

Report of chairman of the Board of Directors on Corporate Governance and Internal Control

Dear Shareholders,

Pursuant to article L.225-37 of the French Commercial Code, as Chairman of the Board of Directors of Atos Origin (hereinafter the "Company"), let me present first of all the preparation and organisation conditions of the work of the Board of Directors since its setup on 1 January 2010, and secondly, the internal control procedures set up within the Group.

The Board of Directors approved this Report during its meeting of 31 March 2011.

1. Corporate Governance

Since February 10, 2009, the Company is composed as a "*société anonyme*" (public limited company) with a Board of Directors and a Chief Executive Officer.

This governance structure, tailored to the Group's situation, allows for the necessary reactivity to implement the transformation and necessary actions to ensure growth and profitability in the current economic environment.

The Board decided not to separate the functions of Chairman of the Board and Chief Executive Officer in order to comply with its announced commitments to the shareholders when transforming the Company's governance. The powers of the Chairman of the Board and Chief Executive Officer are described in the "Legal information" section of the Reference Document.

The Company determined the compensation and benefits of its managers and representatives according to a set of rules and principles described in the "Executive compensation and stock ownership" section of the Reference Document.

The rules relating to the participation of shareholders in the General Meetings are described in the "Legal information" section of the Reference Document.

The factors that can exert influence on the public takeover bids are described in the "Legal information" section of the Reference Document.

Frame of reference on Corporate Governance

French legislation and rules published by market regulatory authorities apply to the Company's governance. The Company deems that the implementation of its corporate governance principles is adequate and in conformity with related applicable French best practices.

The Company refers to the recommendations set out in the Corporate Governance Code of listed companies issued by the AFEP-MEDEF and has decided to use the Code as a reference in terms of corporate governance. This Code is available on the following website: www.code-afep-medef.com.

The Code of Corporate Governance was adopted by the AFEP-MEDEF on 23 December 2008 and is now the new frame of reference. Since its adoption, the Board of Directors committed to run a yearly control of good-standing application of these rules, and to communicate on the monitoring of the recommendations of the AFEP-MEDEF.

The Board of Directors therefore had a meeting on 22 December 2010 concerning the yearly evaluation of good-standing application of the rules of governance. The Board made sure of the good application of these rules by the Company regarding both the initial recommendations of the Code and

the new recommendation of AFEP-MEDEF, dated April 2010, on the reinforcement of women presence in the boards. The Board also relied on the precisions brought on a later date by the reports of the Autorité des Marchés Financiers (AMF) dated 12 July 2010, and by the AFEP-MEDEF, dated 6 December 2010, on the implementation of these recommendations.

Following the meeting dedicated to this subject, the Board considered that the mechanism put in place by the Company on corporate governance matters, especially concerning the compensation of representatives, was consistent to all the recommendations of the AFEP-MEDEF.

The detailed elements taken into consideration by the Board of Directors are available on the following website: www.atosorigin.com.

More generally, upon suggestion by the Chairman of the Board of Directors, the agenda regularly contains points on the corporate governance of the Company. Thus the Board has consistently expressed its will to take into account, and sometimes anticipate, recommendations from various bodies working on the improvement of corporate governance for listed companies whenever such recommendations are in line with the interests of the Company and of its shareholders.

Therefore, many such systems, illustrating this commitment, have already been put in place by the Board of Directors upon the Chairman's request. This includes, among others, the renunciation of "golden parachutes" practices by the Company, the reinforcement of conditions for plans that benefit the general management, or the appointment of a reference director. Following this trend, during financial year 2010, two improvements were made: the appointment of Colette Neuville as censor, and the reinforcement of diversification and feminization of the Board.

Reference director

In accordance with the paths for reflexion indentified by the AMF in the "2009 Report on corporate governance and internal control" of 8 December 2009, the Board of Directors, during its meeting of 17 December 2009, upon proposal of the Remuneration Committee, appointed Jean-Philippe Thierry as reference director. Following the resignation of Jean-Philippe Thierry, acknowledged at the Board's meeting of 12 October 2010, and effective as from 30 September 2010, and upon proposal of the Remuneration Committee, the Board of Directors appointed Pasquale Pistorio as the new reference director during its meeting of 22 December 2010.

The reference director is in charge, in particular, of the assessment of the Board's work, carried out every year under his supervision. He is also in charge of arbitrating potential conflicts of interest.

Nomination of a censor

Pursuant to article 26 of the Company's Articles of association, the Board of Directors decided to appoint Colette Neuville as censor during its meeting of 13 April 2010. The appointment was later ratified during the General Meeting of shareholders of 27 May 2010.

The censor is invited to each meeting of the Board where she acts as observer. The Board may give her specific assignments. If deemed relevant, she can present observations to the General Meetings, based on proposals submitted to her.

Reinforcement of women's presence in the Board

The General Meeting of 27 May 2010 appointed Aminata Niane as a director. This appointment was suggested by the Board, in anticipation of the adoption of the law for a balanced representation of men and women in boards of directors and supervisory boards, voted on 27 January 2011.

The appointment of Aminata Niane – a recognized figure of the business world - also reinforced the objectives of expansion of the Board's composition in terms of nationality or international experience.

