended by one year to December 2022 and can be further extended. There were no material changes in the terms and conditions including interest rates and banking covenants.

As at September 30, 2017, the cash and cash equivalents held by foreign subsidiaries were \$126.4 million (\$557.8 million as at September 30, 2016). The tax implications and impact related to its repatriation will not materially affect the Company's liquidity.

² Working capital is defined as total current assets minus total current liabilities.

4.3. CONTRACTUAL OBLIGATIONS

We are committed under the terms of contractual obligations which have various expiration dates, primarily for the rental of premises, computer equipment used in outsourcing contracts and long-term service agreements. For the year ended September 30, 2017, the Company decreased its commitments by \$75.7 million mainly due to the reduction of long-term debt.

Commitment type <i>In thousands of CAD</i>	Total	Less than 1 year	2nd and 3rd years	4th and 5th years	After 5 years
Long-term debt	1,835,200	109,006	383,022	840,128	503,044
Estimated interest on long-term debt	307,203	69,431	117,026	83,258	37,488
Finance lease obligations	29,794	13,408	12,701	3,685	—
Estimated interest on finance lease obligations	1,315	678	556	81	—
Operating leases					
Rental of office space (excluding cost of services and taxes)	569,402	128,929	189,082	138,249	113,142
Computer equipment	8,955	6,373	1,589	993	—
Automobiles	78,418	39,533	35,394	3,491	—
Long-term service agreements and other	238,931	109,495	104,296	25,140	—
Total	3,069,218	476,853	843,666	1,095,025	653,674

Our required benefit plan contributions have not been included in this table as such contributions depend on periodic actuarial valuations for funding purposes. Our contributions to defined benefit plans are estimated at \$23.8 million for fiscal 2018 as described in note 16 of the audited consolidated financial statements.

4.4. FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

We use various financial instruments to manage our exposure to fluctuations of foreign currency exchange rates and interest rates. Please refer to note 3 and 31 of our audited consolidated financial statements for additional information on our financial instruments and hedging transactions.

4.5. SELECTED MEASURES OF CAPITAL RESOURCES AND LIQUIDITY

As at September 30,	2017	2016
<i>In thousands of CAD except for percentages</i>		
Reconciliation between net debt and long-term debt including the current portion:		
Net debt	1,749,374	1,333,323
Add back:		
Cash and cash equivalents	165,872	596,529
Long-term investments	23,047	27,246
Fair value of foreign currency derivative financial instruments related to debt	(76,290)	(46,123)
Long-term debt including the current portion	1,862,003	1,910,975
Net debt to capitalization ratio	21.5%	15.8%
Return on equity	16.1%	17.2%
Return on invested capital	13.7%	14.2%
Days sales outstanding	47	44

We use the net debt to capitalization ratio as an indication of our financial leverage in order to realize our Build and Buy strategy. The net debt to capitalization ratio increased to 21.5% in fiscal 2017 from 15.8% in fiscal 2016. The change in the net debt to capitalization ratio was mostly due to the decrease in cash and cash equivalents, following the investment in business acquisitions and the purchase for cancellation of Class A subordinate voting shares.

ROE is a measure of the return we are generating for our shareholders. ROE decreased to 16.1% in fiscal 2017 from 17.2% in fiscal 2016. The decrease was mainly due to lower net earnings, mainly the result of restructuring costs in Q4 2017.

ROIC is a measure of the Company's efficiency in allocating the capital under our control to profitable investments. The return on invested capital ratio decreased to 13.7% in fiscal 2017 from 14.2% in fiscal 2016. The change in the ROIC was mainly the result of restructuring costs in Q4 2017.

DSO increased to 47 days at the end of fiscal 2017 when compared to 44 days in fiscal 2016. In calculating the DSO, we subtract the deferred revenue balance from trade accounts receivable and work in progress; for that reason, the timing of payments received from outsourcing clients in advance of the work to be performed and the timing of payments related to project milestones can affect the DSO. The Company maintains a target DSO of 45 days.

4.6. OFF-BALANCE SHEET FINANCING AND GUARANTEES

In the normal course of operations, CGI uses off-balance sheet financing for a variety of transactions such as operating leases for office space, computer equipment and vehicles as well as accounts receivable factoring. From time to time, we also enter into agreements to provide financial or performance assurances to third parties on the sale of assets, business divestitures and guarantees on government and commercial contracts.

In connection with sales of assets and business divestitures, we may be required to pay counterparties for costs and losses incurred as the result of breaches in our contractual obligations, representations and warranties, intellectual property right infringement and litigation against counterparties, among others. While some of the agreements specify a maximum potential exposure of approximately \$10.9 million, others do not specify a maximum amount or limited period. It is not possible to reasonably estimate the maximum amount that may have to be paid under such guarantees. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. The Company does not expect to incur any potential payment in connection with these guarantees that could have a materially adverse effect on its audited consolidated financial statements.

In the normal course of business, we may provide certain clients, principally governmental entities, with bid and performance bonds. In general, we would only be liable for the amount of the bid bonds if we refuse to perform the project once we are awarded the bid. We would also be liable for the performance bonds in the event of default in the performance of our obligations. As at September 30, 2017, we had committed a total of \$30.3 million for these bonds. To the best of our knowledge, we complied with our performance obligations under all service contracts for which there was a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a material adverse effect on our audited consolidated results of operations or financial condition.

4.7. CAPABILITY TO DELIVER RESULTS

Sufficient capital resources and liquidity are required for supporting ongoing business operations and to execute our Build and Buy growth strategy. The Company has sufficient capital resources coming from the cash generated from operations, credit facilities, long-term debt agreements and invested capital from shareholders. Our principal uses of cash are for procuring new large outsourcing and managed services contracts; investing in our business solutions; pursuing accretive acquisitions; purchasing for cancellation Class A subordinate voting shares and paying down debt. In terms of financing, we are well positioned to continue executing our four-pillar growth strategy in fiscal 2018.

Strong and experienced leadership is essential to successfully implement our Company's strategy. CGI has a strong leadership team with members who are highly knowledgeable and have gained a significant amount of experience in the IT industry via various career paths and leadership roles. CGI fosters leadership development to ensure a continuous flow of knowledge and strength is maintained throughout the organization. As part of our succession planning in key positions, we established the Leadership Institute, our own corporate university, to develop leadership, technical and managerial skills inspired by CGI's roots and traditions.

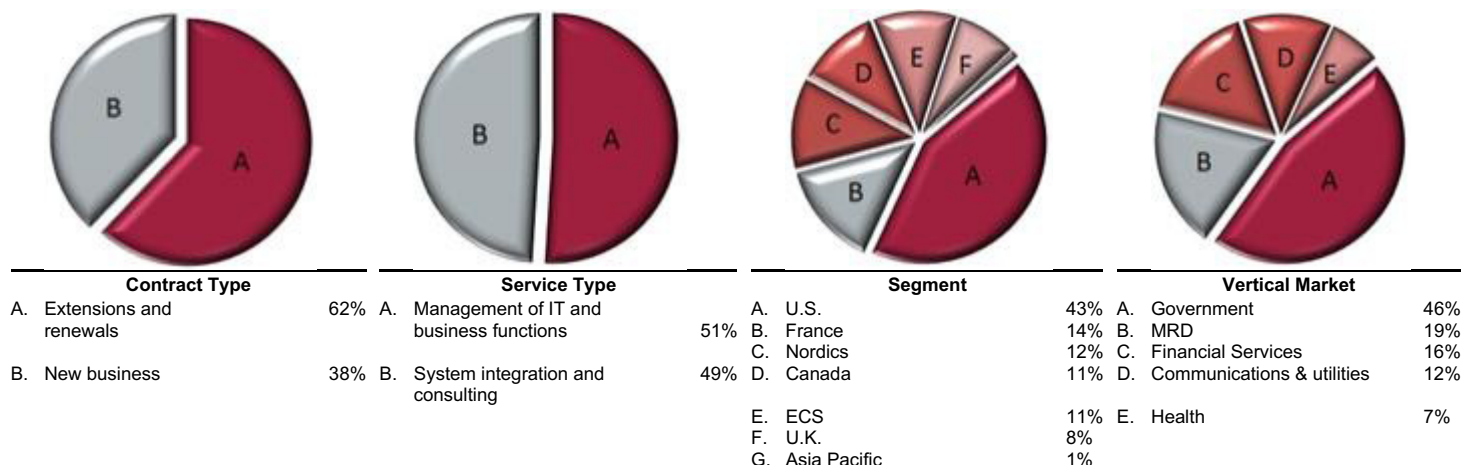
As a Company built on human capital, our professionals and their knowledge are critical to delivering quality service to our clients. Our human resources program provides competitive compensation and benefits, a favourable working environment, and our training and career development programs combine to allow us to attract and retain the best talent. Employee satisfaction is monitored regularly through a Company-wide survey. Furthermore, 82% of our members are also owners of CGI through our Share Purchase Plan. The Share Purchase Plan, along with the Profit Participation Program, allows members to share in the success of the Company and aligns member objectives with our strategic goals.

In addition to our capital resources and the talent of our human capital, CGI has established a Management Foundation encompassing governance policies, sophisticated management frameworks and an organizational model for its business units and corporate processes. This foundation, along with our appropriate internal systems, helps in providing a disciplined high standard of quality service to our clients across all of our operations, and additional value to our stakeholders. CGI's operations maintain appropriate certifications in accordance with service requirements such as the ISO and CMMI certification programs.

5. Fourth Quarter Results (Unaudited)

5.1. BOOKINGS AND BOOK-TO-BILL RATIO

Bookings for the quarter ended September 30, 2017 were \$2.9 billion representing a book-to-bill ratio of 111.7%. The breakdown of the new bookings signed during the quarter is as follows:



Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth.

The following table provides a summary of the bookings and book-to-bill ratio by segment:

<i>In thousands of CAD except for percentages</i>	Bookings for the three months ended September 30, 2017	Bookings for the year ended September 30, 2017	Book-to-bill ratio for the year ended September 30, 2017
Total CGI	2,912,909	11,284,444	104.1%
U.S.	1,260,623	3,862,364	123.8%
Nordics	330,994	1,723,831	103.4%
Canada	327,391	1,627,079	92.9%
France	418,337	1,668,325	104.6%
U.K.	228,882	1,131,449	79.9%
ECS	325,562	1,175,816	100.7%
Asia Pacific	21,120	95,580	74.1%

5.2. FOREIGN EXCHANGE

The Company operates globally and is exposed to changes in foreign currency rates. Accordingly, as prescribed by IFRS, we value assets, liabilities and transactions that are measured in foreign currencies using various exchange rates. We report all dollar amounts in Canadian dollars.

Average foreign exchange rates

For the three months ended September 30,	2017	2016	Change
U.S. dollar	1.2531	1.3054	(4.0%)
Euro	1.4728	1.4570	1.1%
Indian rupee	0.0195	0.0195	—%
British pound	1.6399	1.7135	(4.3%)
Swedish krona	0.1541	0.1532	0.6%
Australian dollar	0.9896	0.9901	(0.1%)

5.3. REVENUE BY SEGMENT

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, separately showing the impacts of foreign currency exchange rate variations between the Q4 2017 and Q4 2016 periods. The Q4 2016 revenue by segment was recorded reflecting the actual average foreign exchange rates for that period. The foreign exchange impact is the difference between the current period's actual results and the current period's results converted with the prior year's average foreign exchange rates.

For the three months ended September 30,	2017	2016	Change	
<i>In thousands of CAD except for percentages</i>			\$	%
Total CGI revenue	2,608,099	2,582,429	25,670	1.0%
Variation prior to foreign currency impact	2.5%			
Foreign currency impact	(1.5%)			
Variation over previous period	1.0%			
U.S.				
Revenue prior to foreign currency impact	787,947	721,492	66,455	9.2%
Foreign currency impact	(32,521)			
U.S. revenue	755,426	721,492	33,934	4.7%
Nordics				
Revenue prior to foreign currency impact	346,405	358,580	(12,175)	(3.4%)
Foreign currency impact	2,370			
Nordics revenue	348,775	358,580	(9,805)	(2.7%)
Canada				
Revenue prior to foreign currency impact	397,540	387,044	10,496	2.7%
Foreign currency impact	(223)			
Canada revenue	397,317	387,044	10,273	2.7%
France				
Revenue prior to foreign currency impact	366,494	341,672	24,822	7.3%
Foreign currency impact	2,978			
France revenue	369,472	341,672	27,800	8.1%
U.K.				
Revenue prior to foreign currency impact	307,244	343,087	(35,843)	(10.4%)
Foreign currency impact	(13,069)			
U.K. revenue	294,175	343,087	(48,912)	(14.3%)
ECS				
Revenue prior to foreign currency impact	290,479	288,387	2,092	0.7%
Foreign currency impact	3,239			
ECS revenue	293,718	288,387	5,331	1.8%
Asia Pacific				
Revenue prior to foreign currency impact	151,119	142,167	8,952	6.3%
Foreign currency impact	(1,903)			
Asia Pacific revenue	149,216	142,167	7,049	5.0%

We ended the fourth quarter of fiscal 2017 with revenue of \$2,608.1 million, an increase of \$25.7 million when compared to the same period of fiscal 2016. On a constant currency basis, revenue increased by \$64.8 million or 2.5%. Foreign currency rate fluctuations unfavourably impacted our revenue by \$39.1 million or 1.5%. The increase in revenue was primarily due to recent business acquisitions in the U.S. and higher work volume in the U.S. and France.

5.3.1. U.S.

Revenue in our U.S. segment was \$755.4 million in Q4 2017, an increase of \$33.9 million or 4.7% compared to the same period of fiscal 2016. On a constant currency basis, revenue increased by \$66.5 million or 9.2%. The increase was driven by revenue associated with recent business acquisitions as well as growth in the US Federal and commercial markets, partly offset by lower work volumes in the state and local government market.

On a client geographic basis, the top two U.S. vertical markets were government and financial services, generating revenues of approximately \$585 million for the current quarter.

5.3.2. Nordics

Revenue from our Nordics segment was \$348.8 million in Q4 2017, a decrease of \$9.8 million or 2.7% compared to the same period of fiscal 2016. On a constant currency basis, revenue decreased by \$12.2 million or 3.4%. The decrease was due to the expiration of certain infrastructure outsourcing contracts and the decrease in work volume in Denmark and Sweden, partly offset by new and existing business in Finland, mainly within the financial services vertical market.

On a client geographic basis, the top two Nordics vertical markets were MRD and government, generating revenues of approximately \$232 million for the current quarter.

5.3.3. Canada

Revenue in our Canada segment for Q4 2017 was \$397.3 million, an increase of \$10.3 million or 2.7% compared to the same period of fiscal 2016. The increase in revenue was mainly the result of new and existing business primarily within the financial services and government vertical markets, partly offset by the expiration of certain infrastructure outsourcing contracts and the increased use of our offshore global delivery centers in Asia Pacific.

On a client geographic basis, the top two Canada vertical markets were financial services and communication & utilities, generating revenues of approximately \$273 million for the current quarter.

5.3.4. France

Revenue from our France segment was \$369.5 million in Q4 2017 an increase of \$27.8 million or 8.1% compared to the same period of fiscal 2016. On a constant currency basis, revenue increased by \$24.8 million or 7.3%. The increase in revenue was mostly due to new and existing business within the MRD vertical market as well as the increased work volume within the government and financial services vertical markets.

On a client geographic basis, the top two France vertical markets were MRD and financial services, generating revenues of approximately \$248 million for the current quarter.

5.3.5. U.K.

Revenue from our U.K. segment was \$294.2 million in Q4 2017, a decrease of \$48.9 million or 14.3% compared to the same period of fiscal 2016. On a constant currency basis, revenue decreased by \$35.8 million or 10.4%. The decrease in revenue was mainly due to projects completed in fiscal 2017 and the favourable impact of the sale of additional equipment in Q4 2016. This was partly offset by growth in the government and communication & utilities vertical markets.

On a client geographic basis, the top two U.K. vertical markets were government and communication & utilities, generating revenues of approximately \$227 million for the current quarter.

5.3.6. ECS

Revenue from our ECS segment was \$293.7 million in Q4 2017, an increase of \$5.3 million or 1.8% when compared to the same period of fiscal 2016. On a constant currency basis, revenue increased by \$2.1 million or 0.7%. The increase in revenue was mainly due to increased work volume across all geographies, with the exception of the Netherlands.

On a client geographic basis, the top two ECS vertical markets were MRD and communication & utilities, generating revenues of approximately \$182 million for the current quarter.

5.3.7. Asia Pacific

Revenue from our Asia Pacific segment was \$149.2 million in Q4 2017, an increase of \$7.0 million or 5.0% compared to the same period of fiscal 2016. On a constant currency basis, revenue increased by \$9.0 million or 6.3%. The increase in revenue was due to increased usage of our offshore delivery centers.

On a client geographic basis, the top two Asia Pacific vertical markets were communication & utilities and MRD, generating revenues of approximately \$20 million for the current quarter.

5.4. ADJUSTED EBIT BY SEGMENT

For the three months ended September 30, In thousands of CAD except for percentages	2017	2016	Change \$ %	
U.S.	111,010	128,494	(17,484)	(13.6%)
As a percentage of U.S. revenue	14.7%	17.8%		
Nordics	40,795	43,784	(2,989)	(6.8%)
As a percentage of Nordics revenue	11.7%	12.2%		
Canada	99,243	94,136	5,107	5.4%
As a percentage of Canada revenue	25.0%	24.3%		
France	42,465	43,067	(602)	(1.4%)
As a percentage of France revenue	11.5%	12.6%		
U.K.	38,572	28,698	9,874	34.4%
As a percentage of U.K. revenue	13.1%	8.4%		
ECS	27,386	30,302	(2,916)	(9.6%)
As a percentage of ECS revenue	9.3%	10.5%		
Asia Pacific	36,362	26,598	9,764	36.7%
As a percentage of Asia Pacific revenue	24.4%	18.7%		
Adjusted EBIT	395,833	395,079	754	0.2%
Adjusted EBIT margin	15.2%	15.3%		

Adjusted EBIT for the quarter was \$395.8 million an increase of \$0.8 million or 0.2% from Q4 2016, while the margin remained essentially stable at 15.2%.

5.4.1. U.S.

Adjusted EBIT in the U.S. segment was \$111.0 million for Q4 2017, a decrease of \$17.5 million year-over-year. Adjusted EBIT margin decreased to 14.7% from 17.8% mainly the result of a positive impact from additional research and development tax credits in Q4 2016 and to an adjustment to performance based compensation accruals in Q4 2017. This was partly offset by improved utilization.

5.4.2. Nordics

Adjusted EBIT in the Nordics segment was \$40.8 million for Q4 2017, a decrease of \$3.0 million year-over-year. Adjusted EBIT margin decreased to 11.7% from 12.2%. The decrease was mainly due to certain project challenges in Denmark and to the timing of the winding down of remaining fixed costs following the expiration of several infrastructure outsourcing contracts. This was partly offset by a decrease in amortization of client relationships.

5.4.3. Canada

Adjusted EBIT in the Canada segment was \$99.2 million for Q4 2017, an increase of \$5.1 million year-over-year while adjusted EBIT margin increased to 25.0% from 24.3%. The increase in adjusted EBIT margin was mainly driven by improved utilization and a better mix of profitable revenue, partly offset by the timing of the winding down of remaining fixed costs following the expiration of certain infrastructure outsourcing contracts, combined with the costs associated to ramping up of new outsourcing contracts.

5.4.4. France

Adjusted EBIT in the France segment was \$42.5 million for Q4 2017, a decrease of \$0.6 million while adjusted EBIT margin decreased to 11.5% from 12.6%. The decrease was mainly the result of one less billable day.

5.4.5. U.K.

Adjusted EBIT in the U.K. segment was \$38.6 million for Q4 2017, an increase of \$9.9 million year-over-year. Adjusted EBIT margin increased to 13.1% from 8.4%. The increase in adjusted EBIT margin was mainly the result of a provision taken on a client contract in Q4 2016 and of an improved cost structure.

5.4.6. ECS

Adjusted EBIT in the ECS segment was \$27.4 million for Q4 2017, a decrease of \$2.9 million year-over-year, while the adjusted EBIT margin decreased to 9.3% from 10.5%. The change in margin was mainly due to lower work volume and projects completed in the Netherlands, which impacted our utilization.

5.4.7. Asia Pacific

Adjusted EBIT in the Asia Pacific segment was \$36.4 million for Q4 2017, an increase of \$9.8 million year-over-year, while the margin increased to 24.4% from 18.7%. This change was mostly due to a reduction in performance based compensation accruals in Q4 2017 and, to a lesser extent, improved utilization and cost structure in Australia.

5.5. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

	2017	2016	Change	
			\$	%
For the three months ended September 30,				
<i>In thousands of CAD except for percentage and shares data</i>				
Adjusted EBIT	395,833	395,079	754	0.2%
<i>Minus the following items:</i>				
Acquisition-related and integration costs	2,980	—	2,980	—%
Restructuring costs	88,628	—	88,628	—%
Net finance costs	16,575	17,623	(1,048)	(5.9%)
Earnings before income taxes	287,650	377,456	(89,806)	(23.8%)
Income tax expense	79,188	103,021	(23,833)	(23.1%)
<i>Effective tax rate</i>	<i>27.5%</i>	<i>27.3%</i>		
Net earnings	208,462	274,435	(65,973)	(24.0%)
Margin	8.0%	10.6%		
Weighted average number of shares				
Class A subordinate voting shares and Class B multiple voting shares (basic)	292,708,617	303,203,548		(3.5%)
Class A subordinate voting shares and Class B multiple voting shares (diluted)	297,581,974	309,569,738		(3.9%)
Earnings per share (in dollars)				
Basic EPS	0.71	0.91	(0.20)	(22.0%)
Diluted EPS	0.70	0.89	(0.19)	(21.3%)

For the current quarter, the decrease in earnings before income taxes was mainly due to the \$88.6 million of restructuring costs incurred in Q4 2017.

In Q4 2017, the income tax expense was \$79.2 million, a decrease of \$23.8 million compared to \$103.0 million in Q4 2016, while our effective income tax rate increased from 27.3% to 27.5%. When excluding the tax effects from the acquisition-related and integration costs and restructuring costs incurred, the income tax rate would have been 27.3% in Q4 2017 as presented in the table in section 5.5.1.

During the quarter, 8,965,568 Class A subordinate voting shares were purchased for cancellation while 216,383 stock options were exercised.

5.5.1. Net Earnings and Earnings per Share Excluding Specific Items

Below is a table showing the year-over-year comparison excluding specific items, namely acquisition-related and integration costs as well as restructuring costs :

	2017	2016	Change	
			\$	%
For the three months ended September 30,				
<i>In thousands of CAD except for percentage and shares data</i>				
Earnings before income taxes	287,650	377,456	(89,806)	(23.8%)
Add back:				
Acquisition-related and integration costs	2,980	—	2,980	—%
Restructuring costs	88,628	—	88,628	—%
Earnings before income taxes excluding specific items	379,258	377,456	1,802	0.5%
Income tax expense	79,188	103,021	(23,833)	(23.1%)
Add back:				
Tax deduction on acquisition-related and integration costs	1,057	—	1,057	—%
Tax deduction on restructuring	23,292	—	23,292	—%
Income tax expense excluding specific items	103,537	103,021	516	0.5%
Effective tax rate excluding specific items	27.3%	27.3%		
Net earnings excluding specific items	275,721	274,435	1,286	0.5%
Net earnings excluding specific items margin	10.6%	10.6%		
Weighted average number of shares outstanding				
Class A subordinate voting shares and Class B multiple voting shares (basic)	292,708,617	303,203,548		(3.5%)
Class A subordinate voting shares and Class B multiple voting shares (diluted)	297,581,974	309,569,738		(3.9%)
Earnings per share excluding specific items (in dollars)				
Basic EPS	0.94	0.91	0.03	3.3%
Diluted EPS	0.93	0.89	0.04	4.5%

5.6. CONSOLIDATED STATEMENTS OF CASH FLOWS

As at September 30, 2017, cash and cash equivalents were \$165.9 million. The following table provides a summary of the generation and use of cash and cash equivalents for the quarters ended September 30, 2017 and 2016.

For the three months ended September 30,	2017	2016	Change
<i>In thousands of CAD</i>			
Cash provided by operating activities	352,077	401,806	(49,729)
Cash used in investing activities	(98,121)	(101,300)	3,179
Cash used in financing activities	(373,896)	(1,473)	(372,423)
Effect of foreign exchange rate changes on cash and cash equivalents	(17,125)	13,815	(30,940)
Net (decrease) increase in cash and cash equivalents	(137,065)	312,848	(449,913)

5.6.1. Cash Provided by Operating Activities

For Q4 2017, cash provided by operating activities was \$352.1 million compared to \$401.8 million in Q4 2016, or 13.5% of revenue compared to 15.6% last year.

The following table provides a summary of the generation and use of cash from operating activities.

For the three months ended September 30,	2017	2016	Change
<i>In thousands of CAD</i>			
Net earnings	208,462	274,435	(65,973)
Amortization and depreciation	100,210	98,385	1,825
Other adjustments ¹	12,910	41,896	(28,986)
Cash flow from operating activities before net change in non-cash working capital items	321,582	414,716	(93,134)
Net change in non-cash working capital items:			
Accounts receivable, work in progress and deferred revenue	19,879	49,524	(29,645)
Accounts payable and accrued liabilities, accrued compensation, provisions and long-term liabilities	(9,282)	(118,621)	109,339
Other ²	19,898	56,187	(36,289)
Net change in non-cash working capital items	30,495	(12,910)	43,405
Cash provided by operating activities	352,077	401,806	(49,729)

¹ Other adjustments are comprised of deferred income taxes, foreign exchange gain and share-based payment costs.

² Comprised of prepaid expenses and other assets, long-term financial assets, retirement benefits obligations, derivative financial instruments and income taxes.

For the three months ended September 30, 2017, the \$30.5 million of net change in non-cash working capital items was mostly due to the net decrease in prepaid expenses and other assets mostly due to the timing of payments for maintenance services.

The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations.

5.6.2. Cash Used in Investing Activities

For Q4 2017, \$98.1 million was used in investing activities while \$101.3 million was used in the prior year.

