SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 40-F

☐ 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, 2020

Commission file number 1-14858

CGI INC.

(Exact name of Registrant as specified in its charter)

Quebec, Canada
(Province or other jurisdiction of incorporation or organization)

8742
(Primary Standard Industrial Classification Code Number)

98-0406227
(I.R.S. Employer Identification Number)

1350 René-Lévesque Boulevard West, 25th Floor
Montréal, Quebec
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, VA 22030
(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:	Trading symbol:	Name of each exchange on which registered:
Class A subordinate voting shares	GIB	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: 230,690,875 Class A subordinate voting shares, 28,945,706 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 Exchange Act 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, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit such files):

Yes ☒ No ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act:

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards† provided pursuant to Section 13(a) of the Exchange Act: ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report: ☒

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 and maintains disclosure controls and procedures designed to provide reasonable assurance that the material information relating to the Registrant is made known to the Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which annual and interim filings are prepared and that information required to be disclosed by the Registrant in its annual, interim filings or other reports filed or submitted by the Registrant under Canadian and U.S. securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and the related rules. The effectiveness of these disclosure controls and procedures, as defined under National Instrument 52-109 adopted by Canadian securities regulators and in Rule 13a-15(e) under the U.S. Securities Exchange Act of 1934, as amended, was evaluated under the supervision of and with the participation 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, 2020. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer concluded that the Registrant's disclosure controls and procedures were effective as at September 30, 2020.

The Registrant has also established and maintains internal control over financial reporting, as defined under National Instrument 52-109 and in Rule 13a-15(f) under the U.S. Securities Exchange Act of 1934, as amended. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Registrant. The Registrant's internal control over financial reporting is a process designed under the supervision of the Chief Executive Officer and Chief Financial Officer, and effected by management and other key personnel of the Registrant, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. The effectiveness of the Registrant's internal control over financial reporting as at September 30, 2020 was evaluated under the supervision of and with the participation 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, 2020 based on the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Registrant's internal control over financial reporting was effective as at September 30, 2020.

The effectiveness of the Registrant's internal control over financial reporting as of September 30, 2020 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, filed as Exhibit 99.2 to this Annual Report.

There have been no changes in the Registrant's internal control over financial reporting during the fiscal year ended September 30, 2020 that has materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

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, Messrs. Richard B. Evans, Michael B. Pedersen and Stephen S. Poloz, and Mses. Alison C. Reed and Kathy N. Waller. Mr. Evans does not intend to stand for re-election to the Board of Directors at the Registrant's next Annual General Meeting of shareholders to be held on January 27, 2021.

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;
- Alison C. Reed; and
- Kathy N. Waller.

Please refer to the Registrant's Management Proxy Circular dated December 7, 2020 (and furnished to the Commission as Exhibit 99.2 to the Registrant's Form 6-K on December 18, 2020) under the heading *Nominees for Election as Directors* for a brief summary of Mr. Labbé and Mses. Reed and Waller'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 fiscal years ended September 30, 2020 and September 30, 2019, the Registrant's external auditors billed the following fees for their services:

	Fees billed and percentage			
Service retained	**2020**		**2019**	
Audit fees	$ 7,900,049	69.23%	$ 7,207,258	72.00%
Audit related fees[(a)]	$ 1,398,224	12.25%	$ 345,639	3.45%
Tax fees[(b)]	$ 2,102,969	18.43%	$ 2,370,713	23.68%
All other fees[(c)]	$ 9,338	0.08%	$ 86,165	0.86%
Total fees billed	**$11,410,580**	**100%**	**$10,009,775**	**100%**

(a) The audit related fees billed by the external auditors for the fiscal years ended September 30, 2020 and 2019 were primarily in relation to service organization control procedures audits.

(b) The tax fees billed by the external auditors for the fiscal years ended September 30, 2020 and 2019 were in relation to tax compliance and advisory services.

(c) The other fees billed by the external auditor for the fiscal year ended September 30, 2020 were not significant and for September 30, 2019 were primarily in relation to training of a general nature provided to CGI which was not related to financial reporting or internal control over financial reporting.

Codes of Ethics

In addition to its Code of Ethics and Business Conduct (which incorporates 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

The Registrant'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, 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 31 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 material adverse effect on its Audited Annual Consolidated Financial Statements.

Tabular Presentation of Contractual Obligations

As of September 30, 2020, 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 *In thousands of CAD*	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Long-term debt	3,582,216	310,726	2,137,273	1,134,210	7
Estimated interest on long-term debt	189,723	84,472	84,659	20,592	—
Lease liabilities	876,370	178,720	280,259	202,565	214,826
Estimated interest on lease liabilities	126,123	28,897	45,705	27,306	24,215
Long-term service agreements and other	235,781	124,776	110,790	215	—
Total	**5,010,213**	**727,591**	**2,658,686**	**1,384,888**	**239,048**

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 $7.9 million for fiscal 2021 as described in note 17 of the Registrant's Audited Annual Consolidated Financial Statements.

Interactive Data File

The Registrant is submitting as Exhibit 101 to this Annual Report its Interactive Data File.

Information to be Filed on This Form

The following documents are filed as exhibits to this Annual Report:

99.1	Annual Information Form for the fiscal year ended September 30, 2020
99.2	Audited Annual Consolidated Financial Statements for the fiscal years ended September 30, 2020 and September 30, 2019
99.3	Management's Discussion and Analysis of Financial Position and Results of Operations for the fiscal years ended September 30, 2020 and September 30, 2019
99.4	Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14(a)
99.5	Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14(a)
99.6	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
99.7	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
99.8	Consent of PricewaterhouseCoopers LLP
101.0	XBRL Documents

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.

CGI Inc.

Date: December 18, 2020

By: /s/ Benoit Dubé

Name: Benoit Dubé

Title: Executive Vice-President, Legal and Economic Affairs, and Corporate Secretary

EXHIBIT INDEX

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Exhibit 99.1

Annual Information Form

For the fiscal year ended September 30, 2020

December 7, 2020



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This Annual Information Form is dated December 7, 2020 and, unless specifically stated otherwise, all information disclosed in this form, is provided as at September 30, 2020, 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 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, Montréal, 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 ("Class A 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, 2020, each of which is directly or indirectly wholly-owned by the Company. The Company has other subsidiaries that have not been included in the table since they represented, individually, 10% or less of our consolidated assets or consolidated revenue as at September 30, 2020[(a)], and, in the aggregate, 20% or less of our consolidated assets or consolidated revenue as at September 30, 2020. This table also omits subsidiaries whose primary role is to hold investments in other CGI subsidiary entities.

Name of Subsidiary	Country of Incorporation
Conseillers en gestion et informatique CGI Inc.	Canada
CGI Information Systems and Management Consultants Inc.	Canada
CGI Payroll Services Centre Inc.	Canada
CGI Technologies and Solutions Inc.	United States
CGI Federal Inc.	United States
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 BV & Co. KG	Germany

Capital Structure

The Company's authorized share capital consists of an unlimited number of Class A Shares carrying one vote per share and an unlimited number of Class B shares (multiple voting) ("Class B Shares") carrying 10 votes per share, all without par value, of which, as of December 7, 2020, 228,104,439 Class A Shares and 28,945,706 Class B Shares, were issued and outstanding. These shares represent respectively 44.07% and 55.93% of the aggregate voting rights attached to the outstanding Class A 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 7, 2020, 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 5 and 6, and *First Preferred Shares* and *Second Preferred Shares* on page 7 of CGI's Management Proxy Circular ("Circular") dated December 7, 2020, which was filed with Canadian securities regulators and which is available at www.sedar.com and on CGI's website at www.cgi.com.

(a) Based on the Company's annual audited consolidated financial statements for the fiscal years ended September 30, 2020 and 2019 filed with Canadian securities regulators and which are available at www.sedar.com and on CGI's website at www.cgi.com.

Stock Splits

As of December 7, 2020, the Company had proceeded with four subdivisions of its issued and outstanding Class A 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 Shares are listed for trading on the Toronto Stock Exchange (the "TSX")under the symbol GIB.A and on the New York Stock Exchange under the symbol GIB. A total of 167,629,106 Class A subordinate voting shares were traded on the TSX during the fiscal year ended September 30, 2020, as follows:

Month	High[a] ($)	Low[a] ($)	Volume
October 2019	105.69	101.06	9,779,120
November 2019	111.09	101.54	10,476,768
December 2019	111.86	108.10	9,996,779
January 2020	114.49	100.02	13,216,155
February 2020	103.99	90.50	17,341,311
March 2020	96.85	67.23	30,361,240
April 2020	89.75	74.44	17,846,414
May 2020	91.94	82.70	12,071,181
June 2020	92.96	83.55	17,240,107
July 2020	95.76	84.99	10,171,584
August 2020	96.25	90.17	8,161,095
September 2020	96.25	87.70	10,967,352

(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 January 29, 2020, 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 Shares during the NCIB term that commenced on February 6, 2020 and will expire on February 5, 2021 at the latest. On February 17, 2020, the Company completed a private share purchase which is considered within the annual aggregate limit that the Company is entitled to purchase under the NCIB. See *Description of CGI's Business – Significant developments of the Three Most Recent Fiscal Years –Fiscal Year ended September 30, 2020 – Normal Course Issuer Bid* later in this Annual Information Form.

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 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 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 50 and 51 and the disclosure contained under the heading *Report of the Audit and Risk Management Committee,* on pages 59 and following of CGI's Circular dated December 7, 2020.

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 11 to 19, and the table on the Board of Directors committee membership on page 48 of CGI's Circular dated December 7, 2020.

Executive Committee and 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 7, 2020 and, where required, any other previously held positions in the last five years with the Company or one of its direct or indirect subsidiaries, 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 and Chief Operating Officer	• President, Western and Southern Europe Operations • President, France, Luxembourg and Morocco Operations
François Boulanger Westmount, Quebec, Canada	Executive Vice-President and Chief Financial Officer	–
Mark Boyajian Nashville, Tennessee, United States	Executive Vice-President and Global Chief Business Engineering Officer	• President, Canada Operations
Benoit Dubé St-Lambert, Quebec, Canada	Executive Vice-President, Legal and Economic Affairs, and Corporate Secretary	–
Laurent Gerin Neuilly-sur-Seine, Hauts-de-Seine, France	President, Western and Southern Europe Operations	• Senior Vice-President, Italy, Spain and South French Region • Vice-President, Innovation Center of Excellence
Julie Godin Verdun (Nuns' Island), Quebec, Canada	Co-Chair of the Board, Executive Vice-President, Strategic Planning and Corporate Development	• Vice-Chair of the Board, Executive Vice-President, and 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	–
David L. Henderson Vienna, Virginia, United States	President, United States Operations, Commercial & State Government	–
André Imbeau[(a)] Beloeil, Quebec, Canada	Founder and Advisor to the Executive Chairman of the Board	• Founder and Vice-Chairman of the Board
John Karnblad Gothenburg, Västra Götaland, Sweden	President, Scandinavia Operations	• Business Unit Leader, Sweden Gothenburg and Central • Chief Technology Officer and Senior Vice-President, Head of Market Area West, Mid, South & Finland (Acando Sverige AB)
Bernard Labelle Quebec City, Quebec, Canada	Executive Vice-President and Chief Human Resources Officer	• Senior Vice-President, Global Human Resources and Leadership Institute • Senior Vice-President, Global Human Resources
Leena-Mari Lähteenmaa Helsinki, Uusimaa, Finland	President, Finland, Poland, and Baltics Operations	• Senior Vice-President, Finland

Name and Residence	Principal Occupation with the Company	Previously held position (last five years)
George J. Mattackal Bangalore, Karnataka, India	President, Asia Pacific Global Delivery Centers of Excellence	• Senior Vice-President and Business Unit Leader, Asia Pacific Communication and Enterprise Services Delivery Center
Tara McGeehan Flintham Newark, Nottinghamshire, United Kingdom	President, United Kingdom and Australia Operations	• Senior Vice-President, United Kingdom North and Energy, Utilities and Telecoms
George D. Schindler Fairfax, Virginia, United States	President and Chief Executive Officer	• President and Chief Operating Officer • Chief Operating Officer
Torsten Strass Wiesbaden, Hesse, Germany	President, Central and Eastern Europe Operations	• Senior Vice-President, Germany Operations
Guy Vigeant Deux-Montagnes, Quebec, Canada	President, Canada Operations	• Senior Vice-President, Mergers and Acquisitions • Senior Vice-President, Greater Montréal

(a) Mr. Imbeau is a director and officer of the Company, and holds an interest in the Class B Shares.

CGI's global strategy is overseen by a management committee ("Executive Committee") comprised of the Company's executive officers and certain other key functional employees. The Executive Committee meets at least six times a year and is accountable for enterprise-wide strategy as well as all enterprise policies and operations oversight.

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 page 8 of CGI's Circular dated December 7, 2020.

Description of CGI's Business

Mission, Vision and Strategy

The mission of CGI is to help its 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 ("IT"), business processes, and management. In all we do, we are guided by our dream and living by our values to foster trusted relationships and meet our commitments now and in the future.

CGI is unique as our vision is based on 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 our 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: Win, renew and extend contracts
- Pillar 2: New large managed IT and business process services contracts

These first two pillars relate to driving profitable organic growth through the pursuit of contracts with new and existing clients in our targeted industries. Successes in these pillars reflect the strength of our end-to-end portfolio of capabilities, the depth of expertise of our consultants in business and IT, and the appreciation of the proximity model by our clients, both existing and potential.

- Pillar 3: Metro market acquisitions

The third pillar focuses on growth through metro market acquisitions, complementing the proximity model, helping provide a fuller range of end-to-end services. We identify metro market acquisitions through a strategic qualification process that systematically searches for targets to strengthen our proximity model, leveraging strong local relationships with customers, and enhancing our industry expertise, services and solutions.

- Pillar 4: Large, transformational acquisitions

We also pursue large acquisitions to further expand our geographic presence and critical mass, which enables us to compete for large managed IT and business process services contracts and broaden our client relationships. CGI will continue to be a consolidator in the IT services industry by being active on both of these last two pillars.

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 members 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 theirend-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' partner and expert of choice. To achieve this, we invest in developing and recruiting professionals with extensive industry, business and in-demand technology expertise. In addition, a majority of CGI consultants and professionals are also owners through our Share Purchase Plan, which, combined with the Profit Participation Plan, provide 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. With regular reviews of engagements and transparency at all levels, the Company ensures that client objectives and its own targets are consistently followed at all times. This thorough process enables CGI to generate continuous improvements for all stakeholders by applying corrective measures as soon as they are required.
- Corporate social responsibility: Corporate social responsibility is one of CGI's core values. Our business model is designed to ensure that we are close to our clients and communities. At CGI, our members embrace our responsibilities to contribute to the continuous improvement of the economic, social and environmental well-being of the communities in which we live and work.

Applied Innovation

At CGI, innovation happens across many interconnected fronts. It starts in our everyday work on client projects, where thousands of innovations are applied daily. Through benchmark in-person interviews we conduct each year, business and technology executives share their priorities with us, informing our own innovation investments and driving our client proximity teams' focus on local client priorities.

Since 1976, CGI is a trusted partner in delivering innovative, client-inspired business services and solutions. We help develop, innovate and protect the technology that enables clients to achieve their digital transformation goals faster, with reduced risk and enduring results.

We partner with clients to enable their business agility through a range of business and digital initiatives focused on human capital and culture practices, process automation, and data analytics. Technology is a key element of the value chains of organizations today. We help clients adopt and harmonize a number of technologies and services, such as cloud, automation, and managed services, to build agility, elasticity, security and resiliency into their technology supply chains.

Digital engagement with customers and citizens has taken on new importance. We help clients evaluate their work culture, organizational models, and performance management, as well as adopt modern collaboration and resilient business continuity plans.

Technology will continue to be at the heart of the future value chains that serve our clients' consumers and citizens.

Business Structure

During the fiscal year ended September 30, 2020, the Company was managed through the following nine operating segments:

Western and Southern Europe (primarily France, Portugal and Belgium); United States ("U.S.") Commercial and State Government; Canada; U.S. Federal; United Kingdom ("U.K.") and Australia; Central and Eastern Europe (primarily Germany and the Netherlands); Scandinavia; Finland, Poland and Baltics; and Asia Pacific Global Delivery Centers of Excellence (mainly India and Philippines) ("Asia Pacific").

The Company has retrospectively revised the segmented information for the comparative period to conform to the new segmented information structure. For additional information on our segments, please refer to sections 3.4, 3.6, 5.4 and 5.5 of CGI's Management's Discussion and Analysis ("MD&A") for the fiscal years ended September 30, 2020 and 2019 and to note 29 of our annual audited consolidated financial statements for the fiscal years ended September 30, 2020 and 2019, 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 before eliminations, for the fiscal years ended September 30, 2020 and 2019:

Reporting Segment Revenue

(in thousand of CAD)	2020	2019
Western and Southern Europe	1,911,477	2,022,677
U.S. Commercial and State Government	1,863,467	1,834,917
Canada	1,686,269	1,768,924
U.S. Federal	1,712,244	1,597,922
U.K. and Australia	1,358,469	1,356,858
Central and Eastern Europe	1,212,196	1,166,486
Scandinavia	1,104,121	1,095,330
Finland, Poland and Baltics	777,152	787,640
Asia Pacific	674,946	606,252
Eliminations	(136,226)	(125,770)
Total	**12,164,115**	**12,111,236**

Services Offered by CGI

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:

- Strategic IT and business consulting and systems integration: CGI helps clients define their digital strategy and roadmap, and advance their IT modernization initiatives through an agile, iterative approach that facilitates innovation, connection and optimization of mission-critical systems to deliver enterprise-wide change.
- Managed IT and business process services: Our clients entrust us with full or partial responsibility for their IT and business functions to help them become more agile and to build resilience into their technology supply chains. In return, we deliver innovation, significant efficiency gains, 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 in collections and payroll management. Managed IT and business process services contracts are long-term in nature, with a typical duration greater than five years, allowing our clients to reinvest savings, alongside CGI, in their digital transformation.
- Intellectual property ("IP"): Our IP portfolio includes approximately 175 business solutions, some of which are cross-industry solutions. Designed in collaboration with clients, our IP solutions act as business accelerators for the industries we serve, and include the following(a):
  - *Momentum* is an integrated enterprise resource planning ("ERP") suite trusted by more than 190 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-premises implementation, managed services hosted in a CGI data center or publically available cloud, or as a "software as a service" ("SaaS") subscription-based offering. *Momentum* offers practical support for today's financial, acquisitions and budgeting operations, combined with strategic solutions to position agencies and organizations for the rapidly changing environment of the future.
  - *CGI Advantage* is a leading ERP solution that helps state and local governments improve their back-office operations enabling digital insights through embedded analytics to better serve citizens and streamlining engagement through a mobile-first design and engaging user experience. Its full suite of ERP capabilities is designed specifically for the public-sector, including financial management, vendor self-service, grants management, performance budgeting, collections, human resources management, case management and procurement. *CGI Advantage* delivery options include on-premises implementation or managed services hosted in a private or publicly available cloud.
  - *CGI Collections360* powered by CGI's *CACS* Enterprise, is an end-to-end, cloud-based, managed services solution that integrates the components of a high-performance default management operation, including software, business processes, underlying IT and strategic planning, to reduce costs, net bad debt and risk. With multiple delivery options, we tailor each implementation to meet the client's unique debt recovery challenges and operational needs. *CGI Collections360* addresses all lines of business and stages of default management, including early stages, loss mitigation, third party management, recovery, and recovery accounting. We offer *CGI Collections360* as a cloud-based or managed service.

– CGI CustomerAdvance is an end-to-end outsourcing solution with the ability to deliver individual components to support the needs of clients that require one or more specialized services, particularly those that would like to improve the customer experience using an omni channel solution. It is used in five continents, more than 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, trade loans, payables, receivables, factoring, collateral management and cash management services to their customers – anywhere, anytime – on a single, integrated and global platform. Built uniquely for multi-bank, multi-currency and multi-time zone processing, CGI Trade360 used in more than 103 countries and over 230 bank locations across the globe.

(a) *CGI Advantage, Momentum, CGI Collections360, CACS, and CGI Trade360 are trademarks or registered trademarks of CGI or its subsidiaries.*

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 also an expert in their industries. This combination of business knowledge and digital technology expertise allows us to help our clients navigate complex challenges and focus on how to create value. In the process, we evolve the services and solutions we deliver within our targeted industries.

Our targeted industries include communications and media, banking, insurance, government, health & life sciences, manufacturing, retail & consumer, transportation and logistics, energy and utilities and space. While these represent our go-to-market industry targets, we group these industries into the following for reporting purposes: government; manufacturing, retail & distribution ("MRD"); financial services; communications & utilities; and health.

As the move toward digitization continues across industries, CGI partners with clients to help guide them in becoming customer and citizen-centric digital organizations.

Intangible Properties

We own and use various intangible assets that include, without limitation, brand names, trademarks, patents and patent applications, copyrights and copyrighted material, trade secrets, 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 trademark, copyright, trade secret and patent laws to protect these assets against infringement.

Our general practice is to pursue trademark, patent, copyright or other appropriate IP protection that is timely and necessary to protect and leverage our intellectual assets for the longest possible period. We will continue to seek IP protection for our technology, software, methodologies, processes, know-how, tools, techniques and other proprietary information throughout the various countries within which CGI operates.

Human Resources

As of September 30, 2020, CGI employed approximately 76,000 consultants and professionals worldwide, whom are called members as they are also owners. In order to encourage the high degree of commitment necessary to provide quality and continuity of client service, CGI offers its members the right to acquire Class A Shares pursuant to a Share Purchase Plan. Among the countries in which we currently offer our Share Purchase Plan, approximately 66,500 of our members own Class A Shares. The Company also has a Profit Participation Plan, a short-term incentive plan that pays an annual cash bonus based on achievement of performance objectives and designed to provide CGI's management and members with an incentive to increase the profitability and growth of the Company, as well as a full range of benefits. In addition, the Company also has long-term incentive plans, including a Share Option Plan and Performance Share Unit Plans, designed to ensure that its leaders' interests are closely aligned with those of all shareholders.

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, and maintain and develop professionals of very high calibre for the benefits of our clients, members and shareholders.

CGI Offices and Proximity and Global Delivery Models

CGI serves its clients from offices and through a network of global delivery locations across five continents: North America, Europe, Africa, Asia and Australia. Through our proximity-based business model, CGI is deeply rooted in our clients' businesses and communities. We are organized by metro markets in which clients have concentrated footprints, which empowers our local teams to build strong, trusted relationships, providing accountability for delivering client success.

CGI's metro market teams augment their local expertise through skilled resources and experience from across our global operations to help clients spur greater innovation and achieve faster delivery times. Our delivery centers enable us to provide our clients with an optimal blend of delivery options, either locally or globally best suits their business needs.

CGI's main offices and delivery centers are listed below:

Canada			
Calgary, AB	Markham, ON	Quebec City, QC‡	Stratford, PEI‡
Drummondville, QC‡	Mississauga, ON‡	Regina, SK‡	Toronto, ON
Edmonton, AB	Moncton, NB‡	Saguenay, QC‡	Victoria, BC
Fredericton, NB‡	Montréal, QC‡	Shawinigan, QC‡	
Halifax, NS‡	Ottawa, ON	Sherbrooke, QC‡	
United States			
Annapolis Junction, MD	Cranford, NJ	Los Angeles, CA	San Diego, CA
Arlington, VA	Dallas / Fort Worth, TX	Manassas, VA	Sterling, VA
Atlanta, GA	Denver, CO	Mobile, AL‡	Tampa, FL
Baltimore, MD	Fairfax, VA	New York, NY	Tempe, AZ
Belton, TX‡	Fairview Heights, IL	North Charleston, SC	Troy, AL‡
Birmingham, AL	Gales Ferry, CT	Phoenix, AZ‡	Tucson, AZ
Burlington, MA	Hot Springs, AR	Pittsburgh, PA	Washington, DC
Cleveland, OH	Houston, TX	Plymouth, PA	Waterville, ME‡
Columbia, SC	Huntsville, AL	Sacramento, CA	Wausau, WI‡
Columbus, OH	Lafayette, LA‡	San Antonio, TX	
Europe			
Aarhus, Denmark	Chelmsford, U.K.	Leinfelden-Echterdingen, Germany	Porto, Portugal‡
Aix-en-Provence, France	Clermont-Ferrand, France	Lille, France	Prague, Czech Republic‡
Amiens, France‡	Darmstadt, Germany	Lisbon, Portugal‡	Reading, U.K.
Amstelveen, Netherlands‡	Diegem, Belgium	London, U.K.	Rennes, France‡
Amsterdam, Netherlands	Düsseldorf, Germany	Lyon, France‡	Riga, Latvia
Arnhem, Netherlands	Edinburgh, U.K.	Maastricht, Netherlands	Rotterdam, Netherlands
Ballerup, Denmark	Eindhoven, Netherlands	Lahti, Finland	Sacavém, Portugal
Berlin, Germany	Erfurt, Germany	Madrid, Spain	Sintra, Portugal
Bertrange, Luxembourg	Espoo, Finland	Málaga, Spain‡	Solihull, U.K.
Bordeaux, France‡	Glasgow, U.K.	Malmö, Sweden	Stockholm, Sweden
Borlänge, Sweden	Gloucester, U.K.	Manchester, U.K.	Strasbourg, France
Bratislava, Slovakia	Göteborg, Sweden	Milan, Italy	Sulzback (Taunus), Germany
Braunschweig, Germany	Grenoble, France‡	Milton Keynes, U.K.	Sundsvall, Sweden
Bremen, Germany‡	Groningen, Netherlands	Montpellier, France‡	Tallinn, Estonia
Brest, France	Hamburg, Germany	Munich, Germany	Tampere, Finland
Bridgend, U.K.‡	Helsinki, Finland‡	Nantes, France	Toulouse, France‡
Bristol, U.K.	Ivögatan, Sweden‡	Oslo, Norway‡	Turku, Finland
Brno, Czech Republic‡	Karlstad, Sweden	Östersund, Sweden‡	Vilnius, Lithuania‡
Bromölla, Sweden‡	Köln / Bonn, Germany	Ostrava, Czech Republic	Warsaw, Poland‡

Bucarest, Romania‡	Krakow, Poland‡	Oulu, Finland
Budapest, Hungary	Leatherhead, U.K	Paris, France
	Africa	
Casablanca, Morocco‡		
Fes, Morocco		
Johannesburg, South Africa		
Rabat, Morocco‡		
	Asia	
Bangalore, India‡	Kuala Lumpur, Malaysia‡	
Chennai, India‡	Manila, Philippines‡	
Hong Kong, China	Mumbai, India‡	
Hyderabad, India‡		
	Australia	
Melbourne, Australia		
Sydney, Australia		

‡ Indicates locations where CGI operates delivery centers.

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 for our clients. CGI's business partners include prominent hardware and software providers.

Quality Processes

CGI holds ISO quality certification for the management of its partnerships with each of its three major stakeholder groups: clients, members and shareholders.

CGI's ISO 9001 certified operations that are reflected in its *Client Partnership Management Framework*, its *Member Partnership Management Framework* and its *Shareholder Partnership Management Framework* greatly contribute to clearly defining clients' objectives, properly scoping projects and identifying and allocating necessary resources to meet objectives. Together, these frameworks allow CGI to more efficiently build clients' requirements into its solutions: clients are constantly kept informed, their degree of satisfaction is regularly measured and assessed and members' interests are kept aligned with those of CGI's clients and shareholders by providing incentive compensation to managers linked to CGI's results and creating value through share ownership.

The Company began working towards obtaining ISO 9001 certification for the portion of its operations covered by its *Project Management Framework* (which now forms part of its *Client Partnership 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, and in maintaining a high degree of quality of services by applying the same processes into each business unit.

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 is simpler and provides the Company's business units with greater autonomy in a context of decentralized activities. Over the years, CGI has also obtained additional ISO certifications and other appraisals, including ISO 27001 certification, which supports its strong information security management system, in more than 90 locations, and CMMI Level 5 certification, which supports its application management and infrastructure management services in its India global delivery centers. Some of CGI's strategic business units maintain additional ISO certifications in accordance with local requirements, including: ISO 20000 – *Information technology – Service management;* ISO 14001 – *Environmental management system;* ISO 22301 – *Business continuity management system;* and ISO 50001 – *Energy management system.*

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 industries rely on technology as a core part of their business model and to drive change. Any new service, program or efficiency improvement implemented as part of these changes brings a need for additional IT services.