As of 31 December 2010, 18% of the Company's Board of Directors are women (compared to 8% in December 2009) and 25% including the censor.

1.1. The Board of Directors: composition and functioning

On 31 December 2010, the Board of Directors is composed of eleven members: Thierry Breton (Chairman of the Board and Chief Executive Officer), René Abate, Nicolas Bazire, Jean-Paul Béchat, Ms. Jean Fleming (director representing employee shareholders, appointed during the Ordinary and Extraordinary General Shareholders Meeting of 26 May 2009), Bertrand Meunier, Ms. Aminata Niane, Michel Paris, Pasquale Pistorio, Vernon Sankey and Lionel Zinsou-Derlin.

NB: The following table mentions Jean-Philippe Thierry (who resigned as from 30 September 2010) and Behdad Alizadeh (who resigned as from 22 December 2010):

Name	Nationality	Age	Date of appointment	Committee member	Term of offices (*)	Number of shares held
René Abate	French	62	2009		2011	1 000
Behdad Alizadeh**	American	49	2009	N&R	2011	1 000
Nicolas Bazire	French	53	2009	N&R	2011	1 000
Jean-Paul Béchat	French	68	2009	A	2011	1 000
Thierry Breton	French	55	2009		2011	5 000
Ms. Jean Fleming****	British	41	2009		2011	640
Bertrand Meunier	French	54	2009	N&R	2011	1 000
Ms. Aminata Niane	Senegalese	54	2010		2012	1 000
Michel Paris	French	53	2009	A	2011	1 000
Pasquale Pistorio	Italian	74	2009	A	2011	1 000
Vernon Sankey	British	61	2009	A	2011	1 000
Jean-Philippe Thierry***	French	62	2009	N&R	2011	1 500
Lionel Zinsou-Derlin	French and Beninese	56	2010		2011	1 000
Censor Colette Neuville	French	73	2010		2010	500

A: Audit Committee;

N&R: Nomination and Remuneration Committee

(*) Annual General Meeting deciding on the accounts of the year

(**) M. Behdad Alizadeh resigned as from of 22 December 2010 meeting of the Board

(***) M. Jean-Philippe Thierry resigned as from 30 September 2010

(****) Director representing employee shareholders

Pursuant to the articles of association, each director must own at least 1,000 shares. This rule however does not apply to the director representing employee shareholders¹.

The Internal Rules govern the work of the Board of Directors. They specify the rules on composition, functioning and the role of the Board, remuneration of directors, evaluation of the works of the Board, information of directors, the role and competence of the Committees of the Board – the Audit Committee and the Nomination and Remuneration Committee, the specific missions which can be granted to a director and the confidentiality obligations imposed on directors.

¹ Pursuant to article 16 of the articles of association

As soon as appointed, a copy of the Internal Rules as well as the Charter of the Board of Directors and the Guide to the Prevention of Insider Dealing are given to the directors who subscribe to these documents. The content of these documents is described more specifically in the "Codes and Charts" section of the Reference Document.

The mission of the Board of Directors is to determine the strategy and the trends of the Company's activity and to oversee their implementation. Moreover, the Board of Directors decides on the separation of the functions of Chairman of the Board and Chief Executive Officer, appoints managing legal representatives and rules on the independence of directors on a yearly basis, eventually imposes limitations on the powers of the Chief Executive Officer, approves the Chief Executive Officer Report, convenes the General Meetings and decides on the agenda, undertakes controls and verifications which it deems opportune, the control and audit of the sincerity of the accounts, the review and approval of the accounts, the communication to the shareholders and to the market of high quality information.

1.1.1. Definition of an "independent member" of the Board of Directors

The Corporate Governance Code of the AFEP-MEDEF of December finds a director as independent where "he or she has no relationship of any kind whatsoever with the corporation, its group or the management of either that is such as to colour his or her judgment". The AFEP-MEDEF Code also determines that a certain number of criteria must be reviewed in order to determine the independence of a director:

- "Not to be an employee or executive director of the corporation, or an employee or director of its parent or a company that it consolidates, and not having been in such a position for the previous five years;
- Not to be an executive director of a company in which the corporation holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the corporation (currently in office or having held such office going back five years) is a director;
- Not to be a customer, supplier, investment banker or commercial banker:
 - that is material for the corporation,
 - or its group or for a significant part of whose business the corporation or its group accounts;
- Not to be related by close family ties to an executive director;
- Not to have been an auditor of the corporation within the previous five years;
- Not to have been a director of the corporation for more than twelve years."

As regards directors representing significant shareholders of the corporation or its parent, these may be considered as being independent, provided that they do not take part in control of the corporation. In excess of a 10% holding of stock or votes, the Board, upon a report from the Nomination and Remuneration Committee, should systematically review the qualification of a director as an independent director, having regard to the make-up of the corporation's capital and the existence of a potential conflict of interest.

The Board of Directors, meeting on 22 December 2010, relying on the preliminary work of the Nomination and Remuneration Committee, has led a specific review on the independent status of each of its members, relying on the above-mentioned criteria. On this basis, eight out of the twelve members of the Board, that is 67%, are considered as independent. The Audit Committee and the Nomination and Remuneration Committee are both chaired by an independent director.