The following table provides a summary of the generation and use of cash from investing activities:

For the three months ended September 30, <i>In thousands of CAD</i>	2017	2016	Change
Business acquisitions	(32,799)	—	(32,799)
Proceeds from sale of property, plant & equipment	—	980	(980)
Purchase of property, plant and equipment	(29,219)	(41,578)	12,359
Additions to contract costs	(22,509)	(29,327)	6,818
Additions to intangible assets	(22,969)	(28,802)	5,833
Net proceeds (purchase) of long-term investments	9,375	(2,573)	11,948
Cash used in investing activities	(98,121)	(101,300)	3,179

The decrease of \$3.2 million in cash used in investing activities during Q4 2017 was mainly due to less investments in the purchase of property, plant and equipment, more specifically in server data storage, networking and computer equipment in our global delivery centers, as well as the net proceeds in long-term investments. In addition, there were less investments in contract costs and intangible assets, all of which was partly offset by business acquisitions in the U.S in Q4 2017.

5.6.3. Cash Used in Financing Activities

For the three months ended September 30, <i>In thousands of CAD</i>	2017	2016	Change
Net change in unsecured committed revolving credit facility	200,000	—	200,000
Net change in long-term debt	(14,171)	(16,718)	2,547
	185,829	(16,718)	202,547
Repayment of debt assumed in business acquisition	(222)	—	(222)
Purchase and cancellation of Class A subordinate voting shares	(563,574)	—	(563,574)
Issuance of Class A subordinate voting shares	4,071	15,245	(11,174)
Cash used in financing activities	(373,896)	(1,473)	(372,423)

During Q4 2017, we drew \$200.0 million on the Company's unsecured committed revolving credit facility to purchase shares for cancellation under our NCIB. In addition, an amount of \$14.2 million was used to reduce our outstanding long-term debt while, for the same period last year, \$16.7 million was used.

During Q4 2017, we used \$563.6 million to purchase Class A subordinate voting shares for cancellation under the NCIB. For the same period last year, we did not purchase Class A subordinate voting shares for cancellation under the NCIB.

In Q4 2017, we received \$4.1 million in proceeds from the exercise of stock options, compared to \$15.2 million during the same period last year.

6. Eight Quarter Summary (Unaudited)

As at and for the three months ended, <i>In millions of CAD unless otherwise noted</i>	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015
Growth								
Revenue	2,608.1	2,836.8	2,724.4	2,675.7	2,582.4	2,667.1	2,750.0	2,683.7
Year-over-year revenue growth	1.0%	6.4%	(0.9%)	(0.3%)	(0.1%)	4.2%	5.7%	5.6%
Constant currency year-over-year revenue growth	2.5%	5.2%	5.6%	3.7%	2.8%	0.6%	(1.0%)	(1.8%)
Backlog	20,813	20,800	20,968	20,975	20,893	20,614	20,705	21,505
Bookings	2,913	2,675	2,735	2,962	2,858	2,940	2,734	3,199
Book-to-bill ratio	111.7%	94.3%	100.4%	110.7%	110.7%	110.2%	99.4%	119.2%
Book-to-bill ratio trailing twelve months	104.1%	103.8%	107.9%	107.7%	109.8%	109.8%	104.1%	101.0%
Profitability								
Adjusted EBIT	395.8	399.1	395.1	396.7	395.1	390.5	390.6	384.1
Adjusted EBIT margin	15.2%	14.1%	14.5%	14.8%	15.3%	14.6%	14.2%	14.3%
Net earnings	208.5	276.6	274.4	275.7	274.4	273.8	282.7	237.7
Net earnings margin	8.0%	9.8%	10.1%	10.3%	10.6%	10.3%	10.3%	8.9%
Diluted EPS (in dollars)	0.70	0.92	0.90	0.89	0.89	0.89	0.90	0.75
Net earnings excluding specific items	275.7	278.5	275.2	277.6	274.4	273.8	268.3	264.9
Net earnings margin excluding specific items	10.6%	9.8%	10.1%	10.4%	10.6%	10.3%	9.8%	9.9%
Diluted EPS excluding specific items (in dollars)	0.93	0.93	0.91	0.90	0.89	0.89	0.86	0.84
Liquidity								
Cash provided by operating activities	352.1	290.6	366.2	349.7	401.8	351.7	251.4	328.2
As a % of revenue	13.5%	10.2%	13.4%	13.1%	15.6%	13.2%	9.1%	12.2%
Days sales outstanding	47	45	42	44	44	45	41	44
Capital structure								
Net debt	1,749.4	1,449.8	1,493.7	1,491.7	1,333.3	1,648.7	1,926.7	1,573.7
Net debt to capitalization ratio	21.5%	17.2%	18.2%	18.2%	15.8%	20.5%	23.8%	18.3%
Return on equity	16.1%	17.2%	17.5%	17.7%	17.2%	16.9%	16.9%	16.9%
Return on invested capital	13.7%	14.6%	14.7%	14.6%	14.2%	13.8%	13.8%	13.8%
Balance sheet								
Cash and cash equivalents, and short-term investments	165.9	302.9	282.0	313.9	596.5	283.7	168.9	552.4
Total assets	11,396.2	11,832.6	11,526.0	11,535.9	11,693.3	11,434.0	11,417.9	12,130.3
Long-term financial liabilities	1,821.9	1,725.3	1,747.0	1,760.9	1,765.4	1,764.5	1,928.5	1,822.1

There are factors causing quarterly variances which may not be reflective of the Company's future performance. First, there is seasonality in system integration and consulting work, and the quarterly performance of these operations is impacted by occurrences such as vacations and the number of statutory holidays in any given quarter. Outsourcing contracts including business process services contracts are affected to a lesser extent by seasonality. Second, the workflow from some clients may fluctuate from quarter to quarter based on their business cycle and the seasonality of their own operations. Third, the savings that we generate for a client on a given outsourcing contract may temporarily reduce our revenue stream from this client, as these savings may not be immediately offset by additional work performed for this client.

In general, cash flow from operating activities could vary significantly from quarter to quarter depending on the timing of monthly payments received from large clients, cash requirements associated with large acquisitions, outsourcing contracts and projects, the timing of the reimbursements for various tax credits as well as profit sharing payments to members and the timing of restructuring cost payments.

Foreign exchange fluctuations can also contribute to quarterly variances as our percentage of operations in foreign countries evolves. The effect from these variances is primarily on our revenue and to a much lesser extent, on our margin as we benefit, as much as possible, from natural hedges.

7. Changes in Accounting Policies

The audited consolidated financial statements for the year ended September 30, 2017 include all adjustments that CGI's management considers necessary for the fair presentation of its financial position, results of operations, and cash flows.

FUTURE ACCOUNTING STANDARD CHANGES

The following standards have been issued but are not yet effective. The Company's preliminary assessments are subject to changes, as the Company is progressing in the assessment of the impact of these standards on its consolidated financial statements.

IAS 7 - Statement of Cash Flows

In January 2016, the IASB amended IAS 7, *Statement of Cash Flows*, to require enhanced disclosure about changes in liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates and changes in fair value. The amendments to IAS 7 are effective on October 1, 2017 for the Company and the additional disclosures will be provided in the Company's 2018 annual audited consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and other revenue related interpretations.

The standard will be effective on October 1, 2018 for the Company. Accordingly, IFRS 15 will be applied in the Company's interim consolidated financial statements for the three months ended December 31, 2018. The standard permits two possible transition methods for its application: i) retrospectively to each prior reporting period presented, or ii) retrospectively with the cumulative effect of initially applying the standard recognized on the date of the initial application. The Company has not yet selected a transition method.

In preparation for the conversion to IFRS 15, the Company has developed a detailed conversion plan consisting of four phases: 1) awareness, 2) detailed impact assessment, 3) design and 4) implementation. As part of the awareness phase, the Company has established a Steering Committee responsible for monitoring the progress and approving recommendations from the project team. The Steering Committee meets regularly and quarterly updates are provided to the Audit and Risk Management Committee.

The Company has completed the awareness phase which also involved a high-level review of the differences between current requirements and IFRS 15. The Company is progressing through the second phase of the conversion plan which encompasses a detailed impact assessment of the differences identified. Generally, the Company expects that revenue from outsourcing, business process services and system integration and consulting services arrangements will continue to be recognized as the services are provided in a manner that is consistent with its current accounting policies. The Company is in the process of evaluating the impact of the standard on its revenue recognition from software licenses and the additional disclosure requirements.

The remaining two phases, design and implementation are being conducted concurrently up until the effective date. The impacts on the other key elements such as IT changes, education and training requirements, internal control over financial reporting and impacts on business activities of the Company's conversion plan will be assessed during those phases.

IFRS 9 - Financial Instruments

In July 2014, the IASB amended IFRS 9, *Financial Instruments*, to replace IAS 39, *Financial Instruments: Recognition and Measurement*.

The standard will be effective on October 1, 2018 for the Company and is required to be applied retrospectively. Accordingly, IFRS 9 will be applied in the interim consolidated financial statements for the three months ended December 31, 2018.

The standard simplifies the classification of financial assets, while carrying forward most of the requirements of IAS 39. The standard introduces a new impairment model, which allows the use of a simplified approach, and a new hedge accounting model that is more closely aligned with risk-management activities.

The Company has performed a high-level review of the differences between IAS 39 and IFRS 9. Based on the preliminary assessment performed to date, the Company does not expect a significant impact on its audited consolidated financial statements.

IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB issued International Financial Reporting Interpretations Committee (IFRIC) Interpretation 22, *Foreign Currency Transactions and Advance Consideration*, to clarify the transaction date for the purpose of determining the exchange rate to use on initial recognition of the related transactions when the Company has received or paid in advance consideration in a foreign currency. This interpretation will be effective on October 1, 2018 for the Company, with earlier application permitted. Based on the preliminary assessment performed to date, the Company does not expect a significant impact on its audited consolidated financial statements.

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16, *Leases*, to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease agreement. The standard supersedes IAS 17, *Leases*, and other lease related Interpretations, eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. The standard will be effective on October 1, 2019 for the Company with earlier application permitted. When the Company is the lessee, it is expected that the application of IFRS 16 will result in on-balance sheet recognition of most of its lease agreements that are currently considered operating leases, which are primarily for the rental of premises. The Company also expects a decrease of its property costs and an increase of its finance costs and amortization and depreciation resulting from the change in the recognition, measurement and presentation of rental expense.

8. Critical Accounting Estimates

The Company's significant accounting policies are described in note 3 of the audited consolidated financial statements for the year ended September 30, 2017. Certain of these accounting policies, listed below, require management to make accounting estimates and judgement that affect the reported amounts of assets, liabilities and equity and the accompanying disclosures at the date of the audited consolidated financial statements as well as the reported amounts of revenue and expenses during the reporting period. These accounting estimates are considered critical because they require management to make subjective and/or complex judgements that are inherently uncertain and because they could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Areas impacted by estimates	Consolidated balance sheets	Consolidated statements of earnings		
		Revenue	Cost of services, selling and administrative	Income taxes
Revenue recognition ¹	✓	✓	✓	
Estimated losses on revenue-generating contracts	✓		✓	
Goodwill impairment	✓		✓	
Business combinations	✓	✓	✓	✓
Income taxes	✓			✓
Litigation and claims	✓	✓	✓	

¹ Affects the balance sheet through accounts receivable, work in progress and deferred revenue.

Revenue recognition

Relative selling price

If an arrangement involves the provision of multiple components, the total arrangement value is allocated to each separately identifiable component based on its relative selling price at the inception of the contract. At least on a yearly basis, the Company reviews its best estimate of the selling price which is established by using a reasonable range of prices for the various services and products offered by the Company based on local market information available. Information used in determining the range is mainly based on recent contracts signed and the economic environment. A change in the range could have a material impact on the allocation of total arrangement value, and therefore on the amount and timing of revenue recognition.

System integration and consulting services under fixed-fee arrangements

Revenue from system integration and consulting services under fixed-fee arrangements where the outcome of the arrangements can be estimated reliably is recognized using the percentage-of-completion method over the service periods. The Company primarily uses labour hours or labour costs to measure the progress towards completion. Project managers monitor and re-evaluate project forecasts on a monthly basis. Forecasts are reviewed to consider factors such as: changes to the scope of the contracts, delays in reaching milestones and new complexities in the project delivery. Forecasts can also be affected by market risks such as the availability and retention of qualified IT professionals and/or the ability of the subcontractors to perform their obligation within agreed upon budget and timeframes. To the extent that actual labour hours or labour costs could vary from estimates, adjustments to revenue following the review of the costs to complete on projects are reflected in the period in which the facts that give rise to the revision occur. Whenever the total costs are forecasted to be higher than the total revenue, estimated losses on revenue-generating contracts is accounted for as described below.

Estimated losses on revenue-generating contracts

Estimated losses on revenue-generating contracts may occur due to additional contract costs which were not foreseen at inception of the contract. Projects and services are monitored by the project managers on a monthly basis. Some of the indicators reviewed are: current financial results, delays in reaching milestones, new complexities in the project delivery and third party deliverables and estimated costs.

In addition, CGI's Engagement Assessment Services (EAS) team conducts a formal monthly health check assessment on CGI's project portfolio for all contracts that have a value above an established threshold. The reviews are based on a defined set of risk dimensions and assessment categories that results in detailed reports containing actual delivery and current financial status which are reviewed with the executive management. Due to the variability of the indicators reviewed, and because the estimates are based on many variables, estimated losses on revenue-generating contracts are subject to change.

Goodwill impairment

The carrying value of goodwill is tested for impairment annually on September 30, or earlier if events or changes in circumstances indicate that the carrying value may be impaired. In order to determine if a goodwill impairment test is required, management reviews different factors on a quarterly basis such as changes in technological or market environment, changes in assumptions used to derive the weighted average cost of capital (WACC) and actual financial performance compared to planned performance.

The recoverable amount of each segment has been determined based on its value in use (VIU) calculation which includes estimates about their future financial performance based on cash flows approved by management. However, factors such as our ability to continue developing and expanding service offered to address emerging business demands and technology trends, a lengthened sales cycle and our ability to hire and retain qualified IT professionals affect future cash flows, and actual results might differ from future cash flows used in the goodwill impairment test. Key assumptions used in goodwill impairment testing are presented in note 11 of the audited consolidated financial statements for the fiscal year ended September 30, 2017. Historically the Company has not recorded an impairment charge on goodwill. As at September 30, 2017, the fair value of each segment represents between 185% and 345% of its carrying value.

Business combinations

Management makes assumptions when determining the acquisition-date fair values of the identifiable tangible and intangible assets acquired and liabilities assumed which involve estimates, such as the forecasting of future cash flows, discount rates, and the useful lives of the assets acquired.

Additionally, judgement is required in determining whether an intangible asset is identifiable, and should be recorded separately from goodwill.

Changes in the above assumptions, estimates and judgements could affect our acquisition-date fair values and therefore could have material impacts on our audited consolidated financial statements. These changes are recorded as part of the purchase price allocation and therefore result in corresponding goodwill adjustments if they occurred during the measurement period, not exceeding one year. All other subsequent changes are recorded in our audited consolidated statement of earnings.

Income taxes

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available for their utilization. The Company considers the analysis of forecast and future

tax planning strategies. Estimates of taxable profit are made based on the forecast by jurisdiction which are aligned with goodwill impairment testing assumptions, on an undiscounted basis. In addition, management considers factors such as substantively enacted tax rates, the history of the taxable profits and availability of tax strategies. Due to the uncertainty and the variability of the factors mentioned above, deferred tax assets are subject to change. Management reviews its assumptions on a quarterly basis and adjusts the deferred tax assets when appropriate.

The Company is subject to taxation in numerous jurisdictions and there are transactions and calculations for which the ultimate tax determination is uncertain which occurs when there is uncertainty as to the meaning of the law, or to the applicability of the law to a particular transaction or both. In those circumstances, the Company might review administrative practice, consult tax authorities or advisors on the interpretation of tax legislation. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable. The provision for uncertain tax position is made using the best estimate of the amount expected to be paid based on qualitative assessments of all relevant factors and is subject to change. The review of assumptions is done on a quarterly basis.

Litigation and claims

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The accrued litigation and legal claim provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavourable outcome. Management reviews assumptions and facts surrounding outstanding litigation and claims on a quarterly basis, involves external counsel when necessary and adjusts the provision accordingly. The Company has to be compliant with applicable law in many jurisdictions which increases the complexity of determining the adequate provision following litigation review. Since the outcome of such litigation and claims is not predictable with assurance, those provisions are subject to change. Adjustments to litigation and claims provisions are reflected in the period when the facts that give rise to an adjustment occur.

9. Integrity of Disclosure

Our management assumes the responsibility for the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

CGI has a formal corporate disclosure policy whose goal is to raise awareness of the Company's approach to disclosure among the members of the Board of Directors, senior management and employees.

The Board of Directors has the responsibility under its charter and under the securities laws that govern CGI's continuous disclosure obligations to oversee CGI's compliance with its continuous and timely disclosure obligations, as well as the integrity of the Company's internal controls and management information systems. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee.

The Audit and Risk Management Committee of CGI is composed entirely of independent directors who meet the independence and experience requirements of National Instrument 52-110 adopted by the Canadian Securities Administrators as well as those of the New York Stock Exchange ("NYSE") and the U.S. Securities and Exchange Commission. The role and responsibilities of the Committee include: (a) reviewing all public disclosure documents containing audited or unaudited financial information concerning CGI; (b) identifying and examining the financial and operating risks to which the Company is exposed, reviewing the various policies and practices of the Company that are intended to manage those risks, and reporting on a regular basis to the Board of Directors concerning risk management; (c) reviewing and assessing the effectiveness of CGI's accounting policies and practices concerning financial reporting; (d) reviewing and monitoring CGI's internal control procedures, programs and policies and assessing their adequacy and effectiveness; (e) reviewing the adequacy of CGI's internal audit resources including the mandate and objectives of the internal auditor; (f) recommending to the Board of Directors the appointment of the external auditor, asserting the external auditor's independence, reviewing the terms of their engagement, conducting an annual auditor's performance assessment, and pursuing ongoing discussions with them; (g) reviewing all related party transactions in accordance with the rules of the NYSE and other applicable laws and regulations; (h) reviewing the audit procedures including the proposed scope of the external auditor's examinations; and (i) performing such other functions as are usually attributed to audit committees or as directed by the Board of Directors. In making its recommendation to the Board of Directors in relation to the annual appointment of the external auditor, the Audit and Risk Management Committee conducts an annual assessment of the external auditor's performance following the recommendations of the Chartered Professional Accountants of Canada. The formal assessment is concluded in advance of the Annual General Meeting of Shareholders and is conducted with the assistance of key CGI personnel.

The Company evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting based on the framework established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework), supervised by and with the participation of the Chief Executive Officer and the Chief Financial Officer as of September 30, 2017. The Chief Executive Officer and Chief Financial Officer concluded that, based on this evaluation, the Company's disclosure controls and procedures and internal controls over financial reporting were adequate and effective, at a reasonable level of assurance, to ensure that material information related to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

10. Risk Environment

10.1. RISKS AND UNCERTAINTIES

While we are confident about our long-term prospects, the following risks and uncertainties could affect our ability to achieve our strategic vision and objectives for growth and should be considered when evaluating our potential as an investment.

10.1.1. Risks Related to the Market

Economic risk

The level of business activity of our clients, which is affected by economic conditions, has a bearing upon the results of our operations. We can neither predict the impact that current economic conditions will have on our future revenue, nor predict when economic conditions will show meaningful improvement. During an economic downturn, our clients and potential clients may cancel, reduce or defer existing contracts and delay entering into new engagements. Clients may decide to undertake fewer IT systems projects during difficult economic times, resulting in limited implementation of new technology and smaller engagements. Since there may be fewer engagements in a downturn, competition may increase and pricing for services may decline as competitors may decrease rates to maintain or increase their market share in our industry and this may trigger pricing adjustments related to the benchmarking obligations within our contracts. Our revenue and profitability could be negatively impacted as a result of these factors.

10.1.2. Risks Related to our Industry

The competition for contracts

CGI operates in a global marketplace in which competition among providers of IT services is vigorous. Some of our competitors possess greater financial, marketing and sales resources, and larger geographic scope in certain parts of the world than we do, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, we face smaller competitors with specialized capabilities who may be able to provide competing services with greater economic efficiency. Some of our competitors have more significant operations than we do in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favourable. Increased competition among IT services firms often results in corresponding pressure on prices. There can be no assurance that we will succeed in providing competitively priced services at levels of service and quality that will enable us to maintain and grow our market share.

We derive significant revenue from contracts awarded through competitive bidding processes, which limit the Company's ability to negotiate certain contractual terms and conditions. Risks related to competitive bidding processes also involve substantial cost and managerial time and effort spent by the Company to prepare bids and proposals for contracts that may or may not be awarded to the Company, as well as expenses and delays that may arise if the Company's competitors protest or challenge awards made to the Company pursuant to competitive bidding processes.

The availability and retention of qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Hiring and retaining a sufficient amount of individuals with the desired knowledge and skill set may be difficult. Therefore, it is important that we remain able to successfully attract and retain highly qualified professionals and establish an effective succession plan. If our comprehensive programs aimed at attracting and retaining qualified and dedicated professionals do not ensure that we have staff in sufficient

numbers and with the appropriate training, expertise and suitable government security clearances required to serve the needs of our clients, we may have to rely on subcontractors or transfers of staff to fill resulting gaps. If our succession plan fails to identify those with potential or to develop these key individuals, we may be unable to replace key members who retire or leave the company and may be required to recruit and/or train new employees. This might result in lost revenue or increased costs, thereby putting pressure on our net earnings.

The ability to continue developing and expanding service offerings to address emerging business demands and technology trends

The rapid pace of change in all aspects of IT and the continually declining costs of acquiring and maintaining IT infrastructure mean that we must anticipate changes in our clients' needs. To do so, we must adapt our services and our solutions so that we maintain and improve our competitive advantage and remain able to provide cost effective services and solutions. The markets in which we operate are extremely competitive and there can be no assurance that we will succeed in developing and adapting our business in a timely manner. If we do not keep pace, our ability to retain existing clients and gain new business may be adversely affected. This may result in pressure on our revenue, net earnings and resulting cash flow from operations.

Infringing on the intellectual property rights of others

Despite our efforts, the steps we take to ensure that our services and offerings do not infringe on the intellectual property rights of third parties may not be adequate to prevent infringement and, as a result, claims may be asserted against us or our clients. We enter into licensing agreements for the right to use intellectual property and may otherwise offer indemnities against liability and damages arising from third-party claims of patent, copyright, trademark or trade secret infringement in respect of our own intellectual property or software or other solutions developed for our clients. In some instances, the amount of these indemnity claims could be greater than the revenue we receive from the client (see guarantees risk). Intellectual property claims or litigation could be time-consuming and costly, harm our reputation, require us to enter into additional royalty or licensing arrangements, or prevent us from providing some solutions or services. Any limitation on our ability to sell or use solutions or services that incorporate software or technologies that are the subject of a claim could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

Protecting our intellectual property rights

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. Although CGI takes reasonable steps (e.g. available copyright protection and, in some cases, patent protection) to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing our rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which we conduct business may offer only limited intellectual property rights protection. Despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

Benchmarking provisions within certain contracts

Some of our outsourcing contracts contain clauses allowing our clients to externally benchmark the pricing of agreed upon services against those offered by other providers in a peer comparison group. The uniqueness of the client environment

should be factored in and, if results indicate a difference outside the agreed upon tolerance, we may be required to work with clients to reset the pricing for their services. There can be no assurance that benchmarks will produce accurate or reliable data, including pricing data. This may result in pressure on our revenue, net earnings and resulting cash flow from operations.

10.1.3. Risks Related to our Business

Risks associated with our growth strategy

CGI's Build and Buy strategy is founded on four pillars of growth: first, organic growth through contract wins, renewals and extensions in the areas of outsourcing and system integration; second, the pursuit of new large outsourcing contracts; third, acquisitions of smaller firms or niche players; and fourth, transformational acquisitions.

Our ability to achieve organic growth is affected by a number of factors outside of our control, including a lengthening of our sales cycle for major outsourcing contracts.

Our ability to grow through niche and transformational acquisitions requires that we identify suitable acquisition targets and that we correctly evaluate their potential as transactions that will meet our financial and operational objectives. There can be no assurance that we will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet our economic thresholds, or that future acquisitions will be successfully integrated into our operations and yield the tangible accretive value that had been expected.

If we are unable to implement our Build and Buy strategy, we will likely be unable to maintain our historic or expected growth rates.

The variability of financial results

Our ability to maintain and increase our revenue is affected not only by our success in implementing our Build and Buy strategy, but also by a number of other factors, which could cause the Company's financial results to fluctuate. These factors include: (i) our ability to introduce and deliver new services and business solutions; (ii) our potential exposure to a lengthened sales cycle; (iii) the cyclical nature of the purchases of our technology services and products; (iv) the nature of our client's business (for example, if a client encounters financial difficulty, it may be forced to cancel, reduce or defer existing contracts with us); and (v) the structure of our agreements with clients (for example, some of CGI's agreements with clients contain clauses allowing the clients to benchmark the pricing of services provided by CGI against the prices offered by other providers). These, and other factors, make it difficult to predict financial results for any given period.

Business mix variations

The proportion of revenue that we generate from shorter-term system integration and consulting projects (SI&C), versus revenue from long-term outsourcing contracts, will fluctuate at times, affected by acquisitions or other transactions. An increased exposure to revenue from SI&C projects may result in greater quarterly revenue variations, as the revenue from SI&C projects does not provide long-term consistency in revenue.

The financial and operational risks inherent in worldwide operations

We manage operations in numerous countries around the world including offshore delivery centers. The scope of our operations (including our offshore delivery centers) subjects us to issues that can negatively impact our operations, including: currency fluctuations (see foreign exchange risk); the burden of complying with a wide variety of national and local laws (see regulatory risk); the differences in and uncertainties arising from local business culture and practices; political, social and economic instability including the threats of terrorism, civil unrest, war, natural disasters and pandemic illnesses. Any or all of these risks could impact our global business operations and cause our profitability to decline.

Organizational challenges associated with our size

Our culture, standards, core values, internal controls and our policies need to be instilled across newly acquired businesses as well as maintained within our existing operations. To effectively communicate and manage these standards

throughout a large global organization is both challenging and time consuming. Newly acquired businesses may be resistant to change and may remain attached to past methods, standards and practices which may compromise our business agility in pursuing opportunities. Cultural differences in various countries may also present barriers to introducing new ideas or aligning our vision and strategy with the rest of the organization. If we cannot overcome these obstacles in maintaining a strategic bond throughout the Company worldwide, we may not be able to achieve our growth and profitability objectives.