As part of our annual strategic planning activities during the fiscal year ended September 30, 2020, we held over 1,440 client interviews – both in person and virtually given the pandemic – with business and technology executives across our targeted industries in regions in which CGI operates.

Once again this year, meeting customer and citizen expectations for digital services remains the most impactful industry trend for client executives across industries. IT modernization and integration is second in terms of impact, in line with results last year. IT modernization and becoming digital are both also among the top IT and business priorities, reflecting a strong theme among executives globally.

In line with these trends and priorities is a continued focus on enterprise-wide digital strategies. While 91% of interviewed executives cited having a digital strategy in place at some level, just 64% indicated those strategies are defined for the entire enterprise, with 21% working to extend their enterprise strategies to their supply chain or ecosystem. Only 12% of interviewed executives reported that they are producing results from a digital strategy at the enterprise level; up from 10% last year. Delivering on this demand and helping clients achieve the business results they need requires significant investments in scale, reach, and capabilities to support clients everywhere they are around the world.

These trends continue to present opportunities that CGI has successfully exploited in the past. We believe that the potential foend-to-end IT and business services and solutions – including strategic IT and business consulting, systems integration, managed IT and business process services, and IP – to help organizations accelerate their performance remains strong.

As part of our annual client interviews, CGI analyzes spending on IT and business process services in Canada, the U.S., the U.K. and Europe. As the digitization of industries expands and as our clients develop and implement enterprise-wide digital strategies, spending patterns continue to change. Our interviews indicate that clients in nearly each of our targeted industries again 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 increase the allocation of their budgets to new projects. We believe this indicates 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 also 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 metro market companies providing specialized services and software, to global, end-to-end IT service providers, to large consulting firms and government pure-plays. 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;
- Local presence and strength of client relationships;
- Consistent, on-time, within-budget delivery everywhere the client operates;
- Breadth of digital IP solutions;
- Ability to deliver practical innovation for measurable results;
- Total cost of services and value delivered; and
- Unique global delivery network, including onshore, nearshore and offshore options.

CGI is one of the leaders in the industry 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-generally accepted accounting principles ("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 used in this Annual Information Form:

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 the Company's 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 CGI's MD&A for the fiscal years ended September 30, 2020 and 2019.

Adjusted EBIT margin (non-GAAP) – is obtained by dividing our adjusted EBIT by our revenues. Management believes this measure is useful to investors as it best reflects the performance of the Company's 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 CGI's MD&A for the fiscal years ended September 30, 2020 and 2019.

Net earnings – is a measure of earnings generated for shareholders.

Net earnings margin (non-GAAP) – is obtained by dividing our net earnings by our revenues. Management believes a percentage of revenue measure is meaningful for better comparability from period to period.

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. A reconciliation of the net earnings excluding specific items to its closest IFRS measure can be found in section 3.8.3 of CGI's MD&A for the fiscal years ended September 30, 2020 and 2019.

Net earnings margin excluding specific items (non-GAAP) – is obtained by dividing our net earnings excluding specific items by our revenues. 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. A reconciliation of the net earnings excluding specific items to its closest IFRS measure can be found in section 3.8.3. of CGI's MD&A for the fiscal years ended September 30, 2020 and 2019.

Diluted earnings per share excluding specific items (non-GAAP) – is defined as the net earnings excluding specific items 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 diluted earnings per share reported in accordance with IFRS can be found in section 3.8 of CGI's MD&A for the fiscal years ended September 30, 2020 and 2019, while the basic and diluted earnings per share excluding specific items can be found in section 3.8.3 of CGI's MD&A for the fiscal years ended September 30, 2020 and 2019.

Liquidity

Cash provided by operating activities – is a measure of cash generated from managing our day-to-day business operations. Management believes 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 our most recent quarter's revenue over 90 days. Management tracks this metric closely to ensure timely collection and healthy liquidity. Management believes 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 translation 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 and that this measure is useful to investors for the same reason.

Backlog (non-GAAP) – includes new contract wins, extensions and renewals (bookings (non- GAAP)), adjusted for 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 our best estimate of contracted 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's objective is to maintain a target ratio greater than 100% over a trailing twelve-month period. Management believes that monitoring the Company's bookings over 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 and lease liabilities, our cash and cash equivalents, short-term investments, long-term investments and adjusting for fair value of foreign currency derivative financial instruments related to debt. Management uses the net debt metric to monitor the Company's financial leverage and believes that this metric is useful to investors as it provides insight into its financial strength. A reconciliation of net debt to its closest IFRS measure can be found in section 4.5 of CGI's MD&A for the fiscal years ended September 30, 2020 and 2019.

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 the Company's operations and to assess its financial strength. Management believes 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 shareholder's 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 and believes 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 shareholder's' equity and net debt. Management examines this ratio to assess how well it is using its funds to generate returns and believes that this measure is useful to investors for the same reason.

Fiscal Year ended September 30, 2020

Highlights and Key Performance Measures

Key performance figures for the year include:

- Revenue of $12.16 billion, up 0.4% or essentially stable in constant currency;
- Adjusted EBIT(a) of $1,862.9 million, up 2.1%;
- Adjusted EBIT margin(a) of 15.3%, up 20 bps;
- Net earnings of $1,117.9 million, down 11.5%;
- Net earnings, excluding specific items(b), of $1,300.1 million, down 0.4%;
- Net earnings margin of 9.2%, down 120 bps;
- Net earnings margin, excluding specific items(b), of 10.7%, down 10 bps;
- Diluted EPS of $4.20, down 7.7%;
- Diluted EPS, excluding specific items(b), of $4.89, up 4.0%;
- Cash provided by operating activities(a) of $1,938.6 million, up 18.6%, representing 15.9% of revenue;
- Bookings of $11.85 billion, or 97.4% of revenue; and
- Backlog of $22.67 billion.

(a) Includes the impact of the adoption of IFRS 16 which is discussed in section 2.5 of CGI's MD&A for the fiscal years ended September 30, 2020 and 2019.

(b) Specific items are comprised of acquisition-related, integration costs and restructuring costs net of tax, which are discussed in sections 3.7.1 and 3.7.2 of CGI's MD&A for the fiscal years ended September 30, 2020 and 2019. Prior year also includes a tax adjustment, discussed in section 3.8.1 of CGI's MD&A for the fiscal years ended September 30, 2020 and 2019.

Acquisitions

During the fiscal year ended September 30, 2020, the Company made the following acquisitions through its subsidiaries:

- On December 18, 2019, the Company acquired all of the outstanding shares of SCISYS Group Plc ("SCISYS"). SCISYS operates in several sectors, with deep expertise and industry leading solutions in the space and defense sectors, as well as in the media and broadcast news industries, and is headquartered in Dublin, Ireland. This acquisition added approximately 670 professionals to the Company, predominantly based in the U.K. and Germany.
- On January 20, 2020, the Company acquired all of the outstanding shares of Meti Logiciels et Services SAS ("Meti"). Based in France, Meti is specialized in the development of software solutions for the retail sector across Europe and works with some of Europe's largest retailers. This acquisition added approximately 300 professionals to the Company.
- On March 31, 2020, the Company acquired all of the outstanding shares of TeraThink Corporation ("TeraThink"). Headquartered in Reston, Virginia, TeraThink is an IT and management consulting firm providing digitization, enterprise finance, risk management, and data analytics services to the U.S. federal government. This acquisition added approximately 250 professionals to the Company.

The Company completed these acquisitions for a total purchase price of approximately $273 million.

With significant strategic consulting, system integration and customer-centric digital innovation capabilities, these acquisitions were made to complement CGI's proximity model and expertise across key sectors, including communications, retail, space and defense and government.

Long-Term Debt

On November 5, 2019, the unsecured committed revolving credit facility of $1,500 million of the Company was extended by one year to December 2024 and can be further extended. There were no material changes in the terms and conditions.

On March 27, 2020, the Company entered into an unsecured committed term loan credit facility with a principal amount of US$750 million expiring in March 2022. Subsequently, the two-year unsecured committed term loan credit facility was amended and restated on April 2, 2020 to increase the principal amount by US$500 million, for a total principal amount of US$1,250 million ("2020 Term Loan").

For the year ended September 30, 2020, the Company received through the 2020 Term Loan an amount of $1,764.7 million (US$1,250 million), had a net repayment of $334.4 million under our unsecured committed revolving credit facility and made scheduled repayments of senior unsecured notes in the amount of $65.9 million. In addition, we paid $175.3 million of lease

liabilities, of which $165.3 million is related to the adoption of IFRS 16, and used $28.3 million to repay debt assumed from business acquisitions.

Normal Course Issuer Bid

On January 29, 2020, the Company's Board of Directors authorized and subsequently received approval from the TSX for the renewal of CGI's NCIB which allows for the purchase for cancellation of up to 20,149,100 Class A Shares, representing 10% of the Company's public float as of the close of business on January 22, 2020. Class A Shares may be purchased for cancellation under the current NCIB commencing on February 6, 2020 until no later than February 5, 2021, or on such earlier date when the Company has either acquired the maximum number of Class A Shares allowable under the NCIB or elected to terminate the bid.

During the fiscal year ended September 30, 2020, the Company purchased for cancellation 10,605,464 Class A Shares for $1,043.5 million at a weighted average price of $98.39 under the previous and current NCIB. The repurchased shares included 6,008,905 Class A Shares purchased for cancellation from Caisse de dépôt et placement du Québec for cash consideration of $600 million. The repurchase was made pursuant to an exemption order issued by the Autorité des marchés financiers, the securities regulator for the Province of Quebec, and is considered within the annual aggregate limit that the Company is entitled to repurchase under its current NCIB.

As at September 30, 2020, the Company could purchase up to 10,037,936 Class A Shares for cancellation under the current NCIB.

Bookings and Book-To-Bill Ratio

Bookings for the fiscal year ended September 30, 2020 were $11.85 billion representing abook-to-bill ratio of 97.4%. Of the $11.85 billion in bookings signed during this year, 25% came from new business, while 75% came from extensions, renewals and add-ons.

The Company's largest vertical markets for bookings were government, MRD and financial services, making up approximately 36%, 23% and 21% of total bookings, respectively. From a reporting segment perspective, our U.S. Commercial and State Government operating segment accounted for 17% of total bookings, followed by our Western and Southern Europe operating segment at 16% and U.S. Federal operating segment 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 managed IT and business process services 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. Management however believes that it is a key indicator of potential future revenue.

Foreign currency impact

Foreign currency rate fluctuations favourably impacted our revenue by 0.5%. This contrasts with an unfavourable impact of 0.6% during the fiscal year ended September 30, 2019 and a favourable impact of 1.5% during the fiscal year ended September 30, 2018.

Fiscal Year ended September 30, 2019

Highlights and Key Performance Measures

Key performance figures for the year included:

- Revenue of $12.1 billion, up 5.3% or 5.9% in constant currency;
- Adjusted EBIT of $1,825 million, up 7.2%;
- Adjusted EBIT margin of 15.1%, up 30 bps;
- Net earnings of $1,263.2 million, up 10.7%;
- Diluted EPS of $4.55, up 15.2%;
- Net earnings, excluding specific items(a), of $1,305.9 million, up 7.9%;
- Diluted EPS, excluding specific items(a), of $4.70, up 12.2%;
- Cash provided by operating activities of $1,633.9 million, up 9.4%;
- Bookings of $12.6 billion, or 104.4% of revenue; and
- Backlog of $22.6 billion, representing 1.9 times revenue.

(a) Specific items were comprised of acquisition-related and integration costs and restructuring costs, both net of tax, and the net favourable tax adjustment, which were discussed in sections 3.7.1, 3.7.2 and 3.8.1 of CGI's MD&A for the fiscal year ended September 30, 2019.

Acquisitions

During the fiscal year ended September 30, 2019, the Company made the following acquisitions through its subsidiaries:

- On October 11, 2018, the Company acquired all of the outstanding shares of ckc AG, a specialized provider of agile software development and management services, with a focus on the automotive sector, headquartered in Brunswick, Germany, for a purchase price of $21 million (€13.9 million). This acquisition added approximately 300 professionals and annualized revenues of approximately€30 million to the Company.
- On April 16, 2019, the Company acquired control of Acando AB ("Acando"), a consulting services firm with strategic consulting, system integration and customer-centric digital innovation capabilities, headquartered in Stockholm, Sweden, with additional offices in Finland, Norway, Germany and Latvia, under a tender offer for a total offer value of approximately $647 million (SEK 4,491 million). This acquisition added approximately 2,100 professionals and annualized revenues of approximately $400 million to the Company, before considering divestitures in the range of 5%-10%. On October 11 2019, the Company acquired the remaining 3.9% of the outstanding shares of Acando for a total purchase price of $23.1 million (SEK 171.5 million).

With significant strategic consulting, system integration and customer-centric digital innovation capabilities, these acquisitions were made to complement the Company's proximity model and expertise across key sectors, including manufacturing, retail and government.

Long-Term Debt

During the fiscal year ended September 30, 2019, we drew $139.6 million under the unsecured committed revolving credit facility and we entered into a five-year unsecured committed term loan credit facility of $670 million (swapped into Euro currency). The proceeds of the credit facility and term loan were used to repay the scheduled repayments of the senior unsecured notes of the Company in the amount of $306.8 million, used to invest in business acquisitions and in the purchase for cancellation of Class A Shares.

Normal Course Issuer Bid

On January 30, 2019, the Company's Board of Directors authorized and subsequently received approval from the TSX for the renewal of CGI's NCIB which allowed for the purchase for cancellation of up to 20,100,499 Class A Shares, representing 10% of the Company's public float as of the close of business on January 23, 2019. Class A Shares could be purchased for cancellation under the renewed NCIB between February 6, 2019 until and the earlier of February 5, 2020 or the date on which the Company had either acquired the maximum number of Class A Shares allowable under the NCIB or elected to terminate the bid.

During the fiscal year ended September 30, 2019, the Company purchased for cancellation 12,460,232 Class A Shares for $1,126.1 million at a weighted average price of $90.37 under the previous and then current NCIB. The repurchased shares included 5,158,362 Class A Shares purchased for cancellation from Caisse de dépôt et placement du Québec for a cash consideration of $500 million. The repurchase was considered within the annual aggregate limit that the Company was entitled to repurchase under then then current NCIB.

As at September 30, 2019, the Company could still purchase up to 13,315,767 Class A Shares for cancellation under the then current NCIB.

Bookings and Book-To-Bill Ratio

Bookings for the fiscal year ended September 30, 2019 were $12.6 billion representing abook-to-bill ratio of 104.4%. Of the $12.6 billion in bookings signed during this year, 33% came from new business, while 67% came from extensions, renewals and add-ons.

The Company's largest vertical markets for bookings were government, financial services and MRD, making up approximately 31%, 27% and 20% of total bookings, respectively. From a reporting segment perspective, our U.S. Commercial and State Government operating segment accounted for 19% of total bookings, followed by our former Northern Europe operating segment (now Scandinavia and Finland, Poland and Baltics) at 18% and Western and Southern Europe operating segment at 16%.

Foreign currency impact

Foreign currency rate fluctuations unfavourably impacted our revenue by 0.6%. This contrasted with a favourable impact of 1.5% during the fiscal year ended September 30, 2018 and an unfavourable impact of 2.8% during the fiscal year ended September 30, 2017.

Fiscal Year ended September 30, 2018

Highlights and Key Performance Measures

Key performance figures for the year included:

- Revenue of $11.5 billion, up 6.1%, or 4.6% in constant currency;
- Adjusted EBIT of $1,701.7 million, up 7.3%;
- Adjusted EBIT margin of 14.8%, up 20 bps;
- Net earnings of $1,141.4 million, up 10.3%;
- Diluted EPS of $3.95, up 15.8%;
- Net earnings, excluding specific items(a), of $1,210.7 million, up 9.4%;
- Diluted EPS, excluding specific items(a), of $4.19, up 14.8%;
- Cash provided by operating activities of $1,493.4 million, up 9.9%;
- Bookings of $13.5 billion, or 117.3% of revenue; and
- Backlog of $22.6 billion, up $1.8 billion.

(a) Specific items were comprised of acquisition-related and integration costs and restructuring costs, both net of tax, and the net favourable tax adjustment, which were discussed in sections 3.7.1, 3.7.2 and 3.8.1 of CGI's MD&A for the fiscal year ended September 30, 2018.

Acquisitions

During the fiscal year ended September 30, 2018, the Company made the following acquisitions through its subsidiaries:

- The Company acquired 96.7% of the outstanding shares of Affecto Plc ("Affecto") in October 2017 and the remaining outstanding shares during the three months ended March 31, 2018 for a purchase price of $145 million (€98.5 million). Affecto was a leading provider of business intelligence and enterprise information management solutions and services, headquartered in Helsinki, Finland. This acquisition added more than 1,000 professionals and annualized revenues of approximately €110 million to the Company.
- On December 7, 2017, the Company acquired all of the outstanding shares of Paragon Solutions, Inc. ("Paragon"), for a purchase price of $79.5 million (US$61.9 million). Paragon was 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. This acquisition added more than 300 professionals and annualized revenues of approximately US$54 million to the Company.
- On May 16, 2018, the Company acquired all of the outstanding shares of Facilité Informatique Canada Inc. ("Facilité Informatique") for a purchase price of $42 million. Facilité Informatique was an IT consulting services firm in high-demand digital services across a wide range of industries with a strong local presence in Montréal and Quebec City, headquartered in Montréal, Quebec. This acquisition added more than 350 professionals and annualized revenues of approximately $60 million to the Company.

These acquisitions were made to 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 6, 2018, the unsecured committed revolving credit facility of $1,500 million of the Company was extended by one year to December 2023. There were no material changes in the terms and conditions.

During the fiscal year ended September 30, 2018, we used $101.7 million to reduce our outstanding long-term debt, mainly driven by the first yearly scheduled repayment on a tranche of the Senior U.S. unsecured notes in the amount of $65 million (US$50 million).

Normal Course Issuer Bid

On January 31, 2018, the Company's Board of Directors authorized and subsequently received the approval from the TSX for the renewal of its NCIB which allowed for the purchase for cancellation of up to 20,595,539 Class A Shares, representing 10% of the Company's public float as of the close of business on January 24, 2018. Class A Shares could be purchased for cancellation under the renewed NCIB between February 6, 2018 and the earlier of February 5, 2019 or the date on which the Company had either acquired the maximum number of Class A Shares allowable under the NCIB or elected to terminate the bid.

During the fiscal year ended September 30, 2018, the Company purchased for cancellation 10,375,879 Class A Shares for approximately $797.9 million, excluding fees, at a weighted average price of $76.90. The repurchased shares included 3,634,729 Class A Shares purchased for cancellation from Caisse de dépôt et placement du Québec for a cash consideration of approximately $272.8 million and 3,230,450 Class A Shares purchased for cancellation from Serge Godin, Founder and Executive Chairman of the Board, for a cash consideration of approximately $231.4 million. The repurchase from Serge Godin was recommended by an independent committee of the Board of Directors of the Company following the receipt of an external opinion regarding the reasonableness of the terms of the transaction. Both repurchases were considered within the annual aggregate limit that the Company was entitled to repurchase under the then current NCIB. The NCIB allowed for purchases outside of the facilities of the TSX by private agreements pursuant to exemption orders issued by Canadian securities regulators. Of the 10,375,879 Class A Shares purchased for cancellation, 50,000 Class A Shares repurchased for approximately $4.2 million were paid after September 30, 2018.

As at September 30, 2018, the Company could still purchase up to 10,219,660 Class A Shares for cancellation, under the then current NCIB.

Bookings and Book-To-Bill Ratio

Bookings for the fiscal year ended September 30, 2018 were $13.5 billion representing abook-to-bill ratio of 117.3%. Of the $13.5 billion in bookings signed during this year, 45% came from new business, while 55% came from extensions and renewals.

The Company's largest vertical markets for bookings were government, MRD and financial services, making up approximately 42%, 22% and 19% of total bookings, respectively. From a reporting segment perspective, our U.S. Federal operating segment accounted for 19% of total bookings, followed by our former Northern Europe operating segment (now Scandinavia and Finland, Poland and Baltics) at 18% and U.S. Commercial and State Government operating segment at 15%.

Foreign currency impact

Foreign currency rate fluctuations favourably impacted our revenue by 1.5%. This contrasted with an unfavourable impact of 2.8% during the fiscal year ended September 30, 2017 and a favourable impact of 3.7% during the fiscal year ended September 30, 2016.

Forward Looking Information and Risks and Uncertainties

This Annual Information Form contains "forward-looking information" within the meaning of Canadian securities laws and "forward-looking statements" within the meaning of the United States *Private Securities Litigation Reform Act* of 1995 and other applicable United States safe harbours. All such forward-looking information and statements are made and disclosed in reliance upon the safe harbour provisions of applicable Canadian and United States securities laws. Forward-looking information and statements include all information and statements regarding CGI's intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "believe", "estimate", "expect", "intend", "anticipate", "foresee", "plan", "predict", "project", "aim", "seek", "strive", "potential", "continue", "target", "may", "might", "could", "should", and similar expressions and variations thereof. These information and statements are based on our perception of historic trends, current conditions and expected future developments, as well as other assumptions, both general and specific, that we believe are appropriate in the circumstances. Such information and statements are, however, by their very nature, subject to inherent risks and uncertainties, of which many are beyond the control of the Company, and which give rise to the possibility that actual results could differ materially from our expectations expressed in, or implied by, such forward-looking information or forward-looking statements.

These risks and uncertainties include but are not restricted to: risks related to the market such as the level of business activity of our clients, which is affected by economic and political conditions; external risks (such as pandemics) and our ability to negotiate new contracts; risks related to our industry such as competition and our ability to attract and retain qualified employees, to develop and expand our services, to penetrate new markets, and to protect our intellectual property rights; risks related to our business such as risks associated with our growth strategy, including the integration of new operations, financial and operational risks inherent in worldwide operations, foreign exchange risks, income tax laws, our ability to negotiate favourable contractual terms, to deliver our services and to collect receivables, and the reputational and financial risks attendant to cybersecurity breaches and other incidents; as well as 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 documents that we make public, including our filings with the Canadian Securities Administrators (on SEDAR at www.sedar.com) and the U.S. Securities and Exchange Commission (on EDGAR at www.sec.gov). For a discussion of risks in response to the coronavirus(COVID-19) pandemic, see *Pandemic Risks* in section 10.1.1. of CGI's Management's Discussion and Analysis for the fiscal years ended September 30, 2020 and 2019. Unless otherwise stated, the forward-looking information and statements contained in this Annual Information Form are made as of the date hereof and CGI disclaims any intention or obligation to publicly update or revise any forward-looking information or forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

While we believe that our assumptions on which these forward-looking information and forward-looking statements are based were reasonable as at the date of this Annual Information Form, readers are cautioned not to place undue reliance on these forward-looking information or statements. Furthermore, readers are reminded that forward-looking information and statements are presented for the sole purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes.

Further information on the risks that could cause our actual results to differ significantly from our current expectations may be found in section 10 – *Risk Environment* of CGI's Management's Discussion and Analysis for the fiscal years ended September 30, 2020 and 2019, which is incorporated by reference in this Annual Information Form. We also caution readers that the risks described in the previously mentioned section and in other sections of this Annual Information Form, CGI's Management's Discussion and Analysis for the fiscal years ended September 30, 2020 and 2019 and our other documents and filings are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also have a material adverse effect on our financial position, financial performance, cash flows, business or reputation.

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 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 Montréal, 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.

Auditor

The auditor of the Company is PricewaterhouseCoopers LLP. It has confirmed its 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 Auditor* on page 61 of CGI's Circular dated December 7, 2020.

Additional Information

The Company will provide to any person, upon request to the Company, (i) a copy of this Annual Information Form, together with a copy of any document incorporated by reference herein, (ii) a copy of the annual audited consolidated financial statements of the Company for the fiscal years ended September 30, 2020 and 2019 together with the accompanying report of the auditor and a copy of any subsequent interim financial statements, (iii) a copy of the Circular dated December 7, 2020 and (iv) a copy of the MD&A for the fiscal years ended September 30, 2020 and 2019.

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 Circular dated December 7, 2020.

Additional financial information in relation to the fiscal year ended September 30, 2020 is presented in the annual audited consolidated financial statements of the Company and in the related MD&A of the Company.

The documents mentioned above are available on SEDAR 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:

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Appendix A

Appendix A

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CHARTERS OF THE BOARD OF DIRECTORS AND ITS STANDING COMMITTEES

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Charter of the Board of Directors

Important note

The CGI Constitution, including the Dream, Vision, Mission, and Values of the CGI Inc., form the fundamental principles of this Charter. This Charter should therefore be read in conjunction with CGI's Constitution.

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 sections 1.4 and 1.5 of National Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators, as amended, which is reproduced in Appendix A.

"Operationally Literate" means having 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.

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.

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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 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 code 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 review of requests for waivers from compliance with the codes for directors and officers. The Board of Directors will disclose in due time revisions to 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 Literate and Operationally Literate. The members of the Board of Directors who serve on the Company's Audit and Risk Management Committee must be Financially Literate and Operationally 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 by the Board of Directors 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 the 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 stakeholders.

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 the Company's Guidelines on Timely Disclosure of Material Information whose purpose is to ensure that communications with the investment community, regulators, the media and the general public about the Company, particularly in respect of material information, are timely, accurate, broadly released in accordance with, and otherwise responsive to, all applicable legal and regulatory requirements. These guidelines will be reviewed annually. The Company has established a Disclosure Committee responsible for all regulatory disclosure requirements and overseeing the Company's disclosure practices. The Disclosure Committee consists of the Executive Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the Chief Planning and Administration Officer, the Chief Legal Officer and the head of Global Communications & Investor Relations.

5.1.10 The Board of Directors will oversee the integrity of the Company's internal control and management information systems.

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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, consistent with the Operational Management Framework of the Company;

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 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 his 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 interests 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.

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5.3.8 The Audit and Risk Management Committee of the Company shall be composed only of Independent Directors. All members of the Audit and Risk Management Committee shall be Financially Literate and at least one member shall be a financial expert within the meaning of applicable regulatory requirements and stock exchange rules.

5.4 Lead Director

5.4.1 The Lead Director shall be an Independent Director. He or she 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's 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.

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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 and Senior Management Compensation

The Board of Directors will review further to the recommendation of its Human Resources Committee the adequacy and form of compensation of the senior management and directors each year. The Human Resources 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

6.1 The Board of Directors may from time to time 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 its Investors Relations Department and the Corporate Secretary or 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 that, 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.

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Appendix A

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Appendix A

Definition of Independence under CSA National 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

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(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.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(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.

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Charter of the Corporate Governance Committee

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Charter of the Corporate Governance Committee

Important note

The CGI Constitution, including the Dream, Vision, Mission, and Values of CGI Inc. form the fundamental principles of this Charter. This Charter should therefore be read in conjunction with CGI's Constitution.

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 sections 1.4 and 1.5 of National 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: (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.

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.

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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.

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Appendix A

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Appendix A

Definition of Independence under CSA National 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.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(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.



Charter of the Human Resources Committee

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Charter of the Human Resources Committee

Important note

The CGI Constitution, including the Dream, Vision, Mission, and Values of CGI Inc. form the fundamental principles of this Charter. This Charter should therefore be read in conjunction with CGI's Constitution.

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 sections 1.4 and 1.5 of National 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.

5.1.1.3 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.



Appendix A

Appendix A

Definition of Independence under CSA National 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

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(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.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(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.

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Charter of the Audit and Risk Management Committee

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Charter of the Audit and Risk Management Committee

Important note

The CGI Constitution, including the Dream, Vision, Mission, and Values of CGI Inc. form the fundamental principles of this Charter. This Charter should therefore be read in conjunction with CGI's Constitution.

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 sections 1.4 and 1.5 of National Instrument 52-110 Audit Committees adopted by the Canadian Securities Administrators, as amended, 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.

5.1.1.3 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.

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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.

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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.