Four out of twelve members of the Board are not considered as independent, namely, in addition to Thierry Breton, Michel Paris and Lionel Zinsou-Derlin – considering their relation with a significant shareholder of the Company (25% of the Company's stock being held by the Financière Daunou 17 (PAI Partners)), as well as Ms. Jean Fleming as representative of employee shareholders and employee of a subsidiary of the Company.

1.1.2. Meetings of the Board of Directors

Pursuant to the articles of association and the Internal Rules, the Board of Directors has met as often as necessary. During the 2010 financial year, the Board of Directors has met 12 times. Attendance of directors at these meetings was an average of 93%.

The Board of Directors met to discuss the following topics:

- Review and approval of the budget ;
- Review of quarterly results and forecast ;
- Review of financial presentations and press releases ;
- Review of and approval of consolidated half year and yearly accounts ;
- Review of strategic trends of the Group and external growth operations ;
- Review of off-balance commitments and risks ;
- Review of certain strategic contracts ;
- Review of the functioning of the social bodies and corporate governance (composition of the Board, evaluation of the Board's work, remuneration of the directors, review of the independence of directors, conformity review of the Company's practice with the AFEP-MEDEF recommendations, adoption of a new Code of Ethics).

Certain members of the Board also focused on particular corporate governance issues within two permanent committees:

- The Audit Committee and
- The Nomination and Remuneration Committee.

The members of these Committees are appointed by the Board of Directors from among its members. The competences of these Committees are governed by the Internal Rules of the Board of Directors. The Committees are solely advisory in preparing the works of the Board which is the only decisive and liable entity. They report to the Board of Directors. Their recommendations are discussed at length during the meetings, where applicable, on the basis of the documentation generated by the Committees.

1.2. The Audit Committee

The mission of the Audit Committee is to prepare and facilitate the work of the Board of Directors. It provides assistance to the Board of Directors in its analysis of the exactness and sincerity of the Company's statements and consolidated financial statements. The Audit Committee also looks to the quality of internal controls and the information given to shareholders and to the market. In order to fulfil its mission, the Audit Committee is regularly informed of major risks, including litigation and off-balance commitments.

During the 2010 financial year, the Audit Committee was composed of 4 members (3 out of the 4 members, including the Chairman of the Committee being independent members): Jean-Paul Béchat (Chairman), Vernon Sankey, Michel Paris and Pasquale Pistorio. Pursuant to the 8 December 2008 Decree, the Audit Committee has at least one member, including its Chairman, with financial or accounting qualifications, acquired by professional experience.

In 2010, the Audit Committee met 7 times. Attendance of members to the meetings exceeded 89%.

The Group Chief Financial Officer, the Head of Internal Audit, the Head of Risk Management, the Group General Counsel as well as the statutory auditors attended all meetings of the Audit Committee.

All documentation presented to the Committee was communicated to Committee by the Group Chief Financial Officer at least 48 hours prior to the meeting.

Other executives of the Company participated in certain meetings of the Committee, such as, inter alia, the Senior Executive Vice-president in charge of Global Operations and the Head of the Systems Integration service line.

The Audit Committee reviewed the quarterly Group financial reporting package addressed to the Board. It was regularly informed of the Group's financial strategy and its implementation. It was informed on the terms and conditions of significant contracts (including the risk management aspect of such contracts). It also regularly reviewed the status of the major existing contracts (on the basis of approvals delivered under the risk management programs as previously described). The Audit Committee regularly examined the accounting and financial documents to be submitted to the Board. It also received reports from the statutory auditors on the conclusions of their work. A specific session was held, as it is each year, in addition to ordinary meetings, in order to review specific contractual commitments, major contracts, risks and losses declared. The Committee was also involved in the preparation of the present "Chairman's Report".

During its 7 meetings held in 2010, the Audit Committee reviewed both recurring and specific matters:

- Quarterly financial information to the Board of Directors;
- Statutory external auditors, reports on audit and internal control plan;
- Group performance analysis;
- Internal control audit plans and recommendations;
- Risk management reports for existing and new contracts;
- Material claims and litigations.

1.3. The Nomination and Remuneration Committee

The mission of the Nomination and Remuneration Committee is to prepare and facilitate the decisions of the Board of Directors in the areas which fall within its scope.

With regard to nominations, the general scope of the Nomination and Remuneration Committee is to assist, review and, where applicable, submit to the Company all applications to the General Shareholders Meeting for the appointment as member of the Board of Directors or, if called upon for such purpose, to review an application for manager, and to advise or issue recommendations to the Board of Directors on such applications.

The Nomination and Remuneration Committee reviews significant operations which could create a potential conflict of interest between the Company and the members of the Board. The qualification of "independent" director is prepared every year within the Nomination and Remuneration Committee and reviewed and discussed by the Board of Directors prior to the publication of the Reference Document on a yearly basis.

With regard to remuneration, the mission of the Nomination and Remuneration Committee is to make suggestions on the overall, total and fixed remuneration as well as the applicable criteria for variable remuneration of the Chairman of the Board and Chief Executive Officer.