Taxes and tax credit programs

In estimating our income tax payable, management uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that our tax benefits or tax liability will not materially differ from our estimates or expectations. The tax legislation, regulation and interpretation that apply to our operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which we operate. Moreover, our tax returns are continually subject to review by applicable tax authorities. These tax authorities determine the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that we may ultimately recognize. Such determinations may become final and binding on the Company. Any of the above factors could have a material adverse effect on our net income or cash flow by affecting our operations and profitability, the availability of tax credits, the cost of the services we provide, and the availability of deductions for operating losses as we develop our international service delivery capabilities.

Benefits obtained from government sponsored programs

We benefit from government sponsored programs designed to support research and development, labour and economic growth in jurisdictions where we operate. Government programs reflect government policy and depend on various political and economic factors. There can be no assurance that such government programs will continue to be available to the Company in the future, or will not be reduced, amended or eliminated. Any future government program reductions or eliminations or other amendments to the tax credit programs could increase operating or capital expenditures incurred by the Company and have a material adverse effect on its net earnings or cash flow.

Credit risk with respect to accounts receivable and work in progress

In order to sustain our net earnings and cash flow from operations, we must invoice and collect the amounts owed to us in an efficient and timely manner. Although we maintain provisions to account for anticipated shortfalls in amounts collected from clients, the provisions we take are based on management estimates and on our assessment of our clients' creditworthiness which may prove to be inadequate in the light of actual results. To the extent that we fail to perform our services in accordance with our contracts and our clients' reasonable expectations, and to the extent that we fail to invoice clients and to collect the amounts owed to the Company for our services correctly in a timely manner, our collections could suffer, which could materially adversely affect our revenue, net earnings and cash flow. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided, and ultimately cause them to default on existing contracts, in each case, causing a shortfall in revenue and impairing our future prospects.

Material developments regarding major commercial clients resulting from such causes as changes in financial condition, mergers or business acquisitions

Consolidation among our clients resulting from mergers and acquisitions may result in loss or reduction of business when the successor business' IT needs are served by another service provider or are provided by the successor company's own personnel. Growth in a client's IT needs resulting from acquisitions or operations may mean that we no longer have a sufficient geographic scope or the critical mass to serve the client's needs efficiently, resulting in the loss of the client's business and impairing our future prospects. There can be no assurance that we will be able to achieve the objectives of our growth strategy in order to maintain and increase our geographic scope and critical mass in our targeted markets.

Early termination risk

If we should fail to deliver our services according to contractual agreements, some of our clients could elect to terminate contracts before their agreed expiry date, which would result in a reduction of our earnings and cash flow and may impact the value of our backlog or orders. In addition, a number of our outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of these agreements. Early contract termination can also result from the exercise of a legal right or when circumstances that are beyond our control or beyond the control of our client prevent the contract from continuing. In cases of early termination, we may not be able to recover capitalized contract costs and we may not be able to eliminate ongoing costs incurred to support the contract.

Cost estimation risks

In order to generate acceptable margins, our pricing for services is dependent on our ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts, which can be based on a client's bid specification, sometimes in advance of the final determination of the full scope and design of the contract. In addition, a significant portion of our project-oriented contracts are performed on a fixed-price basis. Billing for fixed-price engagements is carried out in accordance with the contract terms agreed upon with our client, and revenue is recognized based on the percentage of effort incurred to date in relation to the total estimated efforts to be incurred over the duration of the respective contract. These estimates reflect our best judgement regarding the efficiencies of our methodologies and professionals as we plan to apply them to the contracts in accordance with the CGI Client Partnership Management Framework (CPMF), a framework that contains high standards of contract management to be applied throughout the Company. If we fail to apply the CPMF correctly or if we are unsuccessful in accurately estimating the time or resources required to fulfill our obligations under a contract, or if unexpected factors, including those outside of our control, arise, there may be an impact on costs or the delivery schedule which could have a material adverse effect on our expected net earnings.

Risks related to teaming agreements and subcontracts

We derive revenue from contracts where we enter into teaming agreements with other providers. In some teaming agreements we are the prime contractor whereas in others we act as a subcontractor. In both cases, we rely on our relationships with other providers to generate business and we expect to do so in the foreseeable future. Where we act as prime contractor, if we fail to maintain our relationships with other providers, we may have difficulty attracting suitable participants in our teaming agreements. Similarly, where we act as subcontractor, if our relationships are impaired, other providers might reduce the work they award to us, award that work to our competitors, or choose to offer the services directly to the client in order to compete with our business. In either case, if we fail to maintain our relationship with these providers or if our relationship with these providers is otherwise impaired, our business, prospects, financial condition and operating results could be materially adversely affected.

Our partners' ability to deliver on their commitments

Increasingly large and complex contracts may require that we rely on third party subcontractors including software and hardware vendors to help us fulfill our commitments. Under such circumstances, our success depends on the ability of the third parties to perform their obligations within agreed upon budgets and timeframes. If our partners fail to deliver, our ability to complete the contract may be adversely affected, which could have an unfavourable impact on our profitability.

Guarantees risk

In the normal course of business, we enter into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and

financial obligations. These indemnification undertakings and guarantees may require us to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties.

Risk related to human resources utilization rates

In order to maintain our net earnings, it is important that we maintain the appropriate availability of professional resources in each of our geographies by having a high utilization rate while still being able to assign additional resources to new work. Maintaining an efficient utilization rate requires us to forecast our need for professional resources accurately and to manage recruitment activities, professional training programs, attrition rates and restructuring programs appropriately. To the extent that we fail to do so, or to the extent that laws and regulations, restrict our ability to do so, our utilization rates may be reduced; thereby having an impact on our revenue and profitability. Conversely, we may find that we do not have sufficient resources to deploy against new business opportunities in which case our ability to grow our revenue would suffer.

Client concentration risk

We derive a significant portion of our revenue from the services we provide to various U.S. federal government departments and agencies. We expect that this will continue for the foreseeable future. There can be, however, no assurance that each such U.S. federal government and agency will continue to utilize our services to the same extent, or at all in the future. In the event that a major U.S. federal government department or agency were to limit, reduce, or eliminate the business it awards to us, we might be unable to recover the lost revenue with work from other U.S. federal government departments or agencies or other clients, and our business, prospects, financial condition and operating results could be materially and adversely affected. Although IFRS considers a national government and its agencies as a single client, our client base in the U.S. government economic sector is in fact diversified with contracts from many different departments and agencies.

Government business risk

Changes in government spending policies or budget priorities could directly affect our financial performance. Among the factors that could harm our government contracting business are: the curtailment of governments' use of consulting and IT services firms; a significant decline in spending by governments in general, or by specific departments or agencies in particular; the adoption of new legislation and/or actions affecting companies that provide services to governments; delays in the payment of our invoices by government; and general economic and political conditions. These or other factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue temporary stop work orders, or not to exercise options to renew contracts, any of which would cause us to lose future revenue. Government spending reductions or budget cutbacks at these departments or agencies could materially harm our continued performance under these contracts, or limit the awarding of additional contracts from these agencies.

Regulatory risk

Our global operations require us to be compliant with laws in many jurisdictions on matters such as: anti-corruption, trade restrictions, immigration, taxation, securities regulation, antitrust, data privacy and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant resources. Some of these laws may impose conflicting requirements; we may face the absence in some jurisdictions of effective laws to protect our intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce our earnings, all of which may expose us to penalties for non-compliance and harm our reputation.

Our business with the U.S. federal government and its agencies requires that we comply with complex laws and regulations relating to government contracts. These laws relate to the integrity of the procurement process, impose disclosure requirements, and address national security concerns, among other matters. For instance, we are routinely subject to audits by U.S. government agencies with respect to compliance with these rules. If we fail to comply with these requirements we may incur penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the federal government, and fines.

Legal claims made against our work

We create, implement and maintain IT solutions that are often critical to the operations of our clients' business. Our ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Also, our solutions may suffer from defects that adversely affect their performance; they may not meet our clients' requirements or may fail to perform in accordance with applicable service levels. Such problems could subject us to legal liability, which could materially adversely affect our business, operating results and financial condition, and may negatively affect our professional reputation. We typically use reasonable efforts to include provisions in our contracts which are designed to limit our exposure to legal claims relating to our services and the applications we develop. We may not always be able to include such provisions and, where we are successful, they may not protect us adequately or may not be enforceable under some circumstances or under the laws of some jurisdictions.

Data protection and infrastructure risks

Our business often requires that our clients' applications and information, which may include their proprietary information and personal information they manage, be processed and stored on our networks and systems, and in data centers that we manage. We also process and store proprietary information relating to our business, and personal information relating to our members. The Company faces risk inherent in protecting the security of such personal data. Digital information and equipment are subject to loss, theft or destruction, and services that we provide may become temporarily unavailable as a result of those risks, or upon an equipment or system malfunction. The causes of such failures include human error in the course of normal operations (including from advertent or inadvertent actions or inactions by our members), maintenance and upgrading activities, as well as hacking, vandalism (including denial of service attacks and computer viruses), theft, and unauthorized access, as well as power outages or surges, floods, fires, natural disasters and many other causes. The measures that we take to protect against all information infrastructure risks, including both physical and logical controls on access to premises and information may prove in some circumstances to be inadequate to prevent the improper disclosure, loss, theft, misappropriation of, unauthorized access to, or destruction of client information, or service interruptions. Such events may expose the Company to financial loss arising from the costs of remediation and those arising from litigation (including under the laws that protect the privacy of personal information), claims and damages, as well as expose the Company to government sanctions and damage to our brand and reputation.

Security and cybersecurity risks

In the current environment, there are numerous and evolving security risks, especially from cybersecurity threats, including criminal hackers, hacktivists, state sponsored organizations, industrial espionage, employee misconduct, and human or technological error. Our business could be negatively impacted by these physical and cybersecurity threats, which could affect our future sales and financial position or increase our costs and expenses. These security risks to the Company, which are managed by the Company's Chief Security Officer, include potential attacks not only of our own products,

services and systems, but also those of our clients, contractors, business partners, vendors and other third parties. We seek to detect and investigate all security incidents and to prevent their occurrence or recurrence, by investing in data privacy controls, threat protections, detection and mitigation policies, procedures and controls, and working with industry and government against cybersecurity threats. However, because of the evolving nature and sophistication of these security threats, there can be no assurance that we can detect or prevent all of these threats. As the cybersecurity landscape evolves, the Company may also find it necessary to make further significant investments to protect data and infrastructure. Occurrence of any of these aforementioned security threats could expose the Company, our clients or other third parties to potential liability, litigation, and regulatory action, as well as the loss of client confidence, loss of existing or potential clients, loss of sensitive government contracts, damage to brand and reputation, and other financial loss.

Risk of harm to our reputation

CGI's reputation as a capable and trustworthy service provider and long-term business partner is key to our ability to compete effectively in the market for IT services. The nature of our operations exposes us to the potential loss, unauthorized access to, or destruction of our clients' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how the Company is perceived in the marketplace. Under such circumstances, our ability to obtain new clients and retain existing clients could suffer with a resulting impact on our revenue and net earnings.

Risks associated with the integration of new operations

The successful integration of new operations arising from our acquisition strategy or from large outsourcing contracts requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus with resulting pressure on the revenues and earnings from our existing operations. In addition, we may face complex and potentially time-consuming challenges in implementing the uniform standards, controls, procedures and policies across new operations when harmonizing their activities with those of our existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If we are not successful in executing our integration strategies in a timely and cost-effective manner, we will have difficulty achieving our growth and profitability objectives.

Internal controls risks

Due to the inherent limitations of internal controls including the circumvention or overriding of controls, or fraud, there can only be reasonable assurance that the Company's internal controls will detect and prevent a misstatement. If the Company is unable to design, implement, monitor and maintain effective internal controls throughout its different business environments, the efficiency of our operations might suffer, resulting in a decline in revenue and profitability, and the accuracy of our financial reporting could be impaired.

Liquidity and funding risks

The Company's future growth is contingent on the execution of its business strategy, which, in turn, is dependent on its ability to grow the business organically as well as through business acquisitions. In the event we would need to raise additional funds through equity or debt financing to fund any currently unidentified or unplanned future acquisitions and other growth opportunities, there can be no assurance that such financing will be available in amounts and on terms acceptable to us. Our ability to raise the required funding depends on the capacity of the capital markets to meet our equity and/or debt financing needs in a timely fashion and on the basis of interest rates and/or share prices that are reasonable in the context of our commercial objectives. Increasing interest rates, volatility in our share price, and the capacity of our current lenders to meet our additional liquidity requirements are all factors that may have a material adverse effect on any acquisitions or growth activities that we may, in the future, identify or plan. If we are unable to obtain the necessary funding, we may be unable to achieve our growth objectives.

Foreign exchange risk

The majority of our revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations impact the results of our operations as they are reported in Canadian dollars. This risk is partially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency and through the use of derivatives in our global hedging strategy. However, as we continue our global expansion, natural hedges may begin to diminish and the use of hedging contracts exposes us to the risk that financial institutions could fail to perform their obligations under our hedging instruments. Furthermore, there can be no assurance that our hedging strategy and arrangements will offset the impact of fluctuations in currency exchange rates, which could materially adversely affect our business revenues, results of operations, financial condition or prospects. Other than the use of financial products to deliver on our hedging strategy, we do not trade derivative financial instruments.

Our functional and reporting currency is the Canadian dollar. As such, our U.S., European and Asian investments, operations and assets are exposed to net change in currency exchange rates. Volatility in exchange rates could have an adverse effect on our business, financial condition and results of our operations.

10.2. LEGAL PROCEEDINGS

The Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on the Company's financial position, results of operations or the ability to carry on any of its business activities.

Transfer Agent

Computershare Investor Services Inc.
(800) 564-6253

Investor Relations

Lorne Gorber
Executive Vice-President, Global Communications & Investor Relations
Telephone: (514) 841-3355
lorne.gorber@cgi.com

1350 René-Lévesque Boulevard West
25th Floor
Montreal, Quebec
H3G 1T4
Canada

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Groupe CGI inc./CGI Group Inc.

Date: December 21, 2017

By: /s/ Benoit Dubé

Name: Benoit Dubé

Title: Executive Vice-President, Chief Legal Officer and
Corporate Secretary

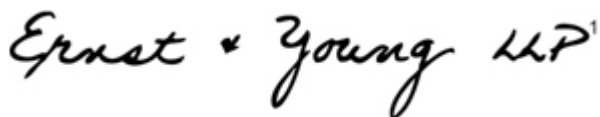
EXHIBIT INDEX

- 23.1 Consent of Ernst & Young LLP
- 99.1 Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14(a)
- 99.2 Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14(a)
- 99.3 Certification of the Registrant's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.4 Certification of the Registrant's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**CONSENT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM**

We consent to the use in this Annual Report [Form 40-F] of **CGI Group Inc.** [the “Company”] of our report dated November 7, 2017 with respect to the consolidated financial statements of the Company as of and for the years ended September 30, 2017 and 2016 included herein and our report dated November 7, 2017 with respect to the effectiveness of internal control over financial reporting as of September 30, 2017.

We also consent to the incorporation by reference in the Registration Statements [Form S-8 Nos. 333-197742, 333-112021, 333-13350, 333-66044, 333-74932, 333-146175, 333-177013 and 333-220741] pertaining to the Company’s stock option plans and to the Company’s performance share unit plan of our reports dated November 7, 2017 with respect to the consolidated financial statements of the Company as of and for the years ended September 30, 2017 and 2016 included herein and the effectiveness of internal control over financial reporting as of September 30, 2017.

The image shows a handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Montréal, Canada
December 21, 2017

¹. CPA Auditor, CA, public accounting permit no. A113209

CERTIFICATION

I, George D. Schindler, certify that:

1. I have reviewed this annual report on Form 40-F of CGI Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: December 21, 2017

/s/ George D. Schindler
George D. Schindler
President and
Chief Executive Officer

CERTIFICATION

I, François Boulanger, certify that:

1. I have reviewed this annual report on Form 40-F of CGI Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;
4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and
5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: December 21, 2017

/s/ François Boulanger
François Boulanger
Executive Vice-President and
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 40-F for the fiscal year ended September 30, 2017 (the “Report”) by CGI Group Inc. (the “Company”), the undersigned, as the Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 21, 2017

/s/ George D. Schindler

George D. Schindler
President and
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 40-F for the fiscal year ended September 30, 2017 (the “Report”) by CGI Group Inc. (the “Company”), the undersigned, as the Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

- the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 21, 2017

/s/ François Boulanger
François Boulanger
Executive Vice-President and
Chief Financial Officer

SECTION 3: FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of January 2018

Commission File Number 1-14858

CGI Group Inc.

(Translation of Registrant's Name Into English)

1350 René-Lévesque Boulevard West
25th Floor
Montreal, Quebec
Canada H3G 1T4

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☐ Form 40-F ☒

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.

Enclosure: MD&A for the first quarter ended December 31, 2017 and consolidated unaudited financial statements for the three months ended December 31, 2017 and 2016.

This Form 6-K shall be deemed incorporated by reference in the Registrant's Registration Statement on Form S-8, Reg. Nos. 333-13350, 333-66044, 333-74932, 333-112021, 333-146175, 333-177013, 333-197742 and 333-220741.

The following are filed herewith and incorporated herein:

Exhibit Number	Description
99.1	Management's Discussion and Analysis of Financial Position and Results of Operations for the first quarter ended December 31, 2017.
99.2	Consolidated unaudited financial statements for the three months ended December 31, 2017 and 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CGI GROUP INC.
(Registrant)

Date: January 31, 2018

By /s/ Benoit Dubé
Name: Benoit Dubé
Title: Executive Vice-President, Chief Legal
Officer and Corporate Secretary



MANAGEMENT'S DISCUSSION AND ANALYSIS

Q1 2018

January 31, 2018

Basis of Presentation

This Management's Discussion and Analysis of the Financial Position and Results of Operations (MD&A) is the responsibility of management and has been reviewed and approved by the Board of Directors. This MD&A has been prepared in accordance with the requirements of the Canadian Securities Administrators. The Board of Directors is ultimately responsible for reviewing and approving the MD&A. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee, which is appointed by the Board of Directors and is comprised entirely of independent and financially literate directors.

Throughout this document, CGI Group Inc. is referred to as "CGI", "we", "our" or "Company". This MD&A provides information management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of the Company. This document should be read in conjunction with the interim condensed consolidated financial statements and the notes thereto for the three months ended December 31, 2017 and 2016. CGI's accounting policies are in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All dollar amounts are in Canadian dollars unless otherwise noted.

Materiality of Disclosures

This MD&A includes information we believe is material to investors. We consider something to be material if it results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares, or if it is likely that a reasonable investor would consider the information to be important in making an investment decision.

Forward-Looking Statements

All statements in this MD&A that do not directly and exclusively relate to historical facts constitute "forward-looking statements" within the meaning of Section 27A of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934, as amended, and are "forward-looking information" within the meaning of Canadian securities laws. These statements and this information represent CGI's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties and other factors, of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements or forward-looking information. These factors include but are not restricted to: the timing and size of new contracts; acquisitions and other corporate developments; the ability to attract and retain qualified employees; market competition in the rapidly evolving information technology industry; general economic and business conditions; foreign exchange and other risks identified or incorporated by reference in this MD&A and in other public disclosure documents filed with the Canadian securities regulators (on SEDAR at www.sedar.com) and the U.S. Securities and Exchange Commission (on EDGAR at www.sec.gov), as well as assumptions regarding the foregoing. The words "believe", "estimate", "expect", "intend", "anticipate", "foresee", "plan", and similar expressions and variations thereof, identify certain of such forward-looking statements or forward-looking information, which speak only as of the date on which they are made. In particular, statements relating to future performance are forward-looking statements and forward-looking information. CGI disclaims any intention or obligation to publicly update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements or on this forward-looking information. You will find more information about the risks that could cause our actual results to differ significantly from our current expectations in section 8 – Risk Environment.

Non-GAAP and Key Performance Measures

The reader should note that the Company reports its financial results in accordance with IFRS. However, we use a combination of financial measures, ratios, and non-GAAP measures to assess our Company's performance. The non-GAAP measures used in this MD&A do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS.

The table below summarizes our non-GAAP measures and most relevant key performance measures:

Profitability	- Adjusted EBIT (non-GAAP) – is a measure of earnings excluding acquisition-related and integration costs, restructuring costs, net finance costs and income tax expense. Management believes this measure is useful to investors as it best reflects the performance of its activities and allows for better comparability from period to period as well as to trend analysis. A reconciliation of the adjusted EBIT to its closest IFRS measure can be found in section 3.7 of the present document. - Net earnings – is a measure of earnings generated for shareholders. - Diluted earnings per share (diluted EPS) – is a measure of earnings generated for shareholders on a per share basis, assuming all dilutive elements are exercised. - Net earnings excluding specific items (non-GAAP) – is a measure of net earnings excluding acquisition-related and integration costs, restructuring costs and tax adjustments. Management believes this measure is useful to investors as it best reflects the Company's performance and allows for better comparability from period to period as well as to trend analysis. A reconciliation of the net earnings excluding specific items to its closest IFRS measure can be found in section 3.8.3. of the present document. - Basic and diluted earnings per share excluding specific items (non-GAAP) – is defined as the net earnings excluding specific items (non-GAAP) on a per share basis. Management believes that this measure is useful to investors as it best reflects the Company's performance on a per share basis and allows for better comparability from period to period. The basic and diluted earnings per share reported in accordance with IFRS can be found in section 3.8 of the present document while the basic and diluted earnings per share excluding specific items can be found in section 3.8.3 of the present document.
Liquidity	- Cash provided by operating activities – is a measure of cash generated from managing our day-to-day business operations. We believe strong operating cash flow is indicative of financial flexibility, allowing us to execute our Company's strategy. - Days sales outstanding (DSO) (non-GAAP) – is the average number of days needed to convert our trade receivables and work in progress into cash. DSO is obtained by subtracting deferred revenue from trade accounts receivable and work in progress; the result is divided by the quarter's revenue over 90 days. Deferred revenue is net of the fair value adjustments on revenue-generating contracts established upon a business combination. Management tracks this metric closely to ensure timely collection and healthy liquidity, and is committed to a DSO target of 45 days or less. We believe this measure is useful to investors as it demonstrates the Company's ability to timely convert its trade receivables and work in progress into cash.

Growth	• Constant currency growth (non-GAAP) – is a measure of revenue growth before foreign currency impacts. This growth is calculated by translating current period results in local currency using the conversion rates in the equivalent period from the prior year. Management believes that it is helpful to adjust revenue to exclude the impact of currency fluctuations to facilitate period-to-period comparisons of business performance. We believe that this measure is useful to investors for the same reason. • Backlog (non-GAAP) – includes new contract wins, extensions and renewals (bookings (non-GAAP)), partially offset by the backlog consumed during the period as a result of client work performed and adjustments related to the volume, cancellation and the impact of foreign currencies to our existing contracts. Backlog incorporates estimates from management that are subject to change. Management tracks this measure as it is a key indicator of management's best estimate of revenue to be realized in the future and believes that this measure is useful to investors for the same reason. • Book-to-bill ratio (non-GAAP) – is a measure of the proportion of the value of our bookings to our revenue in the period. This metric allows management to monitor the Company's business development efforts to ensure we grow our backlog and our business over time and management believes that this measure is useful to investors for the same reason. Management remains committed to maintaining a target ratio greater than 100% over a trailing twelve-month period. Management believes that a longer period is a more representative measure as the services and contract type, size and timing of bookings could cause this measurement to fluctuate significantly if taken for only a three-month period.
Capital Structure	• Net debt (non-GAAP) – is obtained by subtracting from our debt our cash and cash equivalents, short-term investments, long-term investments and fair value of foreign currency derivative financial instruments related to debt. Management uses the net debt metric to monitor the Company's financial leverage. We believe that this metric is useful to investors as it provides insight into our financial strength. A reconciliation of net debt to its closest IFRS measure can be found in section 4.5 of the present document. • Net debt to capitalization ratio (non-GAAP) – is a measure of our level of financial leverage and is obtained by dividing the net debt by the sum of shareholder's equity and debt. Management uses the net debt to capitalization ratio to monitor the proportion of debt versus capital used to finance our operations and to assess the Company's financial strength. We believe that this metric is useful to investors for the same reasons. • Return on equity (ROE) (non-GAAP) – is a measure of the rate of return on the ownership interest of our shareholders and is calculated as the proportion of net earnings for the last 12 months over the last four quarters' average equity. Management looks at ROE to measure its efficiency at generating net earnings for the Company's shareholders and how well the Company uses the invested funds to generate net earnings growth. We believe that this measure is useful to investors for the same reasons. • Return on invested capital (ROIC) (non-GAAP) – is a measure of the Company's efficiency at allocating the capital under its control to profitable investments and is calculated as the proportion of the net earnings excluding net finance costs after-tax for the last 12 months, over the last four quarters' average invested capital, which is defined as the sum of equity and net debt. Management examines this ratio to assess how well it is using its funds to generate returns. We believe that this measure is useful to investors for the same reason.

Change in Reporting Segments

During our first quarter, we conducted an internal reorganization of our leadership. As a result, the Company is now managed through nine operating segments, namely: Northern Europe (including Nordics, Baltics and Poland); Canada; France (including Luxembourg and Morocco) (France), United States of America (U.S.) Commercial and State Government; U.S. Federal; United Kingdom (U.K.); Eastern, Central and Southern Europe (primarily Netherlands and Germany) (ECS); Asia Pacific Global Delivery Centers of Excellence (India and Philippines); and Australia. The last two operating segments, which each have reported revenue, earnings and assets that are less than 10% of the Company's total revenue, earnings and assets, have

been grouped together as Asia Pacific. This MD&A also includes the transfer of our Poland operations from ECS to Northern Europe. Prior year segmented results have been revised. Please refer to sections 3.4 and 3.6 of the present document and to note 10 of our interim condensed consolidated financial statements for additional information on our segments.

MD&A Objectives and Contents

In this document, we:

- Provide a narrative explanation of the interim condensed consolidated financial statements through the eyes of management;
- Provide the context within which the interim condensed consolidated financial statements should be analyzed, by giving enhanced disclosure about the dynamics and trends of the Company's business; and
- Provide information to assist the reader in ascertaining the likelihood that past performance is indicative of future performance.