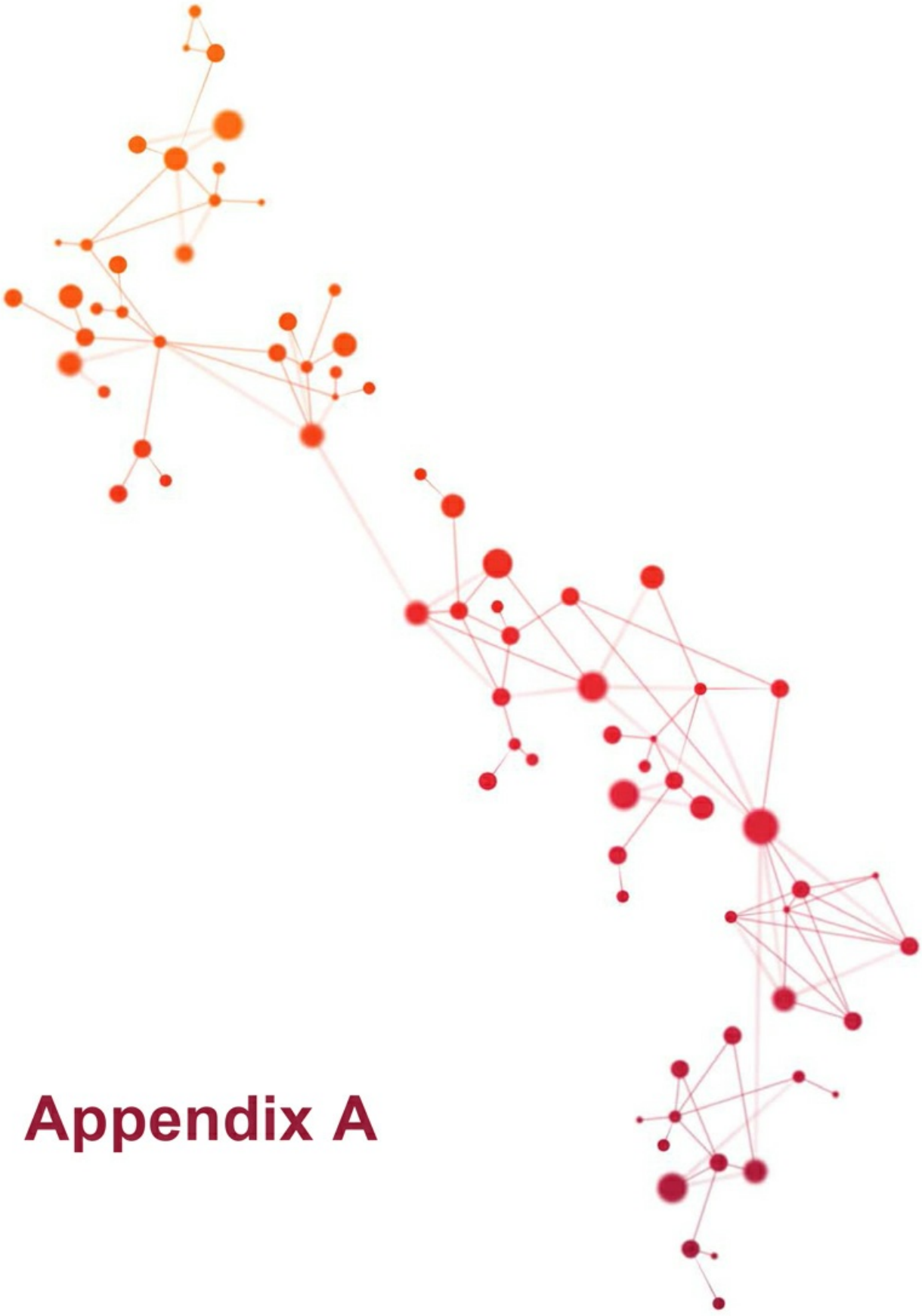
5.10.15 The Committee shall consider other matters of a financial nature it feels are important to its mandate or as directed by the Board of Directors.

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.



Appendix A

APPENDIX A

Definition of Independence under CSA National 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

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(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.

(6) For the purposes of clause (3)(f), direct compensation does not include:

(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.

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Code of Ethics

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Code of Ethics

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

The CGI Constitution, including the Dream, Vision, Mission, and Values of the CGI Inc. form the fundamental principles of this Code of Ethics and Business Conduct. This Code should therefore be read in conjunction with CGI's Constitution.

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 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.

1.2. 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.

1.3. 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:

i) Use, sell, or possess illegal drugs;

ii) Abuse or misuse controlled substances, prescription drugs, or over-the-counter medications; or

iii) 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.

1.4. 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 "whistleblower policy" for incident reporting, the Ethics Reporting 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.

1.5. 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 policy

Privileged or Material Information

Privileged or material undisclosed 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 such information. For this purpose, CGI has an established policy regarding the use of insider information and trading in securities. This policy is entitled “Insider Trading and Blackout Periods Policy” which extends to all directors, officers and members. The Insider Trading and Blackout Periods Policy is designed to prevent improper trading in the securities of the Company and the improper communication of privileged or material undisclosed information. In addition, this Policy is aimed at preventing directors, officers and members from engaging in activities that, although not illegal, may expose them or the Company to potential reputational risk.

CGI’s Policy on Timely Disclosure of Material Information 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 “Policy on Timely Disclosure of Material Information.” 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.

1.6. 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.

1.7. 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 are prohibited from trading in CGI securities while in possession of Privileged Information, subject to the limited exceptions under applicable laws and regulations. They are also prohibited from trading in another public company's securities while in possession of Privileged Information regarding that public company gained during the course of the member's work. Members are prohibited from disclosing Privileged Information to, or "tipping", another party or recommending that another party trade in CGI securities or another public company's securities while they have knowledge of Privileged Information. Tipping is a violation of laws and regulations even if the person disclosing the information does not personally make a trade or otherwise benefit from disclosing the information.

"Privileged Information" is information that has not been disclosed to the public and could affect the decision of a reasonable investor, as well as any fact or any change in business, operations or capital that would reasonably be expected to have a significant effect on the market price or value of any security and which has not been generally disclosed. CGI has adopted the "Insider Trading and Blackout Periods Policy" which extends to all directors, officers and members.

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.

1.8. 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.

1.9. 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?

1.10. 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 the Ethics Reporting 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 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 Ethics Reporting Policy 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.

1.11. 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.

2. Executive Code of Conduct

This Executive Code of Conduct (the “Code”) is part of the commitment of CGI 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.

2.1. 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.

2.2. 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.

2.3. 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.

2.4. 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.

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

3.1. 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:

i) payments of money;

ii) extension of credit or loans;

iii) travel and accommodations expenses;

iv) gifts, meals, and entertainment;

v) political contributions and charitable donations;

vi) free use of company services, facilities or property;

vii) favors that are of value to a recipient (e.g., offering a job to a member of a person’s family); or

viii) 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.

3.2. 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.

3.3. 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.

3.4. 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 Ethics 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:

(A) 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 A** 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:

i) Gifts that would be illegal under local or Anti-Corruption Laws;

ii) Gifts to or from parties engaged in a public tender or competitive bidding process;

iii) Any gift of cash or cash equivalents, or securities;

iv) Any gift where something is expected in return;

v) Any gift that appears excessive based on common sense standards or local custom;

vi) Any gift that is paid for personally.

(B) 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 A** 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 is reasonable.

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:

i) Hospitality expenses for persons for which there is not a legitimate business purpose;

ii) Hospitality expenses for family members of any person;

iii) Hospitality expenses submitted on behalf of non-CGI members (as opposed to being paid by CGI directly);

iv) 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;

v) Use of travel agencies not approved by CGI for arranging or paying for Hospitality of Government Officials.

(C) 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:

i) Excessive commissions to third-party representatives or consultants;

ii) Third-party “consulting agreements” that include only vaguely described services;

iii) Family, business, or other “special” ties with government or political officials;

iv) Reputation for violating local law or company policy;

v) Negative press, rumors, allegations or sanctions;

vi) Requests from government officials or clients to engage or hire specific Third Parties;

vii) Lack of credentials for the nature of the work being performed by the Third Party;

viii) Request to make payment to an entity located in an off-shore tax haven;

ix) Lack of an office or established place of business, or a shell-company incorporated in an offshore jurisdiction;

x) Requests for payment of non-contracted amounts, or lack of documentation for services performed;

xi) 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);

xii) Requests for political or charitable contributions or other favors as a way of influencing official action;

xiii) Requests for specific sums of money to “fix” problems or “make them go away.”

(D) 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:

i) Payments to obtain permits, licenses, or work orders to which you are already entitled;

ii) Payments to receive police protection or mail pickup/delivery;

iii) Payments to receive phone service or water/power supply;

iv) Payments to schedule inspections or transit of goods across border controls.

(E) 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 Ethics 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:

i) Refusal to disclose the source of funds or the beneficial ownership of funds;

ii) 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;

iii) Cash payments;

iv) Payments to and from tax haven jurisdictions;

v) 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;

vi) 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 Ethics 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 Ethics 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.



Appendix A

Appendix A:

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

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Proprietary

Country	Limit for Gifts	Limits for Hospitality
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
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

About CGI

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world. Operating in hundreds of locations across the globe, CGI delivers end-to-end services and solutions, including strategic IT and business consulting, systems integration, intellectual property, and managed IT and business process services.

CGI works with clients through a local relationship model complemented by a global delivery network to help clients achieve their goals, including becoming customer-centric digital enterprises.

cgi.com



Exhibit 99.2

Consolidated Financial Statements of

CGI INC.

For the years ended September 30, 2020 and 2019

Management's and Auditors' Reports

MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The management of CGI 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 as issued by the International Accounting Standards Board 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 an Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP, whose report follows. PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm appointed by our shareholders upon the recommendation of the Audit and Risk Management Committee of the Board of Directors, has performed an independent audit of the consolidated balance sheets as at September 30, 2020 and 2019 and the related consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended September 30, 2020 and 2019 and the effectiveness of our internal control over financial reporting as at September 30, 2020.

Members of the Audit and Risk Management Committee of the Board of Directors, all of whom are independent of the Company, meet regularly with PricewaterhouseCoopers LLP 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. PricewaterhouseCoopers LLP has full and 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

/s/ François Boulanger

François Boulanger
Executive Vice-President and Chief Financial Officer

November 10, 2020

Management's and Auditors' Reports

MANAGEMENT'S 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, under the supervision of and with the participation of the President and Chief Executive Officer as well as the Executive Vice-President and Chief Financial Officer, 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 (IFRS) as issued by the International Accounting Standards Board (IASB).

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 IFRS as issued by the IASB, 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.

Management, under the supervision of and with the participation of the President and Chief Executive Officer as well as the Executive Vice-President and Chief Financial Officer, conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined the Company's internal control over financial reporting as at September 30, 2020 was effective.

The effectiveness of the Company's internal control over financial reporting as of September 30, 2020 has been audited by PricewaterhouseCoopers LLP, an Independent Registered Public Accounting Firm, as stated in their report which appears herein.

/s/ George D. Schindler

George D. Schindler
President and Chief Executive Officer

/s/ François Boulanger

François Boulanger
Executive Vice-President and Chief Financial Officer

November 10, 2020

Management's and Auditors' Reports

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CGI Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of CGI Inc. and its subsidiaries (together, the Company) as of September 30, 2020 and 2019, and the related consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years then ended, including the related notes (collectively referred to as the ''consolidated financial statements''). We also have audited the Company's internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for leases on October 1, 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, 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's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (continued)

Definition and Limitations of Internal Control over Financial Reporting (continued)

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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the Audit and Risk Management Committee of the Board of Directors and that (i) relates to accounts or disclosures that are material to the consolidated financial statements; and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition - Estimates of total expected labour costs or total expected labour hours for systems integration and consulting services under fixed-fee arrangements

As described in Notes 3 and 29 to the consolidated financial statements, the Company recognizes revenue for systems integration and consulting services under fixed-fee arrangements using the percentage-of-completion method over time. For the year ended on September 30, 2020, revenue from systems integration and consulting services under fixed-fee arrangements makes up a portion of the revenue from systems integration and consulting services. The selection of the measure of progress towards completion requires management judgment and is based on the nature of the services to be provided. As disclosed by management, the Company 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 total expected hours. Management has disclosed that there are many factors that can affect the estimates of total expected labour costs or total expected labour hours, including, but not limited to, changes to the scope of the contracts, delays in reaching milestones and new complexities in the project delivery.

The principal considerations for our determination that performing procedures relating to*Revenue Recognition - Estimates of total expected labour costs or total expected labour hours for systems integration and consulting services under fixed-fee arrangements* is a critical audit matter are (i) there was significant judgment by management when developing the estimates of total expected labour costs or total expected labour hours; and (ii) there were significant auditor judgment and effort in performing procedures to evaluate the estimates of total expected labour costs or total expected labour hours, including the assessment of management's judgment about the Company's ability to properly assess the factors that can affect the significant assumptions related to the estimates of total expected labour costs or total expected labour hours to complete.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the determination of estimates of total expected labour costs or total expected labour hours. The procedures also included, among others, evaluating and testing management's process, on a sample basis, for determining the estimates of total expected labour costs or total expected labour hours which included evaluating the reasonableness of significant assumptions, including the total expected labour costs or total expected labour hours to complete, used by management by (i) testing total labour costs or total labour hours incurred to supporting evidence; (ii) performing a comparison of the sum of total labour costs or labour hours incurred and the total expected labour costs or total expected labour hours to complete to the originally estimated costs or hours; and; (iii) evaluating the process of the timely identification of factors that can affect the total expected labour costs or total expected hours, including but not limited to, changes to the scope of the contracts, delays in reaching milestones and new complexities in the project delivery.

/s/ PricewaterhouseCoopers LLP

Montréal, Québec, Canada
November 10, 2020

We have served as the Company's auditor since 2019.

Consolidated Statements of Earnings

For the years ended September 30
(in thousands of Canadian dollars, except per share data)

	Notes	2020	2019
		$	$
Revenue	29	**12,164,115**	12,111,236
Operating expenses			
Costs of services, selling and administrative	23	**10,302,068**	10,284,007
Acquisition-related and integration costs	27c	**76,794**	77,417
Restructuring costs	25	**155,411**	—
Net finance costs	26	**114,474**	70,630
Foreign exchange (gain) loss		**(899)**	2,234
		10,647,848	10,434,288
Earnings before income taxes		**1,516,267**	1,676,948
Income tax expense	16	**398,405**	413,741
Net earnings		**1,117,862**	1,263,207
Earnings per share			
Basic earnings per share	21	**4.27**	4.63
Diluted earnings per share	21	**4.20**	4.55

See Notes to the Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

For the years ended September 30
(in thousands of Canadian dollars)

	2020	2019
	$	$
Net earnings	**1,117,862**	1,263,207
Items that will be reclassified subsequently to net earnings (net of income taxes):		
Net unrealized gains (losses) on translating financial statements of foreign operations	**406,445**	(162,657)
Net gains on cross-currency swaps and on translating long-term debt designated as hedges of net investments in foreign operations	**8,914**	53,024
Deferred gains (costs) of hedging on cross-currency swaps	**18,144**	(4,091)
Net unrealized (losses) gains on cash flow hedges	**(30,091)**	50,943
Net unrealized gains on financial assets at fair value through other comprehensive income	**2,854**	4,102
Items that will not be reclassified subsequently to net earnings (net of income taxes):		
Net remeasurement (losses) gains on defined benefit plans	**(37,250)**	33,777
Other comprehensive income (loss)	**369,016**	(24,902)
Comprehensive income	**1,486,878**	1,238,305

See Notes to the Consolidated Financial Statements.

Consolidated Balance Sheets

As at September 30
(in thousands of Canadian dollars)

	Notes	2020	2019
		$	$
Assets			
Current assets			
Cash and cash equivalents	28e and 32	**1,707,985**	213,831
Accounts receivable	4 and 32	**1,219,302**	1,357,090
Work in progress		**1,075,252**	1,096,031
Current financial assets	32	**18,500**	39,931
Prepaid expenses and other current assets		**160,406**	172,182
Income taxes		**29,363**	10,206
Total current assets before funds held for clients		**4,210,808**	2,889,271
Funds held for clients	5	**725,178**	368,112
Total current assets		**4,935,986**	3,257,383
Property, plant and equipment	6	**372,946**	397,661
Right-of-use assets	3 and 7	**666,865**	—
Contract costs	8	**239,376**	222,965
Intangible assets	9	**521,462**	517,982
Other long-term assets	10	**163,739**	180,480
Long-term financial assets	11	**156,569**	176,899
Deferred tax assets	16	**113,484**	100,539
Goodwill	12	**8,379,931**	7,767,837
		15,550,358	12,621,746
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**1,025,963**	1,108,895
Accrued compensation		**672,775**	642,897
Current derivative financial instruments	32	**8,328**	4,902
Deferred revenue		**426,393**	397,370
Income taxes		**136,928**	176,243
Provisions	13	**175,632**	73,509
Current portion of long-term debt	14	**310,764**	113,511
Current portion of lease liabilities	3	**178,720**	—
Total current liabilities before clients' funds obligations		**2,935,503**	2,517,327
Clients' funds obligations		**720,322**	366,796
Total current liabilities		**3,655,825**	2,884,123
Long-term income taxes		**6,720**	7,690
Long-term provisions	13	**23,888**	24,946
Long-term debt	14	**3,276,331**	2,217,696
Long-term lease liabilities	3	**697,650**	—
Other long-term liabilities	15	**185,374**	213,392
Long-term derivative financial instruments	32	**56,622**	18,322
Deferred tax liabilities	16	**158,341**	178,265
Retirement benefits obligations	17	**225,447**	193,209
		8,286,198	5,737,643
Equity			
Retained earnings		**4,703,642**	4,557,855
Accumulated other comprehensive income	18	**545,710**	176,694
Capital stock	19	**1,761,873**	1,903,977
Contributed surplus		**252,935**	245,577
		7,264,160	6,884,103
		15,550,358	12,621,746

See Notes to the Consolidated Financial Statements.

	/s/ George D. Schindler	/s/ Serge Godin
Approved by the Board of Directors	**George D. Schindler**	**Serge Godin**
	Director	Director

Consolidated Statements of Changes in Equity

For the years ended September 30
(in thousands of Canadian dollars)

	Notes	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity
		$	$	$	$	$
Balance as at September 30, 2019		4,557,855	176,694	1,903,977	245,577	6,884,103
Adoption of IFRS 16	3	(93,873)	—	—	—	(93,873)
Balance as at October 1, 2019		4,463,982	176,694	1,903,977	245,577	6,790,230
Net earnings		1,117,862	—	—	—	1,117,862
Other comprehensive income		—	369,016	—	—	369,016
Comprehensive income		1,117,862	369,016	—	—	1,486,878
Share-based payment costs		—	—	—	37,358	37,358
Income tax impact associated with stock options		—	—	—	(8,653)	(8,653)
Exercise of stock options	19	—	—	69,420	(12,269)	57,151
Exercise of performance share units	19	—	—	9,078	(9,078)	—
Purchase for cancellation of Class A subordinate voting shares	19	(878,202)	—	(165,315)	—	(1,043,517)
Purchase of Class A subordinate voting shares held in trusts	19	—	—	(55,287)	—	(55,287)
Balance as at September 30, 2020		**4,703,642**	**545,710**	**1,761,873**	**252,935**	**7,264,160**

	Notes	Retained earnings	Accumulated other comprehensive income	Capital stock	Contributed surplus	Total equity
		$	$	$	$	$
Balance as at September 30, 2018		4,251,424	201,596	2,018,592	213,195	6,684,807
Net earnings		1,263,207	—	—	—	1,263,207
Other comprehensive loss		—	(24,902)	—	—	(24,902)
Comprehensive income (loss)		1,263,207	(24,902)	—	—	1,238,305
Share-based payment costs		—	—	—	39,440	39,440
Income tax impact associated with stock options		—	—	—	14,663	14,663
Exercise of stock options	19	—	—	77,773	(14,070)	63,703
Exercise of performance share units	19	—	—	7,651	(7,651)	—
Purchase for cancellation of Class A subordinate voting shares	19	(956,776)	—	(169,299)	—	(1,126,075)
Purchase of Class A subordinate voting shares held in trusts	19	—	—	(30,740)	—	(30,740)
Balance as at September 30, 2019		4,557,855	176,694	1,903,977	245,577	6,884,103

See Notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the years ended September 30
(in thousands of Canadian dollars)

	Notes	2020	2019
		$	$
Operating activities			
Net earnings		**1,117,862**	1,263,207
Adjustments for:			
Amortization, depreciation and impairment	24	**565,692**	392,301
Deferred income tax expense (recovery)	16	**6,170**	(8,297)
Foreign exchange (gain) loss		**(7,956)**	3,519
Share-based payment costs		**37,358**	39,440
Loss on sale of business		**1,266**	—
Net change in non-cash working capital items	28a	**218,164**	(56,251)
Cash provided by operating activities		**1,938,556**	1,633,919
Investing activities			
Net change in short-term investments		**8,414**	(9,889)
Business acquisitions (considering the bank overdraft assumed and cash acquired)		**(269,585)**	(480,366)
Investment in Acando AB		**—**	(140,248)
Proceeds from sale of business		**2,647**	600
Purchase of property, plant and equipment		**(128,478)**	(162,061)
Additions to contract costs		**(72,845)**	(60,191)
Additions to intangible assets		**(114,112)**	(105,976)
Purchase of long-term investments		**(10,594)**	(523)
Proceeds from sale of long-term investments		**12,100**	7,845
Cash used in investing activities		**(572,453)**	(950,809)
Financing activities			
Net change in unsecured committed revolving credit facility	14 and 28c	**(334,370)**	139,575
Increase of long-term debt	28c	**1,807,167**	686,810
Repayment of long-term debt	28c	**(106,496)**	(355,406)
Payment of lease liabilities	28c	**(175,320)**	—
Repayment of debt assumed in business acquisitions	28c	**(28,281)**	(2,141)
Payment for remaining shares of Acando	27b	**(23,123)**	—
Settlement of derivative financial instruments	28c and 32	**(3,903)**	(554)
Purchase of Class A subordinate voting shares held in trusts	19	**(55,287)**	(30,740)
Purchase and cancellation of Class A subordinate voting shares	19	**(1,043,517)**	(1,130,255)
Issuance of Class A subordinate voting shares		**57,302**	63,602
Cash provided by (used in) financing activities		**94,172**	(629,109)
Effect of foreign exchange rate changes on cash and cash equivalents		**33,879**	(24,261)
Net increase in cash and cash equivalents		**1,494,154**	29,740
Cash and cash equivalents, beginning of year		**213,831**	184,091
Cash and cash equivalents, end of year		**1,707,985**	213,831

Supplementary cash flow information (Note 28).

See Notes to the Consolidated Financial Statements.

1. Description of business

CGI Inc. (the Company), directly or through its subsidiaries, provides managed information technology (IT) and business process services (BPS), systems integration and consulting, as well as the sale of software solutions to help clients effectively realize their strategies and create added value. The Company was incorporated under Part IA of the CompaniesAct (Québec), predecessor to the Business Corporations Act (Québec) which came into force on February 14, 2011 and its Class A subordinate voting 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 Company's consolidated financial statements for the years ended September 30, 2020 and 2019 were authorized for issue by the Board of Directors on November 10, 2020.

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: revenue recognition, deferred tax assets, estimated losses on revenue-generating contracts, goodwill impairment, right-of-use assets, business combinations, provisions for uncertain tax treatments 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 deliverable arrangements

Assessing whether the deliverables within an arrangement are separate performance obligations requires judgement by management. A deliverable is identified as a separate performance obligation if the customer benefits from it on its own or together with resources that are readily available to the customer and if it is separately identifiable from the other deliverables in the contract. The Company assesses if the deliverables are separately identifiable in the context of the contract by determining if it is highly interrelated with other deliverables in the contract. If these criteria are not met, the deliverables are accounted for as a combined performance obligation.

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 income 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 estimates is included in the respective sections within the Notes to the Consolidated Financial Statements.

COVID-19 pandemic

For the year ended September 30, 2020, the Company assessed the impact of the uncertainties around the outbreak of the novel strain of the coronavirus, specifically identified as COVID-19 pandemic, on its balance sheet carrying amounts. This review required the use of judgements and estimates and resulted in no material impacts outside of the restructuring costs, refer to Note 25.

The future impact of COVID-19 uncertainties could generate, in future reporting periods, a significant risk of material adjustments to the following: revenue recognition, deferred tax assets, estimated losses on revenue-generating contracts, impairment of PP&E, right-of-use assets, intangible assets and goodwill and litigation and claims.

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE

The Company generates revenue through the provision of managed IT and BPS, systems integration and consulting, as well as the sale of software solutions as described in Note 1, Description of business.

The Company provides services and products under arrangements that contain various pricing mechanisms. The Company accounts for a contract or a group of contracts when the following criteria are met: the parties to the contract have approved the contract in which their rights, their obligations and the payment terms have been identified, the contract has commercial substance, and the collectability of the consideration is probable.

A contract modification is a change in the scope or price of an existing revenue-generating customer contract. The Company accounts for a contract modification as a separate contract when the scope of the contract increases because of the addition of promised performance obligations and the price of the contract increases by an amount of consideration that reflects its stand-alone selling prices. When the contract is not accounted for as a separate contract, the Company recognizes an adjustment to revenue on the existing contract on a cumulative catch-up basis as at the date of the contract modification or, if the remaining goods and services are distinct, the Company recognizes the remaining consideration prospectively.

Revenue is recognized when or as the Company satisfies a performance obligation by transferring a promise of good or service to the customer and are measured at the amount of consideration the Company expects to be entitled to receive, including variable consideration, such as, discounts, volume rebates, service-level penalties, and incentives. Variable consideration is estimated using either the expected value method or most likely amount method and is included only to the extent it is highly probable that a significant reversal of cumulative revenue recognized will not occur. In making this judgement, management will mostly consider all information available at the time (historical, current and forecasted), the Company's knowledge of the client or the industry, the type of services to be delivered and the specific contractual terms of each arrangement.

Revenue from sales of third party vendor's products, such as software licenses, hardware or services is recorded on a gross basis 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. To determine whether the Company is a principal or an agent, it evaluates whether control is obtained of the goods or services before they are transferred to the client. Factors generally considered include whether the Company has the primary responsibility for providing the product or service, adds meaningful value to the vendor's product or service and has discretion establishing the price.

3. Summary of significant accounting policies (continued)

REVENUE RECOGNITION, WORK IN PROGRESS AND DEFERRED REVENUE (CONTINUED)

Relative stand-alone 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 performance obligations, the total arrangement value is allocated to each performance obligations based on its relative stand-alone selling price. When estimating the stand-alone selling price of each performance obligations, the Company maximizes the use of observable prices which are established using the Company's prices for same or similar deliverables. When observable prices are not available, the Company estimates stand-alone selling prices based on its best estimate. The best estimate of the stand-alone 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. Additionally, in certain circumstances, the Company may apply the residual approach when estimating the stand-alone price of software license products, for which the Company has not yet established the price or has not previously sold on a stand-alone basis.

The appropriate revenue recognition method is applied for each performance obligation as described below.

Managed IT and business process services

Revenue from managed IT and business process services arrangements is generally recognized over time as the services are provided at the contractual billings, which corresponds with the value provided to the client, unless there is a better measure of performance or delivery.

Systems integration and consulting services

Revenue from systems integration and consulting services under time and material arrangements is recognized over time as the services are rendered, and revenue under cost-based arrangements is recognized over time as reimbursable costs are incurred. Contractual billings of such arrangements correspond with the value provided to the client, and therefore revenues are generally recognized when amounts become billable.

Revenue from systems integration and consulting services under fixed-fee arrangements is recognized using the percentage-of-completion method over time, as the Company has no alternative use for the asset created and has an enforceable right to payment for performance completed to date. 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. Factors considered in the estimates include: changes in scope of the contracts, delays in reaching milestones, complexities in project delivery, availability and retention of qualified IT professionals and/or the ability of the subcontractors to perform their obligation within agreed upon budget and timeframes. Management regularly reviews underlying estimates of total expected labour costs or hours.

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, when identified as a performance obligation, is recognized at a point in time upon delivery. Otherwise when the software is significantly customized, integrated or modified, it is combined with the implementation and customization services and is accounted for as described in the systems integration and consulting services section above. Revenue from maintenance services for software licenses sold is recognized straight-line 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. Work in progress and deferred revenue are presented net on a contract by-contract basis. During the year ended September, 30 2020, the revenues recognized from the short-term deferred revenue was not significantly different than what was presented as at September, 30 2019.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of unrestricted cash and short-term investments having a maturity of three months or less from the date of purchase.

3. Summary of significant accounting policies (continued)

SHORT-TERM INVESTMENTS

Short-term investments, comprise generally of term deposits, have remaining maturities over three months, but not more than one year, at the date of purchase.

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 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 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, as the collecting, holding and remitting of these funds are critical components of providing these services.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PP&E), 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

For the fiscal year ended September 30, 2020, under IFRS 16,*Leases*

When the Company enters into contractual agreements with suppliers or other parties, an assessment is performed to determine if the contract contains a lease. The Company identified lease agreements under the following categories: Properties, Motor vehicules and others as well as Computer equipment.