The Nomination and Remuneration Committee also is involved in the analysis of the principles of the Company's and its subsidiaries' profit-sharing plan for employees. Its mission is also to make suggestions on decisions to grant stock-subscription option rights of the Company's shares for the legal representatives and all or part of the employees of the Company and its subsidiaries.

The rules relating to the compensation of the executive officers are described in the "Executive Compensation and Stock Ownership" section of the Reference Document.

With regard to the members of the Board of Directors, the Committee suggests each year the amount of the envelope for directors fees which will be submitted to the approval of the General Shareholders' Meeting, as well as the conditions of distribution of the fees among directors. The Committee takes into account the attendance of the directors to the various meetings of the Board and the Committees of which they are members but also the level of responsibility endorsed by the directors, as well as the time they dedicate to their function.

The Committee also makes recommendations on the pensions, benefits and financial rights of the legal representatives of the Company and its subsidiaries.

During the 2010 financial year, the Nomination and Remuneration Committee was composed of 4 members (2 out of the 4 members being independent members): Behdad Alizadeh (Chairman until 22 December 2010, date of resignation), Jean-Philippe Thierry, Nicolas Bazire (Chairman starting 22 December 2010, following Behdad Alizadeh's resignation) and Bertrand Meunier.

In 2010, the Nomination and Remuneration Committee met 5 times. Attendance of members to the meetings was an average of 89%.

During its 5 meetings held in 2010, the Nomination and Remuneration Committee particularly focused on the review, in order to assist the Board in its decisions, of the following topics:

- Conditions of distribution of the directors fees
- Determination of the variable remuneration of the Chairman of the Board and Chief Executive Officer for 2010 and the definition of performance objectives
- Review of the performance conditions for the stock-option plans
- Grant of stock-options to the managing teams of the Group
- Proposal for the nomination of a censor
- Proposal for the nomination of a director
- Determination of independent members of the Board

1.4. Assessment of the work of the Board of Directors

The Board of Directors must regularly assess its capacity to meet the expectations of the shareholders by periodically analysing its composition, organization and functioning, as well as the composition, organization and functioning of its committees. In particular, it shall analyse the methods by which the Board of Directors and its Committees function, consider the desired balance of its composition, periodically reflect upon whether their tasks are appropriate to their organization and functioning, ensure that the important questions have been suitably prepared and discussed and measure the actual contribution of each director to the work of the Board of Directors and its committees, according to his or her skills and involvement in the discussions.

For this purpose, the Internal Rules of the Board of Directors provide that, once a year, the Board of Directors shall devote one item on its agenda to the discussion of its functioning and inform the shareholders each year, in the Reference Document, of the conducting of these assessments and the subsequent follow-up.

In 2006, the Company carried out a formal assessment of the work of its Supervisory Board. This assessment had been entrusted to an external counsel. For the 2007 and 2008 financial years, on the basis of a questionnaire circulated to the directors, the Board carried out a self-assessment of its work. The outcome of these assessments was mentioned in the Reference Document of the Company.

In order to ensure both the compliance of its governance practices with the AFEP-MEDEF recommendations and the adequacy of its work to its mission and the expectations of the shareholders, the Board, in 2009, decided to supplement the yearly assessment of the Company's governance practices by a formalised assessment, under the supervision of its reference director. Therefore, in 2010, the Board, during its meeting of 22 December 2010, decided to complete the assessment of the governance practices of the Company by a formalized assessment of its work under the supervision of the reference director, Pasquale Pistorio.

The formalised assessment led on the work of the Board and its Committees on fiscal year 2010 included the following points:

- Institutional diagnosis: appreciation of the transcription of the corporate governance in the institutional documents of the Company (compliance with the recommendations and codes, functioning of the Board, specialized Committees of the Board, remuneration of directors, relations with the shareholders);
- Assessment of the work of the Board strictly speaking: evaluation of the stakes and actual means of functioning of the Board and its Committees by integrating the points of view of various governance stakeholders (procedures of the Board, work of the Board, relations with management/Executive Committee).

On the first point, the Board carried out an exhaustive review of the governance practices of the Company. It dedicated a specific meeting on these questions (meeting of the Board of 22 December 2010) in order to assess the compliance of the Company's practices with the relevant recommendations, and more particularly:

- validation of the subscription and monitoring by the Company to the AFEP/MEDEF recommendations;
- approval of the document relating to this validation;
- approval of the press release on the Board's review of the compliance of its governance principles with the AFEP/MEDEF recommendations one year after their implementation.

The outcome of this assessment has been published by way of a press release on 23 December 2010.

On the second point, the review was carried out on the basis of the following three points:

- statistical analysis of the participation of the directors to the work of the Board and its two Committees;
- individual interviews between the reference director and the directors;
- a questionnaire circulated to the directors on issues relating to the functioning of the Board as well as on its focus on corporate governance issues.