In order to achieve these objectives, this MD&A is presented in the following main sections:

Section	Contents	Pages
1. Corporate Overview	A description of our business and how we generate revenue as well as the markets in which we operate. 1.1. About CGI 1.2. Vision and Strategy 1.3. Competitive Environment	 7 8 8
2. Highlights and Key Performance Measures	A summary of key highlights during the quarter, the past eight quarters' key performance measures, and CGI's stock performance. 2.1. Q1 2018 Highlights 2.2. Selected Quarterly Information & Key Performance Measures 2.3. Stock Performance 2.4. Investments in Subsidiaries	 9 10 11 12
3. Financial Review	A discussion of year-over-year changes to financial results between the three months ended December 31, 2017 and 2016, describing the factors affecting revenue and adjusted EBIT on a consolidated and segment basis, and also by describing the factors affecting changes in the major expense categories. Also discussed are bookings broken down by contract type, service type, segment, and by vertical market. 3.1. Bookings and Book-to-Bill Ratio 3.2. Foreign Exchange 3.3. Revenue Distribution 3.4. Revenue by Segment 3.5. Operating Expenses 3.6. Adjusted EBIT by Segment 3.7. Earnings Before Income Taxes 3.8. Net Earnings and Earnings Per Share	 13 14 15 16 18 19 20 21

Section	Contents	Pages
4. Liquidity	A discussion of changes in cash flows from operating, investing and financing activities. This section also describes the Company's available capital resources, financial instruments, and off-balance sheet financing and guarantees. Measures of capital structure (net debt to capitalization ratio, ROE, and ROIC) and liquidity (DSO) are analyzed on a year-over-year basis. 4.1. Consolidated Statements of Cash Flows 23 4.2. Capital Resources 25 4.3. Contractual Obligations 26 4.4. Financial Instruments and Hedging Transactions 26 4.5. Selected Measures of Capital Resources and Liquidity 26 4.6. Off-Balance Sheet Financing and Guarantees 26 4.7. Capability to Deliver Results 27	
5. Changes in Accounting Policies	A summary of the future accounting standard changes.	28
6. Critical Accounting Estimates	A discussion of the critical accounting estimates made in the preparation of the interim condensed consolidated financial statements.	30
7. Integrity of Disclosure	A discussion of the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.	33
8. Risk Environment	A discussion of the risks affecting our business activities and what may be the impact if these risks are realized. 8.1. Risks and Uncertainties 34 8.2. Legal Proceedings 41	

1. Corporate Overview

1.1. ABOUT CGI

Founded in 1976 and headquartered in Montréal, Canada, CGI is among the largest independent Information Technology (IT) and business consulting services firms in the world. CGI delivers an end-to-end portfolio of capabilities, including high-end IT and business consulting, systems integration, and outsourcing. CGI's Intellectual Property (IP) solutions, combined with in-depth industry expertise, a unique client proximity and best-fit global delivery network enable CGI to partner with clients around the world to accelerate results, transform their organizations, and drive competitive advantage. The Company employs approximately 72,500 professionals worldwide.

End-to-end services and solutions

CGI delivers end-to-end services that cover the full spectrum of technology delivery; from digital strategy and architecture to solution design, development, integration, implementation, and operations. Our portfolio encompasses:

- **High-end IT and business consulting and systems integration:** CGI helps clients create their digital strategy and roadmap, adopting an agile, iterative approach that enables them to innovate, connect and rationalize legacy systems to deliver enterprise-wide change.
- **Outsourcing:** Our clients entrust us with full or partial responsibility for their IT and business functions. In return, we deliver innovation, significant efficiency improvements, and cost savings. Typical services in an end-to-end engagement include: application development, integration and maintenance; technology infrastructure management; and business process services, such as collections and payroll management. Outsourcing contracts are long-term in nature, with a typical duration of five to ten or more years, allowing our clients to reinvest savings, further driving investments in their digital transformations.

Deep industry expertise

CGI has long standing and focused practices in all of its core industries, providing clients with a partner that is not only an expert in IT, but expert in their industries. This combination of business knowledge and digital technology expertise allows us to help our clients adapt with shifts in consumer and citizen expectations and market dynamics and, in the process, allows us to evolve the services and solutions we deliver within those industries.

Our targeted industries include: government, financial services, health, communication, utilities, oil & gas, manufacturing, retail & consumer services, transportation and post & logistics. While these represent our go-to-market industry targets, we group these industries into the following for reporting purposes: government; financial services; health; communications & utilities; and manufacturing, retail & distribution (MRD).

As the move toward digitalization continues across industries, CGI partners with clients to help guide them in becoming customer-centric digital organizations.

Digital IP solutions

CGI's comprehensive portfolio of IP solutions supports our clients' mission-critical business functions and accelerates their digital transformation. We offer more than 150 IP-based solutions for the industries we serve, as well as cross-industry solutions. These solutions include digital-enabling software applications, reusable frameworks and innovative delivery methodologies such as Software as a Service.

Applied innovation

CGI is a trusted partner with more than 40 years of experience in delivering innovative, client-inspired business services and solutions. Through our day-to-day project engagements as well as global programs and investments, CGI partners with clients to deliver practical innovations that are replicable, scalable, and deliver measurable results. We help develop, innovate and protect the technology that enables clients to achieve their digital transformation goals faster with reduced risk and enduring results.

Quality processes

CGI clients expect consistency of service wherever and whenever they engage us. We have an outstanding track record of on-time, within-budget delivery as a result of our commitment to excellence and our robust governance model - the CGI Management Foundation. The CGI Management Foundation provides a common business language, frameworks and practices for managing all operations consistently across the globe, driving a focus on continuous improvement. We also invest in rigorous quality and service delivery standards (including ISO and Capability Maturity Model Integration (CMMI) certification programs), as well as a comprehensive Client Satisfaction Assessment Program, with signed client assessments, to ensure high satisfaction on an ongoing basis.

1.2. VISION AND STRATEGY

Our strategy has always been based on long-term fundamentals. For further details, please refer to section 1.2 of CGI's MD&A for the year ended September 30, 2017, which can be found on CGI's website at www.cgi.com and which was filed with the Canadian securities regulators on SEDAR at www.sedar.com and the U.S. Securities and Exchange Commission on EDGAR at www.sec.gov.

1.3. COMPETITIVE ENVIRONMENT

There have been no significant changes to our competitive environment since the end of Fiscal 2017. For further details, please refer to section 1.3 of CGI's MD&A for the year ended September 30, 2017 which can be found on CGI's website at www.cgi.com and which were filed with the Canadian securities regulators on SEDAR at www.sedar.com and the U.S. Securities and Exchange Commission on EDGAR at www.sec.gov.

2. Highlights and Key Performance Measures

2.1. Q1 2018 HIGHLIGHTS

- Revenue of \$2.8 billion, up 5.3% year-over-year, or 4.9% in constant currency;
- Adjusted EBIT of \$406.3 million, or 14.4% of revenue;
- Net earnings of \$285.3 million, or 10.1% of revenue;
- Net earnings excluding specific items¹ of \$288.0 million, or 10.2% of revenue;
- Diluted EPS of 98 cents, or 99 cents excluding specific items¹;
- Bookings of \$3.0 billion, or 105.7% of revenue; and,
- Cash provided by operating activities of \$410.1 million, or 14.6% of revenue.

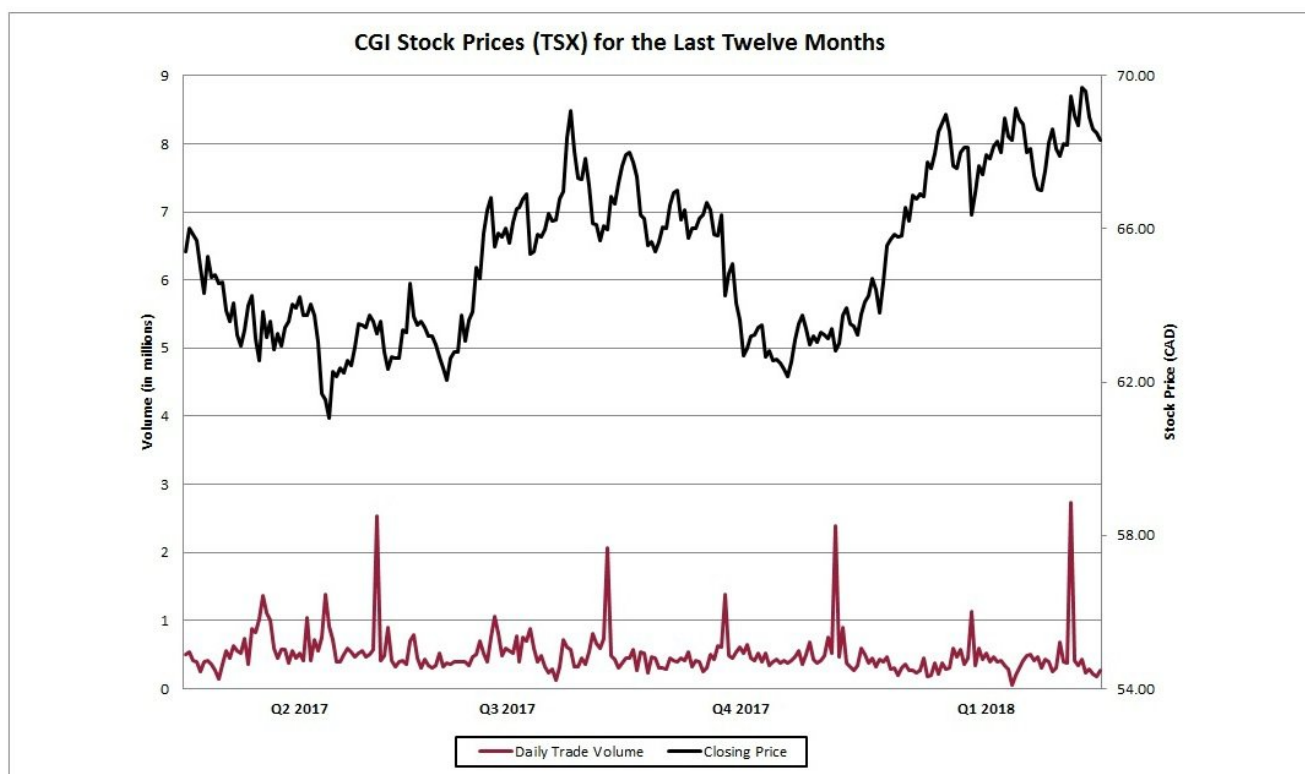
¹ Specific items are comprised of net of tax, acquisition-related and integration costs, restructuring costs and the net favourable tax adjustment, which are discussed in sections 3.7.1., 3.7.2. and 3.8.1. of the present document.

2.2. SELECTED QUARTERLY INFORMATION & KEY PERFORMANCE MEASURES

As at and for the three months ended,	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016
<i>In millions of CAD unless otherwise noted</i>								
Growth								
Revenue	2,816.9	2,608.1	2,836.8	2,724.4	2,675.7	2,582.4	2,667.1	2,750.0
Year-over-year revenue growth	5.3%	1.0%	6.4%	(0.9%)	(0.3%)	(0.1%)	4.2%	5.7%
Constant currency year-over-year revenue growth	4.9%	2.5%	5.2%	5.6%	3.7%	2.8%	0.6%	(1.0%)
Backlog	21,110	20,813	20,800	20,968	20,975	20,893	20,614	20,705
Bookings	2,976	2,913	2,675	2,735	2,962	2,858	2,940	2,734
Book-to-bill ratio	105.7%	111.7%	94.3%	100.4%	110.7%	110.7%	110.2%	99.4%
Book-to-bill ratio trailing twelve months	102.8%	104.1%	103.8%	107.9%	107.7%	109.8%	109.8%	104.1%
Profitability								
Adjusted EBIT	406.3	395.8	399.1	395.1	396.7	395.1	390.5	390.6
<i>Adjusted EBIT margin</i>	14.4%	15.2%	14.1%	14.5%	14.8%	15.3%	14.6%	14.2%
Net earnings	285.3	208.5	276.6	274.4	275.7	274.4	273.8	282.7
<i>Net earnings margin</i>	10.1%	8.0%	9.8%	10.1%	10.3%	10.6%	10.3%	10.3%
Diluted EPS (in dollars)	0.98	0.70	0.92	0.90	0.89	0.89	0.89	0.90
Net earnings excluding specific items	288.0	275.7	278.5	275.2	277.6	274.4	273.8	268.3
<i>Net earnings margin excluding specific items</i>	10.2%	10.6%	9.8%	10.1%	10.4%	10.6%	10.3%	9.8%
Diluted EPS excluding specific items (in dollars)	0.99	0.93	0.93	0.91	0.90	0.89	0.89	0.86
Liquidity								
Cash provided by operating activities	410.1	352.1	290.6	366.2	349.7	401.8	351.7	251.4
<i>As a % of revenue</i>	14.6%	13.5%	10.2%	13.4%	13.1%	15.6%	13.2%	9.1%
Days sales outstanding	47	47	45	42	44	44	45	41
Capital structure								
Net debt	1,635.0	1,749.4	1,449.8	1,493.7	1,491.7	1,333.3	1,648.7	1,926.7
Net debt to capitalization ratio	19.3%	21.5%	17.2%	18.2%	18.2%	15.8%	20.5%	23.8%
Return on equity	16.2%	16.1%	17.2%	17.5%	17.7%	17.2%	16.9%	16.9%
Return on invested capital	13.7%	13.7%	14.6%	14.7%	14.6%	14.2%	13.8%	13.8%
Balance sheet								
Cash and cash equivalents, and short-term investments	238.9	165.9	302.9	282.0	313.9	596.5	283.7	168.9
Total assets	11,957.5	11,396.2	11,832.6	11,526.0	11,535.9	11,693.3	11,434.0	11,417.9
Long-term financial liabilities ¹	1,588.3	1,821.9	1,725.3	1,747.0	1,760.9	1,765.4	1,764.5	1,928.5

¹ Long-term financial liabilities include the long-term portion of the debt and the long-term derivative financial instruments.

2.3. STOCK PERFORMANCE



2.3.1. Q1 2018 Trading Summary

CGI's shares are listed on the Toronto Stock Exchange (TSX) (stock quote – GIB.A) and the New York Stock Exchange (NYSE) (stock quote – GIB) and are included in key indices such as the S&P/TSX 60 Index.

TSX	(CAD)	NYSE	(USD)
Open:	63.82	Open:	51.49
High:	70.00	High:	54.99
Low:	63.71	Low:	51.03
Close:	68.30	Close:	54.33
CDN average daily trading volumes ¹ :	665,507	NYSE average daily trading volumes:	155,803

¹ Includes the average daily volumes of both the TSX and alternative trading systems.

2.3.2. Normal Course Issuer Bid (NCIB)

On February 1, 2017, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of CGI's NCIB which allows for the purchase for cancellation of up to 21,190,564 Class A subordinate voting shares, representing 10% of the Company's public float as of the close of business on January 25, 2017. Class A subordinate voting shares may be purchased for cancellation under the current NCIB commenced on February 6, 2017 until the earlier of February 5, 2018 or the date on which the Company has either acquired the maximum number of Class A subordinate voting shares allowable under the NCIB, or elects to terminate the NCIB.

During the first quarter of Fiscal 2018, the Company did not purchase any Class A subordinate voting shares for cancellation. As at January 26, 2018, 13,831,568 of Class A subordinate voting shares were cancelled and paid for an aggregate amount of \$869.6 million at a weighted average price of \$62.87, representing 65% of the total Class A subordinate voting shares the Company could purchase for cancellation under the current NCIB.

On January 31, 2018 the Company's Board of Directors authorized, subject to regulatory approval, the renewal of the NCIB, and the purchase for cancellation over the next 12 months of up to 20,595,539 million Class A subordinate voting shares, representing approximately 10% of the Company's public float as of the close of business on January 24, 2018.

2.3.3. Capital Stock and Options Outstanding

The following table provides a summary of the Capital Stock and Options Outstanding as at January 26, 2018:

Capital Stock and Options Outstanding	As at January 26, 2018
Class A subordinate voting shares	255,114,778
Class B multiple voting shares	32,852,748
Options to purchase Class A subordinate voting shares	13,363,769

2.4 INVESTMENTS IN SUBSIDIARIES

In October 2017, the Company acquired 96.7% of the outstanding shares of Affecto Plc (Affecto), a leading provider of business intelligence and enterprise information management solutions and services, headquartered in Helsinki, Finland for a total purchase price of \$145.0 million (€98.5 million). This acquisition adds more than 1,000 professionals and annualized revenues of approximately €110 million to the Company. The Company expects to own 100% of the shares by the end of the second quarter of the fiscal year.

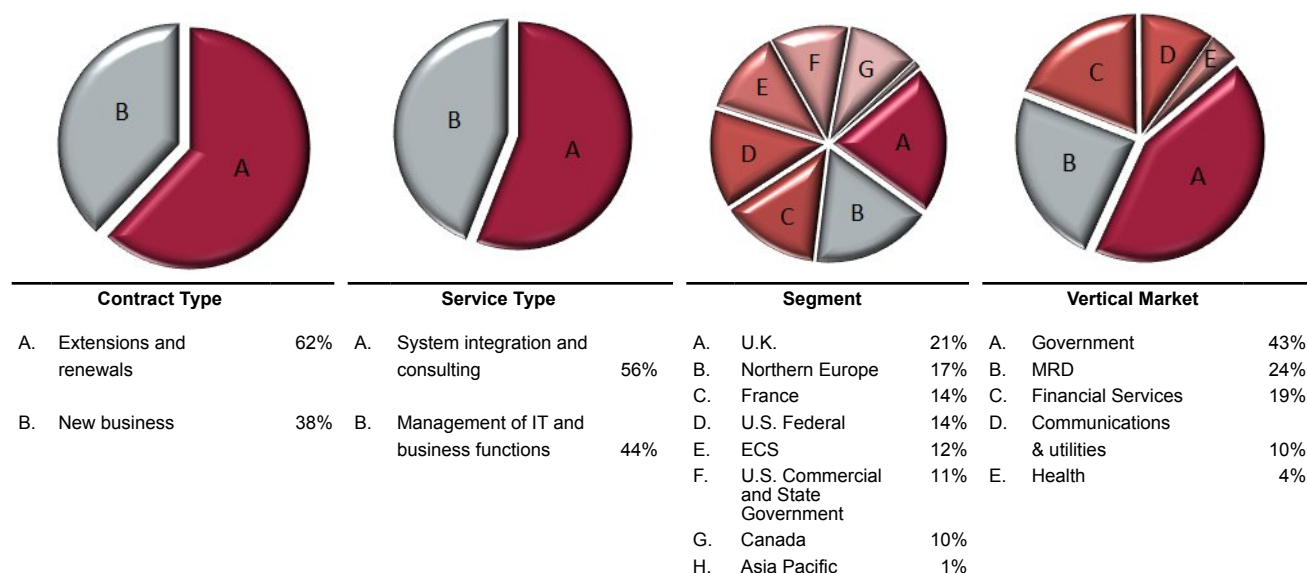
On December 7, 2017, the Company acquired all outstanding shares of Paragon Solutions Inc. (Paragon), a high-end commercial business consultancy with depth in health and life sciences and IT expertise in digital transformation and systems integration, headquartered in Cranford, New Jersey, for a total purchase price of \$77.7 million (US\$60.5 million). This acquisition adds more than 300 professionals and annualized revenues of approximately US\$54 million to the Company.

These acquisitions will complement the Company's proximity model and further strengthen its global capabilities across several in-demand digital transformation areas.

3. Financial Review

3.1. BOOKINGS AND BOOK-TO-BILL RATIO

Bookings for the three months ended December 31, 2017 were \$3.0 billion representing a book-to-bill ratio of 105.7%. The breakdown of the new bookings signed during the quarter is as follows:



Information regarding our bookings is a key indicator of the volume of our business over time. However, due to the timing and transition period associated with outsourcing contracts, the realization of revenue related to these bookings may fluctuate from period to period. The values initially booked may change over time due to their variable attributes, including demand-driven usage, modifications in the scope of work to be performed caused by changes in client requirements as well as termination clauses at the option of the client. As such, information regarding our bookings is not comparable to, nor should it be substituted for an analysis of our revenue; it is instead a key indicator of our future revenue used by the Company's management to measure growth. For the trailing twelve-month period ended December 31, 2017, our book-to-bill ratio was 102.8%.

The following table provides a summary of the bookings and book-to-bill ratio by segment:

<i>In thousands of CAD except for percentages</i>	Bookings for the three months ended December 31, 2017	Bookings for the trailing twelve months ended December 31, 2017	Book-to-bill ratio for the trailing twelve months ended December 31, 2017
Total CGI	2,976,106	11,298,524	102.8%
Northern Europe	507,335	1,725,695	99.1%
Canada	312,595	1,390,373	78.3%
France	424,441	1,643,158	100.3%
U.S. Commercial and State Government	323,216	1,706,487	103.4%
U.S. Federal	414,847	2,020,244	133.6%
U.K.	616,959	1,516,566	111.4%
ECS	343,527	1,190,860	102.2%
Asia Pacific	33,185	105,139	73.4%

3.2. FOREIGN EXCHANGE

The Company operates globally and is exposed to changes in foreign currency rates. Accordingly, as prescribed by IFRS, we value assets, liabilities and transactions that are measured in foreign currencies using various exchange rates. We report all dollar amounts in Canadian dollars.

Closing foreign exchange rates

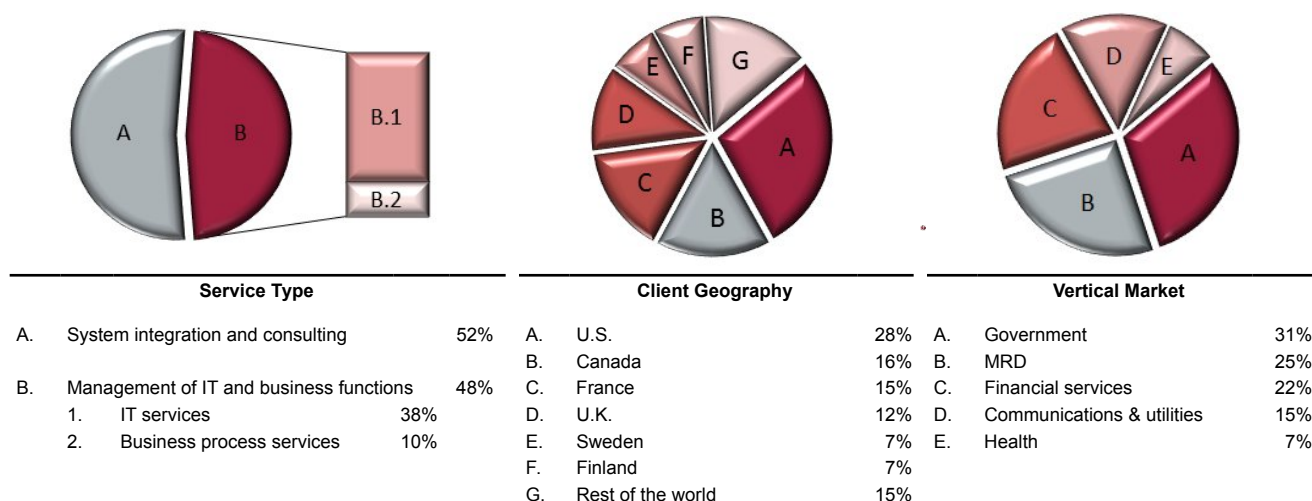
As at December 31,	2017	2016	Change
U.S. dollar	1.2520	1.3427	(6.8%)
Euro	1.5053	1.4171	6.2%
Indian rupee	0.0196	0.0198	(1.0%)
British pound	1.6938	1.6569	2.2%
Swedish krona	0.1532	0.1479	3.6%
Australian dollar	0.9784	0.9711	0.8%

Average foreign exchange rates

For the three months ended December 31,	2017	2016	Change
U.S. dollar	1.2717	1.3346	(4.7%)
Euro	1.4976	1.4390	4.1%
Indian rupee	0.0196	0.0198	(1.0%)
British pound	1.6878	1.6579	1.8%
Swedish krona	0.1529	0.1474	3.7%
Australian dollar	0.9772	1.0009	(2.4%)

3.3. REVENUE DISTRIBUTION

The following charts provide additional information regarding our revenue mix for the quarter:



3.3.1. Client Concentration

IFRS guidance on segment disclosures defines a single customer as a group of entities that are known to the reporting entity to be under common control. As a consequence, our work for the U.S. federal government including its various agencies represented 12.2% of our revenue for the three months ended December 31, 2017 as compared to 13.8% for the three months ended December 31, 2016.

3.4. REVENUE BY SEGMENT

Our segments are reported based on where the client's work is delivered from - our geographic delivery model.

The following table provides a summary of the year-over-year changes in our revenue, in total and by segment, separately showing the impacts of foreign currency exchange rate variations between Q1 2018 and Q1 2017. The Q1 2017 revenue by segment was recorded reflecting the actual foreign exchange rates for that period. The foreign exchange impact is the difference between the current period's actual results and the same period's results converted with the prior year's foreign exchange rates.

For the three months ended December 31,	2017	2016	Change	
			\$	%
<i>In thousands of CAD except for percentages</i>				
Total CGI revenue	2,816,895	2,675,719	141,176	5.3%
Variation prior to foreign currency impact	4.9%			
Foreign currency impact	0.4%			
Variation over previous period	5.3%			
Northern Europe				
Revenue prior to foreign currency impact	456,109	420,587	35,522	8.4%
Foreign currency impact	16,295			
Northern Europe revenue	472,404	420,587	51,817	12.3%
Canada				
Revenue prior to foreign currency impact	411,847	393,515	18,332	4.7%
Foreign currency impact	(132)			
Canada revenue	411,715	393,515	18,200	4.6%
France				
Revenue prior to foreign currency impact	403,187	376,568	26,619	7.1%
Foreign currency impact	15,574			
France revenue	418,761	376,568	42,193	11.2%
U.S. Commercial and State Government				
Revenue prior to foreign currency impact	417,821	362,592	55,229	15.2%
Foreign currency impact	(19,223)			
U.S. Commercial and State Government revenue	398,598	362,592	36,006	9.9%
U.S. Federal				
Revenue prior to foreign currency impact	376,729	346,661	30,068	8.7%
Foreign currency impact	(17,656)			
U.S. Federal revenue	359,073	346,661	12,412	3.6%
U.K.				
Revenue prior to foreign currency impact	289,035	347,552	(58,517)	(16.8%)
Foreign currency impact	5,522			
U.K. revenue	294,557	347,552	(52,995)	(15.2%)
ECS				
Revenue prior to foreign currency impact	289,181	285,592	3,589	1.3%
Foreign currency impact	11,999			
ECS revenue	301,180	285,592	15,588	5.5%
Asia Pacific				
Revenue prior to foreign currency impact	162,802	142,652	20,150	14.1%
Foreign currency impact	(2,195)			
Asia Pacific revenue	160,607	142,652	17,955	12.6%

For the three months ended December 31, 2017, revenue was \$2,816.9 million, an increase of \$141.2 million, or 5.3% over the same period last year. On a constant currency basis, revenue increased by \$131.0 million or 4.9%. Foreign currency rate fluctuations favourably impacted our revenue by \$10.2 million or 0.4%. The increase in revenue was primarily due to recent business acquisitions and the improving market demand for our services and solutions translating to higher work volumes across most segments. This was partly offset by the favourable renegotiation of a loss making contract in the U.K. in the prior year period.