The Company identifies a lease if it conveys the right to control the use of an identified asset for a specific period in exchange for a determined consideration. At inception, a right-of-use asset for the underlying asset and corresponding lease liability are presented in the consolidated balance sheet measured on a present value basis except for short-term leases (expected term of 12 months or less) and leases with low value underlying asset for which payments are recorded as an expense on a straight-line basis over the lease term.

The right-of-use assets are measured at initial lease liabilities adjusted by lease payments made before the commencement date, indirect costs and cash incentives received. The right-of-use assets are depreciated on a straight-line basis over the expected lease term of the underlying asset.

Lease liabilities are measured at present value of non-cancellable payments of the expected lease term, which are mostly made of fixed payments of rent excluding maintenance fees; variable payments that are based on an index or a rate; amounts expected to be payable as residual value guaranties and extension or termination option if reasonably certain to be exercised.

The Company estimates the lease term in order to calculate the value of the lease liability at the initial date of the lease. Management uses judgement to determine the appropriate lease term based on the conditions of each lease. To determine the lease term, the Company considers all factors that create economic incentives to exercise an extension or a termination option. The extension or termination options are only included in the lease term if it is reasonably certain of being exercised. Management considers all facts that create incentive to exercise an extension option or not to take a termination option including leasehold improvements, significant modification of the underlying asset or a business decision.

3. Summary of significant accounting policies (continued)

LEASES (CONTINUED)

Discount rate used in the present value calculation is the incremental borrowing rate unless the implicit interest rate in the lease can be readily determined. The Company estimates the incremental borrowing rate for each lease or portfolio of leased assets, as most of the implicit interest rates in the leases are not readily determinable. To calculate the incremental borrowing rate, the Company considers its credit worthiness, the term of the arrangement, any collateral received and the economic environment. The incremental borrowing rates are subject to change mainly due to changes in the economic environment.

The lease liabilities are subsequently adjusted to reflect interest on the lease liabilities and lease payments made. Lease liabilities are remeasured (along with the corresponding adjustment to the right-of-use asset), whenever the following situations occur; a modification in the lease term, a change in the assessment of an option to purchase, a modification in the residual guarantees or in future lease payments due to a change of an index or rate tied to the payments.

CONTRACT COSTS

Contract costs are comprised primarily of transition costs incurred to implement long-term managed IT and business process services contracts 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 managed IT and business process services 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 managed IT and business process services contracts. These incentives are granted in the form of cash payments.

Amortization of contract costs

Contract costs are amortized using the straight-line method over the period services are provided. Amortization of transition costs is included in costs of services, selling and administrative and amortization of incentives is recorded as a reduction of revenue.

Impairment of contract costs

When a contract is not expected to be profitable, the estimated 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 onerous revenue-generating contracts in provisions. 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 involves estimates, such as the forecasting of future cash flows and discount rates.

3. Summary of significant accounting policies (continued)

INTANGIBLE ASSETS (CONTINUED)

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	2 to 10 years

IMPAIRMENT OF PP&E, RIGHT-OF-USE ASSETS, INTANGIBLE ASSETS AND GOODWILL

Timing of impairment testing

The carrying values of PP&E, right-of-use assets, 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 values of intangible assets not available for use are tested for impairment annually as at September 30. Goodwill is tested for impairment annually during the fourth quarter of each fiscal year.

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 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 acquired work force and synergies of the related business combination. The group of CGUs that benefit from the acquired work force and 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.

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. 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.

3. Summary of significant accounting policies (continued)

LONG-TERM FINANCIAL ASSETS

Long-term investments presented in long-term financial assets are comprised of bonds which are presented 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 or when a present legal or constructive obligation exists. 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 recorded as part of the purchase price allocation and therefore result in corresponding goodwill adjustments 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 in estimates and judgements 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 performance share units (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.

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.

3. Summary of significant accounting policies (continued)

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 and deductible temporary differences 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 income tax laws in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes as the determination of tax liabilities and assets involves uncertainties in the interpretation of complex tax regulations and requires estimates and assumptions considering the existing facts and circumstances. The Company provides for potential tax liabilities based on the most likely amount of the possible outcomes. Estimates are reviewed each reporting period and updated, based on new information available, and could result in changes to the income tax liabilities and deferred tax liabilities in the period in which such determinations are made.

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 litigation and claims provisions arising in the ordinary course of business, decommissioning liabilities for leases of office buildings, onerous supplier contracts and onerous revenue-generating contracts. The Company also records restructuring provisions for termination of employment costs related to specific 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.

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.

Decommissioning liabilities pertain to 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.

Provisions for onerous supplier contracts are recorded when the unavoidable net cash flows from honoring the contract are negative. The provision represents the lowest of the costs to fulfill the contract and the penalties to exit the contract.

Provisions for onerous revenue-generating contracts are recorded when unavoidable costs of fulfilling the contract exceed the estimated total revenue from the contract. Management regularly reviews arrangement profitability and the underlying estimates.

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.

3. Summary of significant accounting policies (continued)

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 voting 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 value of share-based payments, adjusted for expectations related to performance conditions and forfeitures, are recognized as share-based payment costs over the vesting period in earnings with a corresponding credit to contributed surplus on a graded-vesting basis if they vest annually or on a straight-line basis if they vest at the end of the vesting period.

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's contributions to the plan are recognized in salaries and other member costs within costs of services, selling and administrative.

Cash-settled deferred share units

The Company operates a deferred share unit (DSU) plan to compensate the external 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 voting 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.

3. Summary of significant accounting policies (continued)

FINANCIAL INSTRUMENTS

All financial instruments are initially measured at their fair value and are subsequently classified either at amortized cost, at fair value through earnings (FVTE) or at fair value through other comprehensive income (FVOCI). Financial assets are classified based on the Company's management model of such instruments and their contractual cash flows they generate. Financial liabilities are classified and measured at amortized cost, unless they are held for trading and classified as FVTE.

The Company has made the following classifications:

FVTE

Cash and cash equivalents, derivative financial instruments and deferred compensation plan assets within long-term financial assets are measured at fair value at the end of each reporting period and the resulting gains or losses are recorded in the consolidated statements of earnings.

Amortized Cost

Trade accounts receivable, cash included in funds held for clients, long-term receivables within long-term financial assets, accounts payable and accrued liabilities, accrued compensation, long-term debt and clients' funds obligations are measured at amortized cost using the effective interest method. Financial assets classified at amortized cost are subject to impairment. For trade accounts receivable and work in progress, the Company applies the simplified approach to measure expected credit losses, which requires lifetime expected loss allowance to be recorded upon initial recognition of the financial assets.

FVOCI

Long-term bonds included in funds held for clients and in long-term investments within long-term financial assets are measured at fair value through other comprehensive income and are subject to impairment for which the Company uses the low credit risk exemption.

The unrealized gains and losses, net of applicable income taxes, are recorded in other comprehensive income. Interest income measured using the effective interest method and realized gains and losses on derecognition 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. Transaction costs are capitalized to the cost of financial assets 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 as substantially all the risks and rewards of ownership of the financial asset have been transferred.

Fair value hierarchy

Fair value measurements recognized on the balance sheets are classified 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. The cash flows of the hedging instruments are classified in the same manner as the cash flows of the item being hedged.

3. Summary of significant accounting policies (continued)

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS (CONTINUED)

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 the identification of the nature of the risk being hedged, the economic relationship between the hedged item and the hedging instruments which should not be dominated by credit risk, the hedge ratio consistent with the risk management strategy pursued and how the Company will assess the effectiveness of the hedging relationship on an ongoing basis.

Management evaluates hedge effectiveness at inception of the hedge instrument and quarterly thereafter generally based on a managed hedge ratio of 1:1. Hedge effectiveness is measured prospectively as the extent to which changes in the fair value or cash flows of the derivative offsets the changes in the fair value or cash flows of the underlying hedged instrument or risk when there is a significant mismatch between the terms of the hedging instrument and the hedged item. Any meaningful imbalance is considered ineffectiveness in the hedge and accounted for accordingly in the consolidated statements of earnings.

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. Gains or losses relating to the ineffective portion 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 revenue and costs are denominated in a currency other than the Canadian dollar. The risk of foreign exchange fluctuations 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.

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 item 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.

Cost of hedging

The Company has elected to account for forward element of forward contracts or foreign currency basis spread as costs of hedging. In such cases, the deferred costs of hedging, net of applicable income taxes, are recognized as a separate component of the accumulated other comprehensive income and reclassified in the consolidated statements of earnings when the hedged item is recognized.

3. Summary of significant accounting policies (continued)

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.

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.

3. Summary of significant accounting policies (continued)

ADOPTION OF ACCOUNTING STANDARDS

The following standards have been adopted by the Company on October 1, 2019:

IFRS 16 - Leases

Adoption 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 leases related interpretations, eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Lessees recognize a right-of-use asset representing its control of, and right to use, the underlying asset and a lease liability representing its obligation to make future lease payments. The Company adopted IFRS 16 using the modified retrospective method, with no restatement of comparative figures. The Company applied the new standard to contracts that were classified as leases under IAS 17 at the date of initial application. The right-of-use assets were recognized as if IFRS 16 had been applied since the commencement date for real estate leases. For all other leases, the right-of-use assets were measured at an amount equal to the lease liability adjusted by the prepaid amount and the accrued lease payment related to the lease in the balance sheet as at September 30, 2019.

The Company made use of the following practical expedients available on transition date: the definition of a lease, the use of hindsight in determining the lease term, the exclusion of initial direct costs from the measurement of the right-of-use asset at the transition date, the usage of a single incremental borrowing rate for a portfolio of leases with reasonably similar characteristics and adjusting the right-of-use assets for any onerous lease provisions as an alternative to an impairment review.

Impacts at adoption date

The following table shows the impacts of the adoption of IFRS 16 on the Company's consolidated balance sheet as of October 1, 2019:

	Balance sheet as at September 30, 2019	IFRS 16 adoption	Balance sheet as at October 1, 2019
	$	$	$
Assets			
Accounts receivable	1,357,090	3,319	1,360,409
Prepaid expenses and other current assets	172,182	(6,365)	165,817
Property, plant and equipment	397,661	(21,863)	375,798
Right-of-use assets	—	701,346	701,346
Other long-term assets	180,480	607	181,087
Deferred tax assets	100,539	14,778	115,317
Other assets	10,413,794	—	10,413,794
	12,621,746	**691,822**	**13,313,568**
Liabilities			
Accounts payable and accrued liabilities	1,108,895	(8,037)	1,100,858
Current portion of provisions	73,509	(3,723)	69,786
Current portion of long-term debt	113,511	(14,086)	99,425
Current portion of lease liabilities	—	172,402	172,402
Long-term provisions	24,946	(2,264)	22,682
Long-term debt	2,217,696	(16,253)	2,201,443
Long-term lease liabilities	—	739,123	739,123
Other long-term liabilities	213,392	(64,655)	148,737
Deferred tax liabilities	178,265	(16,812)	161,453
Other liabilities	1,807,429	—	1,807,429
	5,737,643	785,695	6,523,338
Equity			
Retained earnings	4,557,855	(93,873)	4,463,982
Other equity	2,326,248	—	2,326,248
	6,884,103	(93,873)	6,790,230
	12,621,746	**691,822**	**13,313,568**

3. Summary of significant accounting policies (continued)

ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

IFRS 16 - Leases (continued)

Impacts at adoption date (continued)

Upon adoption of IFRS 16, all operating lease commitments that were presented in the Note 29 of the consolidated financial statements as at September 30, 2019 were recognized as lease liabilities and are now presented in the balance sheet. The Company used its incremental borrowing rates as at October 1, 2019 to measure lease liabilities. The weighted average incremental borrowing rate was 3.69% at the initial application.

The following table reconciles operating lease commitments presented in the consolidated financial statements as at September 30, 2019 and the lease liabilities recognized on October 1, 2019:

Operating lease commitments as at September 30, 2019	**847,502**
Discounted using the weighted average incremental borrowing rate as at October 1, 2019	(96,638)
Finance lease obligations presented as at September 30, 2019	30,339
Termination options reasonably certain to be exercised	(22,748)
Extension options reasonably certain to be exercised	153,070
Lease liabilities recognized as at October 1, 2019	**911,525**
Current portion of lease liabilities	172,402
Long-term lease liabilities	739,123
Total lease liabilities recognized as at October 1, 2019	**911,525**

For the year ended September 30, 2020, the impacts of the application of IFRS 16 are a decrease in property costs of $195,848,000 , an increase in amortization and depreciation of $157,974,000, as well as an increase in finance costs of $31,957,000. In addition, the cash provided by operating activities increased by $165,348,000, with the offset presented in the cash provided by (used in) financing activities.

Accounting policies for the fiscal year ended September 30, 2019, under IAS 17,*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 rental expense over the lease term.

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.

3. Summary of significant accounting policies (continued)

ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform

In September 2019, the IASB has amended some of its requirements to address the uncertainty arising from the planned phasing out of interest-rate benchmarks such as interbank offered rates (IBORs). The amendments provide temporary relief from applying specific hedge accounting requirements affected by the interest rate benchmark reform. The amendments impact IFRS 9 *Financial instruments*, IAS 39 *Financial instruments: Recognition and measurement* and IFRS 7 *Financial instruments: Disclosures*. The amendments come into effect for annual periods beginning on or after January 1, 2020 but early adoption is permitted. The Company elected to early adopt the Amendments to IFRS 9, IAS 39 and IFRS 7 - *Interest rate benchmark reform* as at October 1, 2019 and applied retrospectively the reform to hedging relationship that existed on the application date and to the amount accumulated in the cash flow hedge reserve at that date.

The Company has a debt expiring in December 2023 with a principal amount of U.S.$500,000,000 bearing interest based on the 1 month USD LIBOR rate. The debt has a carrying value of $666,250,000 as at September 30, 2020. The Company has entered into cross-currency interest rate swaps with aggregate notional amounts of U.S.$500,000,000 maturing on the same date as the debt (the hedging instruments) on which it receives interest based on the same 1 month USD LIBOR rate. The cross-currency interest rate swaps were designated as cash flow hedge for the debt.

During the year ended September 30, 2020, the Company entered into a two-year unsecured committed term loan credit facility (the 2020 Term Loan) for a total principal amount of U.S.$1,250,000,000, refer to Note 32. The 2020 Term Loan expires in March 2022, bears interest based on the 1 month USD LIBOR rate and has a carrying value of $1,665,625,000 as at September 30, 2020.

For its hedges relationship, the Company assumes that the LIBOR interest rates used for the settlements on the debts and the swaps will continue to be available beyond the planned phase out date at the end of December 2021.

FUTURE ACCOUNTING STANDARD CHANGES

The following standards have been issued but are not yet effective as of September 30, 2020.

LIBOR reform with amendments to IFRS 9, IAS 29, IFRS 7 and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform-Phase 2, which amends IFRS 9*Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures* and IFRS 16 *Leases*. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The standard will be effective on October 1, 2021 for the Company. The Company is currently evaluating the impact of this standard on its financial statements.

4. Accounts receivable

	As at September 30, 2020	As at September 30, 2019
	$	$
Trade (Note 32)	**904,887**	979,728
R&D and other tax credits[1]	**180,953**	259,289
Other	**133,462**	118,073
	1,219,302	1,357,090

1 R&D and other tax credits were related to government programs in Canada, the United States, France, the United Kingdom and other countries.

5. Funds held for clients

	As at September 30, 2020	As at September 30, 2019
	$	$
Cash	**576,708**	187,823
Long-term bonds (Note 32)	**148,470**	180,289
	725,178	368,112

6. Property, plant and equipment

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Total
	$	$	$	$	$
Cost					
As at September 30, 2019	58,614	224,559	180,638	714,629	1,178,440
Adoption of IFRS 16 (Note 3)	—	—	(14,578)	(40,357)	(54,935)
As at October 1, 2019	58,614	224,559	166,060	674,272	1,123,505
Additions	5,759	28,188	12,225	79,057	125,229
Additions - business acquisitions (Note 27a)	12,730	1,013	2,683	2,474	18,900
Disposals/retirements	—	(17,160)	(19,405)	(118,490)	(155,055)
Foreign currency translation adjustment	2,178	4,942	3,656	24,578	35,354
As at September 30, 2020	**79,281**	**241,542**	**165,219**	**661,891**	**1,147,933**
Accumulated depreciation					
As at September 30, 2019	16,961	139,726	118,672	505,420	780,779
Adoption of IFRS 16 (Note 3)	—	—	(8,285)	(24,787)	(33,072)
As at October 1, 2019	16,961	139,726	110,387	480,633	747,707
Depreciation expense (Note 24)	1,895	24,965	14,240	115,490	156,590
Impairment (Note 24)	—	—	—	1,035	1,035
Disposals/retirements	—	(17,160)	(19,021)	(117,681)	(153,862)
Foreign currency translation adjustment	1,268	3,041	2,454	16,754	23,517
As at September 30, 2020	**20,124**	**150,572**	**108,060**	**496,231**	**774,987**
Net carrying amount as at September 30, 2020	**59,157**	**90,970**	**57,159**	**165,660**	**372,946**

	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Total
	$	$	$	$	$
Cost					
As at September 30, 2018	58,455	204,888	164,634	686,499	1,114,476
Additions	619	40,915	19,568	104,887	165,989
Additions - business acquisitions (Note 27b)	—	5,320	981	1,374	7,675
Disposals/retirements	—	(25,565)	(4,146)	(67,291)	(97,002)
Foreign currency translation adjustment	(460)	(999)	(399)	(10,840)	(12,698)
As at September 30, 2019	58,614	224,559	180,638	714,629	1,178,440
Accumulated depreciation					
As at September 30, 2018	14,652	144,275	106,223	461,233	726,383
Depreciation expense (Note 24)	2,601	21,021	16,428	119,214	159,264
Disposals/retirements	—	(25,099)	(3,836)	(67,223)	(96,158)
Foreign currency translation adjustment	(292)	(471)	(143)	(7,804)	(8,710)
As at September 30, 2019	16,961	139,726	118,672	505,420	780,779
Net carrying amount as at September 30, 2019	41,653	84,833	61,966	209,209	397,661

7. Right-of-use assets

	Properties	Motor vehicles and others	Computer equipment	Total
	$	$	$	$
Cost				
As at September 30, 2019	—	—	—	—
Adoption of IFRS 16 (Note 3)	1,070,987	230,707	40,357	1,342,051
As at October 1, 2019	1,070,987	230,707	40,357	1,342,051
Additions	59,556	56,976	2,390	118,922
Additions - business acquisitions (Note 27a)	11,859	—	—	11,859
Change in estimates and lease modifications	(6,460)	—	—	(6,460)
Disposals/retirements	(56,986)	(61,941)	(3,110)	(122,037)
Foreign currency translation adjustment	45,302	8,234	1,328	54,864
As at September 30, 2020	**1,124,258**	**233,976**	**40,965**	**1,399,199**
Accumulated depreciation				
As at September 30, 2019	—	—	—	—
Adoption of IFRS 16 (Note 3)	546,537	69,381	24,787	640,705
As at October 1, 2019	546,537	69,381	24,787	640,705
Depreciation expense (Note 24)	127,931	33,140	7,168	168,239
Impairment (Note 24)	8,361	—	—	8,361
Disposals/retirements	(56,986)	(52,467)	(3,110)	(112,563)
Foreign currency translation adjustment	24,028	2,803	761	27,592
As at September 30, 2020	**649,871**	**52,857**	**29,606**	**732,334**
Net carrying amount as at September 30, 2020	**474,387**	**181,119**	**11,359**	**666,865**

8. Contract costs

	As at September 30, 2020			As at September 30, 2019		
	Cost	Accumulated amortization	Net carrying amount	Cost	Accumulated amortization	Net carrying amount
	$	$	$	$	$	$
Transition costs	**477,174**	**246,468**	**230,706**	476,075	258,283	217,792
Incentives	**67,545**	**58,875**	**8,670**	61,258	56,085	5,173
	544,719	**305,343**	**239,376**	537,333	314,368	222,965

9. Intangible assets

	Internal-use software acquired	Internal-use software internally developed	Business solutions acquired	Business solutions internally developed	Software licenses	Client relationships	Total
	$	$	$	$	$	$	$
Cost							
As at September 30, 2019	99,204	123,289	81,028	511,384	221,510	1,095,339	2,131,754
Additions	929	9,861	229	88,900	10,738	—	110,657
Additions - business acquisitions (Note 27a)	—	—	—	—	507	47,303	47,810
Disposals/retirements	(4,652)	(2,826)	(7,506)	(34,810)	(47,888)	(2,376)	(100,058)
Foreign currency translation adjustment	1,419	974	2,527	5,541	5,505	47,596	63,562
As at September 30, 2020	**96,900**	**131,298**	**76,278**	**571,015**	**190,372**	**1,187,862**	**2,253,725**
Accumulated amortization							
As at September 30, 2019	80,467	69,095	79,907	317,846	159,591	906,866	1,613,772
Amortization expense (Note 24)	7,336	12,986	316	41,928	26,411	68,401	157,378
Impairment (Note 24)	—	—	—	10,633	—	—	10,633
Disposals/retirements	(4,652)	(2,826)	(7,506)	(34,810)	(47,146)	(453)	(97,393)
Foreign currency translation adjustment	1,280	490	2,453	2,525	3,600	37,525	47,873
As at September 30, 2020	**84,431**	**79,745**	**75,170**	**338,122**	**142,456**	**1,012,339**	**1,732,263**
Net carrying amount as at September 30, 2020	**12,469**	**51,553**	**1,108**	**232,893**	**47,916**	**175,523**	**521,462**

	Internal-use software acquired	Internal-use software internally developed	Business solutions acquired	Business solutions internally developed	Software licenses	Client relationships	Total
	$	$	$	$	$	$	$
Cost							
As at September 30, 2018	95,707	114,701	82,256	444,593	216,490	1,025,083	1,978,830
Additions	4,321	9,433	911	61,693	20,196	—	96,554
Additions - business acquisitions (Note 27b)	77	—	—	—	201	113,786	114,064
Disposals/retirements	(436)	(326)	(803)	(46)	(13,281)	(24,321)	(39,213)
Foreign currency translation adjustment	(465)	(519)	(1,336)	5,144	(2,096)	(19,209)	(18,481)
As at September 30, 2019	99,204	123,289	81,028	511,384	221,510	1,095,339	2,131,754
Accumulated amortization							
As at September 30, 2018	72,177	58,212	80,586	277,092	145,078	866,359	1,499,504
Amortization expense (Note 24)	8,872	11,513	1,319	37,318	29,356	76,182	164,560
Disposals/retirements	(436)	(326)	(803)	(46)	(13,247)	(24,321)	(39,179)
Foreign currency translation adjustment	(146)	(304)	(1,195)	3,482	(1,596)	(11,354)	(11,113)
As at September 30, 2019	80,467	69,095	79,907	317,846	159,591	906,866	1,613,772
Net carrying amount as at September 30, 2019	18,737	54,194	1,121	193,538	61,919	188,473	517,982

10. Other long-term assets

	As at September 30, 2020	As at September 30, 2019
	$	$
Prepaid long-term maintenance agreements	**17,567**	20,532
Insurance contracts held to fund defined benefit pension and life assurance arrangements - reimbursement rights (Note 17)	**24,033**	23,879
Retirement benefits assets (Note 17)	**86,127**	96,620
Deposits	**13,312**	13,999
Deferred financing fees	**3,408**	3,798
Other	**19,292**	21,652
	163,739	180,480

11. Long-term financial assets

	As at September 30, 2020	As at September 30, 2019
	$	$
Deferred compensation plan assets (Notes 17 and 32)	**73,156**	62,627
Long-term investments (Note 32)	**22,612**	24,596
Long-term receivables	**20,623**	18,034
Long-term derivative financial instruments (Note 32)	**40,178**	71,642
	156,569	176,899

12. Goodwill

Effective October 1, 2019, the Company realigned its management structure, resulting primarily in the creation of two new operating segments, namely Scandinavia (Sweden, Denmark and Norway) and Finland, Poland and Baltics, collectively formerly known as Northern Europe in the prior fiscal year. As a result, the Company is now managed through nine operating segments, namely: Western and Southern Europe (primarily France, Portugal and Belgium); United States (U.S.) Commercial and State Government; Canada; U.S. Federal; United Kingdom (U.K.) and Australia; Central and Eastern Europe (primarily Germany and Netherlands); Scandinavia; Finland, Poland and Baltics; and Asia Pacific Global Delivery Centers of Excellence (mainly India and Philippines) (Asia Pacific). This realignment of management structure also included, to a lesser extent, transfers of some lines of business between our operating segments.

Due to the changes in operating segments and that CGUs correspond to the operating segments, the Company reallocated goodwill to the revised CGUs using their relative fair value.

The operating segments reflect the fiscal year 2020 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 during the fourth quarter of the fiscal year 2020 and did not identify any impairment.

The variations in goodwill were as follows:

	Western and Southern Europe	U.S. Commercial and State Government	Canada	U.S. Federal	U.K. and Australia	Central and Eastern Europe	Scandinavia	Finland, Poland and Baltics	Asia Pacific	Total
	$	$	$	$	$	$	$	$	$	$
As at September 30, 2019	975,075	1,134,246	1,136,737	918,064	806,318	820,565	1,703,927	—	272,905	7,767,837
Business acquisitions (Note 27)	32,272	—	5,411	86,882	53,021	95,285	(6,604)	—	—	266,267
Goodwill reallocation	—	6,324	—	(6,324)	—	—	(613,472)	613,472	—	—
Sale of business	—	—	—	—	—	—	(3,411)	—	—	(3,411)
Foreign currency translation adjustment	81,752	6,737	—	540	45,633	69,999	89,433	46,406	8,738	349,238
As at September 30, 2020	**1,089,099**	**1,147,307**	**1,142,148**	**999,162**	**904,972**	**985,849**	**1,169,873**	**659,878**	**281,643**	**8,379,931**

Key assumptions in goodwill impairment testing

The key assumptions for the CGUs are disclosed in the following tables for the years ended September 30:

2020	Western and Southern Europe	U.S. Commercial and State Government	Canada	U.S. Federal	U.K. and Australia	Central and Eastern Europe	Scandinavia	Finland, Poland and Baltics	Asia Pacific
	%	%	%	%	%	%	%	%	%
Pre-tax WACC	**11.2**	**9.3**	**9.6**	**8.5**	**9.3**	**10.2**	**10.0**	**10.8**	**23.0**
Long-term growth rate of net operating cash flows[1]	**1.7**	**2.0**	**2.0**	**2.0**	**2.0**	**1.9**	**1.9**	**1.7**	**2.0**

2019	Western and Southern Europe	U.S. Commercial and State Government	Canada	U.S. Federal	U.K. and Australia	Central and Eastern Europe	Northern Europe	Asia Pacific
	%	%	%	%	%	%	%	%
Pre-tax WACC	9.1	10.0	8.9	9.9	8.9	9.1	9.4	21.4
Long-term growth rate of net operating cash flows[1]	1.8	2.0	2.0	2.0	1.9	1.5	1.8	2.0

[1] The long-term growth rate is based on published industry research.

13. Provisions

	Restructuring[1]	Decommissioning liabilities[2]	Others[3]	Total
	$	$	$	$
As at September 30, 2019	39,212	25,824	33,419	98,455
Adoption of IFRS 16 (Note 3)	—	—	(5,987)	(5,987)
As at October 1, 2019	39,212	25,824	27,432	92,468
Additional provisions	193,592	5,328	34,842	233,762
Business acquisitions	—	351	24,823	25,174
Utilized amounts	(119,331)	(3,667)	(24,091)	(147,089)
Reversals of unused amounts	—	(3,006)	(6,532)	(9,538)
Discount rate adjustment and imputed interest	—	158	—	158
Foreign currency translation adjusment	1,799	1,573	1,213	4,585
As at September 30, 2020	**115,272**	**26,561**	**57,687**	**199,520**
Current portion	**112,731**	**8,609**	**54,292**	**175,632**
Non-current portion	**2,541**	**17,952**	**3,395**	**23,888**

1 See Note 25, Restructuring costs and Note 27c), Investments in subsidiaries.

2 As at September 30, 2020, the decommissioning liabilities were based on the expected cash flows of $27,390,000 and were discounted at a weighted average rate of 0.59%. The timing of settlements of these obligations ranges between one and thirteen years as at September 30, 2020. The reversals of unused amounts are mostly due to favourable settlements.

3 As at September 30, 2020, others included onerous revenue-generating contracts, onerous supplier contracts and litigation and claims.