The following points emerged from the interviews by the reference director of all the directors:

- on the governance, the directors noted that the functioning was excellent. They notably highlighted the members' commitment in the work of the Board and its Committees – this functioning being supported by the Company's management which strongly focuses on governance issues.
- on the operational functioning – with regard to strategy: the directors noticed the strong information and implication of the Board in the external growth operation projects. Thus, pursuant to the acquisition of Siemens IT Solutions and Systems (SIS), an ad hoc committee was set up in order to reflect with the Company on the various aspects of this transforming project. The directors highlighted this practice which was deemed to be excellent. It was therefore suggested to dedicate to strategy one or two half-a-day Board meetings with presentations by the strategy manager and by the different heads of division/country, with an emphasis on technology issues.
- on the composition of the Board, the directors praised the increase of women representation in the Board and expressed the wish to pursue this track.

The information collected during the assessment of the work of the Board, both after the individual interviews lead by the reference director and by the questionnaires filled by the directors, allows the confirmation of the following:

- the dynamic functioning of the Board allows it to fully undertake its role which has been set by applicable legislation;
- the Company and the Board attach a significant interest on issues pertaining to corporate governance;
- the practice of meetings dedicated to strategy which was asked for during the last assessment of the Board's work was effectively taken into account. The directors wish for this practice to be continued and expanded.

2. Internal control

The internal control system whose definition is stated in section D.3.2.1 below and designed within Atos Origin relied on the internal control reference framework prescribed by the AMF (Autorité des Marchés Financiers).

The "general principles" section of the AMF framework has been used to describe in a structured manner the components of the internal control system of Atos Origin — section D.3.2.2. Specific attention has been given to the internal control system relating to accounting and financial information — section D.3.2.3, in compliance with the application guide of the AMF.

Internal control players are described in section D.3.2.4.

The Chairman of the Board of Directors had entrusted the preparation of the section of the Report from the Chairman of the Board of Directors on internal control procedures to the Group Internal Audit Department. This preparation has been reviewed by the Group Finance Director, the Group Vice President and the Executive Director in charge of Global Functions.

2.1. Internal control definition and objectives

Internal control system designed throughout the Group aims to ensure:

- compliance with applicable laws and regulations;
- application of instructions and directional guidelines settled by General Management;
- correct functioning of company's internal processes particularly those implicating the safeguarding of its assets;
- reliability of financial information.

One of the objectives of internal control procedures is to prevent and control risks of error and fraud, in particular in the accounting and financial areas. As for any internal control system, this mechanism can only provide reasonable assurance and in no event gives an absolute guarantee against these risks.

2.2. Components of the internal control system

The internal control system within Atos Origin is a combination of closely related components that are detailed hereafter.

2.2.1. Organization / control environment

The organisation, competencies, systems and policies (methods, procedures and practices) represent the ground layer of the internal control system and the fundamentals of the Group in the matter. The main components are presented in this section.

Matrix organisation: The Company runs a matrix organisation structure that combines Operational Management (Countries) and Functional Management (service lines, sales and markets and support functions). This constitutes a source of control with a dual view on all operations.

Responsibilities and powers: Specific attention has been paid to ensure that the right people are granted the appropriate responsibilities and powers, especially through the following initiatives:

- **Delegation of Authority:** A formal policy sets out the authorisation of officers of subsidiaries to incur legal commitments on behalf of the Group with clients, suppliers and other third parties. The intention of these rules is to ensure efficient and effective management control from the country level to General Management level. The delegation of authority policy was rolled-out under the supervision of the Group Legal department.
- **Segregation of Duties:** Updated rules for segregation of duties have been implemented in the organisation. A program is managed to follow-up the improvement of segregation of duties, including functional review of segregation of duties and review of procedures for profiles attribution. Tooling has been used to perform automatic assessments of those rules in the systems.

Policies and procedures: The Group has designed and implemented over the last years several policies and procedures in order to establish common practices and standardised methods. These policies and procedures are reviewed when necessary to be in line with the objectives of the Group.

Some of these key policies and procedures included:

- **The Code of Ethics:** This code sets the "tone at the top" in line with Atos Origin commitment to corporate social responsibility, and especially its adhesion in 2010 to the United Nations' Global Compact. The Code of Ethics has been updated and adopted by the Board of Directors on the 12th of October 2010. It has been communicated throughout the Group with trainings to remind the importance of respecting the code for
 - complying with all laws, regulations and internal standards,
 - acting honestly and fairly with clients, shareholders and partners,
 - playing by the rules of fair competition,
 - never using bribery or corruption in any form,
 - being loyal to the company and in particular, avoiding any conflicts of interest,
 - protecting the Group's assets and preventing and combating against fraud
 - protecting confidentiality and insider information.
- **Atos RainbowTM:** Rainbow is a set of procedures and tools that provides a formal and standard approach to bid management, balancing sales opportunities and risk management for all types of opportunities, as well as continuous guidance and control for the decision-making process. Rainbow is the means by which Atos Origin's management is involved in controlling and guiding the acquisition of the Group's contracts. Above specific thresholds Rainbow reviews are performed at Management Board level. In 2010, Rainbow has been progressively deployed to also monitor delivery phases of projects.
- **Operational policies and procedures** have also been implemented in all departments. The main impacting policies and procedures in terms of internal control (regarding authorizations and ethics) include "Payment & Treasury Security Rules", "Purchasing Code of Conduct", "Pension Governance", "Investment Committee", "Legal Handbook" and "Credit Risk Policy". In 2010, the Group has initiated a global review and centralization of the Group Policies and Procedures to increase the awareness and accessibility to those documents

Human Resource Management: A Group Human Resource management policy has been designed through the *Global Capability Model* (GCM) which is a standard for categorising jobs by experience and expertise across the Group. It helps employees in to be aware of their responsibility through job description; it helps managers in recruitment and rewarding; and it helps the Operations in resourcing and budgeting. A Group Policy on bonus scheme completes this organisation by setting additional incentives.