3.4.1. Northern Europe

For the three months ended December 31, 2017, revenue in our Northern Europe segment was \$472.4 million, an increase of \$51.8 million or 12.3% over the same period last year. On a constant currency basis, revenue increased by \$35.5 million or 8.4%. The increase in revenue was mainly driven by revenue associated with the acquisition of Affecto as well as the increased work volume in Finland & Estonia primarily within the financial services vertical market. This was partly offset by the planned non-renewal of certain infrastructure outsourcing contracts and the successful completion of projects in Sweden and Denmark.

On a client geographic basis, the top two Northern Europe vertical markets were MRD and government, generating revenues of approximately \$305 million for the three months ended December 31, 2017.

3.4.2. Canada

For the three months ended December 31, 2017, revenue in our Canada segment was \$411.7 million, an increase of \$18.2 million or 4.6% compared to the same period last year. The increase in revenue was mainly the result of an increase in new and existing business primarily within the financial services and MRD vertical markets. This was partly offset by the increased use of our offshore global delivery centers in Asia Pacific.

On a client geographic basis, the top two Canada vertical markets were financial services and communications & utilities, generating revenues of approximately \$279 million for the three months ended December 31, 2017.

3.4.3. France

For the three months ended December 31, 2017, revenue in our France segment was \$418.8 million, an increase of \$42.2 million or 11.2% over the same period last year. On a constant currency basis, revenue increased by \$26.6 million or 7.1%. The increase in revenue was mainly due to the higher work volume across all of the segment's vertical markets as well as new business within the MRD and communications & utilities vertical markets.

On a client geographic basis, the top two France vertical markets were MRD and financial services, generating revenues of approximately \$284 million for the three months ended December 31, 2017.

3.4.4. U.S. Commercial and State Government

For the three months ended December 31, 2017, revenue in our U.S. Commercial and State Government segment was \$398.6 million, an increase of \$36.0 million or 9.9% over the same period last year. On a constant currency basis, revenue increased by \$55.2 million or 15.2%. The increase was mainly driven by revenue associated with recent business acquisitions, an increase in IP services and solutions revenue and higher work volumes primarily within the financial services vertical market.

On a client geographic basis, the top two U.S. Commercial and State Government vertical markets were financial services and government, generating revenues of approximately \$257 million for the three months ended December 31, 2017.

3.4.5. U.S. Federal

For the three months ended December 31, 2017, revenue in our U.S. Federal segment was \$359.1 million, an increase of \$12.4 million or 3.6% over the same period last year. On a constant currency basis, revenue increased by \$30.1 million or 8.7%. The increase was driven by an overall growth across the segment as well as the positive impact of a work in progress adjustment from a prior year's contract.

For the three months ended December 31, 2017, 79% of revenues within the U.S. Federal segment were Federal Civilian based and 21% were Defense based.

3.4.6. U.K.

For the three months ended December 31, 2017, revenue in our U.K. segment was \$294.6 million, a decrease of \$53.0 million or 15.2% over the same period last year. On a constant currency basis, revenue decreased by \$58.5 million or 16.8%. The decrease in revenue was mainly due to the favourable renegotiation of a loss making contract in the prior year period, as well as lower work volume within the government vertical market in Q1 2018. This was partly offset by new business, mainly within the communications & utilities vertical market.

On a client geographic basis, the top two U.K. vertical markets were government and communications & utilities, generating revenues of approximately \$223 million for the three months ended December 31, 2017.

3.4.7. ECS

For the three months ended December 31, 2017, revenue in our ECS segment was \$301.2 million, an increase of \$15.6 million or 5.5% over the same period last year. On a constant currency basis, revenue increased by \$3.6 million or 1.3% despite fewer billable days. The increase in revenue was mainly driven by new and existing business in Germany. This was in part offset by higher use of our offshore global delivery centers in Asia Pacific by the Netherlands.

On a client geographic basis, the top two ECS vertical markets were MRD and communications & utilities, generating revenues of approximately \$187 million for the three months ended December 31, 2017.

3.4.8. Asia Pacific

For the three months ended December 31, 2017, revenue in our Asia Pacific segment was \$160.6 million, an increase of \$18.0 million or 12.6% over the same period last year. On a constant currency basis, revenue increased by \$20.2 million or 14.1%. The increase in revenue was mainly driven by the renegotiation of a client contract in Australia and to the continued demand for our offshore delivery centers. This was partly offset by project completions in Australia.

On a client geographic basis, the top two Asia Pacific vertical markets were government and communications & utilities, generating revenues of approximately \$28 million for the three months ended December 31, 2017.

3.5. OPERATING EXPENSES

For the three months ended December 31,	2017	% of Revenue	2016	% of Revenue	Change \$	%
<i>In thousands of CAD except for percentages</i>						
Costs of services, selling and administrative	2,410,632	85.6%	2,276,704	85.1%	133,928	5.9%
Foreign exchange (gain) loss	(69)	0.0%	2,354	0.1%	(2,423)	(102.9%)

3.5.1. Costs of Services, Selling and Administrative

For the three months ended December 31, 2017, costs of services, selling and administrative expenses amounted to \$2,410.6 million, an increase of \$133.9 million over the same period last year. As a percentage of revenue, costs of services, selling and administrative expenses increased to 85.6% from 85.1%. As a percentage of revenue, cost of services increased compared to the same period last year as savings generated from the restructuring program and the increased use of our delivery centers helped compensate for the impact of the renegotiation of a loss making contract and the additional research & development (R&D) tax credits, both from the prior year. As a percentage of revenue, selling and administrative expenses remained stable.

During the three months ended December 31, 2017, the translation of the results of our foreign operations from their local currencies to the Canadian dollar unfavourably impacted costs by \$10.8 million offsetting the favourable translation impact of \$10.2 million on our revenue.

3.5.2. Foreign Exchange (Gain) Loss

During the three months ended December 31, 2017, CGI realized \$0.1 million of foreign exchange gains, mainly driven by the timing of payments combined with the volatility and fluctuation of foreign exchange rates. The Company, in addition to its natural hedges, uses derivatives as a strategy to manage its exposure, to the extent possible, to exchange rate fluctuations.

3.6. ADJUSTED EBIT BY SEGMENT

For the three months ended December 31,	2017	2016	Change	
<i>In thousands of CAD except for percentages</i>			\$	%
Northern Europe	44,610	45,913	(1,303)	(2.8%)
<i>As a percentage of Northern Europe revenue</i>	9.4%	10.9%		
Canada	89,263	87,405	1,858	2.1%
<i>As a percentage of Canada revenue</i>	21.7%	22.2%		
France	66,055	46,941	19,114	40.7%
<i>As a percentage of France revenue</i>	15.8%	12.5%		
U.S. Commercial and State Government	60,251	69,469	(9,218)	(13.3%)
<i>As a percentage of U.S. Commercial and State Government revenue</i>	15.1%	19.2%		
U.S. Federal	48,358	45,238	3,120	6.9%
<i>As a percentage of U.S. Federal revenue</i>	13.5%	13.0%		
U.K.	47,871	50,381	(2,510)	(5.0%)
<i>As a percentage of U.K. revenue</i>	16.3%	14.5%		
ECS	18,519	21,396	(2,877)	(13.4%)
<i>As a percentage of ECS revenue</i>	6.1%	7.5%		
Asia Pacific	31,405	29,918	1,487	5.0%
<i>As a percentage of Asia Pacific revenue</i>	19.6%	21.0%		
Adjusted EBIT	406,332	396,661	9,671	2.4%
Adjusted EBIT margin	14.4%	14.8%		

For the three months ended December 31, 2017, adjusted EBIT margin decreased to 14.4% from 14.8% as compared to the same period last year as improved utilization and savings generated by our previously announced restructuring program helped compensate for the favourable impact from additional U.S. R&D tax credits taken in Fiscal 2017.

3.6.1. Northern Europe

For the three months ended December 31, 2017, adjusted EBIT in the Northern Europe segment was \$44.6 million, a decrease of \$1.3 million when compared to the same period last year. Adjusted EBIT margin decreased to 9.4% from 10.9%. This change was due to the timing of the winding down of remaining fixed costs following the expiration of certain infrastructure outsourcing contracts in Sweden as well the temporary dilutive impact of the Affecto acquisition, which is in process of being integrated to achieve its planned synergies. This was partly offset by savings generated from the restructuring program.

3.6.2. Canada

For the three months ended December 31, 2017, adjusted EBIT in the Canada segment was \$89.3 million, an increase of \$1.9 million when compared to the same period last year, while the adjusted EBIT margin decreased to 21.7% from 22.2%. The change in adjusted EBIT margin was mainly due a change in our revenue mix, partly offset by savings generated from the restructuring program.

3.6.3. France

For the three months ended December 31, 2017, adjusted EBIT in the France segment was \$66.1 million, an increase of \$19.1 million when compared to the same period last year. Adjusted EBIT margin increased to 15.8% from 12.5% mainly due to improved utilization across the segment and the additional R&D tax credits compared to the same period last year.

3.6.4. U.S. Commercial and State Government

For the three months ended December 31, 2017, adjusted EBIT in the U.S. Commercial and State Government segment was \$60.3 million, a decrease of \$9.2 million when compared to the same period last year. Adjusted EBIT margin decreased to 15.1% from 19.2%. The change in adjusted EBIT margin was mainly the result of the favourable impact from additional R&D tax credits in Fiscal 2017, partly compensated by an improved mix of IP services and solution revenue.

3.6.5. U.S. Federal

For the three months ended December 31, 2017, adjusted EBIT in the U.S. Federal segment was \$48.4 million, an increase of \$3.1 million when compared to the same period last year. Adjusted EBIT margin increased to 13.5% from 13.0%. The increase in adjusted EBIT margin was mainly the result of the positive impact of a work in progress adjustment from a prior year's contract.

3.6.6. U.K.

For the three months ended December 31, 2017, adjusted EBIT in the U.K. segment was \$47.9 million, a decrease of \$2.5 million when compared to the same period last year. Adjusted EBIT margin increased to 16.3% from 14.5%. The increase in adjusted EBIT margin was mainly the result of savings generated by the restructuring program and the provision releases upon successful completion of large client programs, as well as an improved cost structure and utilization rates. This compensated for the impact of the favourable renegotiation of a loss making contract in Q1 2017.

3.6.7. ECS

For the three months ended December 31, 2017, adjusted EBIT in the ECS segment was \$18.5 million, a decrease of \$2.9 million when compared to the same period last year. Adjusted EBIT margin decreased to 6.1% from 7.5% last year. The change in adjusted EBIT margin was mainly due to fewer billable days.

3.6.8. Asia Pacific

For the three months ended December 31, 2017, adjusted EBIT in the Asia Pacific segment was \$31.4 million, an increase of \$1.5 million when compared to the same period last year. The adjusted EBIT margin decreased to 19.6% from 21.0%, mainly due to the impacts described in the revenue section.

3.7. EARNINGS BEFORE INCOME TAXES

The following table provides a reconciliation between our adjusted EBIT and earnings before income taxes, which is reported in accordance with IFRS.

					Change	
For the three months ended December 31,	2017	% of Revenue	2016	% of Revenue	\$	%
<i>In thousands of CAD except for percentages</i>						
Adjusted EBIT	406,332	14.4%	396,661	14.8%	9,671	2.4%
<i>Minus the following items:</i>						
Acquisition-related and integration costs	15,746	0.6%	3,105	0.1%	12,641	407.1%
Restructuring costs	32,773	1.2%	—	—	32,773	—%
Net finance costs	17,134	0.6%	18,520	0.7%	(1,386)	(7.5%)
Earnings before income taxes	340,679	12.1%	375,036	14.0%	(34,357)	(9.2)%

3.7.1. Acquisition-Related and Integration Costs

For the three months ended December 31, 2017, the Company incurred \$15.7 million of acquisition-related and integration costs, primarily related to the integration of our recent acquisitions' operations to the CGI operating model. These costs are mainly related to the termination of certain employees, as well as leases for premises which the Company vacated.

3.7.2. Restructuring Costs

In the last quarter of Fiscal 2017, the Company announced a plan where it will incur approximately \$165.0 million of restructuring costs. The plan is expected to improve profitability by addressing the underutilization of our resources due to the accelerating shift in client demand.

Since inception, the Company incurred a total of \$121.4 million of costs related to the announced program, of which \$32.8 million was expensed during the three months ended December 31, 2017. This amount includes restructuring costs for termination of employments, leases of vacated premises, as well as other restructuring costs. The remaining amount is expected to be expensed in majority throughout the rest of Fiscal 2018.

3.7.3. Net Finance Costs

Net finance costs mainly include the interest on our long-term debt. The decrease in net finance costs for the three months ended December 31, 2017 was mainly the result of the repayment of the first tranche of the senior U.S. unsecured notes in the previous year and a decrease in finance leases.

3.8. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

For the three months ended December 31,	2017	2016	Change	
			\$	%
<i>In thousands of CAD except for percentage and shares data</i>				
Earnings before income taxes	340,679	375,036	(34,357)	(9.2%)
Income tax expense	55,414	99,385	(43,971)	(44.2%)
Effective tax rate	16.3%	26.5%		
Net earnings	285,265	275,651	9,614	3.5%
Net earnings margin	10.1%	10.3%		
Weighted average number of shares outstanding				
Class A subordinate voting shares and Class B multiple voting shares (basic)	286,799,266	303,179,061		(5.4%)
Class A subordinate voting shares and Class B multiple voting shares (diluted)	291,572,272	309,283,481		(5.7%)
Earnings per share (in dollars)				
Basic	0.99	0.91	0.08	8.8%
Diluted	0.98	0.89	0.09	10.1%

3.8.1. Income Tax Expense

For the three months ended December 31, 2017, the income tax expense was \$55.4 million compared to \$99.4 million over the same period last year, while our effective tax rate decreased to 16.3% from 26.5%. On December 22, 2017, the U.S. government enacted a tax reform which includes several measures such as a reduction of corporate tax rate from 35% to 21%, effective on January 1, 2018, and a one-time repatriation tax on earnings held by foreign subsidiaries. In addition to the U.S. tax reform, the government of France enacted a temporary corporate surtax for the current year and a tax rate reduction was also enacted by the government of Belgium. As such, during the three months ended December 31, 2017, the Company recorded a net income tax recovery of \$34.1 million resulting from the re-evaluation of its deferred tax assets and liabilities of \$45.5 million partially offset by an income tax expense of \$11.4 million in relation to the U.S. repatriation tax.

When excluding these tax adjustments and the tax effects from acquisition-related and integration costs and restructuring costs incurred, the income tax rate would have been 26.0% for the three months ended December 31, 2017. The decrease in income tax rate was attributable to the taxation of our U.S. operations at a lower tax rate.

The table in section 3.8.3. shows the year-over-year comparison of the tax rate with the impact of specific items removed.

Based on the enacted rates at the end of Q1 2018 and our current business mix, we expect our effective tax rate before any significant adjustments to be in the range of 24.5% to 26.5% in subsequent periods.

3.8.2. Weighted Average Number of Shares

For Q1 2018, CGI's basic and diluted weighted average number of shares decreased compared to Q1 2017 due to the impact of the purchase for cancellation of Class A subordinate voting shares, partly offset by the grants and the exercise of stock options.

3.8.3. Net Earnings and Earnings per Share Excluding Specific Items

Below is a table showing the year-over-year comparison excluding specific items namely, acquisition-related and integration costs, restructuring costs, and tax adjustments:

For the three months ended December 31,	2017	2016	Change	
			\$	%
<i>In thousands of CAD except for percentages and shares data</i>				
Earnings before income taxes	340,679	375,036	(34,357)	(9.2%)
Add back:				
Acquisition-related and integration costs	15,746	3,105	12,641	407.1%
Restructuring costs	32,773	—	32,773	—%
Earnings before income taxes excluding specific items	389,198	378,141	11,057	2.9%
Margin	13.8%	14.1%		
Income tax expense	55,414	99,385	(43,971)	(44.2%)
Add back:				
Tax deduction on acquisition-related and integration costs	3,287	1,183	2,104	177.9%
Tax deduction on restructuring costs	8,432	—	8,432	—%
Net tax adjustment	34,100	—	34,100	—%
Income tax expense excluding specific items	101,233	100,568	665	0.7%
Effective tax rate excluding specific items	26.0%	26.6%		
Net earnings excluding specific items	287,965	277,573	10,392	3.7%
Net earnings excluding specific items margin	10.2%	10.4%		
Weighted average number of shares outstanding				
Class A subordinate voting shares and Class B multiple voting shares (basic)	286,799,266	303,179,061		(5.4%)
Class A subordinate voting shares and Class B multiple voting shares (diluted)	291,572,272	309,283,481		(5.7%)
Earnings per share excluding specific items (in dollars)				
Basic	1.00	0.92	0.08	8.7%
Diluted	0.99	0.90	0.09	10.0%

4. Liquidity

4.1. CONSOLIDATED STATEMENTS OF CASH FLOWS

CGI's growth is financed through a combination of our cash flow from operations, borrowing under our existing credit facilities, the issuance of long-term debt, and the issuance of equity. One of our financial priorities is to maintain an optimal level of liquidity through the active management of our assets and liabilities as well as our cash flows.

As at December 31, 2017, cash and cash equivalents were \$238.9 million. The following table provides a summary of the generation and use of cash for the three months ended December 31, 2017 and 2016.

For the three months ended December 31,	2017	2016	Change
<i>In thousands of CAD</i>			
Cash provided by operating activities	410,090	349,654	60,436
Cash used in investing activities	(274,898)	(235,222)	(39,676)
Cash used in financing activities	(63,753)	(393,780)	330,027
Effect of foreign exchange rate changes on cash and cash equivalents	1,631	(3,272)	4,903
Net increase (decrease) in cash and cash equivalents	73,070	(282,620)	355,690

4.1.1. Cash Provided by Operating Activities

For the three months ended December 31, 2017, cash provided by operating activities was \$410.1 million or 14.6% of revenue as compared to \$349.7 million or 13.1% for the same period last year.

The following table provides a summary of the generation and use of cash from operating activities:

For the three months ended December 31,	2017	2016	Change
<i>In thousands of CAD</i>			
Net earnings	285,265	275,651	9,614
Amortization and depreciation	93,290	89,319	3,971
Other adjustments ¹	(35,514)	43,480	(78,994)
Cash flow from operating activities before net change in non-cash working capital items	343,041	408,450	(65,409)
<i>Net change in non-cash working capital items:</i>			
Accounts receivable, work in progress and deferred revenue	(91,975)	(115,799)	23,824
Accounts payable and accrued liabilities, accrued compensation, provisions and long-term liabilities	90,243	15,847	74,396
Other ²	68,781	41,156	27,625
Net change in non-cash working capital items	67,049	(58,796)	125,845
Cash provided by operating activities	410,090	349,654	60,436

¹ Comprised of deferred income taxes, foreign exchange gain and share-based payment costs.

² Comprised of prepaid expenses and other assets, long-term financial assets, retirement benefits obligations, derivative financial instruments and income taxes.

For the three months ended December 31, 2017, the net \$67.0 million of cash generated from non-cash working capital items is primarily explained by the timing between accruals and payments of sales and payroll taxes, payroll, income taxes and the performance based compensation to our members. This was partially offset by the impact of the Company's revenue growth on accounts receivable and the increase in other receivables.

The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations.

4.1.2. Cash Used in Investing Activities

For the three months ended December 31, 2017, \$274.9 million was used in investing activities while \$235.2 million was used in the prior year.

The following table provides a summary of the use of cash from investing activities:

For the three months ended December 31,	2017	2016	Change
<i>In thousands of CAD</i>			
Business acquisitions	(198,997)	(150,897)	(48,100)
Purchase of property, plant and equipment	(30,022)	(30,395)	373
Additions to contract costs	(17,440)	(26,166)	8,726
Additions to intangible assets	(23,404)	(23,790)	386
Net proceeds from sale of long-term investments	(5,035)	(3,974)	(1,061)
Cash used in investing activities	(274,898)	(235,222)	(39,676)

The increase of \$39.7 million in cash used in investing activities during the three months ended December 31, 2017 was mainly due to the acquisitions of Affetto and Paragon, partially offset by less transition costs on outsourcing contracts when compared to the same period last year.

4.1.3. Cash Used in Financing Activities

For the three months ended December 31, 2017, \$63.8 million was used in financing activities while \$393.8 million was used in the prior year.

The following table provides a summary of the generation and use of cash from financing activities:

For the three months ended December 31,	2017	2016	Change
<i>In thousands of CAD</i>			
Net change in unsecured committed revolving credit facility	(41,796)	—	(41,796)
Net change in long-term debt	36	(114,122)	114,158
	(41,760)	(114,122)	72,362
Repayment of debt assumed from business acquisitions	(21,946)	(6,290)	(15,656)
Purchase of Class A subordinate voting shares held in trust	(24,789)	—	(24,789)
Resale of Class A subordinate voting shares held in trust	528	4,046	(3,518)
Purchase and cancellation of Class A subordinate voting shares	—	(302,610)	302,610
Issuance of Class A subordinate voting shares	24,214	25,196	(982)
Cash used in financing activities	(63,753)	(393,780)	330,027

For the three months ended December 31, 2017, \$63.7 million was used to reduce our outstanding long-term debt mainly driven by \$41.8 million repaid under the unsecured committed revolving credit facility, while \$21.9 million was used to repay debt assumed from business acquisitions. For the three months ended December 31, 2016, \$114.1 million was used to reduce our outstanding long-term debt mainly driven by the scheduled repayment of a tranche of the senior U.S. unsecured notes in the amount of \$113.6 million (US\$85.0 million).

For the three months ended December 31, 2017, an amount of \$24.8 million was used to purchase CGI Class A subordinate voting shares in connection with the Company's Performance Share Unit Plan ("PSU Plan"). More information concerning the PSU Plan can be found in note 7 of the interim condensed consolidated financial statements.

For the three months ended December 31, 2017, the Company did not purchase any Class A subordinate voting shares for cancellation under the NCIB. For the three months ended December 31, 2016, \$302.6 million was used to purchase for cancellation 4,897,700 Class A subordinate voting shares under the annual aggregate limit of the NCIB then in effect.

Finally, for the three months ended December 31, 2017, we received \$24.2 million in proceeds from the exercise of stock options, compared to \$25.2 million during the three months ended December 31, 2016.

4.1.4. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents

For the three months ended December 31, 2017, the effect of foreign exchange rate changes on cash and cash equivalents was a favourable impact of \$1.6 million. This amount had no effect on net earnings as it was recorded in other comprehensive income.

4.2. CAPITAL RESOURCES

As at December 31, 2017	Available
<i>In thousands of CAD</i>	
Cash and cash equivalents	238,942
Long-term investments	27,876
\$1.5 billion unsecured committed revolving facility ¹	1,330,578
Total	1,597,396

¹ Includes an amount of \$159.7 million outstanding under our unsecured committed revolving credit facility and letters of credit in the aggregate amount of \$9.8 million as at December 31, 2017.

Our cash position and bank lines are sufficient to support our growth strategy. As at December 31, 2017, cash and cash equivalents and long-term investments represented \$266.8 million.

Cash equivalents typically include term deposits, all with maturities of 90 days or less. Long-term investments include corporate and government bonds with maturities ranging from one to five years, with a credit rating of A or higher.

The amount of capital available was \$1,597.4 million. The long-term debt agreements contain covenants, which require us to maintain certain financial ratios. As at December 31, 2017, CGI was in compliance with these covenants.

Total debt decreased by \$39.1 million to \$1,822.9 million as at December 31, 2017, compared to \$1,862.0 million as at September 30, 2017. The variance was mainly due to the repayment on our unsecured committed revolving credit facility.

As at December 31, 2017, CGI was showing a negative working capital² of \$22.0 million. The Company also had \$1,330.6 million available under its unsecured committed revolving facility and is generating a significant level of cash that will allow it to fund its operations while maintaining adequate levels of liquidity. On November 7, 2017, the unsecured committed revolving facility was extended by one year to December 2022 and can be further extended. There were no material changes in the terms and conditions including interest rates and banking covenants.

The tax implications and impact on repatriation of the cash and cash equivalents held by foreign subsidiaries as at December 31, 2017 will not materially affect the Company's liquidity.

² Working capital is defined as total current assets minus total current liabilities.

4.3. CONTRACTUAL OBLIGATIONS

We are committed under the terms of contractual obligations which have various expiration dates, primarily for the rental of premises, computer equipment used in outsourcing contracts and long-term service agreements. There have been no material changes to these obligations since our year ended September 30, 2017.

4.4. FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

We use various financial instruments to manage our exposure to fluctuations of foreign currency exchange rates and interest rates. Please refer to note 11 of our interim condensed consolidated financial statements for additional information on our financial instruments and hedging transactions.

4.5. SELECTED MEASURES OF CAPITAL RESOURCES AND LIQUIDITY

As at December 31,	2017	2016
<i>In thousands of CAD except for percentages</i>		
Reconciliation between net debt and long-term debt including the current portion:		
Net debt	1,635,035	1,491,652
Add back:		
Cash and cash equivalents	238,942	313,909
Long-term investments	27,876	31,230
Fair value of foreign currency derivative financial instruments related to debt	(78,961)	(36,177)
Long-term debt including the current portion	1,822,892	1,800,614
Net debt to capitalization ratio	19.3%	18.2%
Return on equity	16.2%	17.7%
Return on invested capital	13.7%	14.6%
Days sales outstanding	47	44

We use the net debt to capitalization ratio as an indication of our financial leverage in order to realize our Build and Buy strategy. The net debt to capitalization ratio increased to 19.3% in Q1 2018 from 18.2% in Q1 2017. The change in the net debt to capitalization ratio was mostly due to the decrease in cash and cash equivalents, following the investment in business acquisitions.

ROE is a measure of the return we are generating for our shareholders. ROE decreased to 16.2% in Q1 2018 from 17.7% in Q1 2017. The decrease was mainly due to lower net earnings, mainly the result of restructuring costs in Q1 2018 and Q4 2017.