14. Long-term debt

	As at September 30, 2020	As at September 30, 2019
	$	$
Senior U.S. unsecured note repayable of $333,125 (U.S.$250,000) in December 2021[1]	**339,682**	332,533
Senior unsecured notes repayable in September by tranches of $73,288 (U.S.$55,000) in 2021, $399,750 (U.S.$300,000) in 2024, $266,500 (U.S.$200,000) in four yearly repayments of U.S.$50,000 from 2021 to 2024 and $132,787 (€85,000) in 2021[2]	**872,283**	924,021
Unsecured committed revolving credit facility[3]	**—**	334,370
Unsecured committed term loan credit facilities[4]	**2,330,288**	661,939
Obligations under finance leases repayable in blended monthly installments (maturing at various dates until 2024, bearing a weighted average interest rate of 2.44% in 2019) (Note 3)	**—**	30,339
Other long-term debt	**44,842**	48,005
	3,587,095	2,331,207
Current portion	**310,764**	113,511
	3,276,331	2,217,696

1 As at September 30, 2020, an amount of $333,125,000 was borrowed, plus fair value adjustments relating to interest rate swaps designated as fair value hedges of $6,470,000 and less financing fees. The private placement financing with U.S. institutional investors is comprised of one tranche of Senior U.S. unsecured note, due in December 2021, with an interest rate of 4.99% (interest rate of 4.99% in 2019). The Senior U.S. unsecured note contains covenants that require the Company to maintain certain financial ratios (Note 33). As at September 30, 2020, the Company was in compliance with these covenants.

2 As at September 30, 2020, an amount of $872,325,000 was borrowed, less financing fees. The private placement is comprised of three tranches of Senior U.S. unsecured notes and one tranche of Senior euro unsecured note, with a weighted average maturity of 2.8 years and a weighted average interest rate of 3.64% (3.66% in 2019). In September 2020, the Company repaid the third of the seven yearly scheduled repayments of U.S.$50,000,000 on a tranche of the Senior U.S. unsecured notes for a total amount of $65,860,000 and settled the related cross-currency swaps (Note 32). The Senior unsecured notes contain covenants that require the Company to maintain certain financial ratios (Note 33). As at September 30, 2020, 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 2024. 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, 2020, there was no amount drawn upon this facility. An amount of $9,699,000 has been committed against this facility to cover various letters of credit issued for clients and other parties. The unsecured committed revolving credit facility contains covenants that require the Company to maintain certain financial ratios (Note 33). As at September 30, 2020, the Company was in compliance with these covenants.

4 During the year ended September 30, 2020, the Company entered into the 2020 Term Loan for a total principal amount of U.S.$1,250,000,000 (Note 32). The 2020 Term Loan expires in March 2022, bears interest based on the 1 month USD LIBOR rate, plus a variable margin that is determined based on the Company's leverage ratio. As at September 30, 2020, an amount of $1,665,625,000 was borrowed less financing fees with a weighted average interest rate of 0.16% and a margin of 1.50%. In addition, the Company has an unsecured committed term loan credit facility for a notional amount of U.S.$500,000,000 expiring in December 2023. This facility bears interest based on the 1 month USD LIBOR rate, plus a variable margin that is determined based on the Company's leverage ratio. As at September 30, 2020, an amount of $666,250,000 was borrowed less financing fees with a weighted average interest rate ratio of 0.16% and a margin of 1.00%. The unsecured committed term loan credit facilities contains covenants that require the Company to maintain certain financial ratios (Note 33). As at September 30, 2020, the Company was in compliance with these covenants.

15. Other long-term liabilities

	As at September 30, 2020	As at September 30, 2019
	$	$
Deferred revenue	**38,466**	70,522
Deferred compensation plan liabilities (Note 17)	**82,221**	63,838
Deferred rent (Note 3)	**—**	64,655
Other[1]	**64,687**	14,377
	185,374	213,392

1 As at September 30, 2020, other is mainly composed of $48,299,000 in relation with the deferral of the employer side social security payments under the U.S. Government Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

16. Income taxes

	Year ended September 30 2020	2019
	$	$
Current income tax expense		
Current income tax expense in respect of the current year	**416,563**	439,972
Adjustments recognized in the current year in relation to the income tax expense of prior years	**(24,328)**	(17,934)
Total current income tax expense	**392,235**	422,038
Deferred income tax expense (recovery)		
Deferred income tax recovery relating to the origination and reversal of temporary differences	**(1,120)**	(959)
Deferred income tax (recovery) expense relating to changes in tax rates	**(3,479)**	784
Adjustments recognized in the current year in relation to the deferred income tax recovery of prior years	**10,769**	—
Recognition of previously unrecognized temporary differences	**—**	(8,122)
Total deferred income tax expense (recovery)	**6,170**	(8,297)
Total income tax expense	**398,405**	413,741

The Company's effective income tax rate differs from the combined Federal and Provincial Canadian statutory tax rate as follows:

	Year ended September 30 2020	2019
	%	%
Company's statutory tax rate	**26.5**	26.6
Effect of foreign tax rate differences	**(0.9)**	(1.6)
Final determination from agreements with tax authorities and expirations of statutes of limitations	**(0.9)**	(1.4)
Non-deductible and tax exempt items	**0.2**	0.2
Effect of integration-related costs	**0.7**	0.1
Minimum income tax charge	**0.9**	0.8
Changes in tax laws and rates	**(0.2)**	—
Effective income tax rate	**26.3**	24.7

16. Income taxes (continued)

The continuity schedule of deferred tax balances is as follows:

	As at September 30, 2019	Adoption of IFRS 16 (Note 3)	As at October 1, 2020	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, 2020
	$	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities, provisions and other long-term liabilities	67,926	(17,150)	50,776	47	12,819	(7)	—	573	**64,208**
Tax benefits on losses carried forward	59,163	—	59,163	886	(17,492)	—	—	3,671	**46,228**
Accrued compensation	45,407	—	45,407	—	(2,464)	—	(16,933)	1,410	**27,420**
Retirement benefits obligations	17,904	—	17,904	60	(4,959)	8,282	—	1,879	**23,166**
Lease liabilities	—	231,562	231,562	3,751	(18,864)	—	—	6,548	**222,997**
PP&E, contract costs, intangible assets and other long-term assets	(123,147)	—	(123,147)	(5,933)	(6,710)	—	—	(670)	**(136,460)**
Right-of-use assets	—	(182,822)	(182,822)	(3,658)	21,133	—	—	(6,488)	**(171,835)**
Work in progress	(43,569)	—	(43,569)	170	9,532	—	—	(410)	**(34,277)**
Goodwill	(60,366)	—	(60,366)	(757)	(2,127)	—	—	(959)	**(64,209)**
Refundable tax credits on salaries	(25,819)	—	(25,819)	—	3,095	—	—	—	**(22,724)**
Cash flow hedges	(13,903)	—	(13,903)	—	(869)	13,773	—	524	**(475)**
Other	(1,322)	—	(1,322)	1,354	736	1,095	—	(759)	**1,104**
Deferred taxes, net	**(77,726)**	**31,590**	**(46,136)**	**(4,080)**	**(6,170)**	**23,143**	**(16,933)**	**5,319**	**(44,857)**

	As at September 30, 2018	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, 2019
	$	$	$	$	$	$	$
Accounts payable and accrued liabilities, provisions and other long-term liabilities	78,177	(3,220)	(8,394)	—	—	1,363	67,926
Tax benefits on losses carried forward	62,415	—	(1,001)	—	—	(2,251)	59,163
Accrued compensation	34,887	18	3,995	—	6,132	375	45,407
Retirement benefits obligations	25,418	—	(2,683)	(4,324)	—	(507)	17,904
Allowance for doubtful accounts	(260)	—	260	—	—	—	—
PP&E, contract costs, intangible assets and other long-term assets	(106,207)	(24,514)	7,788	—	—	(214)	(123,147)
Work in progress	(59,142)	—	16,010	—	—	(437)	(43,569)
Goodwill	(53,891)	—	(5,407)	—	—	(1,068)	(60,366)
Refundable tax credits on salaries	(26,502)	—	683	—	—	—	(25,819)
Cash flow hedges	12,398	—	(1,470)	(25,290)	—	459	(13,903)
Other	(638)	76	(1,484)	2,374	—	(1,650)	(1,322)
Deferred taxes, net	(33,345)	(27,640)	8,297	(27,240)	6,132	(3,930)	(77,726)

The deferred tax balances are presented as follows in the consolidated balance sheets:

	As at September 30, 2020	As at September 30, 2019
	$	$
Deferred tax assets	**113,484**	100,539
Deferred tax liabilities	**(158,341)**	(178,265)
	(44,857)	(77,726)

16. Income taxes (continued)

As at September 30, 2020, the Company had $291,255,000 ($367,352,000 as at September 30, 2019) in operating tax losses carried forward, of which $59,390,000 ($37,480,000 as at September 30, 2019) expire at various dates from 2029 to 2040 and $231,865,000 ($329,872,000 as at September 30, 2019) have no expiry dates. As at September 30, 2020, a deferred income tax asset of $41,380,000 ($54,814,000 as at September 30, 2019) has been recognized on $217,563,000 ($289,976,000 as at September 30, 2019) of these losses. The deferred income tax assets are recognized only to the extent that it is probable that taxable income will be available against which the unused tax losses can be utilized. As at September 30, 2020, the Company had $31,639,000 ($29,287,000 as at September 30, 2019) of the unrecognized operating tax losses that will expire at various dates from 2029 to 2032 and 42,053,000 ($48,089,000 as at September 30, 2019) that have no expiry date.

As at September 30, 2020, the Company had $485,546,000 ($471,772,000 as at September 30, 2019) in non-operating tax losses carried forward that have no expiry dates. As at September 30, 2020, a deferred income tax asset of $4,848,000 ($4,349,000 as at September 30, 2019) has been recognized on $19,436,000 ($18,151,000 as at September 30, 2019) of these losses. As at September 30, 2020, the Company had $466,110,000 ($453,621,000 as at September 30, 2019) of unrecognized non-operating tax losses.

As at September 30, 2020, the Company had $836,101,000 ($149,121,000 as at September 30, 2019) of cash and cash equivalents held by foreign subsidiaries. The tax implications of the repatriation of cash and cash equivalents 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 $5,565,437,000 ($4,457,906,000 as at September 30, 2019) 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 taxation.

On September 30, 2019, the Company recorded a deferred tax asset of $18,500,000 attributable to the recognition of additional operating tax losses following a settlement with the German tax authority.

17. 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 the U.K., Germany and France, with smaller plans in other countries. The benefits are based on pensionable salary and years of service and are funded with assets held in separate funds.

The defined benefit plans expose the Company to interest risk, inflation risk, longevity risk, currency risk and market investment risk.

The following description focuses mainly on plans registered in the U.K., Germany and France:

U.K.

In the U.K., the Company has three defined benefit pension plans, the CMG U.K. Pension Scheme, the Logica U.K. Pension & Life Assurance Scheme and the 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. The 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 the 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, the CMG U.K. Pension Scheme policy is to target an allocation up to a maximum of 70% to return-seeking assets such as equities; the Logica U.K. Pension & Life Assurance Scheme policy is to invest 15% of the scheme assets in equities and 85% in bonds; and the Logica Defined Benefit Pension Plan policy is to invest 30% of the plan assets in equities and 70% in bonds.

The 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 performed as at September 30, 2018 and the results were finalized during the year ended September 30, 2020 with the following recommendations:

- The actuarial valuation of the CMG U.K. Pension Scheme reported a deficit of $26,546,000. A new recovery plan was proposed, and during fiscal 2020, the Company contributed a total amount of $12,432,000 to ensure that the funding objectives of the scheme were met, and stopped the contributions on June 30, 2020 accordingly to the plan. The Company also contributed an amount of $1,279,000 to cover administration expenses; and
- The actuarial valuation of the Logica Defined Benefit Pension Plan specified that no supplementary contributions were required after November 30, 2019 in order to reach the plan funding objectives. During fiscal 2020, the Company contributed a total amount of $344,200 and then stopped the contributions.

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 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, unless they are part of a reinsured support fund or are pledged to the employees.

17. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

France

In France, the retirement indemnities are provided in accordance with the Labour Code. Upon retirement, employees receive an indemnity, depending on the salary and seniority in the Company, in the form of a lump-sum payment.

The following tables present amounts for post-employment benefits plans included in the consolidated balance sheets:

As at September 30, 2020	**U.K.**	**Germany**	**France**	**Other**	**Total**
	$	**$**	**$**	**$**	**$**
Defined benefit obligations	**(891,628)**	**(104,090)**	**(84,442)**	**(83,584)**	**(1,163,744)**
Fair value of plan assets	**977,137**	**12,766**	**692**	**33,829**	**1,024,424**
	85,509	**(91,324)**	**(83,750)**	**(49,755)**	**(139,320)**
Fair value of reimbursement rights	**—**	**22,505**	**—**	**1,528**	**24,033**
Net asset (liability) recognized in the balance sheet	**85,509**	**(68,819)**	**(83,750)**	**(48,227)**	**(115,287)**
Presented as:					
Other long-term assets (Note 10)					
Insurance contracts held to fund defined benefit pension and life assurance arrangements - reimbursement rights	**—**	**22,505**	**—**	**1,528**	**24,033**
Retirement benefits assets	**85,509**	**—**	**—**	**618**	**86,127**
Retirement benefits obligations	**—**	**(91,324)**	**(83,750)**	**(50,373)**	**(225,447)**
	85,509	**(68,819)**	**(83,750)**	**(48,227)**	**(115,287)**

As at September 30, 2019	U.K.	Germany	France	Other	Total
	$	$	$	$	$
Defined benefit obligations	(812,179)	(101,298)	(58,048)	(73,059)	(1,044,584)
Fair value of plan assets	908,406	12,803	—	26,786	947,995
	96,227	(88,495)	(58,048)	(46,273)	(96,589)
Fair value of reimbursement rights	—	22,360	—	1,519	23,879
Net asset (liability) recognized in the balance sheet	96,227	(66,135)	(58,048)	(44,754)	(72,710)
Presented as:					
Other long-term assets (Note 10)					
Insurance contracts held to fund defined benefit pension and life assurance arrangements - reimbursement rights	—	22,360	—	1,519	23,879
Retirement benefits assets	96,227	—	—	393	96,620
Retirement benefits obligations	—	(88,495)	(58,048)	(46,666)	(193,209)
	96,227	(66,135)	(58,048)	(44,754)	(72,710)

17. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Defined benefit obligations	U.K.	Germany	France	Other	Total
	$	$	$	$	$
As at September 30, 2019	812,179	101,298	58,048	73,059	1,044,584
Current service cost	1,060	776	4,665	7,974	14,475
Interest cost	15,253	576	347	2,878	19,054
Business acquisitions (Note 27a)	—	—	1,732	—	1,732
Actuarial losses (gains) due to change in financial assumptions[1]	36,135	(1,258)	4,279	1,138	40,294
Actuarial losses due to change in demographic assumptions[1]	17,671	—	6,401	—	24,072
Actuarial (gains) losses due to experience[1]	(8,033)	(530)	4,054	(1,374)	(5,883)
Plan participant contributions	91	—	—	—	91
Benefits paid from the plan	(28,793)	(1,645)	—	(2,426)	(32,864)
Benefits paid directly by employer	—	(2,787)	(454)	(1,832)	(5,073)
Foreign currency translation adjustment[1]	46,065	7,660	5,370	4,167	63,262
As at September 30, 2020	**891,628**	**104,090**	**84,442**	**83,584**	**1,163,744**
Defined benefit obligations of unfunded plans	—	—	84,442	35,070	119,512
Defined benefit obligations of funded plans	891,628	104,090	—	48,514	1,044,232
As at September 30, 2020	**891,628**	**104,090**	**84,442**	**83,584**	**1,163,744**

Defined benefit obligations	U.K.	Germany	France	Other	Total
	$	$	$	$	$
As at September 30, 2018	760,244	89,959	55,276	58,594	964,073
Current service cost	889	689	4,251	6,547	12,376
Interest cost	21,261	1,512	950	3,558	27,281
Past service cost	8,239	—	—	—	8,239
Business acquisitions (Note 27b)	—	1,444	—	6,550	7,994
Actuarial losses due to change in financial assumptions[1]	99,257	15,253	7,806	7,072	129,388
Actuarial gains due to change in demographic assumptions[1]	(6,947)	(292)	(6,667)	(1,802)	(15,708)
Actuarial (gains) losses due to experience[1]	(16,773)	1,065	(11)	(1,389)	(17,108)
Plan participant contributions	102	—	—	—	102
Benefits paid from the plan	(25,395)	(263)	—	(3,228)	(28,886)
Benefits paid directly by employer	—	(4,020)	(1,248)	(1,831)	(7,099)
Foreign currency translation adjustment[1]	(28,698)	(4,049)	(2,309)	(1,012)	(36,068)
As at September 30, 2019	812,179	101,298	58,048	73,059	1,044,584
Defined benefit obligations of unfunded plans	—	—	58,048	34,690	92,738
Defined benefit obligations of funded plans	812,179	101,298	—	38,369	951,846
As at September 30, 2019	812,179	101,298	58,048	73,059	1,044,584

1 Amounts recognized in other comprehensive income.

17. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

Plan assets and reimbursement rights	U.K.	Germany	France	Other	Total
	$	$	$	$	$
As at September 30, 2019	908,406	35,163	—	28,305	971,874
Interest income on plan assets	17,255	204	3	964	18,426
Business acquisitions (Note 27a)	—	—	664	—	664
Employer contributions	14,398	2,430	454	6,874	24,156
Return on assets excluding interest income[1]	15,976	46	—	(396)	15,626
Plan participants contributions	91	—	—	—	91
Benefits paid from the plan	(28,793)	(1,645)	—	(2,426)	(32,864)
Benefits paid directly by employer	—	(2,787)	(454)	(1,831)	(5,072)
Administration expenses paid from the plan	(1,189)	—	—	(58)	(1,247)
Foreign currency translation adjustment[1]	50,993	1,860	25	3,925	56,803
As at September 30, 2020	**977,137**	**35,271**	**692**	**35,357**	**1,048,457**
Plan assets	977,137	12,766	692	33,829	1,024,424
Reimbursement rights	—	22,505	—	1,528	24,033
As at September 30, 2020	**977,137**	**35,271**	**692**	**35,357**	**1,048,457**

Plan assets and reimbursement rights	U.K.	Germany	France	Other	Total
	$	$	$	$	$
As at September 30, 2018	787,550	36,420	—	22,903	846,873
Interest income on plan assets	22,271	620	—	2,425	25,316
Employer contributions	24,430	2,765	1,248	7,025	35,468
Return on assets excluding interest income[1]	133,821	(784)	—	669	133,706
Plan participants contributions	102	—	—	—	102
Benefits paid from the plan	(25,395)	(263)	—	(3,228)	(28,886)
Benefits paid directly by employer	—	(2,576)	(1,248)	(1,831)	(5,655)
Administration expenses paid from the plan	(1,696)	—	—	(152)	(1,848)
Foreign currency translation adjustment[1]	(32,677)	(1,019)	—	494	(33,202)
As at September 30, 2019	908,406	35,163	—	28,305	971,874
Plan assets	908,406	12,803	—	26,786	947,995
Reimbursement rights	—	22,360	—	1,519	23,879
As at September 30, 2019	908,406	35,163	—	28,305	971,874

1 Amounts recognized in other comprehensive income.

17. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The plan assets at the end of the years consist of:

As at September 30, 2020	U.K.	Germany	France	Other	Total
	$	$	$	$	$
Quoted equities	**472,318**	**—**	**—**	**—**	**472,318**
Quoted bonds	**93,003**	**—**	**—**	**—**	**93,003**
Cash	**52,230**	**—**	**—**	**88**	**52,318**
Other[1]	**359,586**	**12,766**	**692**	**33,741**	**406,785**
	977,137	**12,766**	**692**	**33,829**	**1,024,424**

As at September 30, 2019	U.K.	Germany	France	Other	Total
	$	$	$	$	$
Quoted equities	366,203	—	—	—	366,203
Quoted bonds	200,599	—	—	—	200,599
Cash	111,454	—	—	91	111,545
Other[1]	230,150	12,803	—	26,695	269,648
	908,406	12,803	—	26,786	947,995

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 expense[1] recognized in the consolidated statements of earnings:

	Year ended September 30	
	2020	2019
	$	$
Current service cost	**14,475**	12,376
Past service cost	**—**	8,239
Net interest on net defined benefit obligations or assets	**629**	1,965
Administration expenses	**1,247**	1,848
	16,351	24,428

1 The expense was presented as costs of services, selling and administrative for an amount of $14,475,000 and as net finance costs for an amount of $1,876,000 (Note 26) ($20,615,000 and $3,813,000, respectively for the year ended September 30, 2019).

17. 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, 2020	**U.K**	**Germany**	**France**	**Other**
	%	**%**	**%**	**%**
Discount rate	**1.53**	**0.65**	**0.65**	**3.11**
Future salary increases	**2.84**	**2.50**	**3.79**	**1.51**
Future pension increases	**2.82**	**1.50**	**—**	**2.51**
Inflation rate	**2.84**	**2.00**	**2.00**	**0.08**

As at September 30, 2019	U.K.	Germany	France	Other
	%	%	%	%
Discount rate	1.82	0.56	0.56	3.05
Future salary increases	3.03	2.50	3.29	1.07
Future pension increases	3.00	1.50	—	0.06
Inflation rate	3.03	2.00	2.00	2.40

The average longevity over 65 of a member presently at age 45 and 65 are as follows:

As at September 30, 2020	**U.K.**	**Germany**
	(in years)	
Longevity at age 65 for current members		
Males	**21.8**	**20.0**
Females	**23.7**	**23.0**
Longevity at age 45 for current members		
Males	**23.2**	**24.0**
Females	**25.3**	**26.0**

As at September 30, 2019	U.K.	Germany
	(in years)	
Longevity at age 65 for current members		
Males	21.8	20.0
Females	23.1	23.0
Longevity at age 45 for current members		
Males	23.6	24.0
Females	25.2	26.0

17. 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, 2020: (1) U.K.: 100% S2PxA (year of birth) plus CMI_2018 projections with 1.25% p.a. minimum long term improvement rate, (2) Germany: Heubeck RT2018G and (3) France: INSEE TVTD 2014-2016.

The following tables show the sensitivity of the defined benefit obligations to changes in the principal actuarial assumptions:

As at September 30, 2020	**U.K.**	**Germany**	**France**
	$	**$**	**$**
Increase of 0.25% in the discount rate	**(36,622)**	**(3,445)**	**(2,936)**
Decrease of 0.25% in the discount rate	**38,192**	**3,632**	**3,079**
Salary increase of 0.25%	**441**	**36**	**3,091**
Salary decrease of 0.25%	**(437)**	**(36)**	**(2,962)**
Pension increase of 0.25%	**18,528**	**1,598**	**—**
Pension decrease of 0.25%	**(18,132)**	**(1,531)**	**—**
Increase of 0.25% in inflation rate	**29,148**	**1,598**	**3,091**
Decrease of 0.25% in inflation rate	**(28,207)**	**(1,531)**	**(2,962)**
Increase of one year in life expectancy	**27,126**	**3,615**	**558**
Decrease of one year in life expectancy	**(26,843)**	**(3,040)**	**(592)**

As at September 30, 2019	U.K.	Germany	France
	$	$	$
Increase of 0.25% in the discount rate	(33,082)	(3,440)	(2,027)
Decrease of 0.25% in the discount rate	34,484	3,632	2,126
Salary increase of 0.25%	408	56	2,132
Salary decrease of 0.25%	(404)	(55)	(2,044)
Pension increase of 0.25%	16,758	1,601	—
Pension decrease of 0.25%	(16,398)	(1,531)	—
Increase of 0.25% in inflation rate	26,342	1,601	2,132
Decrease of 0.25% in inflation rate	(25,490)	(1,531)	(2,044)
Increase of one year in life expectancy	20,884	3,325	384
Decrease of one year in life expectancy	(20,824)	(2,938)	(406)

The sensitivity analysis above has 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 duration of the defined benefit obligations are as follows:

	Year ended September 30	
	2020	2019
	(in years)	
U.K.	**18**	18
Germany	**14**	14
France	**14**	14
Other	**12**	13

17. Employee benefits (continued)

DEFINED BENEFIT PLANS (CONTINUED)

The Company expects to contribute $7,903,000 to defined benefit plans during the next year, of which $1,657,000 relates to the U.K. plans, and $6,246,000 relates to the other plans. The contributions will include funding payments and new benefit accruals.

DEFINED CONTRIBUTION PLANS

The Company also operates defined contribution pension plans. In some countries, contributions are made into the state pension plans. The pension cost for defined contribution plans amounted to $228,998,000 in 2020 ($221,063,000 in 2019).

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 0.40% and the Company's proportion of the total number of active members in the plan is 0.50% .

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 175%. As at September 30, 2020, Alecta collective funding ratio was 144% (142% in 2019). The plan expense was $30,269,000 in 2020 ($32,512,000 in 2019). The Company expects to contribute $25,709,000 to the plan during the next year.

OTHER BENEFIT PLANS

As at September 30, 2020, the deferred compensation liability totaled $82,221,000 ($63,838,000 as at September 30, 2019) (Note 15) and the deferred compensation assets totaled $73,156,000 ($62,627,000 as at September 30, 2019) (Note 11). The deferred compensation liability is mainly related to plans covering some of its U.S. and German management. Some of the plans include assets that will be used to fund the liabilities.

For the deferred compensation plan in the 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 $72,743,000 as at September 30, 2020 ($62,247,000 as at September 30, 2019).

18. Accumulated other comprehensive income

	As at September 30, 2020	As at September 30, 2019
	$	$
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 $56,239 ($63,579 as at September 30, 2019)	**1,002,804**	596,358
Net losses on cross-currency swaps and on translating long-term debt designated as hedges of net investments in foreign operations, net of accumulated income tax recovery of $63,692 ($67,165 as at September 30, 2019)	**(417,462)**	(426,376)
Deferred gains (costs) of hedging on cross-currency swaps, net of accumulated income tax expense of $4,049 (net of accumulated income tax recovery $1,113 as at September 30, 2019)	**14,053**	(4,091)
Net unrealized (losses) gains on cash flow hedges, net of accumulated income tax recovery of $2,554 (net of accumulated income tax expense of $13,003 as at September 30, 2019)	**(5,935)**	24,157
Net unrealized gains on financial assets at fair value through other comprehensive income, net of accumulated income tax expense of $1,291 ($352 as at September 30, 2019)	**4,340**	1,486
Items that will not be reclassified subsequently to net earnings:		
Net remeasurement losses on defined benefit plans, net of accumulated income tax recovery of $18,920 ($8,698 as at September 30, 2019)	**(52,090)**	(14,840)
	545,710	176,694

For the year ended September 30, 2020, $5,616,000 of the net unrealized gains on cash flow hedges, net of income tax expense of $1,648,000, previously recognized in other comprehensive income were reclassified in the consolidated statements of earnings ($8,306,000 net of income tax expense of $4,311,000, for the year ended September 30, 2019).

For the year ended September 30, 2020, $10,268,000 of the deferred gains of hedging on cross-currency swaps, net of income tax expense of $3,702,000, were also reclassified in the consolidated statements of earnings (deferred costs of $5,203,000, net of income tax recovery of $1,113,000, for the year ended September 30, 2019).

19. Capital stock

The Company's authorized share capital is comprised of an unlimited number, all without par value, of:

- First preferred shares, issuable in series, carrying one vote per share, each series ranking equal with other series, but prior to second preferred shares, Class A subordinate voting shares and Class B multiple voting shares with respect to the payment of dividends;
- Second preferred shares, issuable in series, non-voting, each series ranking equal with other series, but prior to Class A subordinate voting shares and Class B multiple voting shares with respect to the payment of dividends;
- Class A subordinate voting shares, carrying one vote per share, participating equally with Class B multiple voting shares with respect to the payment of dividends and convertible into Class B multiple voting shares under certain conditions in the event of certain takeover bids on Class B multiple voting shares; and
- Class B multiple voting shares, carrying ten votes per share, participating equally with Class A subordinate voting shares with respect to the payment of dividends and convertible at any time at the option of the holder into Class A subordinate voting shares.