Information Systems: Group Business Process and Internal IT department is in place to provide common internal IT infrastructures and applications for Atos Origin staff worldwide. It supports functions like Finance (accounting and reporting applications), Human Resources (resourcing tool, corporate directory), Communication (Group websites and intranet) or Project Managers (capacity planning and project management).

Security and access to these infrastructures and applications as well as their reliability and performance are managed by this department and benefit from the core expertise and resources from the Group.

2.2.2. Communication of relevant and reliable information

Several processes are in place to ensure that relevant and reliable information is communicated on a timely manner to relevant players within Atos Origin.

A shared ERP system is deployed and used in the main countries of the Group, enabling easier exchange of operational information.

It allows producing cross border reporting and analysis (cross border project analysis, customer profitability...) as well as business reports through different analytical axis (service line, geographical and market axis).

Formal information reporting lines have been defined, following the operational and the functional structures. This formal reporting, based on standard formats, concerns both financial and non financial information. Communication of relevant information is also organized in the Group through several specialised escalation processes that define criteria to raise issues to the appropriate level of management, up to General Management for the most important ones. This covers a wide range of topics like operational risks (through Risk Management Committees), treasury (with Payment and Treasury Security Committee), or financial restructuring (Equity Committee).

This bottom-up communication is accompanied by top-down instructions, issued regularly, and especially for budgeting and financial reporting sessions.

A dedicated intranet portal is accessible to all employees which facilitates the sharing of knowledge and issues raised by the Atos Origin internal communities. This global knowledge management system promotes collaboration and allows efficient and effective information transfer.

2.2.3. System for risk management

Risk management refers to means deployed in Atos Origin to identify, analyse and manage risks. Although risk management is part of a manager's day to day decision making process, specific formal initiatives have been led concerning risk management:

The risk mapping has been updated in 2010, in order to identify and assess risks that may impact the objectives of the Group. The selected methodology involved the managers of the Group TOP 400 through interviews and questionnaires, to collect their perception of the main risks that may impact Atos Origin objectives, their potential impact and likelihood.

This assessment has covered potential risks related to our environment (stakeholders, natural disasters), the transformation & business development (evolution, culture, market positioning), our operations (clients, people, IT, processes) and the information used for decision making (financial and operational).

Results have been shared with General Management, to ensure that appropriate measures are deployed to manage the main risks, and presented to the Audit Committee.

The Risk Analysis (as detailed in the "Risks" section of the 2010 Annual Report) presents the Group's vision of the main business risks, as well as the way those risks are managed. This includes the contracting of several insurance policies to cover primary insurable risks including the protection of Group assets (production sites and datacenters) and people. Operational risks on projects have been managed by the Risk Management function (including a Group Risk Management Committee who met

monthly to review the most significant and challenging contracts. Risks related to logical or physical security are managed through a Security Organization coordinated at Group level. Control activities have also been implemented (through the Book of Internal Control), on the basis of main risks identified, as described next section related to "control activities".

2.2.4. Control activities

Atos Origin's key control activities are described in the Book of Internal Control (BIC). This document, sent out to all entities by the General Management, complements the different procedures by addressing the key control objectives of each process to achieve a convenient level of internal control. For each control objective, one or more control activities (including control activities' description, evidences, owners and periodicity) have been identified in order to formalize Group's expectations in terms of control.

The Book of Internal Control covers not only the financial processes, but also delivery processes (like contract management), support processes (including legal, purchasing, HR or IT) and some management processes (Mergers and Acquisitions):

- **HR and Pensions' Management:** control activities have been designed regarding identification and management of evolutions of Labour laws in countries where the Group operates, treatment of payroll, control of employment contracts, recruitment and termination processes, etc...;
- **Legal:** on top of the Delegation of Authority mentioned above, control activities have been designed on rules for customer contracts, trademarks, patents and domain names registration, insurance and corporate law;
- **Delivery cycle:** from bidding to post-delivery, on top of the Bid Management process and Risk Management mentioned above, control activities have been designed on the handover from bidding to delivery, follow-up of risk register and action plans, resource management control, project financial review, monitoring of project execution and termination process for a project;
- **Purchasing:** control activities have been designed on purchasing request authorisation process, key steps of procurement flow and ethics for buyers;
- **Internal IT:** control activities have been designed around protection and confidentiality of data and information including disaster recovery plans, security and access to the systems and networks;
- **Communication:** designed control activities are related to internal communication of key messages as well as procedures and policies, preparation and disclosure of announcement, public relations, communication crisis plan, financial communication, and investor relations.
- **Mergers & Acquisitions:** control activities aim at ensuring that the proper authorizations have been obtained at each step of the process, and proper tools and resources employed to secure operations.
- **Finance and Treasury:** the control activities are described in section D.3.2.3.