ROIC is a measure of the Company's efficiency in allocating the capital under our control to profitable investments. The return on invested capital ratio decreased to 13.7% in Q1 2018 from 14.6% in Q1 2017. The change in the ROIC was mainly the result of restructuring costs in Q1 2018 and Q4 2017.

DSO increased to 47 days at the end of Q1 2018 when compared to 44 days in Q1 2017. In calculating the DSO, we subtract the deferred revenue balance from trade accounts receivable and work in progress; for that reason, the timing of payments received from outsourcing clients in advance of the work to be performed and the timing of payments related to project milestones can affect the DSO. The Company maintains a target DSO of 45 days.

4.6. OFF-BALANCE SHEET FINANCING AND GUARANTEES

In the normal course of operations, CGI uses off-balance sheet financing for a variety of transactions such as operating leases for office space, computer equipment and vehicles as well as accounts receivable factoring. From time to time, we also enter into agreements to provide financial or performance assurances to third parties on the sale of assets, business divestitures and guarantees on government and commercial contracts.

In connection with sales of assets and business divestitures, we may be required to pay counterparties for costs and losses incurred as the result of breaches in our contractual obligations, representations and warranties, intellectual property right infringement and litigation against counterparties, among others. While some of the agreements specify a maximum potential exposure of approximately \$10.8 million, others do not specify a maximum amount or limited period. It is not possible to reasonably estimate the maximum amount that may have to be paid under such guarantees. The amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. The Company does not expect to incur any potential payment in connection with these guarantees that could have a materially adverse effect on its interim condensed consolidated financial statements.

In the normal course of business, we may provide certain clients, principally governmental entities, with bid and performance bonds. In general, we would only be liable for the amount of the bid bonds if we refuse to perform the project once we are awarded the bid. We would also be liable for the performance bonds in the event of default in the performance of our obligations. As at December 31, 2017, we had committed a total of \$27.1 million for these bonds. To the best of our knowledge, we complied with our performance obligations under all service contracts for which there was a performance or bid bond, and the ultimate liability, if any, incurred in connection with these guarantees would not have a material adverse effect on our audited consolidated results of operations or financial condition.

4.7. CAPABILITY TO DELIVER RESULTS

Sufficient capital resources and liquidity are required for supporting ongoing business operations and to execute our Build and Buy growth strategy. The Company has sufficient capital resources coming from the cash generated from operations, credit facilities, long-term debt agreements and invested capital from shareholders. Our principal uses of cash are for procuring new large outsourcing and managed services contracts; investing in our business solutions; pursuing accretive acquisitions; purchasing for cancellation Class A subordinate voting shares and paying down debt. In terms of financing, we are well positioned to continue executing our four-pillar growth strategy in Fiscal 2018.

Strong and experienced leadership is essential to successfully implement our Company's strategy. CGI has a strong leadership team with members who are highly knowledgeable and have gained a significant amount of experience in the IT industry via various career paths and leadership roles. CGI fosters leadership development to ensure a continuous flow of knowledge and strength is maintained throughout the organization. As part of our succession planning in key positions, we established the Leadership Institute, our own corporate university, to develop leadership, technical and managerial skills inspired by CGI's roots and traditions.

As a Company built on human capital, our professionals and their knowledge are critical to delivering quality service to our clients. Our human resources program provides competitive compensation and benefits, a favourable working environment, and our training and career development programs combine to allow us to attract and retain the best talent. Employee satisfaction is monitored regularly through a Company-wide survey. Furthermore, approximately 80% of our members are also owners of CGI through our Share Purchase Plan. The Share Purchase Plan, along with the Profit Participation Program, allows members to share in the success of the Company and aligns member objectives with our strategic goals.

In addition to our capital resources and the talent of our human capital, CGI has established a Management Foundation encompassing governance policies, sophisticated management frameworks and an organizational model for its business units and corporate processes. This foundation, along with our appropriate internal systems, helps in providing a disciplined high standard of quality service to our clients across all of our operations, and additional value to our stakeholders. CGI's operations maintain appropriate certifications in accordance with service requirements such as the ISO and CMMI certification programs.

5. Changes in Accounting Policies

The interim condensed consolidated financial statements for the three months ended December 31, 2017 include all adjustments that CGI's management considers necessary for the fair presentation of its financial position, results of operations, and cash flows.

ACCOUNTING STANDARD ADOPTION

The following amendment to the existing standard has been adopted by the Company on October 1, 2017:

IAS 7 - Statement of Cash Flows

In January 2016, the IASB amended IAS 7, *Statement of Cash Flows*, to require enhanced disclosure about changes in liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates and changes in fair value. The additional disclosures will be provided in the Company's consolidated financial statements for the year ended September 30, 2018.

FUTURE ACCOUNTING STANDARD CHANGES

The following standards have been issued but are not yet effective. The Company's preliminary assessments are subject to change, as the Company is progressing in the assessment of the impact of these standards on its consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and other revenue related interpretations.

The standard will be effective on October 1, 2018 for the Company. The standard permits two possible transition methods for its application: i) retrospectively to each prior reporting period presented, or ii) retrospectively with the cumulative effect of initially applying the standard recognized on the date of the initial application. The Company has not yet selected a transition method.

In preparation for the conversion to IFRS 15, the Company has developed a detailed conversion plan consisting of four phases: 1) awareness, 2) detailed impact assessment, 3) design and 4) implementation. As part of the awareness phase, the Company has established a Steering Committee responsible for monitoring the progress and approving recommendations from the project team. The Steering Committee meets regularly and quarterly updates are provided to the Audit and Risk Management Committee.

The Company has completed the awareness phase which also involved a high-level review of the differences between current requirements and IFRS 15.

The Company is progressing toward completion of the second phase of the conversion plan which encompasses a detailed impact assessment of the differences identified. The Company expects that revenue from outsourcing, business process services and systems integration and consulting services arrangements will continue to be recognized as the services are provided in a manner that is consistent with its current accounting policies.

Currently, when a software license has value to the client on a stand-alone basis and is identified as a separately identifiable component, revenue from a software license is recognized upon delivery. Under IFRS 15, when the arrangement involves significant customization services, revenue from a software license will be combined with the services, resulting in a change in timing of revenue recognition. Based on the preliminary analysis of contracts involving software performed to date, the Company does not expect a significant impact on its consolidated financial statements.

The Company is still in the process of evaluating the impact of the standard and related interpretations, including the disclosure requirements. As such, IFRS 15 could have additional impacts on the Company's consolidated financial statements for which a conclusion has not been reached yet.

The Company is conducting concurrently the remaining two phases, design and implementation. The impacts on the other key elements, such as IT changes, education and training requirements, internal control over financial reporting and impacts on business activities of the Company's conversion plan, are assessed during those phases.

IFRS 9 - Financial Instruments

In July 2014, the IASB amended IFRS 9, *Financial Instruments*, to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The standard will be effective on October 1, 2018 for the Company and is required to be applied retrospectively.

The standard simplifies the classification of financial assets, while carrying forward most of the requirements of IAS 39. The Company's financial assets currently classified as loans and receivables will continue to be measured at amortized cost and financial assets currently classified as available-for-sale will continue to be measured at fair value through other comprehensive income.

The standard introduces a new impairment model which will apply to the Company's trade accounts receivable, long-term receivables and long-term bonds. Management does not believe that the Company is subject to any significant credit risk, given its large and diversified client base and its risk mitigation strategy to invest in high credit quality corporate and government bonds with a credit rating of A or higher.

Finally, IFRS 9 introduces a new hedge accounting model that is more closely aligned with risk-management activities. The Company expects that existing hedge relationships currently designated as effective hedging relationships will still qualify for hedge accounting under this new model.

Based on the preliminary assessment performed to date, the Company does not expect a significant impact on its consolidated financial statements.

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16, *Leases*, to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease agreement. The standard supersedes IAS 17, *Leases*, and other lease related interpretations, eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. The standard will be effective on October 1, 2019 for the Company with earlier application permitted. When the Company is the lessee, it is expected that the application of IFRS 16 will result in on-balance sheet recognition of most of its lease agreements that are currently considered operating leases, which are primarily for the rental of premises. The Company also expects a decrease of its property costs and an increase of its finance costs and amortization and depreciation resulting from the change in the recognition, measurement and presentation of rental expenses.

6. Critical Accounting Estimates

The Company's significant accounting policies are described in note 3 of the audited consolidated financial statements for the year ended September 30, 2017. Certain of these accounting policies, listed below, require management to make accounting estimates and judgement that affect the reported amounts of assets, liabilities and equity and the accompanying disclosures at the date of the audited consolidated financial statements as well as the reported amounts of revenue and expenses during the reporting period. These accounting estimates are considered critical because they require management to make subjective and/or complex judgements that are inherently uncertain and because they could have a material impact on the presentation of our financial condition, changes in financial condition or results of operations.

Areas impacted by estimates	Consolidated balance sheets	Consolidated statements of earnings		
		Revenue	Cost of services, selling and administrative	Income taxes
Revenue recognition ¹	✓	✓	✓	
Estimated losses on revenue-generating contracts	✓		✓	
Goodwill impairment	✓		✓	
Business combinations	✓	✓	✓	✓
Income taxes	✓			✓
Litigation and claims	✓	✓	✓	

¹ Affects the balance sheet through accounts receivable, work in progress and deferred revenue.

Revenue recognition

Relative selling price

If an arrangement involves the provision of multiple components, the total arrangement value is allocated to each separately identifiable component based on its relative selling price at the inception of the contract. At least on a yearly basis, the Company reviews its best estimate of the selling price which is established by using a reasonable range of prices for the various services and products offered by the Company based on local market information available. Information used in determining the range is mainly based on recent contracts signed and the economic environment. A change in the range could have a material impact on the allocation of total arrangement value, and therefore on the amount and timing of revenue recognition.

System integration and consulting services under fixed-fee arrangements

Revenue from system integration and consulting services under fixed-fee arrangements where the outcome of the arrangements can be estimated reliably is recognized using the percentage-of-completion method over the service periods. The Company primarily uses labour hours or labour costs to measure the progress towards completion. Project managers monitor and re-evaluate project forecasts on a monthly basis. Forecasts are reviewed to consider factors such as: changes to the scope of the contracts, delays in reaching milestones and new complexities in the project delivery. Forecasts can also be affected by market risks such as the availability and retention of qualified IT professionals and/or the ability of the subcontractors to perform their obligation within agreed upon budget and timeframes. To the extent that actual labour hours or labour costs could vary from estimates, adjustments to revenue following the review of the costs to complete on projects are reflected in the period in which the facts that give rise to the revision occur. Whenever the total costs are forecasted to be higher than the total revenue, estimated losses on revenue-generating contracts is accounted for as described below.

Estimated losses on revenue-generating contracts

Estimated losses on revenue-generating contracts may occur due to additional contract costs which were not foreseen at inception of the contract. Projects and services are monitored by the project managers on a monthly basis. Some of the indicators reviewed are: current financial results, delays in reaching milestones, new complexities in the project delivery and third party deliverables and estimated costs.

In addition, CGI's Engagement Assessment Services (EAS) team conducts a formal monthly health check assessment on CGI's project portfolio for all contracts that have a value above an established threshold. The reviews are based on a defined set of risk dimensions and assessment categories that results in detailed reports containing actual delivery and current financial status which are reviewed with the executive management. Due to the variability of the indicators reviewed, and because the estimates are based on many variables, estimated losses on revenue-generating contracts are subject to change.

Goodwill impairment

The carrying value of goodwill is tested for impairment annually on September 30, or earlier if events or changes in circumstances indicate that the carrying value may be impaired. In order to determine if a goodwill impairment test is required, management reviews different factors on a quarterly basis such as changes in technological or market environment, changes in assumptions used to derive the weighted average cost of capital (WACC) and actual financial performance compared to planned performance.

The recoverable amount of each segment has been determined based on its value in use (VIU) calculation which includes estimates about their future financial performance based on cash flows approved by management. However, factors such as our ability to continue developing and expanding service offered to address emerging business demands and technology trends, a lengthened sales cycle and our ability to hire and retain qualified IT professionals affect future cash flows, and actual results might differ from future cash flows used in the goodwill impairment test. Key assumptions used in goodwill impairment testing are presented in note 11 of the audited consolidated financial statements for the fiscal year ended September 30, 2017. Historically the Company has not recorded an impairment charge on goodwill. As at September 30, 2017, the fair value of each segment represents between 185% and 345% of its carrying value.

Business combinations

Management makes assumptions when determining the acquisition-date fair values of the identifiable tangible and intangible assets acquired and liabilities assumed which involve estimates, such as the forecasting of future cash flows, discount rates, and the useful lives of the assets acquired.

Additionally, judgement is required in determining whether an intangible asset is identifiable, and should be recorded separately from goodwill.

Changes in the above assumptions, estimates and judgements could affect our acquisition-date fair values and therefore could have material impacts on our audited consolidated financial statements. These changes are recorded as part of the purchase price allocation and therefore result in corresponding goodwill adjustments if they occurred during the measurement period, not exceeding one year. All other subsequent changes are recorded in our audited consolidated statement of earnings.

Income taxes

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available for their utilization. The Company considers the analysis of forecast and future tax planning strategies. Estimates of taxable profit are made based on the forecast by jurisdiction which are aligned with goodwill impairment testing assumptions, on an undiscounted basis. In addition, management considers factors such as substantively enacted tax rates, the history of the taxable profits and availability of tax strategies. Due to the uncertainty and the variability of the factors mentioned above, deferred tax assets are subject to change. Management reviews its assumptions on a quarterly basis and adjusts the deferred tax assets when appropriate.

The Company is subject to taxation in numerous jurisdictions and there are transactions and calculations for which the ultimate tax determination is uncertain which occurs when there is uncertainty as to the meaning of the law, or to the applicability of

the law to a particular transaction or both. In those circumstances, the Company might review administrative practice, consult tax authorities or advisors on the interpretation of tax legislation. When a tax position is uncertain, the Company recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or that the income tax liability is no longer probable. The provision for uncertain tax position is made using the best estimate of the amount expected to be paid based on qualitative assessments of all relevant factors and is subject to change. The review of assumptions is done on a quarterly basis.

Litigation and claims

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The accrued litigation and legal claim provisions are based on historical experience, current trends and other assumptions that are believed to be reasonable under the circumstances. Estimates include the period in which the underlying cause of the claim occurred and the degree of probability of an unfavourable outcome. Management reviews assumptions and facts surrounding outstanding litigation and claims on a quarterly basis, involves external counsel when necessary and adjusts the provision accordingly. The Company has to be compliant with applicable law in many jurisdictions which increases the complexity of determining the adequate provision following litigation review. Since the outcome of such litigation and claims is not predictable with assurance, those provisions are subject to change. Adjustments to litigation and claims provisions are reflected in the period when the facts that give rise to an adjustment occur.

7. Integrity of Disclosure

Our management assumes the responsibility for the existence of appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

CGI has a formal corporate disclosure policy whose goal is to raise awareness of the Company's approach to disclosure among the members of the Board of Directors, senior management and employees.

The Board of Directors has the responsibility under its charter and under the securities laws that govern CGI's continuous disclosure obligations to oversee CGI's compliance with its continuous and timely disclosure obligations, as well as the integrity of the Company's internal controls and management information systems. The Board of Directors carries out this responsibility mainly through its Audit and Risk Management Committee.

The Audit and Risk Management Committee of CGI is composed entirely of independent directors who meet the independence and experience requirements of National Instrument 52-110 adopted by the Canadian Securities Administrators as well as those of the New York Stock Exchange ("NYSE") and the U.S. Securities and Exchange Commission. The role and responsibilities of the Committee include: (a) reviewing all public disclosure documents containing audited or unaudited financial information concerning CGI; (b) identifying and examining the financial and operating risks to which the Company is exposed, reviewing the various policies and practices of the Company that are intended to manage those risks, and reporting on a regular basis to the Board of Directors concerning risk management; (c) reviewing and assessing the effectiveness of CGI's accounting policies and practices concerning financial reporting; (d) reviewing and monitoring CGI's internal control procedures, programs and policies and assessing their adequacy and effectiveness; (e) reviewing the adequacy of CGI's internal audit resources including the mandate and objectives of the internal auditor; (f) recommending to the Board of Directors the appointment of the external auditor, asserting the external auditor's independence, reviewing the terms of their engagement, conducting an annual auditor's performance assessment, and pursuing ongoing discussions with them; (g) reviewing all related party transactions in accordance with the rules of the NYSE and other applicable laws and regulations; (h) reviewing the audit procedures including the proposed scope of the external auditor's examinations; and (i) performing such other functions as are usually attributed to audit committees or as directed by the Board of Directors. In making its recommendation to the Board of Directors in relation to the annual appointment of the external auditor, the Audit and Risk Management Committee conducts an annual assessment of the external auditor's performance following the recommendations of the Chartered Professional Accountants of Canada. The formal assessment is concluded in advance of the Annual General Meeting of Shareholders and is conducted with the assistance of key CGI personnel.

As reported in our 2017 Annual Report, the Company evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting based on the framework established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework), supervised by and with the participation of the Chief Executive Officer and the Chief Financial Officer as of September 30, 2017. The Chief Executive Officer and Chief Financial Officer concluded that, based on this evaluation, the Company's disclosure controls and procedures and internal controls over financial reporting were adequate and effective, at a reasonable level of assurance, to ensure that material information related to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

For the quarter ended December 31, 2017, there was no change in our internal control over financial reporting that materially affected, or is reasonably likely to materially affect the Company's internal controls over financial reporting.

8. Risk Environment

8.1. RISKS AND UNCERTAINTIES

While we are confident about our long-term prospects, the following risks and uncertainties could affect our ability to achieve our strategic vision and objectives for growth and should be considered when evaluating our potential as an investment.

8.1.1. Risks Related to the Market

Economic risk

The level of business activity of our clients, which is affected by economic conditions, has a bearing upon the results of our operations. We can neither predict the impact that current economic conditions will have on our future revenue, nor predict when economic conditions will show meaningful improvement. During an economic downturn, our clients and potential clients may cancel, reduce or defer existing contracts and delay entering into new engagements. Clients may decide to undertake fewer IT systems projects during difficult economic times, resulting in limited implementation of new technology and smaller engagements. Since there may be fewer engagements in a downturn, competition may increase and pricing for services may decline as competitors may decrease rates to maintain or increase their market share in our industry and this may trigger pricing adjustments related to the benchmarking obligations within our contracts. Our revenue and profitability could be negatively impacted as a result of these factors.

8.1.2. Risks Related to our Industry

The competition for contracts

CGI operates in a global marketplace in which competition among providers of IT services is vigorous. Some of our competitors possess greater financial, marketing and sales resources, and larger geographic scope in certain parts of the world than we do, which, in turn, provides them with additional leverage in the competition for contracts. In certain niche, regional or metropolitan markets, we face smaller competitors with specialized capabilities who may be able to provide competing services with greater economic efficiency. Some of our competitors have more significant operations than we do in lower cost countries that can serve as a platform from which to provide services worldwide on terms that may be more favourable. Increased competition among IT services firms often results in corresponding pressure on prices. There can be no assurance that we will succeed in providing competitively priced services at levels of service and quality that will enable us to maintain and grow our market share.

We derive significant revenue from contracts awarded through competitive bidding processes, which limit the Company's ability to negotiate certain contractual terms and conditions. Risks related to competitive bidding processes also involve substantial cost and managerial time and effort spent by the Company to prepare bids and proposals for contracts that may or may not be awarded to the Company, as well as expenses and delays that may arise if the Company's competitors protest or challenge awards made to the Company pursuant to competitive bidding processes.

The availability and retention of qualified IT professionals

There is strong demand for qualified individuals in the IT industry. Hiring and retaining a sufficient amount of individuals with the desired knowledge and skill set may be difficult. Therefore, it is important that we remain able to successfully attract and retain highly qualified professionals and establish an effective succession plan. If our comprehensive programs aimed at attracting and retaining qualified and dedicated professionals do not ensure that we have staff in sufficient numbers and with the appropriate training, expertise and suitable government security clearances required to serve the needs of our clients, we may have to rely on subcontractors or transfers of staff to fill resulting gaps. If our succession plan fails to identify those with potential or to develop these key individuals, we may be unable to replace key members who retire or leave the company and may be required to recruit and/or train new employees. This might result in lost revenue or increased costs, thereby putting pressure on our net earnings.

The ability to continue developing and expanding service offerings to address emerging business demands and technology trends

The rapid pace of change in all aspects of IT and the continually declining costs of acquiring and maintaining IT infrastructure mean that we must anticipate changes in our clients' needs. To do so, we must adapt our services and our solutions so that we maintain and improve our competitive advantage and remain able to provide cost effective services and solutions. The markets in which we operate are extremely competitive and there can be no assurance that we will succeed in developing and adapting our business in a timely manner. If we do not keep pace, our ability to retain existing clients and gain new business may be adversely affected. This may result in pressure on our revenue, net earnings and resulting cash flow from operations.

Infringing on the intellectual property rights of others

Despite our efforts, the steps we take to ensure that our services and offerings do not infringe on the intellectual property rights of third parties may not be adequate to prevent infringement and, as a result, claims may be asserted against us or our clients. We enter into licensing agreements for the right to use intellectual property and may otherwise offer indemnities against liability and damages arising from third-party claims of patent, copyright, trademark or trade secret infringement in respect of our own intellectual property or software or other solutions developed for our clients. In some instances, the amount of these indemnity claims could be greater than the revenue we receive from the client (see guarantees risk). Intellectual property claims or litigation could be time-consuming and costly, harm our reputation, require us to enter into additional royalty or licensing arrangements, or prevent us from providing some solutions or services. Any limitation on our ability to sell or use solutions or services that incorporate software or technologies that are the subject of a claim could cause us to lose revenue-generating opportunities or require us to incur additional expenses to modify solutions for future projects.

Protecting our intellectual property rights

Our success depends, in part, on our ability to protect our proprietary methodologies, processes, know-how, tools, techniques and other intellectual property that we use to provide our services. Although CGI takes reasonable steps (e.g. available copyright protection and, in some cases, patent protection) to protect and enforce its intellectual property rights, there is no assurance that such measures will be enforceable or adequate. The cost of enforcing our rights can be substantial and, in certain cases, may prove to be uneconomic. In addition, the laws of some countries in which we conduct business may offer only limited intellectual property rights protection. Despite our efforts, the steps taken to protect our intellectual property may not be adequate to prevent or deter infringement or other misappropriation of intellectual property, and we may not be able to detect unauthorized use of our intellectual property, or take appropriate steps to enforce our intellectual property rights.

Benchmarking provisions within certain contracts

Some of our outsourcing contracts contain clauses allowing our clients to externally benchmark the pricing of agreed upon services against those offered by other providers in a peer comparison group. The uniqueness of the client environment should be factored in and, if results indicate a difference outside the agreed upon tolerance, we may be required to work with clients to reset the pricing for their services. There can be no assurance that benchmarks will produce accurate or reliable data, including pricing data. This may result in pressure on our revenue, net earnings and resulting cash flow from operations.

8.1.3. Risks Related to our Business

Risks associated with our growth strategy

CGI's Build and Buy strategy is founded on four pillars of growth: first, organic growth through contract wins, renewals and extensions in the areas of outsourcing and system integration; second, the pursuit of new large outsourcing contracts; third, acquisitions of smaller firms or niche players; and fourth, transformational acquisitions.

Our ability to achieve organic growth is affected by a number of factors outside of our control, including a lengthening of our sales cycle for major outsourcing contracts.

Our ability to grow through niche and transformational acquisitions requires that we identify suitable acquisition targets and that we correctly evaluate their potential as transactions that will meet our financial and operational objectives. There can be no assurance that we will be able to identify suitable acquisition candidates and consummate additional acquisitions that meet

our economic thresholds, or that future acquisitions will be successfully integrated into our operations and yield the tangible accretive value that had been expected.

If we are unable to implement our Build and Buy strategy, we will likely be unable to maintain our historic or expected growth rates.

The variability of financial results

Our ability to maintain and increase our revenue is affected not only by our success in implementing our Build and Buy strategy, but also by a number of other factors, which could cause the Company's financial results to fluctuate. These factors include: (i) our ability to introduce and deliver new services and business solutions; (ii) our potential exposure to a lengthened sales cycle; (iii) the cyclical nature of the purchases of our technology services and products; (iv) the nature of our client's business (for example, if a client encounters financial difficulty, it may be forced to cancel, reduce or defer existing contracts with us); and (v) the structure of our agreements with clients (for example, some of CGI's agreements with clients contain clauses allowing the clients to benchmark the pricing of services provided by CGI against the prices offered by other providers). These, and other factors, make it difficult to predict financial results for any given period.

Business mix variations

The proportion of revenue that we generate from shorter-term system integration and consulting projects (SI&C), versus revenue from long-term outsourcing contracts, will fluctuate at times, affected by acquisitions or other transactions. An increased exposure to revenue from SI&C projects may result in greater quarterly revenue variations, as the revenue from SI&C projects does not provide long-term consistency in revenue.

The financial and operational risks inherent in worldwide operations

We manage operations in numerous countries around the world including offshore delivery centers. The scope of our operations (including our offshore delivery centers) subjects us to issues that can negatively impact our operations, including: currency fluctuations (see foreign exchange risk); the burden of complying with a wide variety of national and local laws (see regulatory risk); the differences in and uncertainties arising from local business culture and practices; political, social and economic instability including the threats of terrorism, civil unrest, war, natural disasters and pandemic illnesses. Any or all of these risks could impact our global business operations and cause our profitability to decline.

Organizational challenges associated with our size

Our culture, standards, core values, internal controls and our policies need to be instilled across newly acquired businesses as well as maintained within our existing operations. To effectively communicate and manage these standards throughout a large global organization is both challenging and time consuming. Newly acquired businesses may be resistant to change and may remain attached to past methods, standards and practices which may compromise our business agility in pursuing opportunities. Cultural differences in various countries may also present barriers to introducing new ideas or aligning our vision and strategy with the rest of the organization. If we cannot overcome these obstacles in maintaining a strategic bond throughout the Company worldwide, we may not be able to achieve our growth and profitability objectives.