19. Capital stock (continued)

For the fiscal years 2020 and 2019, the number of issued and outstanding Class A subordinate voting shares and Class B multiple voting shares varied as follows:

	Class A subordinate voting shares		Class B multiple voting shares		Total	
	Number	Carrying value	Number	Carrying value	Number	Carrying value
		$		$		$
As at September 30, 2018	250,425,114	1,978,210	28,945,706	40,382	279,370,820	2,018,592
Issued upon exercise of stock options[1]	1,942,580	77,773	—	—	1,942,580	77,773
PSUs exercised[2]	—	7,651	—	—	—	7,651
Purchased and cancelled[3]	(12,510,232)	(169,299)	—	—	(12,510,232)	(169,299)
Purchased and held in trusts[4]	—	(30,740)	—	—	—	(30,740)
As at September 30, 2019	239,857,462	1,863,595	28,945,706	40,382	268,803,168	1,903,977
Issued upon exercise of stock options[1]	1,438,877	69,420	—	—	1,438,877	69,420
PSUs exercised[2]	—	9,078	—	—	—	9,078
Purchased and cancelled[3]	(10,605,464)	(165,315)	—	—	(10,605,464)	(165,315)
Purchased and held in trusts[4]	—	(55,287)	—	—	—	(55,287)
As at September 30, 2020	**230,690,875**	**1,721,491**	**28,945,706**	**40,382**	**259,636,581**	**1,761,873**

1 The carrying value of Class A subordinate voting shares includes $12,269,000 ($14,070,000 for the year ended September 30, 2019), 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, 2020, 157,788 PSUs were exercised (160,694 during the year ended September 30, 2019) with a recorded value of $9,078,000 ($7,651,000 during the year ended September 30, 2019) that was removed from contributed surplus. As at September 30, 2020, 1,243,022 Class A subordinate voting shares were held in trusts under the PSU plans (875,480 as at September 30, 2019).

3 On January 29, 2020, the Company's Board of Directors authorized and subsequently received the regulatory approval from the Toronto Stock Exchange (TSX), for the renewal of the Normal Course Issuer Bid (NCIB) for the purchase for cancellation of up to 20,149,100 Class A subordinate voting shares on the open market through the TSX, the New York Stock Exchange (NYSE) 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 for cancellation commencing on February 6, 2020 until no later than February 5, 2021, or on such earlier date when the Company has either acquired the maximum number of Class A subordinate voting shares allowable under the NCIB or decided not to make any further purchases for cancellation under it.

During the year ended September 30, 2020, the Company purchased for cancellation 6,008,905 Class A subordinate voting shares from the Caisse de dépôt et placement du Québec for a cash consideration of $600,000,000 (5,158,362 and $500,000,000, respectively during the year ended September 30, 2019). The excess of the purchase price over the carrying value in the amount of $471,455,000 was charged to retained earnings ($389,651,000 during the year ended September 30, 2019). The purchase was made pursuant to an exemption order issued by the Autorité des marchés financiers and is considered within the annual aggregate limit that the Company is entitled to purchase under its current NCIB.

In addition, during the year ended September 30, 2020, the Company purchased for cancellation 4,596,559 Class A subordinate voting shares (7,301,870 during the year ended September 30, 2019) under its previous and current NCIB for a cash consideration of $443,517,000 ($626,075,000 during the year ended September 30, 2019) and the excess of the purchase price over the carrying value in the amount of $406,747,000 ($567,125,000 during the year ended September 30, 2019) was charged to retained earnings.

4 During the year ended September 30, 2020, the trustees, in accordance with the terms of the PSU plans and Trust Agreements, purchased 525,331 Class A subordinate voting shares of the Company on the open market (374,995 during the year ended September 30, 2019) for a cash consideration of $55,287,000 ($30,740,000 during the year ended September 30, 2019).

20. 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 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. As at September 30, 2020, 24,442,509 Class A subordinate voting shares were reserved for issuance under the stock option plan.

The following table presents information concerning the outstanding stock options granted by the Company:

	2020		2019	
	Number of options	**Weighted average exercise price per share**	Number of options	Weighted average exercise price per share
		$		$
Outstanding, beginning of year	**9,891,592**	**54.64**	12,830,826	52.01
Granted	**913,560**	**110.65**	52,735	82.59
Exercised (Note 19)	**(1,438,877)**	**39.72**	(1,942,580)	32.81
Forfeited	**(431,223)**	**84.50**	(1,045,783)	64.11
Expired	**(955)**	**74.55**	(3,606)	34.79
Outstanding, end of year	**8,934,097**	**61.33**	9,891,592	54.64
Exercisable, end of year	**5,748,402**	**49.02**	5,460,470	41.32

The weighted average share price at the date of exercise for stock options exercised in 2020 was $99.79 ($93.68 in 2019).

The following table summarizes information about the outstanding stock options granted by the Company as at September 30, 2020:

	Options outstanding			**Options exercisable**	
Range of exercise price	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
$		**(in years)**	**$**		**$**
14.48 to 38.79	**1,945,743**	**2.70**	**29.83**	**1,945,743**	**29.83**
39.47 to 50.94	**1,356,156**	**4.68**	**45.21**	**1,356,156**	**45.21**
52.63 to 63.72	**3,235,718**	**6.43**	**63.00**	**2,019,298**	**62.87**
67.04 to 87.65	**1,523,387**	**7.92**	**84.05**	**426,416**	**82.94**
102.79 to 110.73	**873,093**	**9.17**	**110.70**	**789**	**102.79**
	8,934,097	**5.87**	**61.33**	**5,748,402**	**49.02**

20. Share-based payments (continued)

a) Stock options (continued)

The weighted average 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	
	2020	2019
Grant date fair value ($)	**17.71**	16.24
Dividend yield (%)	**0.00**	0.00
Expected volatility (%)[1]	**16.60**	19.79
Risk-free interest rate (%)	**1.55**	2.26
Expected life (years)	**4.00**	4.00
Exercise price ($)	**110.65**	82.59
Share price ($)	**110.65**	82.59

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.

b) Performance share units

The Company operates two PSU plans with similar terms and conditions. Under both plans, the Board of Directors may grant PSUs to certain employees and officers 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 under the first plan vest annually over a period of four years from the date of the grant and granted PSUs under the second plan 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 19).

The following table presents information concerning the number of outstanding PSUs granted by the Company:

Outstanding as at September 30, 2018	658,732
Granted[1]	472,187
Exercised (Note 19)	(160,694)
Forfeited	(108,740)
Outstanding as at September 30, 2019	861,485
Granted[1]	607,342
Exercised (Note 19)	(157,788)
Forfeited	(79,569)
Outstanding as at September 30, 2020	**1,231,470**

1 The PSUs granted in 2020 had a grant date fair value of $107.39 per unit ($83.24 in 2019).

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 voting shares on the open market on behalf of the employee through either the TSX or NYSE.

20. Share-based payments (continued)

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 voting shares on the TSX on the payment date. As at September 30, 2020, the number of outstanding DSUs was 152,743 (137,571 DSUs as at September 30, 2019).

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	
	2020	2019
	$	$
Stock options	**16,378**	21,674
PSUs	**20,979**	17,766
Share purchase plan	**127,983**	115,287
DSUs	**(607)**	3,334
	164,733	158,061

21. Earnings per share

The following table sets forth the computation of basic and diluted earnings per share for the years ended September 30:

	2020			2019		
	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	**1,117,862**	**262,005,521**	**4.27**	1,263,207	272,719,309	4.63
Net effect of dilutive stock options and PSUs[2]		**4,098,541**			5,066,415	
	1,117,862	**266,104,062**	**4.20**	1,263,207	277,785,724	4.55

1 During the year ended September 30, 2020, 10,605,464 Class A subordinate voting shares purchased for cancellation and 1,243,022 Class A subordinate voting shares held in trust were excluded from the calculation of weighted average number of shares outstanding as of the date of transaction (12,460,232 and 875,480, respectively during the year ended September 30, 2019).

2 The calculation of the diluted earnings per share excluded 876,213 stock options for the year ended September 30, 2020 (1,716,774 for the year ended September 30, 2019), as they were anti-dilutive.

22. Remaining performance obligations

Remaining performance obligations relates to Company's performance obligations that are partially or fully unsatisfied under fixed-fee arrangements.

The amount of the selling price allocated to remaining performance obligations as at September 30, 2020 is $824,854,000 ($964,052,000 as at September 30, 2019) and is expected to be recognized as revenue within a weighted average of 1.4 years (1.6 years as at September 30, 2019).

23. Costs of services, selling and administrative

	Year ended September 30	
	2020	2019
	$	$
Salaries and other member costs[1]	**7,264,839**	7,158,588
Professional fees and other contracted labour	**1,355,065**	1,439,915
Hardware, software and data center related costs	**800,496**	873,158
Property costs	**259,306**	363,812
Amortization, depreciation and impairment (Note 24)	**556,061**	388,087
Other operating expenses	**66,301**	60,447
	10,302,068	10,284,007

1 Net of R&D and other tax credits of $160,335,000 in 2020 ($171,389,000 in 2019).

24. Amortization, depreciation and impairment

	Year ended September 30	
	2020	2019
	$	$
Depreciation of PP&E (Note 6)	**156,590**	159,264
Depreciation of right-of-use assets (Note 7)	**168,239**	—
Impairment of right-of-use assets (Note 7)	**3,269**	—
Amortization of contract costs related to transition costs	**55,905**	64,263
Impairment of contract costs related to transition costs	**4,047**	—
Amortization of intangible assets (Note 9)	**157,378**	164,560
Impairment of intangible assets (Note 9)	**10,633**	—
Included in costs of services, selling and administrative (Note 23)	**556,061**	388,087
Amortization of contract costs related to incentives (presented as a reduction of revenue)	**2,535**	2,919
Amortization of deferred financing fees (presented in finance costs)	**890**	1,012
Amortization of premiums and discounts on investments related to funds held for clients (presented net as a reduction of revenue)	**79**	283
Impairment of PP&E (presented in restructuring costs) (Note 6 and 25)	**1,035**	—
Impairment of right-of-use assets (presented in restructuring costs) (Note 7 and 25)	**5,092**	—
	565,692	392,301

25. Restructuring costs

During the year ended September 30, 2020, the Company incurred restructuring costs related to terminations of employment primarily in France, Canada and Germany, in relation with the COVID-19 impacts.

During the year ended September 30, 2020, the Company also announced a restructuring plan mainly for the closure of the Brazil operations, the refocusing of the Portugal infrastructure business towards nearshore delivery and the optimization of the Sweden infrastructure business.

The Company recorded $155,411,000 of restructuring costs during the year ended September 30, 2020 (nil during the year ended September 30, 2019).

This amount includes restructuring costs for terminations of employment of $144,202,000, accounted for in restructuring provisions, impairment of PP&E of $1,035,000 (Notes 6 and 24), impairment of right-of-use assets of $5,092,000 (Note 24), as well as other restructuring costs of $5,082,000.

26. Net finance costs

	Year ended September 30	
	2020	2019
	$	$
Interest on long-term debt	**75,667**	63,312
Interest on lease liabilities (Note 3)	**33,017**	—
Net interest costs on net defined benefit obligations or assets (Note 17)	**1,876**	3,813
Other finance costs	**9,029**	15,071
Finance costs	**119,589**	82,196
Finance income	**(5,115)**	(11,566)
	114,474	70,630

27. Investments in subsidiaries

a) Business acquisitions realized in current fiscal year

The Company made the following significant acquisitions during the year ended September 30, 2020:

- On December 18, 2019, the Company acquired all of the outstanding shares of SCISYS Group Plc (SCISYS), for a purchase price of $130,260,000. Predominantly based in United Kingdom and Germany, SCISYS operates in several sectors, with deep expertise and industry leading solutions in the space and defense sectors, as well as in the media and broadcast news industries, headquartered in Dublin, Ireland.
- On January 20, 2020, the Company acquired all of the outstanding shares of Meti Logiciels et Services SAS (Meti), for a purchase price of $43,404,000. Based in France, Meti is specialized in the development of software solutions for the retail sector across Europe and works with some of Europe's largest retailers.
- On March 31, 2020, the Company acquired all of the outstanding shares of TeraThink Corporation (TeraThink), for a purchase price of $99,388,000. Based in the United States, TeraThink is an information technology and management consulting firm providing digitization, enterprise finance, risk management, and data analytics services to the U.S. federal government and is headquartered in Reston, Virginia.

The following table presents the fair value of assets acquired and liabilities assumed for all acquisitions based on the acquisition-date fair values of the identifiable tangible and intangible assets acquired and liabilities assumed:

	SCISYS	**TeraThink**	**Other**	**Total**
	$	**$**	**$**	**$**
Current assets	**28,461**	**14,227**	**12,995**	**55,683**
PP&E (Note 6)	**16,893**	**1,369**	**638**	**18,900**
Right-of-use assets (Note 7)	**3,362**	**4,228**	**4,269**	**11,859**
Intangible assets (Note 9)	**16,837**	**19,025**	**10,661**	**46,523**
Goodwill[1] (Note 12)	**144,712**	**86,642**	**37,683**	**269,037**
Current liabilities	**(68,254)**	**(13,910)**	**(14,414)**	**(96,578)**
Deferred tax liabilities	**(3,030)**	**—**	**(1,507)**	**(4,537)**
Retirement benefits obligations (Note 17)	**—**	**—**	**(1,068)**	**(1,068)**
Long-term debt	**(10,880)**	**(9,732)**	**(122)**	**(20,734)**
Lease liabilities	**(4,336)**	**(4,935)**	**(4,321)**	**(13,592)**
	123,765	**96,914**	**44,814**	**265,493**
Cash acquired	**6,495**	**2,474**	**7,035**	**16,004**
Net assets acquired	**130,260**	**99,388**	**51,849**	**281,497**
Consideration paid	**130,260**	**99,388**	**51,849**	**281,497**

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. As at September 30, 2020, $32,272,000 of the goodwill is included in the Western and Southern Europe operating segment, $5,411,000 in the Canada operating segment, $86,642,000 in the U.S. Federal operating segment, $53,170,000 in the U.K and Australia operating segment and $91,542,000 in the Central and Eastern Europe operating segment. The goodwill is only deductible for tax purposes for TeraThink.

27. Investments in subsidiaries (continued)

a) Business acquisitions realized in current fiscal year (continued)

The fair value of assets acquired and liabilities assumed for SCISYS, TeraThink and Meti are preliminary and are expected to be completed as soon as management will have gathered all the information available and considered necessary in order to finalize this allocation.

For the year ended September 30, 2020, the above significant acquisitions would have contributed approximately $250,000,000 of revenues and individually between 6.0% and 10.5% of earnings before acquisition-related and integration costs, and income taxes to the financial results of the Company had the acquisition dates been October 1, 2019. These figures are indicative of the actual contribution when considering the specific dates of acquisition.

With significant strategic consulting, system integration and customer-centric digital innovation capabilities, these acquisitions were made to complement CGI's proximity model and expertise across key sectors, including communications, retail, space and defense and government.

b) Business acquisitions realized in the prior fiscal year

The Company made the following acquisitions during the year ended September 30, 2019:

- On October 11, 2018, the Company acquired all outstanding shares of ckc AG (ckc), a specialized provider of agile software development and management services, with a focus on the automotive sector, headquartered in Brunswick, Germany.
- During the year, the Company acquired the control of Acando AB (Acando), a consulting services firm headquartered in Stockholm, Sweden, through a step acquisition. In March 2019, the Company acquired 22.6% of the outstanding shares of Acando which was accounted for as an investment in an associate using the equity method. On April 16, 2019, the Company acquired control of Acando through the acquisition of an additional 71.1% of the outstanding shares under a tender offer and by May 14, 2019, an additional 2.4% was acquired. The remaining 3.9% of the outstanding shares, which are included in accounts payable and accrued liabilities in the consolidated balance sheet, were acquired on October 11, 2019.
- On August 30, 2019, the Company acquired all outstanding shares of Annams Systems Corporation d/b/a Sunflower Systems (Sunflower), a specialized provider of asset management software, solutions and services, headquartered in San Ramon, California.

With strategic consulting, system integration and customer-centric digital innovation capabilities, these acquisitions were made to complement CGI's proximity model and expertise across key sectors, including manufacturing, retail and government.

27. Investments in subsidiaries (continued)

b) Business acquisitions realized in the prior fiscal year (continued)

The following table presents the fair value of assets acquired and liabilities assumed for all the above acquisitions based on the acquisition-date fair values of the identifiable tangible and intangible assets acquired and liabilities assumed. During the year ended September 30, 2019, the Company finalized the fair value of assets acquired and liabilities assumed for ckc. The fair value of assets acquired and liabilities assumed for Acando and Sunflower were preliminary.

	Acando	Other	Total
	$	$	$
Current assets	105,298	14,674	119,972
PP&E (Note 6)	6,404	1,271	7,675
Intangible assets (Note 9)	102,889	9,855	112,744
Goodwill[1]	555,921	31,916	587,837
Current liabilities	(120,746)	(12,735)	(133,481)
Deferred tax liabilities	(25,966)	(1,324)	(27,290)
Retirement benefits obligations (Note 17)	(6,550)	(1,444)	(7,994)
Long-term debt	(9,828)	—	(9,828)
	607,422	42,213	649,635
Cash acquired	16,348	(2,481)	13,867
Net assets acquired	623,770	39,732	663,502
Consideration paid	599,744	37,738	637,482
Consideration payable	24,026	1,994	26,020

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. As at September 30, 2019, $465,209,000 of the goodwill is included in the Scandinavia operating segment, $90,943,000 in the Central and Eastern Europe operating segment, $17,730,000 in the Finland, Poland and Baltics operating segment and $13,955,000 in the U.S. Federal operating segment. The goodwill is only deductible for tax purposes for Sunflower.

During fiscal year 2019, the Company acquired 96.1% of the outstanding shares of Acando and the remaining 3.9% on October 11, 2019 for $23,123,000. During the year ended September 30, 2020, the Company finalized the fair value of assets acquired and liabilities assumed for Acando and Sunflower with no significant adjustments.

c) Acquisition-related and integration costs

During the year ended September 30, 2020, the Company expensed $76,794,000, for acquisition-related and integration costs. This amount includes acquisition-related costs of $6,545,000, and integration costs of $70,249,000. The acquisition-related costs consist mainly of professional fees incurred for the acquisitions. The integration costs mainly include terminations of employment of $49,390,000, accounted for in restructuring provisions, as well as other integration costs of $20,859,000.

During the year ended September 30, 2019, the Company expensed $77,417,000, for acquisition-related and integration costs. This amount included acquisition-related costs of $1,992,000, and integration costs of $75,425,000. The acquisition-related costs consist mainly of professional fees incurred for the acquisitions. The integration costs mainly include terminations of employment of $56,268,000, accounted for in restructuring provisions, as well as other integration costs of $19,157,000.

d) Disposal

There was no significant disposal during the years ended September 30, 2020 and 2019.

28. Supplementary cash flow information

a) Net change in non-cash working capital items is as follows for the years ended September 30:

	2020	2019
	$	$
Accounts receivable	**225,441**	205,549
Work in progress	**79,809**	(161,031)
Prepaid expenses and other assets	**21,342**	(22,238)
Long-term financial assets	**(12,081)**	(3,547)
Accounts payable and accrued liabilities	**(106,828)**	(54,822)
Accrued compensation	**(17,472)**	13,112
Deferred revenue	**(48,264)**	(22,659)
Provisions	**76,671**	737
Long-term liabilities	**59,822**	19,353
Retirement benefits obligations	**(4,022)**	(2,814)
Derivative financial instruments	**373**	(271)
Income taxes	**(56,627)**	(27,620)
	218,164	(56,251)

b) Non-cash operating and investing activities related to operations are as follows for the years ended September 30:

	2020	2019
	$	$
Operating activities		
Accounts payable and accrued liabilities	**4,788**	14,573
Provisions	**690**	2,512
	5,478	17,085
Investing activities		
Purchase of PP&E	**(4,698)**	(14,913)
Additions, disposals/retirements and change in estimates and lease modifications of right-of-use assets	**(102,584)**	—
Additions to intangible assets	**(780)**	(14,267)
	(108,062)	(29,180)

28. Supplementary cash flow information (continued)

c) Changes arising from financing activities are as follows for the years ended September 30:

	2020			2019	
	Long-term debt	**Derivative financial instruments to hedge long-term debt**	**Lease liabilities**	Long-term debt	Derivative financial instruments to hedge long-term debt
	$	**$**	**$**	$	$
Balance, beginning of year	**2,331,207**	**(29,894)**	**—**	1,800,893	43,217
Adoption of IFRS 16 (Note 3)	**(30,339)**	**—**	**911,525**	—	—
Balance as at October 1, 2019	**2,300,868**	**(29,894)**	**911,525**	1,800,893	43,217
Cash used in financing activities excluding equity					
Net change in unsecured committed revolving credit facility	**(334,370)**	**—**	**—**	139,575	—
Increase of long-term debt	**1,807,167**	**—**	**—**	686,810	—
Repayment of long-term debt and lease liabilities	**(106,496)**	**—**	**(175,320)**	(355,406)	—
Repayment of debt assumed in business acquisitions	**(28,281)**	**—**	**—**	(2,141)	—
Settlement of derivative financial instruments (Note 32)	**—**	**(3,903)**	**—**	—	(554)
Non-cash financing activities					
Additions, disposals/retirements and change in estimates and lease modifications of right-of-use assets (New obligations under finance leases for 2019)	**—**	**—**	**102,584**	12,095	—
Additions through business acquisitions (Note 27)	**19,333**	**—**	**13,592**	9,828	—
Changes in foreign currency exchange rates	**(77,126)**	**66,031**	**31,766**	25,304	(72,557)
Other	**6,000**	**—**	**(7,777)**	14,249	—
Balance, end of year	**3,587,095**	**32,234**	**876,370**	2,331,207	(29,894)

d) Interest paid and received and income taxes paid are classified within operating activities and are as follows for the years ended September 30:

	2020	2019
	$	$
Interest paid	**180,453**	102,108
Interest received	**5,116**	3,080
Income taxes paid	**390,867**	386,953

e) Cash and cash equivalents consisted of unrestricted cash as at September 30, 2020 and 2019.

29. Segmented information

The following tables present information on the Company's operations based on its revised management structure. Segment results are based on the location from which the services are delivered - the geographic delivery model. The Company has retrospectively revised the segmented information for the comparative period to conform to the new segmented information structure (Note 12).

Year ended September 30, 2020

	Western and Southern Europe	U.S. Commercial and State Government	Canada	U.S. Federal	U.K. and Australia	Central and Eastern Europe	Scandinavia	Finland, Poland and Baltics	Asia Pacific	Eliminations	Total
	$	$	$	$	$	$	$	$	$	$	$
Segment revenue	**1,911,477**	**1,863,467**	**1,686,269**	**1,712,244**	**1,358,469**	**1,212,196**	**1,104,121**	**777,152**	**674,946**	**(136,226)**	**12,164,115**
Segment earnings before acquisition-related and integration costs, restructuring costs, net finance costs and income tax expense[1]	**264,009**	**295,795**	**364,424**	**221,793**	**215,924**	**122,548**	**57,231**	**120,959**	**200,263**	**—**	**1,862,946**
Acquisition-related and integration costs (Note 27)											**(76,794)**
Restructuring costs (Note 25)											**(155,411)**
Net finance costs (Note 26)											**(114,474)**
Earnings before income taxes											**1,516,267**

[1] Total amortization and depreciation of $558,675,000 included in the Western and Southern Europe, U.S. Commercial and State Government, Canada, U.S. Federal, U.K. and Australia, Central and Eastern Europe, Scandinavia, Finland, Poland and Baltics and Asia Pacific segments is $64,084,000, $89,150,000, $69,921,000, $47,443,000, $68,346,000, $84,592,000, $71,590,000, $39,055,000 and $24,494,000, respectively for the year ended September 30, 2020. Amortization includes impairments of $14,680,000 from business solutions and contract costs which are mainly included in U.S. Commercial and State Government for $3,396,000 of business solutions, Canada for $3,589,000 of business solutions and Finland, Poland and Baltics for $4,065,000 of contract costs and a business solution. These assets were no longer expected to generate future economic benefits.

Year ended September 30, 2019

	Western and Southern Europe	U.S. Commercial and State Government	Canada	U.S. Federal	U.K. and Australia	Central and Eastern Europe	Scandinavia	Finland, Poland and Baltics	Asia Pacific	Eliminations	Total
	$	$	$	$	$	$	$	$	$	$	$
Segment revenue	2,022,677	1,834,917	1,768,924	1,597,922	1,356,858	1,166,486	1,095,330	787,640	606,252	(125,770)	12,111,236
Segment earnings before acquisition-related and integration costs, net finance costs and income tax expense[1]	275,535	333,210	359,089	230,054	185,290	100,244	76,648	118,771	146,154	—	1,824,995
Acquisition-related and integration costs (Note 27)											(77,417)
Net finance costs (Note 26)											(70,630)
Earnings before income taxes											1,676,948

[1] Total amortization and depreciation of $391,289,000 included in the Western and Southern Europe, U.S. Commercial and State Government, Canada, U.S. Federal, U.K. and Australia, Central and Eastern Europe, Scandinavia, Finland, Poland and Baltics and Asia Pacific segments is $42,558,000, $73,647,000, $62,486,000, $27,433,000, $67,110,000, $37,314,000, $26,534,000, $38,968,000 and $15,239,000, respectively for the year ended September 30, 2019.

The accounting policies of each operating segment are the same as those described in Note 3, Summary of significant accounting policies. Intersegment revenue is priced as if the revenue was from third parties.

29. 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, for the years ended September 30:

	2020	2019
	$	$
Western and Southern Europe		
France	**1,672,355**	1,761,861
Others	**239,053**	264,252
	1,911,408	2,026,113
U.S.[1]	**3,637,070**	3,474,418
Canada	**1,820,265**	1,881,364
U.K. and Australia		
U.K.	**1,508,719**	1,480,627
Australia	**63,708**	75,268
	1,572,427	1,555,895
Central and Eastern Europe		
Germany	**718,166**	655,713
Netherlands	**465,340**	463,633
Others	**68,537**	74,271
	1,252,043	1,193,617
Scandinavia		
Sweden	**835,682**	854,565
Others	**322,711**	297,101
	1,158,393	1,151,666
Finland, Poland and Baltics		
Finland	**766,732**	785,285
Others	**37,269**	37,179
	804,001	822,464
Asia Pacific		
Others	**8,508**	5,699
	8,508	5,699
	12,164,115	12,111,236

1 External revenue included in the U.S Commercial and State Government and U.S. Federal operating segments was $1,902,661,000 and $1,734,409,000, respectively in 2020 ($1,853,154,000 and $1,621,264,000, respectively in 2019).

29. Segmented information (continued)

GEOGRAPHIC INFORMATION (CONTINUED)

The following table provides information for PP&E, right-of-use assets (only as at September 30, 2020), contract costs and intangible assets based on their location:

	As at September 30, 2020	As at September 30, 2019
	$	$
U.S.	**487,698**	367,415
Canada	**412,469**	292,291
U.K.	**138,391**	103,803
France	**137,307**	45,501
Sweden	**162,506**	125,987
Finland	**93,948**	46,828
Germany	**107,809**	47,800
Netherlands	**64,551**	22,187
Rest of the world	**195,970**	86,796
	1,800,649	1,138,608

INFORMATION ABOUT SERVICES

The following table provides revenue information based on services provided by the Company for the year ended September 30:

	2020	2019
	$	$
Systems integration and consulting	**5,554,622**	5,998,486
Management of IT and business functions	**6,609,493**	6,112,750
	12,164,115	12,111,236

MAJOR CLIENT INFORMATION

Contracts with the U.S. federal government and its various agencies, included within the U.S. Federal operating segment, accounted for $1,675,326,000 and 13.8% of revenues for the year ended September 30, 2020 ($1,554,933,000 and 12.8% for the year ended September 30, 2019).

30. Related party transactions

a) Transactions with subsidiaries and other related parties

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 France SAS	France
CGI Federal Inc.	United States
CGI IT UK Limited	United Kingdom
CGI Information Systems and Management Consultants Inc.	Canada
Conseillers en gestion et informatique CGI Inc.	Canada
CGI Sverige AB	Sweden
CGI Deutschland B.V. & Co KG	Germany
CGI Suomi Oy	Finland
CGI Information Systems and Management Consultants Private Limited	India
CGI Nederland BV	Netherlands

b) Compensation of key management personnel

Compensation of key management personnel, currently defined as the executive officers and the Board of Directors of the Company, was as follows for the year ended September 30:

	2020	2019
	$	$
Short-term employee benefits	**14,462**	22,185
Share-based payments	**22,122**	23,991

31. Commitments, contingencies and guarantees

a) Commitments

As at September 30, 2020, the Company entered into long-term service agreements representing a total commitment of $235,781,000. Minimum payments under these agreements are due as follows:

	$
Less than one year	124,776
Between one and three years	110,790
Between three and five years	215

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.