A new version of the Book of Internal Control has been communicated throughout the Group in August 2009 in order to take into account some improvements in terms of content and layout. This framework will continue to evolve, according to evolving maturity of processes and emerging risks.

A specific action has also been led with regards to "SAS70" reports².

A control framework has been defined, detailing control activities related to client service. This framework has been built on the basis of the ITGI model (*IT Governance Institute's publication titled IT Control Objectives for Sarbanes-Oxley, 2nd Edition*).

2.2.5. Monitoring

Monitoring of internal control system includes the analysis of results of controls (identification and treatment of incidents) and the assessment of controls to ensure controls are relevant and appropriate with control objectives. This monitoring is the responsibility of the Group and Local Management, and is also supported by Internal Audit missions.

Internal Audit has been responsible to assess the functioning of internal control system.

Internal Audit has carried out reviews to ensure that the internal control procedures are properly applied and supported the development of internal control procedures. Internal Audit also defined, in partnership with Group and Local management, action plans for continuously improving internal control processes.

In 2010, Internal Audit carried out a total of 87 audit assignments assessing the functioning of internal control system: 53 in the domain of support functions (Finance, Human Resources, Purchasing and Internal IT) and 34 related to Operations/core business (mainly focus on Worldline activities). All assignments have been finalised by the issuance of an audit report including action plans to be implemented by the related division or country. Among the audit assignments achieved in 2010:

- An exhaustive follow-up of all open - high and medium risk - recommendations has been carried out, to ensure that action plans were correctly implemented
- 3 countries have been fully reviewed regarding the effectiveness of their internal controls on support functions.
- 11 Datacenters have been audited to obtain a view on physical security controls, environmental controls, availability and performance of the datacenter.
- Three particular investigation audits and 2 audits for specific clients took place
- Internal Audit has also performed an organizational review on the new GAMA³ model implementation in 5 main countries to ensure that the progress of the project/model implementation is on track in accordance with Group strategy
- Fraud prevention audits have been performed to identify whether entity level of controls take sufficiently into account the risk of fraud and for a predefined list of internal fraud scenarios to assess the fraud awareness through the implementation of preventive controls and the effectiveness of controls in place.
- 3 third party service providers have been audited to assess how the outsourcing arrangements support the business objectives and how the relationship with the third party service provider is managed at a strategic and operational level, including the aspect of dependencies (contractual, business, system wise...)

Internal audit has also actively contributed to help the business meeting the compliance requirements to obtain the "payment institution" status for Worldline Belgium.

² SAS70 (*Statement on Auditing Standards no.70*) defines the American professional standards usually implemented in other countries within the framework of an auditor's report on internal control of a service to a third party. Activities of Atos Origin typically have an impact on the control environment of its clients (through information systems), which may require the issuance of "SAS70 reports" for the controls ensured by Atos Origin.

³ GAMA : Global Atos Market Alignment

2.3. Systems related to accounting and financial information

Processes contributing to the accounting and financial information, referred as "financial processes", are in line with the internal control system of Atos Origin, and are subject to specific attention due to their sensitivity.

2.3.1. Local and Group financial organisation

The financial processes have relied on finance teams in each country. Country CFOs had a dual reporting to local management and to Group CFO until February 2009. Since this date, country CFOs have a direct reporting line exclusively to Group CFO.

Direct reporting to Group Function, as for the other support functions, reinforces the integration of the financial function and contributes to the full alignment of key processes and provides an appropriate support to operational entities of the Group.

Piloting was ensured by Group CFO assisted by the Group Finance Executive Committee that included main country chief financial officers and Group Finance functions. This committee met on a regular basis and was in charge of the overall monitoring of the process of preparation of the financial information. Significant accounting issues, as well as potential internal control deficiencies, were reported to this committee, which decided corrective actions to be carried out.

Group Finance Department was in charge of piloting the financial processes, especially through the financial consolidation, the monitoring of compliance matters, the supply of expertise and the control of the reported financial information.

In 2010, the Financial System Alignment initiative has been pursued to reinforce alignment between countries in terms of indicators and processes, as well as to streamline IT tools and reporting demand.

2.3.2. Group finance policies & procedures

Group Finance has drawn up a number of Group policies and procedures to control how financial information is processed in the subsidiaries. These policies and procedures were discussed with the statutory auditors before issuance and included the following main elements:

Financial accounting policies include a Group reporting and accounting principles handbook applicable to the preparation of financial information, including off-balance sheet items. The handbook sets out how financial information must be prepared, with common presentation and valuation standards. It also specifies the accounting principles to be implemented by Atos Origin entities in order to prepare budget, forecast and actual financial reporting required for Group consolidation purposes. Group reporting definitions and internal guidelines for IFRS, and particularly accounting rules applicable in the Operations, are regularly updated. An IFRS knowledge center is in place at Group level to assist and support local operations.