Taxes and tax credit programs

In estimating our income tax payable, management uses accounting principles to determine income tax positions that are likely to be sustained by applicable tax authorities. However, there is no assurance that our tax benefits or tax liability will not materially differ from our estimates or expectations. The tax legislation, regulation and interpretation that apply to our operations are continually changing. In addition, future tax benefits and liabilities are dependent on factors that are inherently uncertain and subject to change, including future earnings, future tax rates, and anticipated business mix in the various jurisdictions in which we operate. Moreover, our tax returns are continually subject to review by applicable tax authorities. These tax authorities determine the actual amounts of taxes payable or receivable, of any future tax benefits or liabilities and of income tax expense that we may ultimately recognize. Such determinations may become final and binding on the Company. Any of the above factors could have a material adverse effect on our net income or cash flow by affecting our operations and profitability, the availability of tax credits, the cost of the services we provide, and the availability of deductions for operating losses as we develop our international service delivery capabilities.

Benefits obtained from government sponsored programs

We benefit from government sponsored programs designed to support research and development, labour and economic growth in jurisdictions where we operate. Government programs reflect government policy and depend on various political and economic factors. There can be no assurance that such government programs will continue to be available to the Company in the future, or will not be reduced, amended or eliminated. Any future government program reductions or eliminations or other amendments to the tax credit programs could increase operating or capital expenditures incurred by the Company and have a material adverse effect on its net earnings or cash flow.

Credit risk with respect to accounts receivable and work in progress

In order to sustain our net earnings and cash flow from operations, we must invoice and collect the amounts owed to us in an efficient and timely manner. Although we maintain provisions to account for anticipated shortfalls in amounts collected from clients, the provisions we take are based on management estimates and on our assessment of our clients' creditworthiness which may prove to be inadequate in the light of actual results. To the extent that we fail to perform our services in accordance with our contracts and our clients' reasonable expectations, and to the extent that we fail to invoice clients and to collect the amounts owed to the Company for our services correctly in a timely manner, our collections could suffer, which could materially adversely affect our revenue, net earnings and cash flow. In addition, a prolonged economic downturn may cause clients to curtail or defer projects, impair their ability to pay for services already provided, and ultimately cause them to default on existing contracts, in each case, causing a shortfall in revenue and impairing our future prospects.

Material developments regarding major commercial clients resulting from such causes as changes in financial condition, mergers or business acquisitions

Consolidation among our clients resulting from mergers and acquisitions may result in loss or reduction of business when the successor business' IT needs are served by another service provider or are provided by the successor company's own personnel. Growth in a client's IT needs resulting from acquisitions or operations may mean that we no longer have a sufficient geographic scope or the critical mass to serve the client's needs efficiently, resulting in the loss of the client's business and impairing our future prospects. There can be no assurance that we will be able to achieve the objectives of our growth strategy in order to maintain and increase our geographic scope and critical mass in our targeted markets.

Early termination risk

If we should fail to deliver our services according to contractual agreements, some of our clients could elect to terminate contracts before their agreed expiry date, which would result in a reduction of our earnings and cash flow and may impact the value of our backlog of orders. In addition, a number of our outsourcing contractual agreements have termination for convenience and change of control clauses according to which a change in the client's intentions or a change in control of CGI could lead to a termination of these agreements. Early contract termination can also result from the exercise of a legal right or when circumstances that are beyond our control or beyond the control of our client prevent the contract from continuing. In cases of early termination, we may not be able to recover capitalized contract costs and we may not be able to eliminate ongoing costs incurred to support the contract.

Cost estimation risks

In order to generate acceptable margins, our pricing for services is dependent on our ability to accurately estimate the costs and timing for completing projects or long-term outsourcing contracts, which can be based on a client's bid specification, sometimes in advance of the final determination of the full scope and design of the contract. In addition, a significant portion of our project-oriented contracts are performed on a fixed-price basis. Billing for fixed-price engagements is carried out in accordance with the contract terms agreed upon with our client, and revenue is recognized based on the percentage of effort incurred to date in relation to the total estimated efforts to be incurred over the duration of the respective contract. These estimates reflect our best judgement regarding the efficiencies of our methodologies and professionals as we plan to apply them to the contracts in accordance with the CGI Client Partnership Management Framework (CPMF), a framework that contains high standards of contract management to be applied throughout the Company. If we fail to apply the CPMF correctly or if we are unsuccessful in accurately estimating the time or resources required to fulfill our obligations under a contract, or if unexpected factors, including those outside of our control, arise, there may be an impact on costs or the delivery schedule which could have a material adverse effect on our expected net earnings.

Risks related to teaming agreements and subcontracts

We derive revenue from contracts where we enter into teaming agreements with other providers. In some teaming agreements we are the prime contractor whereas in others we act as a subcontractor. In both cases, we rely on our relationships with other providers to generate business and we expect to do so in the foreseeable future. Where we act as prime contractor, if we fail to maintain our relationships with other providers, we may have difficulty attracting suitable participants in our teaming agreements. Similarly, where we act as subcontractor, if our relationships are impaired, other providers might reduce the work they award to us, award that work to our competitors, or choose to offer the services directly to the client in order to compete with our business. In either case, if we fail to maintain our relationship with these providers or if our relationship with these providers is otherwise impaired, our business, prospects, financial condition and operating results could be materially adversely affected.

Our partners' ability to deliver on their commitments

Increasingly large and complex contracts may require that we rely on third party subcontractors including software and hardware vendors to help us fulfill our commitments. Under such circumstances, our success depends on the ability of the third parties to perform their obligations within agreed upon budgets and timeframes. If our partners fail to deliver, our ability to complete the contract may be adversely affected, which could have an unfavourable impact on our profitability.

Guarantees risk

In the normal course of business, we enter into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial obligations. These indemnification undertakings and guarantees may require us to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties.

Risk related to human resources utilization rates

In order to maintain our net earnings, it is important that we maintain the appropriate availability of professional resources in each of our geographies by having a high utilization rate while still being able to assign additional resources to new work. Maintaining an efficient utilization rate requires us to forecast our need for professional resources accurately and to manage recruitment activities, professional training programs, attrition rates and restructuring programs appropriately. To the extent that we fail to do so, or to the extent that laws and regulations, restrict our ability to do so, our utilization rates may be reduced; thereby having an impact on our revenue and profitability. Conversely, we may find that we do not have sufficient resources to deploy against new business opportunities in which case our ability to grow our revenue would suffer.

Client concentration risk

We derive a significant portion of our revenue from the services we provide to various U.S. federal government departments and agencies. We expect that this will continue for the foreseeable future. There can be, however, no assurance that each such U.S. federal government and agency will continue to utilize our services to the same extent, or at all in the future. In the event that a major U.S. federal government department or agency were to limit, reduce, or eliminate the business it awards to us, we might be unable to recover the lost revenue with work from other U.S. federal government departments or agencies or other clients, and our business, prospects, financial condition and operating results could be materially and adversely affected. Although IFRS considers a national government and its agencies as a single client, our client base in the U.S. government economic sector is in fact diversified with contracts from many different departments and agencies.

Government business risk

Changes in government spending policies or budget priorities could directly affect our financial performance. Among the factors that could harm our government contracting business are: the curtailment of governments' use of consulting and IT services firms; a significant decline in spending by governments in general, or by specific departments or agencies in particular; the adoption of new legislation and/or actions affecting companies that provide services to governments; delays in the payment of our invoices by government; and general economic and political conditions. These or other factors could cause government agencies and departments to reduce their purchases under contracts, to exercise their right to terminate contracts, to issue

temporary stop work orders, or not to exercise options to renew contracts, any of which would cause us to lose future revenue. Government spending reductions or budget cutbacks at these departments or agencies could materially harm our continued performance under these contracts, or limit the awarding of additional contracts from these agencies.

Regulatory risk

Our global operations require us to be compliant with laws in many jurisdictions on matters such as: anti-corruption, trade restrictions, immigration, taxation, securities regulation, antitrust, data privacy and labour relations, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant resources. Some of these laws may impose conflicting requirements; we may face the absence in some jurisdictions of effective laws to protect our intellectual property rights; there may be restrictions on the movement of cash and other assets; or restrictions on the import and export of certain technologies; or restrictions on the repatriation of earnings and reduce our earnings, all of which may expose us to penalties for non-compliance and harm our reputation.

Our business with the U.S. federal government and its agencies requires that we comply with complex laws and regulations relating to government contracts. These laws relate to the integrity of the procurement process, impose disclosure requirements, and address national security concerns, among other matters. For instance, we are routinely subject to audits by U.S. government agencies with respect to compliance with these rules. If we fail to comply with these requirements we may incur penalties and sanctions, including contract termination, suspension of payments, suspension or debarment from doing business with the federal government, and fines.

Legal claims made against our work

We create, implement and maintain IT solutions that are often critical to the operations of our clients' business. Our ability to complete large projects as expected could be adversely affected by unanticipated delays, renegotiations, and changing client requirements or project delays. Also, our solutions may suffer from defects that adversely affect their performance; they may not meet our clients' requirements or may fail to perform in accordance with applicable service levels. Such problems could subject us to legal liability, which could materially adversely affect our business, operating results and financial condition, and may negatively affect our professional reputation. We typically use reasonable efforts to include provisions in our contracts which are designed to limit our exposure to legal claims relating to our services and the applications we develop. We may not always be able to include such provisions and, where we are successful, they may not protect us adequately or may not be enforceable under some circumstances or under the laws of some jurisdictions.

Data protection and infrastructure risks

Our business often requires that our clients' applications and information, which may include their proprietary information and personal information they manage, be processed and stored on our networks and systems, and in data centers that we manage. We also process and store proprietary information relating to our business, and personal information relating to our members. The Company faces risk inherent in protecting the security of such personal data. Digital information and equipment are subject to loss, theft or destruction, and services that we provide may become temporarily unavailable as a result of those risks, or upon an equipment or system malfunction. The causes of such failures include human error in the course of normal operations (including from advertent or inadvertent actions or inactions by our members), maintenance and upgrading activities, as well as hacking, vandalism (including denial of service attacks and computer viruses), theft, and unauthorized access, as well as power outages or surges, floods, fires, natural disasters and many other causes. The measures that we take to protect against all information infrastructure risks, including both physical and logical controls on access to premises and information may prove in some circumstances to be inadequate to prevent the improper disclosure, loss, theft, misappropriation of, unauthorized access to, or destruction of client information, or service interruptions. Such events may expose the Company to financial loss arising from the costs of remediation and those arising from litigation (including under the laws that protect the privacy of personal information), claims and damages, as well as expose the Company to government sanctions and damage to our brand and reputation.

Security and cybersecurity risks

In the current environment, there are numerous and evolving security risks, especially from cybersecurity threats, including criminal hackers, hacktivists, state sponsored organizations, industrial espionage, employee misconduct, and human or technological error. Our business could be negatively impacted by these physical and cybersecurity threats, which could affect our future sales and financial position or increase our costs and expenses. These security risks to the Company, which are managed by the Company's Chief Security Officer, include potential attacks not only of our own products, services and systems, but also those of our clients, contractors, business partners, vendors and other third parties. We seek to detect and investigate all security incidents and to prevent their occurrence or recurrence, by investing in data privacy controls, threat protections, detection and mitigation policies, procedures and controls, and working with industry and government against cybersecurity threats. However, because of the evolving nature and sophistication of these security threats, there can be no assurance that we can detect or prevent all of these threats. As the cybersecurity landscape evolves, the Company may also find it necessary to make further significant investments to protect data and infrastructure. Occurrence of any of these aforementioned security threats could expose the Company, our clients or other third parties to potential liability, litigation, and regulatory action, as well as the loss of client confidence, loss of existing or potential clients, loss of sensitive government contracts, damage to brand and reputation, and other financial loss.

Risk of harm to our reputation

CGI's reputation as a capable and trustworthy service provider and long-term business partner is key to our ability to compete effectively in the market for IT services. The nature of our operations exposes us to the potential loss, unauthorized access to, or destruction of our clients' information, as well as temporary service interruptions. Depending on the nature of the information or services, such events may have a negative impact on how the Company is perceived in the marketplace. Under such circumstances, our ability to obtain new clients and retain existing clients could suffer with a resulting impact on our revenue and net earnings.

Risks associated with the integration of new operations

The successful integration of new operations arising from our acquisition strategy or from large outsourcing contracts requires that a substantial amount of management time and attention be focused on integration tasks. Management time that is devoted to integration activities may detract from management's normal operations focus with resulting pressure on the revenues and earnings from our existing operations. In addition, we may face complex and potentially time-consuming challenges in implementing the uniform standards, controls, procedures and policies across new operations when harmonizing their activities with those of our existing business units. Integration activities can result in unanticipated operational problems, expenses and liabilities. If we are not successful in executing our integration strategies in a timely and cost-effective manner, we will have difficulty achieving our growth and profitability objectives.

Internal controls risks

Due to the inherent limitations of internal controls including the circumvention or overriding of controls, or fraud, there can only be reasonable assurance that the Company's internal controls will detect and prevent a misstatement. If the Company is unable to design, implement, monitor and maintain effective internal controls throughout its different business environments, the efficiency of our operations might suffer, resulting in a decline in revenue and profitability, and the accuracy of our financial reporting could be impaired.

Liquidity and funding risks

The Company's future growth is contingent on the execution of its business strategy, which, in turn, is dependent on its ability to grow the business organically as well as through business acquisitions. In the event we would need to raise additional funds through equity or debt financing to fund any currently unidentified or unplanned future acquisitions and other growth opportunities, there can be no assurance that such financing will be available in amounts and on terms acceptable to us. Our ability to raise the required funding depends on the capacity of the capital markets to meet our equity and/or debt financing needs in a timely fashion and on the basis of interest rates and/or share prices that are reasonable in the context of our commercial objectives. Increasing interest rates, volatility in our share price, and the capacity of our current lenders to meet our additional liquidity requirements are all factors that may have a material adverse effect on any acquisitions or growth activities that we may, in the future, identify or plan. If we are unable to obtain the necessary funding, we may be unable to achieve our growth objectives.

Foreign exchange risk

The majority of our revenue and costs are denominated in currencies other than the Canadian dollar. Foreign exchange fluctuations impact the results of our operations as they are reported in Canadian dollars. This risk is partially mitigated by a natural hedge in matching our costs with revenue denominated in the same currency and through the use of derivatives in our global hedging strategy. However, as we continue our global expansion, natural hedges may begin to diminish and the use of hedging contracts exposes us to the risk that financial institutions could fail to perform their obligations under our hedging instruments. Furthermore, there can be no assurance that our hedging strategy and arrangements will offset the impact of fluctuations in currency exchange rates, which could materially adversely affect our business revenues, results of operations, financial condition or prospects. Other than the use of financial products to deliver on our hedging strategy, we do not trade derivative financial instruments.

Our functional and reporting currency is the Canadian dollar. As such, our U.S., European and Asian investments, operations and assets are exposed to net change in currency exchange rates. Volatility in exchange rates could have an adverse effect on our business, financial condition and results of our operations.

8.2. LEGAL PROCEEDINGS

The Company is involved in legal proceedings, audits, claims and litigation arising in the ordinary course of its business. Certain of these matters seek damages in significant amounts. Although the outcome of such matters is not predictable with assurance, the Company has no reason to believe that the disposition of any such current matter could reasonably be expected to have a material adverse effect on the Company's financial position, results of operations or the ability to carry on any of its business activities.

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Interim Condensed Consolidated Financial Statements of

CGI GROUP INC.

For the three months ended December 31, 2017 and 2016
(unaudited)

Interim Consolidated Statements of Earnings

For the three months ended December 31

(in thousands of Canadian dollars, except per share data) (unaudited)

	Notes	2017	2016
		\$	\$
Revenue		2,816,895	2,675,719
Operating expenses			
Costs of services, selling and administrative		2,410,632	2,276,704
Acquisition-related and integration costs	8b	15,746	3,105
Restructuring costs	4	32,773	—
Net finance costs		17,134	18,520
Foreign exchange (gain) loss		(69)	2,354
		2,476,216	2,300,683
Earnings before income taxes		340,679	375,036
Income tax expense		55,414	99,385
Net earnings		285,265	275,651
Earnings per share			
Basic earnings per share	7c	0.99	0.91
Diluted earnings per share	7c	0.98	0.89

See Notes to the Interim Condensed Consolidated Financial Statements.

Interim Consolidated Statements of Comprehensive Income

For the three months ended December 31
(in thousands of Canadian dollars) (unaudited)

	2017	2016
	\$	\$
Net earnings	285,265	275,651
Items that will be reclassified subsequently to net earnings (net of income taxes):		
Net unrealized gains (losses) on translating financial statements of foreign operations	56,358	(107,262)
Net (losses) gains on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations	(14,845)	11,703
Net unrealized gains (losses) on cash flow hedges	1,688	(4,285)
Net unrealized losses on available-for-sale investments	(317)	(1,833)
Items that will not be reclassified subsequently to net earnings (net of income taxes):		
Net remeasurement gains (losses) on defined benefit plans	13,037	(3,289)
Other comprehensive income (loss)	55,921	(104,966)
Comprehensive income	341,186	170,685

See Notes to the Interim Condensed Consolidated Financial Statements.

Interim Consolidated Balance Sheets

(in thousands of Canadian dollars) (unaudited)

	Notes	As at December 31, 2017	As at September 30, 2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	9c and 11	238,942	165,872
Accounts receivable		1,435,822	1,285,880
Work in progress		946,106	922,620
Current derivative financial instruments	11	13,873	8,152
Prepaid expenses and other current assets		156,901	160,402
Income taxes		5,834	6,541
Total current assets before funds held for clients		2,797,478	2,549,467
Funds held for clients		395,499	313,552
Total current assets		3,192,977	2,863,019
Property, plant and equipment		391,507	396,613
Contract costs		232,110	243,056
Intangible assets		516,359	490,426
Other long-term assets		87,201	85,159
Long-term financial assets		101,132	111,307
Deferred tax assets		134,556	146,602
Goodwill		7,301,662	7,060,030
		11,957,504	11,396,212
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,105,795	1,004,307
Accrued compensation		616,007	578,886
Current derivative financial instruments	11	31,336	12,069
Deferred revenue		446,271	409,332
Income taxes		218,835	174,102
Provisions		96,341	86,154
Current portion of long-term debt		304,067	122,467
Total current liabilities before clients' funds obligations		2,818,652	2,387,317
Clients' funds obligations		396,369	314,233
Total current liabilities		3,215,021	2,701,550
Long-term provisions		38,330	40,892
Long-term debt		1,518,825	1,739,536
Other long-term liabilities		202,722	213,436
Long-term derivative financial instruments	11	69,481	82,365
Long-term income taxes		10,271	—
Deferred tax liabilities		160,963	213,515
Retirement benefits obligations		188,811	202,292
		5,404,424	5,193,586
Equity			
Retained earnings		4,079,704	3,794,439
Accumulated other comprehensive income	6	215,312	159,391
Capital stock	7a	2,067,545	2,054,725
Contributed surplus		190,519	194,071
		6,553,080	6,202,626
		11,957,504	11,396,212

See Notes to the Interim Condensed Consolidated Financial Statements.

Interim Consolidated Statements of Changes in Equity

For the three months ended December 31
(in thousands of Canadian dollars) (unaudited)

	Notes	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity
		\$	\$	\$	\$	\$
Balance as at September 30, 2017		3,794,439	159,391	2,054,725	194,071	6,202,626
Net earnings		285,265	—	—	—	285,265
Other comprehensive income		—	55,921	—	—	55,921
Comprehensive income		285,265	55,921	—	—	341,186
Share-based payment costs		—	—	—	12,202	12,202
Income tax impact associated with stock options		—	—	—	(2,884)	(2,884)
Exercise of stock options	7a	—	—	29,666	(5,455)	24,211
Exercise of performance share units (PSUs)	7a	—	—	7,439	(7,439)	—
Purchase of Class A subordinate voting shares held in trusts	7a	—	—	(24,789)	—	(24,789)
Resale of Class A subordinate voting shares held in trusts	7a	—	—	504	24	528
Balance as at December 31, 2017		4,079,704	215,312	2,067,545	190,519	6,553,080

	Notes	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity
		\$	\$	\$	\$	\$
Balance as at September 30, 2016		3,778,848	304,128	2,194,731	186,901	6,464,608
Net earnings		275,651	—	—	—	275,651
Other comprehensive loss		—	(104,966)	—	—	(104,966)
Comprehensive income		275,651	(104,966)	—	—	170,685
Share-based payment costs		—	—	—	9,632	9,632
Income tax impact associated with stock options		—	—	—	(2,198)	(2,198)
Exercise of stock options	7a	—	—	31,801	(5,687)	26,114
Exercise of PSUs	7a	—	—	23,666	(23,666)	—
Purchase of Class A subordinate voting shares for cancellation	7a	(273,343)	—	(41,344)	—	(314,687)
Resale of Class A subordinate voting shares held in trust	7a	—	—	2,445	1,601	4,046
Balance as at December 31, 2016		3,781,156	199,162	2,211,299	166,583	6,358,200

See Notes to the Interim Condensed Consolidated Financial Statements.

Interim Consolidated Statements of Cash Flows

For the three months ended December 31

(in thousands of Canadian dollars) (unaudited)

	Notes	2017 \$	2016 \$
Operating activities			
Net earnings		285,265	275,651
Adjustments for:			
Amortization and depreciation		93,290	89,319
Deferred income taxes		(51,033)	32,476
Foreign exchange loss		3,317	1,372
Share-based payment costs		12,202	9,632
Net change in non-cash working capital items	9a	67,049	(58,796)
Cash provided by operating activities		410,090	349,654
Investing activities			
Business acquisitions (net of cash acquired)	8a	(198,997)	(150,897)
Purchase of property, plant and equipment		(30,022)	(30,395)
Additions to contract costs		(17,440)	(26,166)
Additions to intangible assets		(23,404)	(23,790)
Purchase of long-term investments		(6,322)	(3,974)
Proceeds from sale of long-term investments		1,287	—
Cash used in investing activities		(274,898)	(235,222)
Financing activities			
Net change in unsecured committed revolving credit facility		(41,796)	—
Increase of long-term debt		13,299	6,251
Repayment of long-term debt		(13,263)	(120,373)
Repayment of debt assumed from business acquisitions		(21,946)	(6,290)
Purchase of Class A subordinate voting shares held in trusts	7a	(24,789)	—
Resale of Class A subordinate voting shares held in trusts	7a	528	4,046
Purchase and cancellation of Class A subordinate voting shares	7a	—	(302,610)
Issuance of Class A subordinate voting shares		24,214	25,196
Cash used in financing activities		(63,753)	(393,780)
Effect of foreign exchange rate changes on cash and cash equivalents		1,631	(3,272)
Net increase (decrease) in cash and cash equivalents		73,070	(282,620)
Cash and cash equivalents, beginning of period		165,872	596,529
Cash and cash equivalents, end of period		238,942	313,909

Supplementary cash flow information (Note 9).

See Notes to the Interim Condensed Consolidated Financial Statements.

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data) (unaudited)

1. Description of business

CGI Group Inc. (the Company), directly or through its subsidiaries, manages information technology (IT) services as well as business process services (BPS) to help clients effectively realize their strategies and create added value. The Company's services include the management of IT and business functions (outsourcing), systems integration and consulting, as well as the sale of software solutions. The Company was incorporated under Part IA of the Companies Act (Québec) predecessor to the Business Corporations Act (Québec) which came into force on February 14, 2011 and its shares are publicly traded. The executive and registered office of the Company is situated at 1350 René-Lévesque Blvd. West, Montréal, Québec, Canada, H3G 1T4.

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (IASB). In addition, the interim condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 3, Summary of significant accounting policies, of the Company's consolidated financial statements for the year ended September 30, 2017. The accounting policies were consistently applied to all periods presented.

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended September 30, 2017.

The Company's interim condensed consolidated financial statements for the three months ended December 31, 2017 and 2016 were authorized for issue by the Board of Directors on January 31, 2018.

3. Changes in accounting policies

ACCOUNTING STANDARD ADOPTION

The following amendment to the existing standard has been adopted by the Company on October 1, 2017:

IAS 7 - Statement of Cash Flows

In January 2016, the IASB amended IAS 7, *Statement of Cash Flows*, to require enhanced disclosures about changes in liabilities arising from financing activities, including changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates and changes in fair value. The additional disclosures will be provided in the Company's consolidated financial statements for the year ended September 30, 2018.

FUTURE ACCOUNTING STANDARD CHANGES

The following standards have been issued but are not yet effective. The Company's preliminary assessments are subject to change, as the Company is progressing in the assessment of the impact of these standards on its consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. The standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and other revenue related interpretations.

The standard will be effective on October 1, 2018 for the Company. The standard permits two possible transition methods for its application: i) retrospectively to each prior reporting period presented or ii) retrospectively with the cumulative effect of initially applying the standard recognized on the date of the initial application. The Company has not yet selected a transition method.

In preparation for the conversion to IFRS 15, the Company has developed a detailed conversion plan consisting of four phases: 1) awareness, 2) detailed impact assessment, 3) design and 4) implementation. As part of the awareness phase, the Company has established a Steering Committee responsible for monitoring the progress and approving recommendations from the project team. The Steering Committee meets regularly and quarterly updates are provided to the Audit and Risk Management Committee.

The Company has completed the awareness phase which also involved a high-level review of the differences between current requirements and IFRS 15.

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3. Changes in accounting policies (continued)

FUTURE ACCOUNTING STANDARD CHANGES (CONTINUED)

IFRS 15 - Revenue from Contracts with Customers (continued)

The Company is progressing toward completion of the second phase of the conversion plan which encompasses a detailed impact assessment of the differences identified. The Company expects that revenue from outsourcing, BPS and systems integration and consulting services arrangements will continue to be recognized as the services are provided in a manner that is consistent with its current accounting policies.

Currently, when a software license has value to the client on a stand-alone basis and is identified as a separately identifiable component, revenue from a software license is recognized upon delivery. Under IFRS 15, when the arrangement involves significant customization services, revenue from a software license will be combined with the services, resulting in a change in timing of revenue recognition. Based on the preliminary analysis of contracts involving software performed to date, the Company does not expect a significant impact on its consolidated financial statements.

The Company is still in the process of evaluating the impact of the standard and related interpretations, including the disclosure requirements. As such, IFRS 15 could have additional impacts on the Company's consolidated financial statements for which a conclusion has not been reached yet.

The Company is conducting concurrently the remaining two phases, design and implementation. The impacts on the other key elements, such as IT changes, education and training requirements, internal control over financial reporting and impacts on business activities of the Company's conversion plan, are assessed during those phases.

IFRS 9 - Financial Instruments

In July 2014, the IASB amended IFRS 9, *Financial Instruments*, to replace IAS 39, *Financial Instruments: Recognition and Measurement*. The standard will be effective on October 1, 2018 for the Company and is required to be applied retrospectively.