In addition, the Company is engaged to provide services under contracts with various government agencies. Some of these contracts are subject to extensive legal and regulatory requirements and, from time to time, government agencies investigate whether the Company's operations are being conducted in accordance with these requirements. Generally, the governments agencies have 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 contract or project could have a materially adverse effect on the results of operations and the financial condition of the Company.

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, 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, 2020. 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, 2020, the Company had committed a total of $32,130,000 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 $76,795,000 in addition to the letters of credit covered by the unsecured committed revolving credit facility (Note 14). These guarantees are required in some of the Company's contracts with customers.

32. 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.

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, the unsecured committed term loan credit facilities 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 and net assets values at the reporting date.

As at September 30, 2020, there were no changes in valuation techniques.

The following table presents the financial liabilities included in the long-term debt (Note 14) measured at amortized cost categorized using the fair value hierarchy.

		As at September 30, 2020		As at September 30, 2019	
	Level	**Carrying amount**	**Fair value**	Carrying amount	Fair value
		$	**$**	$	$
Senior U.S. and euro unsecured notes	Level 2	**1,211,965**	**1,297,632**	1,256,554	1,330,809
Obligations under finance leases	Level 2	**—**	**—**	30,339	29,792
Other long-term debt	Level 2	**44,842**	**43,536**	48,005	46,743
		1,256,807	**1,341,168**	1,334,898	1,407,344

For the remaining financial assets and liabilities measured at amortized cost, the carrying values approximate the fair values of the financial instruments given their short term maturity.

During the year ended September 30, 2020, the Company entered into the 2020 Term Loan for a total principal amount of U.S. $1,250,000,000. The 2020 Term Loan was designated as a hedge of a portion of the Company's net investment in its U.S. operations.

32. Financial instruments (continued)

FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents financial assets and liabilities measured at fair value categorized using the fair value hierarchy:

	Level	As at September 30, 2020	As at September 30, 2019
		$	$
Financial assets			
FVTE			
Cash and cash equivalents	Level 2	**1,707,985**	213,831
Deferred compensation plan assets (Note 11)	Level 1	**73,156**	62,627
		1,781,141	276,458
Derivative financial instruments designated as hedging instruments			
Current derivative financial instruments included in current financial assets	Level 2		
Cross-currency swaps		**—**	4,243
Foreign currency forward contracts		**17,027**	25,799
Long-term derivative financial instruments (Note 11)	Level 2		
Cross-currency swaps		**25,362**	45,193
Foreign currency forward contracts		**8,636**	25,069
Interest rate swaps		**6,180**	1,380
		57,205	101,684
FVOCI			
Short-term investments included in current financial assets	Level 2	**1,473**	9,889
Long-term bonds included in funds held for clients (Note 5)	Level 2	**148,470**	180,289
Long-term investments (Note 11)	Level 2	**22,612**	24,596
		172,555	214,774
Financial liabilities			
Derivative financial instruments designated as hedging instruments			
Current derivative financial instruments	Level 2		
Cross-currency swaps		**5,320**	2,982
Foreign currency forward contracts		**3,008**	1,920
Long-term derivative financial instruments	Level 2		
Cross-currency swaps		**52,275**	16,560
Foreign currency forward contracts		**4,347**	1,762
		64,950	23,224

There have been no transfers between Level 1 and Level 2 for the years ended September 30, 2020 and 2019.

32. Financial instruments (continued)

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 of its Senior U.S. unsecured note. These swaps are being used to hedge the exposure to changes in the fair value of the debt. The following table summarizes the fair value of theses swaps:

					As at September 30, 2020	As at September 30, 2019
Interest rate swaps	**Notional amount**	**Receive Rate**	**Pay Rate**	**Maturity**	**Fair value**	Fair value
					$	$
Fair value hedges of Senior U.S. unsecured note	U.S.$250,000	4.99%	LIBOR 1 month +3.26%	December 2021	**6,180**	1,380

Senior U.S. unsecured note with a carrying value of $339,682,000, includes an accumulated amount of fair value hedge adjustments of $6,470,000 as at September 30, 2020.

In addition, the Company designates cross-currency interest rate swaps as cash flow hedges for changes in both interest rates and foreign exchange rates of foreign currency denominated long-term debt as described below.

The Company is also exposed to interest rate risk on its unsecured committed revolving credit facility and on its 2020 Term Loan.

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.

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 and the 2020 Term Loan. As of September 30, 2020, the Senior U.S. and euro unsecured notes and the 2020 Term Loan of a carrying value of $2,316,639,000 and a nominal amount of $2,311,425,000 have been designated as hedging instruments to hedge portions of the Company's net investments in its U.S. and European operations.

The Company also hedges a portion of the translation of the Company's net investments in its European operations with cross-currency swaps.

32. Financial instruments (continued)

MARKET RISK (CONTINUED)

Currency risk (continued)

The following tables summarize the cross-currency swap agreements that the Company had entered into in order to manage its currency:

					As at September 30, 2020	As at September 30, 2019
Receive Notional	**Receive Rate**	**Pay Notional**	**Pay rate**	**Maturity**	**Fair value**	Fair value
					$	$
Hedges of net investments in European operations						
$374,200	From 3.40% to 3.81%	€240,800	From 2.10% to 2.51%	From September 2021 to 2024	**189**	19,305
$136,274	From 3.57% to 3.63%	£75,842	From 2.67% to 2.80%	September 2024	**8,977**	12,511
$58,419	From 3.57% to 3.68%	Skr371,900	From 2.12% to 2.18%	September 2024	**5,359**	7,995
Hedges of net investments in European operations and cash flow hedges on unsecured committed term loan credit facility						
U.S.$500,000	LIBOR 1 month + 1.00%	€443,381	From 1.13% to 1.17%	December 2023	**(45,599)**	(3,627)
Cash flow hedges of Senior U.S. unsecured notes						
U.S.$420,000	From 3.74% to 4.06%	$568,893	From 3.40% to 3.81%	From September 2021 to 2024	**(1,159)**	(6,290)
Total					**(32,233)**	**29,894**

During the year ended September 30, 2020, the Company settled cross-currency swaps with a notional amount of $69,300,000 for a net amount of $3,903,000. The related amounts recognized in accumulated other comprehensive income will be transferred to earnings when the net investment is disposed of.

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.

As at September 30, 2020, the Company held foreign currency forward contracts to hedge exposures to changes in foreign currency, which have the following notional, average contract rates and maturities:

		Average contract rates		**As at September 30, 2020**	**As at September 30, 2019**
Foreign currency forward contracts	**Notional**	**Less than one year**	**More than one year**	**Fair value**	Fair value
				$	$
USD/INR	U.S.$146,778	75.30	80.89	**2,473**	1,498
CAD/INR	$288,942	57.94	61.59	**6,196**	11,687
EUR/INR	€107,190	91.92	95.77	**4,731**	14,985
GBP/INR	£86,833	100.26	105.18	**4,522**	11,929
SEK/INR	Skr248,637	8.61	8.79	**477**	3,945
EUR/GBP	€39,291	0.90	0.90	**(1,210)**	(311)
EUR/MAD	€47,010	11.60	11.46	**2,534**	4,416
EUR/CZK	€27,456	26.09	26.69	**(1,039)**	243
EUR/SEK	€30,773	10.45	10.70	**120**	(1,828)
Others	$74,054			**(496)**	622
Total				**18,308**	**47,186**

32. Financial instruments (continued)

MARKET RISK (CONTINUED)

Currency risk (continued)

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. 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.

	2020				2019			
	Swedish krona impact	**U.S. dollar impact**	**euro impact**	**British pound impact**	Swedish krona impact	U.S. dollar impact	euro impact	British pound impact
	$	**$**	**$**	**$**	$	$	$	$
Increase in net earnings	**317**	**1,215**	**190**	**931**	875	2,333	167	2,166
Decrease in other comprehensive income (loss)	**(11,047)**	**(233,182)**	**(116,136)**	**(29,080)**	(7,724)	(65,034)	(109,838)	(24,736)

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 unsecured committed revolving 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 Company regularly monitors its cash forecasts to ensure it has sufficient flexibility under its available liquidity to meet its obligations.

32. Financial instruments (continued)

LIQUIDITY RISK (CONTINUED)

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 or floating rate.

As at September 30, 2020	Carrying amount	Contractual cash flows	Less than one year	Between one and three years	Between three and five years	Beyond five years
	$	$	$	$	$	$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	**1,025,963**	1,025,963	1,025,963	—	—	—
Accrued compensation	**672,775**	672,775	672,775	—	—	—
Senior U.S. and euro unsecured notes	**1,211,965**	1,325,791	321,089	519,605	485,097	—
Unsecured committed term loan credit facilities	**2,330,288**	2,400,927	35,869	1,696,940	668,118	—
Lease liabilities	**876,370**	1,002,493	207,617	325,964	229,871	239,041
Other long-term debt	**44,842**	45,221	38,240	5,387	1,587	7
Clients' funds obligations	**720,322**	720,322	720,322	—	—	—
Derivative financial liabilities						
Cash flow hedges of future revenue	**6,694**					
Outflow		290,661	108,478	163,183	19,000	—
(Inflow)		(299,279)	(107,621)	(169,846)	(21,812)	—
Cross-currency swaps	**57,595**					
Outflow		1,272,197	315,839	168,458	787,900	—
(Inflow)		(1,232,774)	(311,715)	(163,025)	(758,034)	—
Non deliverable forwards	**661**					
Outflow		661	661	—	—	—
	6,947,475	7,224,958	3,027,517	2,546,666	1,411,727	239,048

As at September 30, 2019	Carrying amount	Contractual cash flows	Less than one year	Between one and three years	Between three and five years	Beyond five years
	$	$	$	$	$	$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	1,108,895	1,108,895	1,108,895	—	—	—
Accrued compensation	642,897	642,897	642,897	—	—	—
Senior U.S. and euro unsecured notes	1,256,554	1,425,138	116,613	738,987	569,538	—
Unsecured committed revolving credit facility	334,370	378,298	10,493	20,986	346,819	—
Unsecured committed term loan credit facility	661,939	747,921	19,677	40,804	687,440	—
Obligations other than finance leases	14,295	14,609	10,938	3,558	113	—
Obligations under finance leases	30,339	31,245	14,534	16,172	539	—
Other long-term debt	33,710	34,181	22,719	8,885	1,986	591
Clients' funds obligations	366,796	366,796	366,796	—	—	—
Derivative financial liabilities						
Cash flow hedges of future revenue	3,682					
Outflow		224,440	97,993	126,447	—	—
(Inflow)		(228,672)	(97,250)	(131,422)	—	—
Cross-currency swaps	19,542					
Outflow		1,160,635	91,857	250,763	818,015	—
(Inflow)		(1,218,430)	(101,823)	(267,794)	(848,813)	—
	4,473,019	4,687,953	2,304,339	807,386	1,575,637	591

32. Financial instruments (continued)

LIQUIDITY RISK (CONTINUED)

As at September 30, 2020, the Company held cash and cash equivalents, funds held for clients, short-term investments and long-term investments of $2,457,248,000 ($616,428,000 as at September 30, 2019). The Company also had available $1,490,301,000 in unsecured committed revolving credit facility ($1,155,369,000 as at September 30, 2019). As at September 30, 2020, trade accounts receivable amounted to $904,887,000 (Note 4) ($979,728,000 as at September 30, 2019). 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.

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, work in progress, long-term investments and derivative financial instruments with a positive fair value. 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 application of the low credit exemption had no material impact on the Company's consolidated financial statements.

The Company has accounts receivable derived from clients engaged in various industries including government; manufacturing, retail & distribution; financial services; communications & utilities; and health 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 and that any single industry or geographic region represents a significant credit risk to the Company. Historically, the Company has not made any significant write-offs and had low bad debt ratios. The application of the simplified approach to measure expected credit losses for trade accounts receivable and work in progress had no material impact on the Company's consolidated financial statements.

The following table sets forth details of the age of trade accounts receivable that are past due:

	2020	2019
	$	$
Not past due	**775,975**	793,387
Past due 1-30 days	**44,278**	96,106
Past due 31-60 days	**29,948**	23,125
Past due 61-90 days	**6,407**	17,392
Past due more than 90 days	**53,546**	54,192
	910,154	984,202
Allowance for doubtful accounts	**(5,267)**	(4,474)
	904,887	979,728

In addition, the exposure to credit risk of cash and cash equivalents and derivatives financial instruments is limited given that the Company deals mainly with a diverse group of high-grade financial institutions and that derivatives agreements are generally subject to master netting agreements, such as the International Swaps and Derivatives Association, which provide for net settlement of all outstanding contracts with the counterparty in case of an event of default.

33. 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, 2020, total managed capital was $13,459,695,000 ($9,463,626,000 as at September 30, 2019). Managed capital consists of long-term debt, including the current portion (Note 14), lease liabilities, cash and cash equivalents, short-term investments, long-term investments (Note 11) 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 Debt/Capitalization
- Debt/EBITDA

Net debt, capitalization and EBITDA are additional measures. Net debt represents debt (including the current portion and the fair value of foreign currency derivative financial instruments related to debt) less cash and cash equivalents, short-term investments 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 credit facility and unsecured committed revolving credit facilities. The ratios are as follows:

- Leverage ratios, which are the ratio of total debt to EBITDA for its Senior U.S. and euro unsecured notes and the ratio of total debt net of cash and cash equivalent investments to EBITDA for its unsecured committed revolving credit facility and unsecured committed term loan credit facilities for the four most recent quarters[1].
- An interest and rent coverage ratio, which is the ratio of the EBITDAR 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 expense[1] .
- 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.

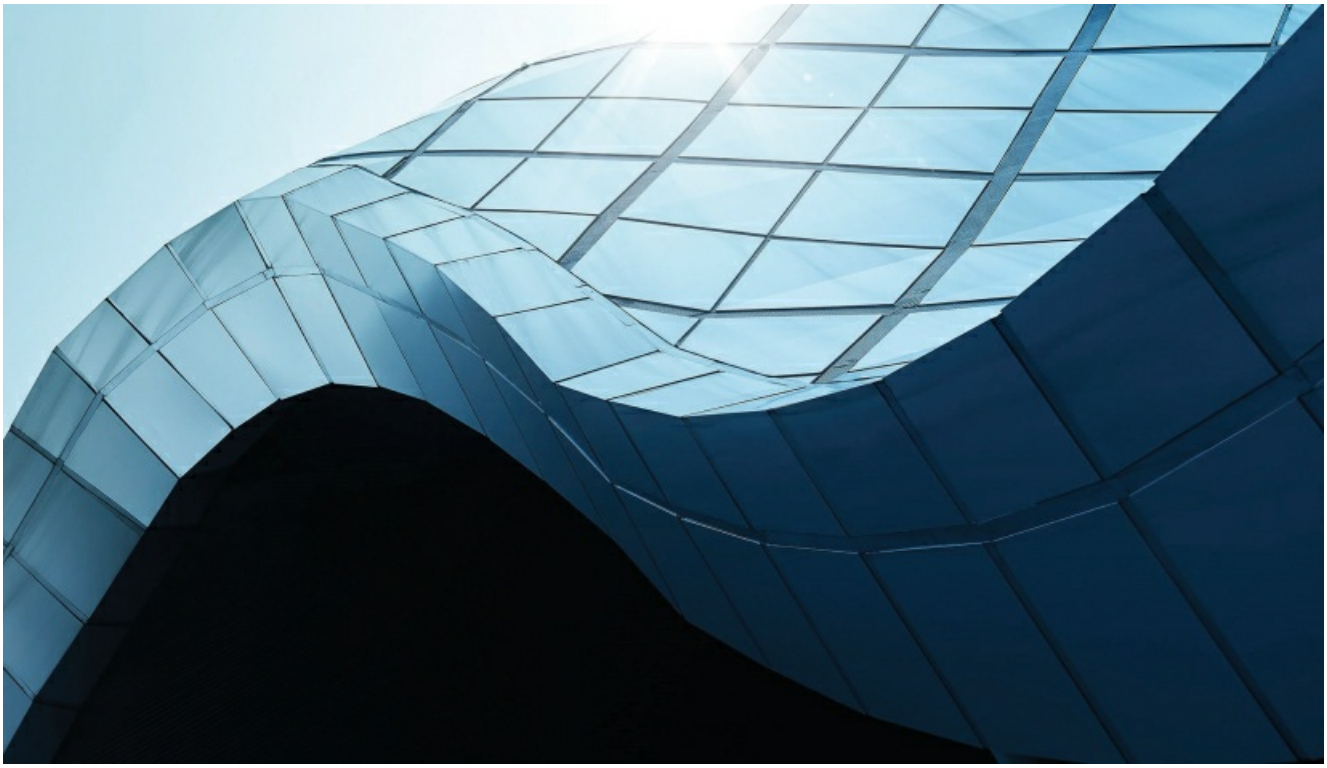
The Company is in compliance with these covenants and monitors them on an ongoing basis. The ratios are also reviewed quarterly by the Company's Audit and Risk Management Committee. The Company is not subject to any other externally imposed capital requirements.

[1] In the event of an acquisition, the available historical financial information of the acquired company will be used in the computation of the ratios.

Exhibit 99.3

Management's Discussion and Analysis

For the years ended
September 30, 2020 and 2019



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 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, 2020 and 2019. 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

This MD&A contains "forward-looking information" within the meaning of Canadian securities laws and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and other applicable United States safe harbours. All such forward-looking information and statements are made and disclosed in reliance upon the safe harbour provisions of applicable Canadian and United States securities laws. Forward-looking information and statements include all information and statements regarding CGI's intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking information and statements often but not always use words such as "believe", "estimate", "expect", "intend", "anticipate", "foresee", "plan", "predict", "project", "aim", "seek", "strive", "potential", "continue", "target", "may", "might", "could", "should", and similar expressions and variations thereof. These information and statements are based on our perception of historic trends, current conditions and expected future developments, as well as other assumptions, both general and specific, that we believe are appropriate in the circumstances. Such information and statements are, however, by their very nature, subject to inherent risks and uncertainties, of which many are beyond the control of the Company, and which give rise to the possibility that actual results could differ materially from our expectations expressed in, or implied by, such forward-looking information or forward-looking statements. These risks and uncertainties include but are not restricted to: risks related to the market such as the level of business activity of our clients, which is affected by economic and political conditions, external risks (such as pandemics) and our ability to negotiate new contracts; risks related to our industry such as competition and our ability to attract and retain qualified employees, to develop and expand our services, to penetrate new markets, and to protect our intellectual property rights; risks related to our business such as risks associated with our growth strategy, including the integration of new operations, financial and operational risks inherent in worldwide operations, foreign exchange risks, income tax laws, our ability to negotiate favourable contractual terms, to deliver our services and to collect receivables, and the reputational and financial risks attendant to cybersecurity breaches and other incidents; as well as other risks identified or incorporated by reference in this MD&A and in other documents that we make public, including our filings with the Canadian Securities Administrators (on SEDAR at www.sedar.com) and the U.S.

Securities and Exchange Commission (on EDGAR at www.sec.gov). For a discussion of risks in response to the coronavirus (COVID-19) pandemic, see *Pandemic Risks* in section 10.1.1. of the present document. Unless otherwise stated, the forward-looking information and statements contained in this MD&A are made as of the date hereof and CGI disclaims any intention or obligation to publicly update or revise any forward-looking information or forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. While we believe that our assumptions on which these forward-looking information and forward-looking statements are based were reasonable as at the date of this MD&A, readers are cautioned not to place undue reliance on these forward-looking information or statements. Furthermore, readers are reminded that forward-looking information and statements are presented for the sole purpose of assisting investors and others in understanding our objectives, strategic priorities and business outlook as well as our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Further information on the risks that could cause our actual results to differ significantly from our current expectations may be found in section 10 -Risk Environment, which is incorporated by reference in this cautionary statement. We also caution readers that the risks described in the previously mentioned section and in other sections of this MD&A are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also have a material adverse effect on our financial position, financial performance, cash flows, business or reputation.

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 the 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. • Adjusted EBIT margin (non-GAAP) – is obtained by dividing our adjusted EBIT by our revenues. 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. • Net earnings margin (non-GAAP) – is obtained by dividing our net earnings by our revenues. Management believes a percentage of revenue measure is meaningful for better comparability from period to period. • 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. 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. • Net earnings margin excluding specific items (non-GAAP) – is obtained by dividing our net earnings excluding specific items by our revenues. 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. 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. • Diluted earnings per share excluding specific items (non-GAAP) – is defined as the net earnings excluding specific items 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 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. Management believes 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 our most recent quarter's revenue over 90 days. Management tracks this metric closely to ensure timely collection and healthy liquidity. Management believes 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 translation 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 and that this measure is useful to investors for the same reason. • Backlog (non-GAAP) – includes new contract wins, extensions and renewals (bookings (non-GAAP)), adjusted for 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 our best estimate of contracted 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's objective is to maintain a target ratio greater than 100% over a trailing twelve-month period. Management believes that monitoring the Company's bookings over 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 and lease liabilities, our cash and cash equivalents, short-term investments, long-term investments and adjusting for fair value of foreign currency derivative financial instruments related to debt. Management uses the net debt metric to monitor the Company's financial leverage and believes that this metric is useful to investors as it provides insight into its 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 the Company's operations and to assess its financial strength. Management believes 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 shareholder's 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 and believes 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 shareholder's' equity and net debt. Management examines this ratio to assess how well it is using its funds to generate returns and believes that this measure is useful to investors for the same reason.

Change in Reporting Segments

Effective October 1, 2019, the Company realigned its management structure, resulting primarily in the creation of two new operating segments, namely Scandinavia (Sweden, Denmark and Norway) and Finland, Poland and Baltics, collectively known as Northern Europe in the prior fiscal year. As a result, the Company is now managed through nine operating segments, namely: Western and Southern Europe (primarily France, Portugal and Belgium); United States (U.S.) Commercial and State Government; Canada; U.S. Federal; United Kingdom (U.K.) and Australia; Central and Eastern Europe (primarily Germany and the Netherlands); Scandinavia; Finland, Poland and Baltics; and Asia Pacific Global Delivery Centers of Excellence (mainly India and Philippines) (Asia Pacific). This realignment of management structure also included, to a lesser extent, transfers of some lines of business between our operating segments. The Company has retrospectively revised the segmented information for the comparative period to conform to the new segmented information structure. Please refer to sections 3.4, 3.6, 5.4 and 5.5 of the present document and to note 29 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 may be 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	1.1. About CGI 1.2. Vision and Strategy 1.3. Competitive Environment	8 9 10
2. Highlights and Key Performance Measures	2.1. Fiscal 2020 Year-Over-Year Highlights 2.2. Selected Yearly Information & Key Performance Measures 2.3. Stock Performance 2.4. Investments in Subsidiaries 2.5. Impact of the adoption of IFRS 16 2.6. COVID-19	12 13 14 15 16 16
3. Financial Review	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	17 18 19 20 23 24 26 27
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5. Fourth Quarter Results	5.1. Bookings and Book-to-Bill Ratio 5.2. Foreign Exchange 5.3. Revenue Distribution 5.4. Revenue by Segment 5.5. Adjusted EBIT by Segment 5.6. Net Earnings and Earnings Per Share 5.7. Consolidated Statements of Cash Flows	36 37 38 39 42 44 46

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.	48
7. Changes in Accounting Policies	A summary of the accounting standard changes.	50
8. Critical Accounting Estimates	A discussion of the critical accounting estimates made in the preparation of the audited consolidated financial statements.	52
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.	55
10. Risk Environment	10.1. Risks and Uncertainties 10.2. Legal Proceedings	57 66

1. Corporate Overview

1.1. ABOUT CGI

Founded in 1976 and headquartered in Montréal, Canada, CGI is among the largest information technology (IT) and business consulting services firms in the world. The Company delivers a full range of services, including strategic IT and business consulting, systems integration, intellectual property and managed IT and business process services to help clients accelerate digitization, achieve immediate cost savings, and drive revenue growth. CGI employs approximately 76,000 consultants and professionals worldwide, whom are called members as they are also owners.

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:

- **Strategic IT and business consulting and systems integration:** CGI helps clients define their digital strategy and roadmap, and advance their IT modernization initiatives through an agile, iterative approach that facilitates innovation, connection and optimization of mission-critical systems to deliver enterprise-wide change.
- **Managed IT and business process services:** Our clients entrust us with full or partial responsibility for their IT and business functions to help them become more agile and to build resilience into their technology supply chains. In return, we deliver innovation, significant efficiency gains, 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 in collections and payroll management. Managed IT and business process services contracts are long-term in nature, with a typical duration greater than five years, allowing our clients to reinvest savings, alongside CGI, in their digital transformation.
- **Intellectual property (IP):** Our IP portfolio includes approximately 175 business solutions, some of which are cross-industry solutions. Designed in collaboration with clients, our IP solutions act as business accelerators for the industries we serve. These include business solutions encompassing commercial software embedded within our end-to-end-services, and digital enablers such as methodologies and frameworks to drive change across business and IT processes.

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 also expert in their industries. This combination of business knowledge and digital technology expertise allows us to help our clients navigate complex challenges and focus on how to create value. In the process, we evolve the services and solutions we deliver within our targeted industries.

Our targeted industries include communications and media, banking, insurance, government, health & life sciences, manufacturing, retail & consumer, transportation and logistics, energy and utilities and space. While these represent our go-to-market industry targets, we group these industries into the following for reporting purposes: government; manufacturing, retail & distribution (MRD); financial services; communications & utilities; and health.

As the move toward digitization continues across industries, CGI partners with clients to help guide them in becoming customer and citizen-centric digital organizations.

Applied innovation

At CGI, innovation happens across many interconnected fronts. It starts in our everyday work on client projects, where thousands of innovations are applied daily. Through benchmark in-person interviews we conduct each year, business and technology executives share their priorities with us, informing our own innovation investments and driving our client proximity teams' focus on local client priorities.

Since 1976, CGI is a trusted partner in delivering innovative, client-inspired business services and solutions. We help develop, innovate and protect the technology that enables clients to achieve their digital transformation goals faster, with reduced risk and enduring results.

We partner with clients to enable their business agility through a range of business and digital initiatives focused on human capital and culture practices, process automation, and data analytics. Technology is a key element of the value chains of organizations today. We help clients adopt and harmonize a number of technologies and services, such as cloud, automation, and managed services, to build agility, elasticity, security and resiliency into their technology supply chains.

Digital engagement with customers and citizens has taken on new importance. We help clients evaluate their work culture, organizational models, and performance management, as well as adopt modern collaboration and resilient business continuity plans.

Technology will continue to be at the heart of the future value chains that serve our clients' consumers and citizens.

Quality processes

CGI's 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 - CGI's Management Foundation. CGI's 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, as our vision is based on 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 our 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: Win, renew and extend contracts

Pillar 2: New large managed IT and business process services contracts

These first two pillars relate to driving profitable organic growth through the pursuit of contracts with new and existing clients in our targeted industries. Successes in these pillars reflect the strength of our end-to-end portfolio of capabilities, the depth of expertise of our consultants in business and IT, and the appreciation of the proximity model by our clients, both existing and potential.

Pillar 3: Metro market acquisitions

The third pillar focuses on growth through metro market acquisitions, complementing the proximity model, helping provide a fuller range of end-to-end services. We identify metro market acquisitions through a strategic qualification process that systematically searches for targets to strengthen our proximity model, leveraging strong local relationships with customers, and enhancing our industry expertise, services and solutions.

Pillar 4: Large, transformational acquisitions

We also pursue large acquisitions to further expand our geographic presence and critical mass, which enables us to compete for large managed IT and business process services contracts and broaden our client relationships. CGI will continue to be a consolidator in the IT services industry by being active on both of these last pillars.

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 members 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' partner and expert of choice. To achieve this, we invest in developing and recruiting professionals with extensive industry, business and in-demand technology expertise. In addition, a majority of CGI consultants and professionals are also owners through our Share Purchase Plan, which, combined with the Profit Participation Plan, provide 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. With regular reviews of engagements and transparency at all levels, the company ensures that client objectives and its own targets are consistently followed at all times. This thorough process enables CGI to generate continuous improvements for all stakeholders by applying corrective measures as soon as they are required.
- **Corporate social responsibility:** Corporate social responsibility is one of CGI's core values. Our business model is designed to ensure that we are close to our clients and communities. At CGI, our members embrace our responsibilities to contribute to the continuous improvement of the economic, social and environmental well-being of the communities in which we live and work.

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 also 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 metro market companies providing specialized services and software, to global, end-to-end IT service providers, to large consulting firms and government pure-plays. 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;
- Local presence and strength of client relationships;
- Consistent, on-time, within-budget delivery everywhere the client operates;
- Breadth of digital IP solutions;
- Ability to deliver practical innovation for measurable results;
- Total cost of services and value delivered; and
- Unique global delivery network, including onshore, nearshore and offshore options.