Training and information sessions are organised regularly in order to circulate these policies and procedures within the Group. A dedicated intranet site is accessible to all accounting staff, which facilitates the sharing of knowledge and issues raised by members of the Atos Origin financial community.

Instructions and timetable: Financial reporting including budget, forecast and financial information by subsidiary is carried out in a standard format and within a timetable defined by specific instructions and procedures. Group Finance liaised with statutory auditors to coordinate the annual and half-year closing process.

2.3.3. Information systems

Information systems have played a key role in the control system related to the accounting and financial information, as they have both strongly structured the processes and provided automated preventive controls, but have also provided monitoring and analysis capabilities.

An integrated ERP system has supported the production of accounting and financial information in the main countries.

A unified reporting and consolidation tool has been used since the beginning of 2007 for financial information (operational reporting and statutory figures). Each subsidiary reported its financial statements on a standalone basis in order to be consolidated at Group level. There was no intermediary consolidation level and all accounting entries linked to the consolidation remain under the direct control of Group Finance. Off balance sheet commitments were reported as part of the mainstream financial information and are examined by Group Finance.

2.3.4. Monitoring and control

In addition to the financial processes defined, monitoring and control processes have aimed to ensure that accounting and financial information complies with rules and instructions.

The Closing File (included in the Book of Internal Control) is deployed at local level since 2008. It was required for each subsidiary to elaborate on a quarterly basis, a standard closing file formalising key internal controls performed over financial cycles and supporting closing positions.

Functional reviews were performed by Group financial support functions on significant matters relating to financial reporting, such as tax issues, pensions, litigations, off balance sheet items or business performance and forecast.

Operational and financial reviews: Group controlling is supporting Operations and General Management in the decision making process through monthly reviews and by establishing a strong link with country management in financial analysis & monitoring, enhancing control & predictability of operations and improving the accuracy & reliability of information reported to the Group;

Representation letters: During the annual and half-year accounts preparation, the management and financial head of each subsidiary was required to certify in writing:

- they have complied with the Group's accounting rules and policies;
- they are not aware of cases of proven or potential fraud that may have an impact on the financial statements;
- the estimated amounts resulting from the assumptions made by management enable the Company to execute the corresponding actions and
- that, to the best of their knowledge, there was, no major deficiency in the control systems in place within their respective subsidiary.

Internal Audit Department: The review of the internal control procedures linked to the processing of financial information was a component of the reviews conducted by the Internal Audit Department. The Internal Audit Department worked together with Group Finance to identify the main risks and to focus its audit plan consequently as effectively as possible.

2.4. Internal control system players

The main bodies involved in the implementation of internal control procedures at Atos Origin are as follows:

Board of Directors supported by Audit Committee

The Board of Directors prepares governance rules detailing the Board's role supported by its committees. Those committees play a key role to enlighten the Board as to the internal control system through their review and monitoring duties in a number of areas. The Audit Committee, in particular, is informed of the content and the implementation of internal control procedures used to ensure the reliability and accuracy of financial information and stays informed about the proper implementation of the Internal Control System.

General management and Executive Committee

General Management is responsible for the management of the Group's business and focuses on strategic aspects to develop the Group. As part of its role, General Management defines the framework of the system of internal control.

The Executive Committee leads the operational performance of the Group. Its main tasks are to define and review business priorities, review Atos Origin operational performance and define corrective action plans. Management at different levels is responsible for implementing and monitoring the internal control system within their respective areas of responsibility.

Risk Management Committee

Risk Management monitors, reviews and inspects the bidding, engaging in and the execution of contracts to achieve an optimum balance between risk and reward and identifies improvements in our operational processes, including controls where applicable.

Internal control

Internal control function is to ensure the coordination of the internal control system, like the implementation of the Book of Internal Control and its continuous improvement within the Group. Internal control coordinates also all other initiatives of internal control.

Internal Audit

The Internal Audit organisation is centralized which enables a global working practice following one Group audit plan and a consistent audit methodology. Internal Audit operating principles are defined in the Group Internal Audit Charter, which was validated by General Management. The Audit Committee also received regular reports on the Internal Audit work plan, objectives of assignments, and associated results and findings. The internal audit department liaises with the statutory auditors to ensure an appropriate co-ordination between internal and external control.

2.5. Outlook and related new procedures to be implemented

In 2011, the Top Program, as largely detailed, will pursue its effects to improve and streamline processes, with benefits for the Internal Control System.

Initiatives identified through the updated risk mapping will be monitored to ensure that proper attention is given to those topics.

The Internal Audit Department will pursue the internal review programme initiated in 2010. In line with the planned development of the internal control system of the Group, Internal Audit plans to pursue its focus on the implementation of the Book of Internal Control and Top program. In parallel with the

continuation of the self-assessment process on financial internal controls, the Internal Audit team will continue to reinforce control and verification of financial information.

Conclusion

Based on the above, we have no other observation with regard to internal control and procedures implemented by the Group. However, it should be noted that internal control cannot provide an absolute guarantee that the Group's goals in this respect will be achieved and that all risks will have been completely eliminated.

Thierry BRETON,
Chairman of the Board of Directors