The standard simplifies the classification of financial assets, while carrying forward most of the requirements of IAS 39. The Company's financial assets currently classified as loans and receivables will continue to be measured at amortized cost and financial assets currently classified as available-for-sale will continue to be measured at fair value through other comprehensive income.

The standard introduces a new impairment model which will apply to the Company's trade accounts receivable, long-term receivables and long-term bonds. Management does not believe that the Company is subject to any significant credit risk, given its large and diversified client base and its risk mitigation strategy to invest in high credit quality corporate and government bonds with a credit rating of A or higher.

Finally, IFRS 9 introduces a new hedge accounting model that is more closely aligned with risk-management activities. The Company expects that existing hedge relationships currently designated as effective hedging relationships will still qualify for hedge accounting under this new model.

Based on the preliminary assessment performed to date, the Company does not expect a significant impact on its consolidated financial statements.

IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16, *Leases*, to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease agreement. The standard supersedes IAS 17, *Leases*, and other lease related interpretations, eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. The standard will be effective on October 1, 2019 for the Company with earlier application permitted. When the Company is the lessee, it is expected that the application of IFRS 16 will result in on-balance sheet recognition of most of its lease agreements that are currently considered operating leases, which are primarily for the rental of premises. The Company also expects a decrease of its property costs and an increase of its finance costs and amortization and depreciation resulting from the change in the recognition, measurement and presentation of rental expenses.

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4. Restructuring costs

In the prior fiscal year, the Company announced it will incur approximately \$165,000,000 of restructuring costs to improve profitability by addressing the underutilization of the Company's resources due to the accelerating shift in client demand.

Since inception, the Company incurred a total of \$121,401,000 of costs related to the announced program, of which \$32,773,000 was expensed during the three months ended December 31, 2017. This amount includes restructuring costs for termination of employment of \$30,124,000 accounted for in restructuring provisions, leases of vacated premises of \$1,635,000 accounted for in onerous lease provisions, as well as other restructuring costs of \$1,014,000. In addition, during the three months ended December 31, 2017, the Company paid in total \$31,888,000 related to this program.

5. Income taxes

On December 22, 2017, the United States of America (U.S.) government enacted a tax reform which includes several measures such as a reduction of corporate tax rate from 35% to 21%, effective on January 1, 2018, and a one-time repatriation tax on earnings held by foreign subsidiaries. In addition to the U.S. tax reform, the government of France enacted a temporary corporate surtax for the current year and a tax rate reduction was also enacted by the government of Belgium. As such, during the three months ended December 31, 2017, the Company recorded a net income tax recovery of \$34,100,000 resulting from the re-evaluation of its deferred tax assets and liabilities of \$45,500,000 partially offset by an income tax expense of \$11,400,000 in relation to the U.S. repatriation tax.

6. Accumulated other comprehensive income

	As at December 31, 2017	As at September 30, 2017
	\$	\$
Items that will be reclassified subsequently to net earnings:		
Net unrealized gains on translating financial statements of foreign operations, net of accumulated income tax expense of \$67,919 as at December 31, 2017 (\$65,850 as at September 30, 2017)	751,949	695,591
Net losses on derivative financial instruments and on translating long-term debt designated as hedges of net investments in foreign operations, net of accumulated income tax recovery of \$71,563 as at December 31, 2017 (\$69,296 as at September 30, 2017)	(468,535)	(453,690)
Net unrealized gains on cash flow hedges, net of accumulated income tax expense of \$3,869 as at December 31, 2017 (\$2,332 as at September 30, 2017)	3,358	1,670
Net unrealized losses on available-for-sale investments, net of accumulated income tax recovery of \$228 as at December 31, 2017 (\$178 as at September 30, 2017)	(879)	(562)
Items that will not be reclassified subsequently to net earnings:		
Net remeasurement losses on defined benefit plans, net of accumulated income tax recovery of \$18,930 as at December 31, 2017 (\$20,933 as at September 30, 2017)	(70,581)	(83,618)
	215,312	159,391

For the three months ended December 31, 2017, \$606,000 of the net unrealized gains previously recognized in other comprehensive income, net of income tax expense of \$475,000, were reclassified to net earnings since the derivative financial instruments are designated as cash flow hedges.

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7. Capital stock, share-based payments and earnings per share

a) Capital stock

	Class A subordinate voting shares		Class B multiple voting shares		Total	
	Number	Carrying value	Number	Carrying value	Number	Carrying value
		\$		\$		\$
As at September 30, 2017	254,106,795	2,008,892	32,852,748	45,833	286,959,543	2,054,725
Issued upon exercise of stock options ¹	849,389	29,666	—	—	849,389	29,666
PSUs exercised ²	—	7,439	—	—	—	7,439
Purchased and held in trusts ³	—	(24,789)	—	—	—	(24,789)
Shares held in trusts resold ³	—	504	—	—	—	504
As at December 31, 2017	254,956,184	2,021,712	32,852,748	45,833	287,808,932	2,067,545

On January 31, 2018 the Company's Board of Directors authorized, subject to regulatory approval, the renewal of the Normal Course Issuer Bid (NCIB) for the purchase of up to 20,595,539 Class A subordinate voting shares for cancellation on the open market through the Toronto Stock Exchange (TSX), the New York Stock Exchange and/or alternative trading systems or otherwise pursuant to exemption orders issued by securities regulators. The Class A subordinate voting shares are available for purchase commencing February 6, 2018 until no later than February 5, 2019, or on such earlier date when the Company completes its purchases or elects to terminate the bid.

During the three months ended December 31, 2017, the Company did not purchase any Class A subordinate voting shares for cancellation under the current NCIB. During the three months ended December 31, 2016, the Company purchased 5,094,500 Class A subordinate voting shares under the previous NCIB for a cash consideration of \$314,687,000 and the excess of the purchase price over the carrying value in the amount of \$273,343,000 was charged to retained earnings. Of the purchased Class A subordinate voting shares, 196,800 shares with a carrying value of \$1,599,000 and a purchase value of \$12,077,000 were held by the Company and were paid and cancelled subsequent to December 31, 2016.

¹ The carrying value of Class A subordinate voting shares includes \$5,455,000 (\$5,687,000 during three months ended December 31, 2016), which corresponds to a reduction in contributed surplus representing the value of accumulated compensation costs associated with the stock options exercised during the period.

² During the three months ended December 31, 2017, 172,068 PSUs were exercised (659,640 during the three months ended December 31, 2016) with a recorded value of \$7,439,000 (\$23,666,000 during the three months ended December 31, 2016) that was removed from contributed surplus. As at December 31, 2017, 661,179 Class A subordinate voting shares were held in trusts under the PSU plans (468,668 as at December 31, 2016) (Note 7b).

³ During the three months ended December 31, 2017, the trustees, in accordance with the terms of the PSU plans and Trust Agreements, purchased 372,290 Class A subordinate voting shares of the Company on the open market for a cash consideration of \$24,789,000 (nil during the three months ended December 31, 2016). In addition, during the three months ended December 31, 2017, the trustees resold 7,711 Class A subordinate voting shares that were held in trusts on the open market in accordance with the terms of the PSU plans (64,000 during the three months ended December 31, 2016). The excess of proceeds over the carrying value of the Class A subordinate voting shares, in the amount of \$24,000 (\$1,601,000 during the three months ended December 31, 2016), resulted in an increase of contributed surplus.

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7. Capital stock, share-based payments and earnings per share (continued)

b) Share-based payments

i) Stock options

Under the Company's stock option plan, the Board of Directors may grant, at its discretion, stock options to purchase Class A subordinate voting shares to certain employees, officers and directors of the Company and its subsidiaries. The exercise price is established by the Board of Directors and is equal to the closing price of the Class A subordinate voting shares on the TSX on the day preceding the date of the grant. Stock options generally vest over four years from the date of grant conditionally upon achievement of performance objectives and must be exercised within a ten-year period, except in the event of retirement, termination of employment or death.

The following table presents information concerning the number of outstanding stock options granted by the Company:

Outstanding as at September 30, 2017	15,237,883
Granted	177,750
Exercised (Note 7a)	(849,389)
Forfeited	(1,215,042)
Expired	(2,351)
Outstanding as at December 31, 2017	13,348,851

The weighted average fair value of stock options granted during the three months ended December 31, 2017 and the weighted average assumptions used in the calculation of their fair value on the date of the grant using the Black-Scholes option pricing model were as follows:

	2017	2016
Grant date fair value (\$)	13.44	13.44
Dividend yield (%)	0.00	0.00
Expected volatility (%) ¹	21.67	25.44
Risk-free interest rate (%)	1.57	0.74
Expected life (years)	4.00	4.00
Exercise price (\$)	67.71	63.15
Share price (\$)	67.71	63.15

¹ Expected volatility was determined using statistical formulas and based on the weekly historical average of closing daily share prices over the period of the expected life of stock options.

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(tabular amounts only are in thousands of Canadian dollars, except per share data) (unaudited)

7. Capital stock, share-based payments and earnings per share (continued)

b) Share-based payments (continued)

ii) Performance share units

On September 27, 2017, the Company adopted a new PSU plan with similar terms and conditions to the existing PSU plan. Under both PSU plans, the Board of Directors may grant PSUs to senior executives and other key employees (participants) which entitle them to receive one Class A subordinate voting share for each PSU. The vesting performance conditions are determined by the Board of Directors at the time of each grant. PSUs expire on the business day preceding December 31 of the third calendar year following the end of the fiscal year during which the PSU award was made, except in the event of retirement, termination of employment or death. Conditionally upon achievement of performance objectives, granted PSUs vest either i) annually over a period of four years from the date of grant or ii) at the end of the four-year period.

These share-based payment costs are expensed over the period of four years in earnings with a corresponding credit to contributed surplus on a graded-vesting basis when granted PSUs vest annually or on a straight-line basis when granted PSUs vest at the end of the four-year period.

Class A subordinate voting shares purchased in connection with the PSU plans are held in trusts for the benefit of the participants. The trusts, considered as structured entities, are consolidated in the Company's consolidated financial statements with the cost of the purchased shares recorded as a reduction of capital stock (Note 7a).

The following table presents information concerning the number of outstanding PSUs granted by the Company:

Outstanding as at September 30, 2017	468,668
Granted ¹	402,118
Exercised	(172,068)
Forfeited	(37,539)
Outstanding as at December 31, 2017	661,179

¹ The PSUs granted in the period had a grant date fair value of \$64.73 per unit.

c) Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the three months ended December 31:

	2017			2016		
	Net earnings	Weighted average number of shares outstanding ¹	Earnings per share	Net earnings	Weighted average number of shares outstanding ¹	Earnings per share
	\$		\$	\$		\$
Basic	285,265	286,799,266	0.99	275,651	303,179,061	0.91
Net effect of dilutive stock options and PSUs ²		4,773,006			6,104,420	
	285,265	291,572,272	0.98	275,651	309,283,481	0.89

¹ During the three months ended December 31, 2017, no Class A subordinate voting shares purchased for cancellation and 661,179 Class A subordinate voting shares held in trusts were excluded from the calculation of weighted average number of shares outstanding as of the date of transaction (5,094,500 and 468,668, respectively during the three months ended December 31, 2016).

² The calculation of the diluted earnings per share excluded 5,281,199 stock options for the three months ended December 31, 2017 (3,753,000 for the three months ended December 31, 2016), as they were anti-dilutive.

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8. Investments in subsidiaries

a) Acquisitions

The Company made the following acquisitions during the three months ended December 31, 2017:

- On October 6, 2017 and on October 26, 2017, the Company acquired 94.79% and an additional 1.88%, respectively of the outstanding shares of Affecto Plc, a leading provider of business intelligence and enterprise information management solutions and services, headquartered in Helsinki, Finland, for a total cash consideration of \$145,044,000. The Company expects to acquire 100% of the outstanding shares before March 31, 2018. The remaining outstanding shares to be acquired are mandatorily redeemable, and accordingly, are included in accounts payable and accrued liabilities in the consolidated balance sheet.
- On December 7, 2017, the Company acquired all outstanding shares of Paragon Solutions Inc., a high-end commercial business consultancy with depth in health and life sciences and IT expertise in digital transformation and systems integration, headquartered in Cranford, New Jersey, for a total cash consideration of \$77,715,000.

The purchase price for the two acquisitions above is mainly allocated to goodwill, which is not deductible for tax purposes, mostly representing the future economic value associated of acquired work force and synergies with the Company's operations. The purchase price allocations are expected to be completed as soon as management has gathered all the significant information available and considered necessary in order to finalize these allocations.

During the three months ended December 31, 2017, the Company also finalized the purchase price allocation for Summa Technologies, Inc. acquired in the prior fiscal year with no significant adjustment.

During the three months ended December 31, 2017, the Company paid \$196,831,000 from cash on hand (net of cash acquired of \$19,876,000) for the acquisitions realized in the period and paid an additional cash consideration of \$2,166,000 related to acquisitions realized in the prior fiscal year.

During the three months ended December 31, 2016, the Company acquired all units of Collaborative Consulting, LLC (Collaborative), a high-end IT consulting company with specialized expertise in financial, life sciences and public sectors, headquartered in Boston, Massachusetts, for a total cash consideration of \$150,897,000 paid from cash on hand. The purchase price was mainly allocated to goodwill, which was deductible for tax purposes.

These acquisitions will complement the Company's proximity model and further strengthen its global capabilities across several in-demand digital transformation areas.

b) Acquisition-related and integration costs

During the three months ended December 31, 2017, the Company expensed \$15,746,000 related to acquisition-related and integration costs in connection with the acquisitions realized in the period. This amount includes acquisition-related costs of \$885,000 and integration costs of \$14,861,000. The acquisition-related costs consist mainly of professional fees incurred for the acquisitions. The integration costs mainly include termination of employment of \$4,808,000 accounted for in restructuring provisions, leases of vacated premises of \$9,548,000 accounted for in onerous lease provisions, as well as other integration costs of \$505,000.

During the three months ended December 31, 2016, the Company expensed \$3,105,000 related to integration costs in connection with the acquisition of Collaborative. The integration costs mainly include termination of employment of \$1,421,000 accounted for in restructuring provisions, leases of vacated premises of \$1,002,000 accounted for in onerous lease provisions, as well as other integration costs of \$682,000.

Notes to the Interim Condensed Consolidated Financial Statements

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9. Supplementary cash flow information

a) Net change in non-cash working capital items is as follows for the three months ended ended December 31:

	2017	2016
	\$	\$
Accounts receivable	(87,783)	(132,126)
Work in progress	126	32,419
Prepaid expenses and other assets	18,242	19,383
Long-term financial assets	1,249	(1,545)
Accounts payable and accrued liabilities	78,753	17,375
Accrued compensation	1,521	7,273
Deferred revenue	(4,318)	(16,092)
Provisions	6,533	(5,656)
Long-term liabilities	3,436	(3,145)
Retirement benefits obligations	(2,084)	(5,245)
Derivative financial instruments	1,490	922
Income taxes	49,884	27,641
	67,049	(58,796)

b) Net interest paid and income taxes paid are classified within operating activities and are as follows for the three months ended ended December 31:

	2017	2016
	\$	\$
Net interest paid	15,597	16,239
Income taxes paid	40,447	38,727

c) Cash and cash equivalents consisted entirely of unrestricted cash as at December 31, 2017 and September 30, 2017.

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10. Segmented information

In the prior fiscal year, management reviewed the Company's operating results through seven operating segments referred to as the Company's Strategic Business Units, namely: U.S.; Nordics; Canada; France (including Luxembourg and Morocco) (France); United Kingdom (U.K.); Eastern, Central and Southern Europe (primarily Netherlands and Germany) (ECS); and Asia Pacific (including Australia, India and the Philippines) (Asia Pacific). During the three months ended December 31, 2017, the Company revised its management structure. As a result, the Company is now managed through nine operating segments, namely: Northern Europe (including Nordics, Baltics and Poland); Canada; France (including Luxembourg and Morocco) (France); U.S. Commercial and State Government; U.S. Federal; United Kingdom (U.K.); Eastern, Central and Southern Europe (primarily Netherlands and Germany) (ECS); Asia Pacific Global Delivery Centers of Excellence (India and Philippines) and Australia. The last two operating segments, which each have reported revenue, earnings and assets that are less than 10% of the Company's total revenue, earnings and assets, have been aggregated together as Asia Pacific.

The following tables present information on the Company's operations based on its revised management structure, which includes the transfer of the Poland operations from ECS to the Northern Europe operating segment. The Company has retrospectively revised the segmented information for the comparative period to conform to the new segmented information structure.

For the three months ended December 31, 2017

	Northern Europe	Canada	France	U.S. Commercial and State Government	U.S. Federal	U.K.	ECS	Asia Pacific	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	472,404	411,715	418,761	398,598	359,073	294,557	301,180	160,607	2,816,895
Earnings before acquisition-related and integration costs, restructuring costs, net finance costs and income tax expense ¹	44,610	89,263	66,055	60,251	48,358	47,871	18,519	31,405	406,332
Acquisition-related and integration costs (Note 8b)									(15,746)
Restructuring costs (Note 4)									(32,773)
Net finance costs									(17,134)
Earnings before income taxes									340,679

¹ Total amortization and depreciation of \$92,605,000 included in the Northern Europe, Canada, France, U.S. Commercial and State Government, U.S. Federal, U.K., ECS and Asia Pacific segments is \$13,937,000, \$17,657,000, \$8,313,000, \$17,423,000, \$5,069,000, \$16,670,000, \$9,448,000 and \$4,088,000, respectively for the three months ended December 31, 2017.

For the three months ended December 31, 2016

	Northern Europe	Canada	France	U.S. Commercial and State Government	U.S. Federal	U.K.	ECS	Asia Pacific	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	420,587	393,515	376,568	362,592	346,661	347,552	285,592	142,652	2,675,719
Earnings before acquisition-related and integration costs, net finance costs and income tax expense ¹	45,913	87,405	46,941	69,469	45,238	50,381	21,396	29,918	396,661
Acquisition-related and integration costs (Note 8b)									(3,105)
Net finance costs									(18,520)
Earnings before income taxes									375,036

¹ Total amortization and depreciation of \$88,989,000 included in the Northern Europe, Canada, France, U.S. Commercial and State Government, U.S. Federal, U.K., ECS and Asia Pacific segments is \$12,055,000, \$14,440,000, \$7,995,000, \$17,193,000, \$7,410,000, \$14,911,000, \$9,540,000 and \$5,445,000, respectively for the three months ended December 31, 2016.

The accounting policies of each operating segment are the same as those described in the Summary of significant accounting policies (Note 3) of the Company's consolidated financial statements for the year ended September 30, 2017. Intersegment revenue is priced as if the revenue was from third parties.

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11. Financial instruments

FAIR VALUE

All financial instruments are initially measured at fair value. Subsequently, financial assets classified as loans and receivables and financial liabilities classified as other liabilities are measured at amortized cost using the effective interest rate method. Financial assets and liabilities classified as fair value through earnings (FVTE) and classified as available-for-sale are measured subsequently at fair value.

The Company has made the following classifications:

FVTE

Cash and cash equivalents and derivative financial instruments unless they qualify for hedge accounting. In addition, deferred compensation plan assets within long-term financial assets were designated by management as FVTE upon initial recognition as this reflected management's investment strategy.

Loans and receivables

Trade accounts receivable, cash included in funds held for clients and long-term receivables within long-term financial assets.

Available-for-sale

Long-term bonds included in funds held for clients and in long-term investments within long-term financial assets.

Other liabilities

Accounts payable and accrued liabilities, accrued compensation, long-term debt and clients' funds obligations.

FAIR VALUE HIERARCHY

Fair value measurements recognized in the consolidated balance sheet are categorized in accordance with the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1, but that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs for the asset or liability that are not based on observable market data.

FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation techniques used to value financial instruments are as follows:

- The fair value of senior U.S. and euro unsecured notes, the unsecured committed revolving credit facility and the other long-term debt is estimated by discounting expected cash flows at rates currently offered to the Company for debts of the same remaining maturities and conditions;
- The fair value of long-term bonds included in funds held for clients and in long-term investments is determined by discounting the future cash flows using observable inputs, such as interest rate yield curves or credit spreads, or according to similar transactions on an arm's-length basis;
- The fair value of foreign currency forward contracts is determined using forward exchange rates at the end of the reporting period;
- The fair value of cross-currency swaps and interest rate swaps is determined based on market data (primarily yield curves, exchange rates and interest rates) to calculate the present value of all estimated flows;
- The fair value of cash and cash equivalents is determined using observable quotes; and

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11. Financial instruments (continued)

FAIR VALUE MEASUREMENTS (CONTINUED)

- The fair value of deferred compensation plan assets within long-term financial assets is based on observable price quotations at the reporting date.

There were no changes in valuation techniques during the three months ended December 31, 2017.

The following table presents financial liabilities measured at amortized cost categorized using the fair value hierarchy:

	Level	As at December 31, 2017		As at September 30, 2017	
		Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
Financial liabilities for which fair value is disclosed					
Other liabilities					
Senior U.S. and euro unsecured notes	Level 2	1,543,058	1,618,481	1,542,428	1,638,980
Unsecured committed revolving credit facility	Level 2	159,709	159,709	200,000	200,000
Obligations other than finance leases	Level 2	52,572	51,829	61,703	60,847
Obligations under finance leases	Level 2	26,823	26,740	29,794	29,667
Other long-term debt	Level 2	40,730	39,736	28,078	27,348
		1,822,892	1,896,495	1,862,003	1,956,842

The following table presents financial assets and liabilities measured at fair value categorized using the fair value hierarchy:

	Level	As at December 31, 2017	As at September 30, 2017
		\$	\$
Financial assets			
Financial assets at fair value through earnings			
Cash and cash equivalents	Level 2	238,942	165,872
Deferred compensation plan assets	Level 1	45,654	46,906
		284,596	212,778
Derivative financial instruments designated as hedging instruments			
Current derivative financial instruments	Level 2	13,873	8,152
Long-term derivative financial instruments	Level 2	10,999	24,939
		24,872	33,091
Available-for-sale			
Long-term bonds included in funds held for clients	Level 2	194,935	195,509
Long-term investments	Level 2	27,876	23,047
		222,811	218,556
Financial liabilities			
Derivative financial instruments designated as hedging instruments			
Current derivative financial instruments	Level 2	31,336	12,069
Long-term derivative financial instruments	Level 2	69,481	82,365
		100,817	94,434

There were no transfers between Level 1 and Level 2 during the three months ended December 31, 2017.

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11. Financial instruments (continued)

FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes the fair value of outstanding derivative financial instruments:

	Recorded in	As at December 31, 2017	As at September 30, 2017
		\$	\$
Hedges on net investments in foreign operations			
\$831,400 cross-currency swaps in euro designated as a hedging instrument of the Company's net investment in European operations (\$831,400 as at September 30, 2017)	Current assets	6,343	2,907
	Long-term assets	—	14,539
	Long-term liabilities	3,166	—
Cash flow hedges on future revenue			
U.S.\$78,850 foreign currency forward contracts between the U.S. dollar and the Indian rupee (U.S.\$65,691 as at September 30, 2017)	Current assets	1,009	37
	Long-term assets	1,154	162
	Current liabilities	—	330
	Long-term liabilities	—	427
\$177,296 foreign currency forward contracts between the Canadian dollar and the Indian rupee (\$146,881 as at September 30, 2017)	Current assets	5,849	4,644
	Long-term assets	7,914	7,429
	Current liabilities	299	554
	Long-term liabilities	263	969
€35,113 foreign currency forward contracts between the euro and the Indian rupee (€21,483 as at September 30, 2017)	Current assets	113	—
	Long-term assets	44	—
	Current liabilities	145	275
	Long-term liabilities	179	366
£47,779 foreign currency forward contracts between the British pound and the Indian rupee (£29,034 as at September 30, 2017)	Current assets	57	24
	Long-term assets	33	—
	Current liabilities	318	771
	Long-term liabilities	438	895
€66,749 foreign currency forward contracts between the euro and the British pound (€75,374 as at September 30, 2017)	Current assets	46	33
	Long-term assets	42	70
	Current liabilities	1,589	1,477
	Long-term liabilities	1,896	1,987
€49,140 foreign currency forward contracts between the euro and the Moroccan dirham (€53,527 as at September 30, 2017)	Long-term assets	1,376	2,669
	Current liabilities	1,924	1,681
	Long-term liabilities	4,898	5,427
Other foreign currency forward contracts	Current assets	456	507
	Long-term assets	436	70
	Current liabilities	1,213	231
	Long-term liabilities	221	345

Notes to the Interim Condensed Consolidated Financial Statements

For the three months ended December 31, 2017 and 2016

(tabular amounts only are in thousands of Canadian dollars, except per share data) (unaudited)

11. Financial instruments (continued)

FAIR VALUE MEASUREMENTS (CONTINUED)

	Recorded in	As at December 31, 2017	As at September 30, 2017
		\$	\$
Cash flow hedges on Senior U.S. unsecured notes			
U.S.\$600,000 cross-currency swaps to Canadian dollar (U.S.\$600,000 as at September 30, 2017)	Current liabilities	25,848	6,750
	Long-term liabilities	53,113	69,540
Fair value hedges on Senior U.S. unsecured notes			
U.S.\$250,000 interest rate swaps fixed-to-floating (U.S.\$250,000 as at September 30, 2017)	Long-term liabilities	5,307	2,409

SECTION 4: REVIEW REPORT



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To the Audit and Risk Management Committee of CGI Group Inc.

Dear Sirs:

In accordance with our engagement letter dated January 25, 2018, we have performed an interim review of the consolidated balance sheet of CGI Group Inc. as at December 31, 2017, and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the three-month periods ended December 31, 2017 and 2016. These interim condensed consolidated financial statements are the responsibility of CGI Group Inc. management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor and the standards of the Public Company Accounting Oversight Board (United States) (an interim review).

An interim review consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these interim condensed consolidated financial statements to be in accordance with IAS 34, *Interim Financial Reporting*.

We have previously audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of CGI Group Inc. as at September 30, 2017, and the related consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the year then ended (not presented herein). In our report dated November 8, 2017, we expressed an unmodified audit opinion on those financial statements. In our opinion, the information set forth in the accompanying interim condensed consolidated balance sheet as at September 30, 2017, is fairly stated, in all material respects, in relation to the financial statements from which it has been derived.

This report is solely for the use of the Audit and Risk Management Committee of CGI Group Inc. to assist it in discharging its regulatory obligation to review these interim condensed consolidated financial statements, and should not be used for any other purpose.

Ernst & Young LLP¹

Montreal, Canada
January 30, 2018

1. CPA Auditor, CA, public accountancy permit No. A113209