CGI is one of the leaders in the industry 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.

2. Highlights and Key Performance Measures

2.1. FISCAL 2020 HIGHLIGHTS

- Revenue of $12.16 billion, up 0.4% and essentially stable in constant currency;
- Adjusted EBIT[1] of $1,862.9 million, up 2.1% ;
- Adjusted EBIT margin[1] of 15.3%, up 20 basis points;
- Net earnings of $1,117.9 million, down 11.5%;
- Net earnings, excluding specific items[2] of $1,300.1 million, down 0.4%;
- Net earnings margin of 9.2%, down 120 basis points;
- Net earnings margin, excluding specific items[2] of 10.7%, down 10 basis points;
- Diluted EPS of $4.20, down 7.7%;
- Diluted EPS, excluding specific items[2] , of $4.89, up 4.0%;
- Cash provided by operating activities[1] of $1,938.6 million, up 18.6%, representing 15.9% of revenue;
- Bookings of $11.85 billion, or 97.4% of revenue; and,
- Backlog of $22.67 billion.

1 Includes the impact of the adoption of the IFRS 16 which is discussed in section 2.5. of the present document.
2 Specific items are comprised of acquisition-related, integration costs and restructuring costs net of tax, which are discussed in sections 3.7.1. and 3.7.2. of the present document. Prior year also includes a tax adjustment, discussed in section 3.8.1.

2.2. SELECTED YEARLY INFORMATION & KEY PERFORMANCE MEASURES[1]

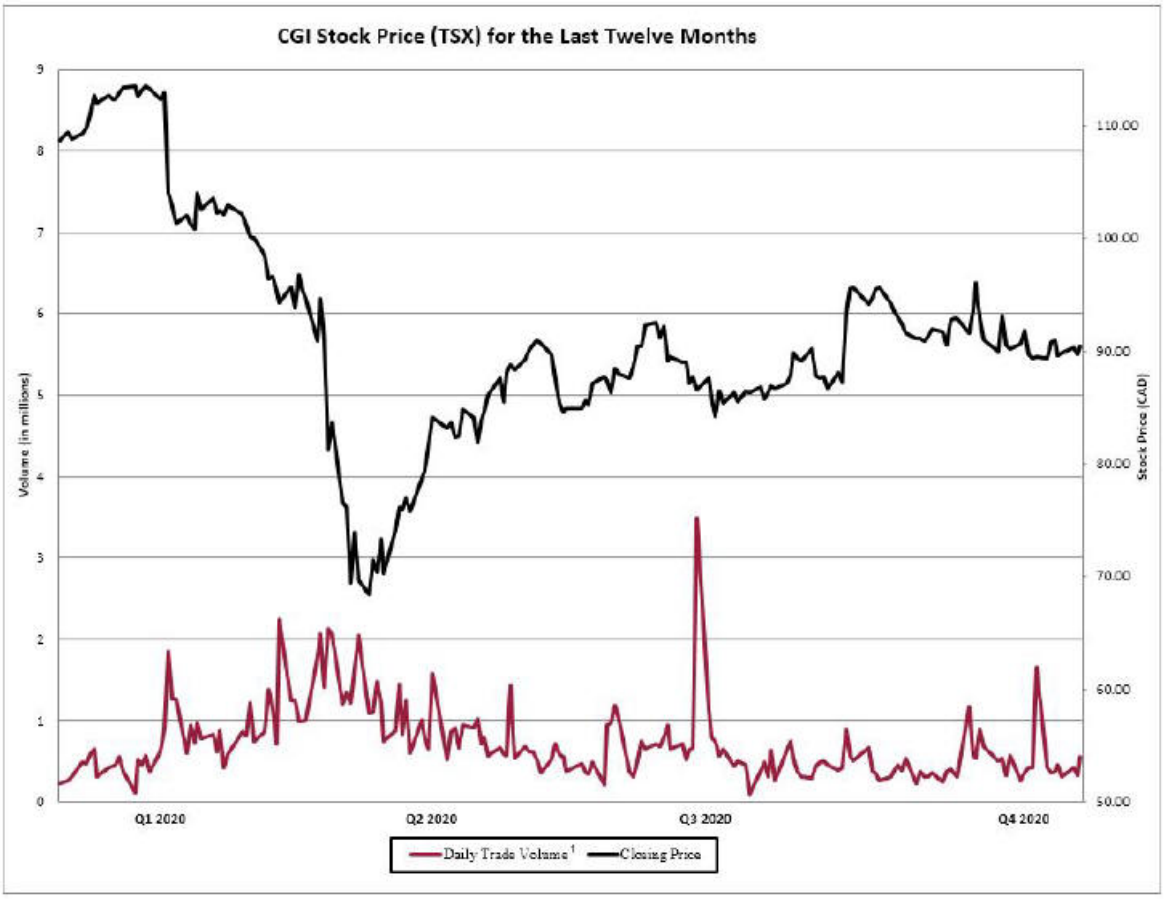
As at and for the years ended September 30,	2020	2019	2018	Change 2020 / 2019	Change 2019 / 2018
In millions of CAD unless otherwise noted					
Growth					
Revenue	**12,164.1**	12,111.2	11,506.8	**52.9**	604.4
Year-over-year revenue growth	**0.4%**	5.3%	6.1%	**(4.9%)**	(0.8%)
Constant currency year-over-year revenue growth	**(0.1%)**	5.9%	4.6%	**(6.0%)**	1.3%
Backlog	**22,673**	22,611	22,577	**62**	34
Bookings	**11,848**	12,646	13,493	**(798)**	(847)
Book-to-bill ratio	**97.4%**	104.4%	117.3%	**(7.0%)**	(12.9%)
Profitability[1]					
Adjusted EBIT[2]	**1,862.9**	1,825.0	1,701.7	**37.9**	123.3
Adjusted EBIT margin	***15.3%***	*15.1%*	*14.8%*	***0.2%***	0.3%
Net earnings	**1,117.9**	1,263.2	1,141.4	**(145.3)**	121.8
Net earnings margin	***9.2%***	*10.4%*	*9.9%*	**(1.2%)**	0.5%
Diluted EPS (in dollars)	**4.20**	4.55	3.95	**(0.35)**	0.60
Net earnings excluding specific items[2]	**1,300.1**	1,305.9	1,210.7	**(5.8)**	95.2
Net earnings margin excluding specific items	***10.7%***	*10.8%*	*10.5%*	**(0.1%)**	0.3%
Diluted EPS excluding specific items (in dollars)[2]	**4.89**	4.70	4.19	**0.19**	0.51
Liquidity[1]					
Cash provided by operating activities	**1,938.6**	1,633.9	1,493.4	**304.7**	140.5
As a % of revenue	***15.9%***	*13.5%*	*13.0%*	***2.4%***	0.5%
Days sales outstanding	**47**	50	52	**(3)**	(2)
Capital structure[1]					
Net debt	**2,777.9**	2,117.2	1,640.8	**660.7**	476.4
Net debt to capitalization ratio	**23.6%**	22.9%	19.2%	**0.7%**	3.7%
Return on equity	**16.0%**	18.5%	17.3%	**(2.5%)**	1.2%
Return on invested capital	**12.1%**	15.1%	14.5%	**(3.0%)**	0.6%
Balance sheet[1]					
Cash and cash equivalents, and short-term investments	**1,709.5**	223.7	184.1	**1,485.8**	39.6
Total assets	**15,550.4**	12,621.7	11,919.1	**2,928.7**	702.6
Long-term financial liabilities[3]	**4,030.6**	2,236.0	1,530.1	**1,794.6**	705.9

1 As of the periods ending December 31, 2019, figures include the impact of the adoption of IFRS 16, while previous years are not restated as indicated in section 7.

2 Please refer to sections 3.7. and 3.8.3. of each year's respective MD&A for the reconciliation of non-GAAP financial measures for fiscal 2018 and 2019.

3 Long-term financial liabilities include the long-term portion of the debt, long-term lease liabilities and the long-term derivative financial instruments.

2.3. STOCK PERFORMANCE



2.3.1. Fiscal 2020 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:	105.01	Open:	79.00
High:	114.49	High:	87.13
Low:	67.23	Low:	46.32
Close:	90.38	Close:	67.77
CDN average daily trading volumes[1]:	986,534	NYSE average daily trading volumes:	240,724

[1] Includes the average daily volumes of both the TSX and alternative trading systems.

2.3.2. Normal Course Issuer Bid (NCIB)

On January 29, 2020, the Company's Board of Directors authorized and subsequently received regulatory approval from the TSX for the renewal of CGI's NCIB which allows for the purchase for cancellation of up to 20,149,100 Class A subordinate voting shares (Class A Shares) representing 10% of the Company's public float as of the close of business on January 22, 2020. Class A Shares may be purchased for cancellation under the NCIB commencing on February 6, 2020 until no later than February 5, 2021, or on such earlier date when the Company has either acquired the maximum number of Class A Shares allowable under the NCIB or elects to terminate the bid.

During the year ended September 30, 2020, the Company purchased for cancellation 10,605,464 Class A Shares for $1,043.5 million at a weighted average price of $98.39 under the previous and current NCIB. The purchased shares included 6,008,905 Class A Shares purchased for cancellation from Caisse de dépôt et de placement du Québec for cash consideration of $600.0 million. The purchase was made pursuant to an exemption order issued by the Autorité des marchés financiers and is considered within the annual aggregate limit that the Company is entitled to purchase under its current NCIB.

As at September 30, 2020, the Company can purchase up to 10,037,936 Class A 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 6, 2020:

Capital Stock and Options Outstanding	As at November 6, 2020
Class A subordinate voting shares	**229,981,039**
Class B multiple voting shares	**28,945,706**
Options to purchase Class A subordinate voting shares	**8,849,802**

2.4. INVESTMENTS IN SUBSIDIARIES

On December 18, 2019, the Company acquired all of the outstanding shares of SCISYS Group Plc (SCISYS). SCISYS operates in several sectors, with deep expertise and industry leading solutions in the space and defense sectors, as well as in the media and broadcast news industries and is headquartered in Dublin, Ireland. This acquisition added approximately 670 professionals to the Company, predominantly based in the U.K. and Germany.

On January 20, 2020, the Company acquired all of the outstanding shares of Meti Logiciels et Services SAS (Meti). Based in France, Meti is specialized in the development of software solutions for the retail sector across Europe and works with some of Europe's largest retailers. This acquisition added approximately 300 professionals to the Company.

On March 31, 2020, the Company acquired all of the outstanding shares of TeraThink Corporation (TeraThink). Headquartered in Reston, Virginia, TeraThink is an information technology and management consulting firm providing digitization, enterprise finance, risk management, and data analytics services to the U.S. federal government. The acquisition added approximately 250 professionals to the Company.

The Company completed these acquisitions for a total purchase price of approximately $273 million.

With significant strategic consulting, system integration and customer-centric digital innovation capabilities, these acquisitions were made to complement CGI's proximity model and expertise across key sectors, including communications, retail, space and defense and government.

2.5. IMPACT OF THE ADOPTION OF IFRS 16

On October 1st, 2019, the Company adopted IFRS 16,*Leases*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties in a lease agreement in replacement of International Accounting Standard (IAS) 17, *Leases* (please refer to section 7 of the present document).

The impacts on the adoption date on the consolidated balance sheet are presented in note 3 of our audited consolidated financial statements and consists primarily in the on-balance sheet recognition of our lease agreements of Right-of-use assets and Lease liabilities.

For the year ended September 30, 2020, IFRS 16 adoption had an impact on our audited consolidated statements of earnings, presenting a decrease in cost of services, selling and administrative of $195.8 million, an increase in depreciation of $158.0 million for a net impact on adjusted EBIT of $37.9 million (discussed in section 3.6.) which is partially offset by an increase in finance costs of $32.0 million (discussed in section 3.7.3. of the present document).

In addition, section 4.1. of the present document presents the impact on the consolidated statement of cash flows which increased our cash provided by operating activities by $165.3 million for the year ended September 30, 2020, with the offset presented in cash used in financing activities. Section 4.5. of the present document presents the impacts to some of our capital structure ratios.

Finally, the adoption of IFRS 16 doesn't have an impact on the Company's external covenants and conditions related to its debts.

2.6. COVID-19

While we are unable to predict the extent to which the COVID-19 pandemic may adversely impact our operations and financial performance in future quarters, our executive crisis management team and our network of local crisis management teams continue to closely monitor the evolving COVID-19 pandemic, executing on our business continuity plan and working collaboratively with our clients. We have established key guidelines and procedures related to security and access controls, member health screening, member isolation and quarantine, and facility infrastructure, maintenance and cleaning, to ensure that our workplace practices are in line with local government recommendations and requirements, as well as compliant with the appropriate standards of safety, health, wellness and required workplace readiness certifications. As of today, most of our members continue working remotely.

During the last two quarters of fiscal 2020, our revenues generally declined across our segments when compared to the same period last year. We experienced reduced demand for our services during the COVID-19 pandemic due to the slowdown of activities in some of our markets, particularly in the manufacturing, retail & distribution vertical market.

To mitigate the impacts of COVID-19 on our business, we have proactively implemented various cost reduction efforts to adjust our costs based on our revenue level, such as implementing our restructuring plan and reducing travel related expenses following government restrictions. Please refer to sections 3.4., 3.5.1., 3.6. and 3.7.2. for additional information.

The Company maintains a strong balance sheet and liquidity position. On April 2, 2020 the Company amended and restated its two-year unsecured committed term loan credit facility (the 2020 Term Loan) for a total principal amount of US$1,250.0 million.

Our highest priority remains the health and safety of our members and providing service continuity for our clients. CGI's proximity-based business model and robust internal infrastructure limited the impact of confinement measures imposed in several countries and allowed the majority of our members to work remotely, ensuring service continuity to our clients.

3. Financial Review

3.1. BOOKINGS AND BOOK-TO-BILL RATIO

Bookings for the year were $11.8 billion representing a book-to-bill ratio of 97.4%. The breakdown of the new bookings signed during the year is as follows:



Contract Type	
A. Extensions, renewals and add-ons	75%
B. New business	25%



Service Type	
A. System integration and consulting	51%
B. Managed IT and Business Process Services	49%



Segment	
A. U.S. Commercial and State Government	17%
B. Western and Southern Europe	16%
C. U.S. Federal	15%
D. Canada	12%
E. Central and Eastern Europe	11%
F. U.K. and Australia	11%
G Scandinavia	11%
H. Finland, Poland and Baltics	7%



Vertical Market	
A. Government	36%
B. MRD	23%
C. Financial services	21%
D. Communications & utilities	13%
E. Health	7%

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 managed IT and business process services 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. Management however believes that it is a key indicator of potential future revenue.

The following table provides a summary of the bookings and book-to-bill ratio by segment:

In thousands of CAD except for percentages	Bookings for the year ended September 30, 2020	Book-to-bill ratio for the year ended September 30, 2020
Total CGI	**11,847,704**	**97.4%**
Western and Southern Europe	**1,860,234**	**97.2%**
U.S. Commercial and State Government	**2,027,383**	**106.3%**
Canada	**1,443,508**	**78.9%**
U.S. Federal	**1,747,090**	**100.7%**
U.K. and Australia	**1,308,393**	**83.4%**
Central and Eastern Europe	**1,341,408**	**107.5%**
Scandinavia	**1,290,579**	**111.5%**
Finland, Poland and Baltics	**829,109**	**103.1%**

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,	2020	2019	Change
U.S. dollar	**1.3325**	**1.3246**	**0.6%**
Euro	**1.5622**	**1.4446**	**8.1%**
Indian rupee	**0.0181**	**0.0188**	**(3.7%)**
British pound	**1.7216**	**1.6302**	**5.6%**
Swedish krona	**0.1487**	**0.1347**	**10.4%**

Average foreign exchange rates

For the year ended September 30,	2020	2019	Change
U.S. dollar	**1.3457**	**1.3270**	**1.4%**
Euro	**1.5075**	**1.4970**	**0.7%**
Indian rupee	**0.0183**	**0.0188**	**(2.7%)**
British pound	**1.7152**	**1.6943**	**1.2%**
Swedish krona	**0.1425**	**0.1426**	**(0.1%)**

3.3. REVENUE DISTRIBUTION

The following charts provide additional information regarding our revenue mix for the year:



Service Type

A.	Managed IT and Business Process Services	54%
B.	System integration and consulting	46%



Client Geography

A.	U.S.	30%
B.	Canada	15%
C.	France	14%
D.	U.K.	12%
E.	Sweden	7%
F.	Finland	6%
G.	Germany	6%
H.	Rest of the world	10%



Vertical Market

A.	Government	34%
B.	MRD	24%
C.	Financial services	22%
D.	Communications & utilities	13%
E.	Health	7%

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 13.8% of our revenue for Fiscal 2020 as compared to 12.8% for Fiscal 2019.

3.4. REVENUE BY SEGMENT

Our segments are reported based on where the client's work is delivered from within our geographic delivery model.

The table below provides a summary of the year-over-year changes in our revenue, in total and by segment before eliminations, separately showing the impacts of foreign currency exchange rate variations between Fiscal 2020 and Fiscal 2019. The Fiscal 2019 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,			Change	
	2020	2019	$	%
In thousands of CAD except for percentages				
Total CGI revenue	**12,164,115**	12,111,236	52,879	**0.4%**
Variation prior to foreign currency impact	**(0.1%)**			
Foreign currency impact	**0.5%**			
Variation over previous period	**0.4%**			
Western and Southern Europe				
Revenue prior to foreign currency impact	**1,904,508**	2,022,677	(118,169)	**(5.8%)**
Foreign currency impact	**6,969**			
Western and Southern Europe revenue	**1,911,477**	2,022,677	(111,200)	**(5.5%)**
U.S. Commercial and State Government				
Revenue prior foreign currency impact	**1,836,637**	1,834,917	1,720	**0.1%**
Foreign currency impact	**26,830**			
U.S. Commercial and State Government revenue	**1,863,467**	1,834,917	28,550	**1.6%**
Canada				
Revenue prior to foreign currency impact	**1,685,511**	1,768,924	(83,413)	**(4.7%)**
Foreign currency impact	**758**			
Canada revenue	**1,686,269**	1,768,924	(82,655)	**(4.7%)**
U.S. Federal				
Revenue prior to foreign currency impact	**1,687,792**	1,597,922	89,870	**5.6%**
Foreign currency impact	**24,452**			
U.S. Federal revenue	**1,712,244**	1,597,922	114,322	**7.2%**
U.K. and Australia				
Revenue prior to foreign currency impact	**1,342,848**	1,356,858	(14,010)	**(1.0%)**
Foreign currency impact	**15,621**			
U.K. and Australia revenue	**1,358,469**	1,356,858	1,611	**0.1%**
Central and Eastern Europe				
Revenue prior to foreign currency impact	**1,205,805**	1,166,486	39,319	**3.4%**
Foreign currency impact	**6,391**			
Central and Eastern Europe revenue	**1,212,196**	1,166,486	45,710	**3.9%**
Scandinavia				
Revenue prior to foreign currency impact	**1,125,868**	1,095,330	30,538	**2.8%**
Foreign currency impact	**(21,747)**			
Scandinavia revenue	**1,104,121**	1,095,330	8,791	**0.8%**
Finland, Poland and Baltics				
Revenue prior to foreign currency impact	**774,211**	787,640	(13,429)	**(1.7%)**
Foreign currency impact	**2,941**			
Finland, Poland & Baltics revenue	**777,152**	787,640	(10,488)	**(1.3%)**

For the years ended September 30,			Change	
	2020	2019	$	%
In thousands of CAD except for percentages				
Asia Pacific				
Revenue prior to foreign currency impact	**688,211**	606,252	81,959	**13.5%**
Foreign currency impact	**(13,265)**			
Asia Pacific revenue	**674,946**	606,252	68,694	**11.3%**
Eliminations	**(136,226)**	(125,770)	(10,456)	**8.3%**

For the year ended September 30, 2020, revenue was $12,164.1 million, an increase of $52.9 million, or 0.4% over the same period last year. On a constant currency basis, revenue was essentially stable. Recent business acquisitions were offset by the slowdown of activities, primarily in the MRD, financial services and communications & utilities vertical markets, mostly as a result of COVID-19.

3.4.1. Western and Southern Europe

For the year ended September 30, 2020, revenue in our Western and Southern Europe segment was $1,911.5 million, a decrease of $111.2 million or 5.5% over the same period last year. On a constant currency basis, revenue decreased by $118.2 million or 5.8%. The change in revenue was due to the slowdown of activities mainly within the financial services, communications and utilities and MRD vertical markets, primarily as a result of COVID-19. This was partially offset by the Meti acquisition and growth within the government vertical market.

On a client geographic basis, the top two Western and Southern Europe vertical markets were MRD and financial services, generating combined revenues of approximately $1,186 million for the year ended September 30, 2020.

3.4.2. U.S. Commercial and State Government

For the year ended September 30, 2020, revenue in our U.S. Commercial and State Government segment was $1,863.5 million, an increase of $28.6 million or 1.6% over the same period last year. On a constant currency basis, revenue increased by $1.7 million or 0.1%. The increase was mainly due to growth within the financial services vertical market and the state and local government market. This was in part offset by an adjustment due to a reevaluation of cost to complete on a project and lower work volume within the communications & utilities vertical market.

On a client geographic basis, the top two U.S. Commercial and State Government vertical markets were financial services and government, generating combined revenues of approximately $1,156 million for the year ended September 30, 2020.

3.4.3. Canada

For the year ended September 30, 2020, revenue in our Canada segment was $1,686.3 million, a decrease of $82.7 million or 4.7% compared to the same period last year. On a constant currency basis, revenue decreased by $83.4 million or 4.7%. The change was mainly due to the impact of COVID-19, lower work volumes and license sales within the financial services vertical market and a higher proportion of client projects transferred to our global delivery centers of excellence in Asia-Pacific.

On a client geographic basis, the top two Canada vertical markets were financial services and communications & utilities, generating combined revenues of approximately $1,138 million for the year ended September 30, 2020.

3.4.4. U.S. Federal

For the year ended September 30, 2020, revenue in our U.S. Federal segment was $1,712.2 million, an increase of $114.3 million or 7.2% over the same period last year. On a constant currency basis, revenue increased by $89.9 million or 5.6%. The increase was driven by IP solutions, application support and cybersecurity services and recent business acquisitions. This was partly offset by lower transaction volumes related to our IP business process services, mainly due to the impact of the COVID-19 and adjustments on certain client contracts in the defense sector.

For the year ended September 30, 2020, 82% of revenues within the U.S. Federal segment were federal civilian based.

3.4.5. U.K. and Australia

For the year ended September 30, 2020, revenue in our U.K. and Australia segment was $1,358.5 million, an increase of $1.6 million or 0.1% over the same period last year. On a constant currency basis, revenue decreased by $14.0 million or 1.0%. The change was mainly due to the non-renewal of certain infrastructure contracts and the successful completion of the build phase of a large project within the communications and utilities vertical market. This was mostly offset by growth within the space, defense and intelligence sector, in part driven by the SCISYS acquisition.

On a client geographic basis, the top two U.K. and Australia vertical markets were government and communications & utilities, generating combined revenues of approximately $1,108 million for the year ended September 30, 2020.

3.4.6. Central and Eastern Europe

For the year ended September 30, 2020, revenue in our Central and Eastern Europe segment was $1,212.2 million, an increase of $45.7 million or 3.9% over the same period last year. On a constant currency basis, revenue increased by $39.3 million or 3.4%. The increase in revenue was primarily due to the Acando AB (Acando) and SCISYS acquisitions. This was partially offset by the impact of COVID-19, mainly within the MRD and financial services vertical markets, and a higher proportion of client projects transferred to our global delivery centers of excellence in Asia-Pacific.

On a client geographic basis, the top two Central and Eastern Europe vertical markets were MRD and communications & utilities, generating combined revenues of approximately $800 million for the year ended September 30, 2020.

3.4.7. Scandinavia

For the year ended September 30, 2020, revenue in our Scandinavia segment was $1,104.1 million, an increase of $8.8 million or 0.8% over the same period last year. On a constant currency basis, revenue increased by $30.5 million or 2.8%. The increase was mainly driven by the Acando acquisition. This was in part offset by a slowdown of activities primarily within the MRD vertical market, related to the impact of COVID-19, as well as the non-renewal of infrastructure contracts.

On a client geographic basis, the top two Scandinavia vertical markets were MRD and government, generating combined revenues of approximately $870 million for the year ended September 30, 2020.

3.4.8. Finland, Poland and Baltics

For the year ended September 30, 2020, revenue in our Finland, Poland and Baltics segment was $777.2 million, a decrease of $10.5 million or 1.3% over the same period last year. On a constant currency basis, revenue decreased by $13.4 million or 1.7% due to the non-renewal of infrastructure contracts and the impact of COVID-19, in part offset by the Acando Acquisition.

On a client geographic basis, the top two Finland, Poland and Baltics vertical markets were government and financial services, generating combined revenues of approximately $473 million for the year ended September 30, 2020.

3.4.9. Asia Pacific

For the year ended September 30, 2020, revenue in our Asia Pacific segment was $674.9 million, an increase of $68.7 million or 11.3% over the same period last year. On a constant currency basis, revenue increased by $82.0 million or 13.5%. The increase was mainly driven by the continued demand for our offshore delivery centers, predominantly within the financial services and communications & utilities vertical markets.

3.5. OPERATING EXPENSES

For the years ended September 30,	2020	% of Revenue	2019	% of Revenue	$	%
In thousands of CAD except for percentages						
Costs of services, selling and administrative	**10,302,068**	**84.7%**	10,284,007	84.9%	**18,061**	**0.2%**
Foreign exchange (gain) loss	**(899)**	**0.0%**	2,234	0.0%	**(3,133)**	**(140.2%)**

3.5.1. Costs of Services, Selling and Administrative

For the year ended September 30, 2020, costs of services, selling and administrative expenses amounted to $10,302.1 million, an increase of $18.1 million over the same period last year. As a percentage of revenue, costs of services, selling and administrative expenses decreased to 84.7% from 84.9%. As a percentage of revenue, costs of services increased compared to the same period last year due to the impact of a lower proportion of IP license sales revenue and adjustments on client contracts. This was partly offset by lower performance based compensation and planned synergies achieved through the optimization and automation in our infrastructure business, as discussed in section 3.6. of the present document. As a percentage of revenue, selling and administrative expenses improved compared to the same period last year mainly due to actions taken to lower expenses in response to COVID-19 and lower performance based compensation.

During the year ended September 30, 2020, the translation of the results of our foreign operations from their local currencies to the Canadian dollar unfavourably impacted costs by $50.3 million, partially offsetting the favourable translation impact of $61.0 million on our revenue.

3.5.2. Foreign Exchange (Gain) Loss

During the year ended September 30, 2020, CGI incurred $0.9 million of foreign exchange gains, mainly driven by the timing of payments combined with the volatility 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.

3.6. ADJUSTED EBIT BY SEGMENT

For the years ended September 30,			Change	
	2020	2019	$	%
In thousands of CAD except for percentages				
Western and Southern Europe	**264,009**	275,535	**(11,526)**	**(4.2%)**
As a percentage of segment revenue	**13.8%**	13.6%		
U.S. Commercial and State Government	**295,795**	333,210	**(37,415)**	**(11.2%)**
As a percentage of segment revenue	**15.9%**	18.2%		
Canada	**364,424**	359,089	**5,335**	**1.5%**
As a percentage of segment revenue	**21.6%**	20.3%		
U.S. Federal	**221,793**	230,054	**(8,261)**	**(3.6%)**
As a percentage of segment revenue	**13.0%**	14.4%		
U.K. and Australia	**215,924**	185,290	**30,634**	**16.5%**
As a percentage of segment revenue	**15.9%**	13.7%		
Central and Eastern Europe	**122,548**	100,244	**22,304**	**22.2%**
As a percentage of segment revenue	**10.1%**	8.6%		
Scandinavia	**57,231**	76,648	**(19,417)**	**(25.3%)**
As a percentage of segment revenue	**5.2%**	7.0%		
Finland, Poland and Baltics	**120,959**	118,771	**2,188**	**1.8%**
As a percentage of segment revenue	**15.6%**	15.1%		
Asia Pacific	**200,263**	146,154	**54,109**	**37.0%**
As a percentage of segment revenue	**29.7%**	24.1%		
Adjusted EBIT	**1,862,946**	1,824,995	**37,951**	**2.1%**
Adjusted EBIT margin	**15.3%**	15.1%		

For the year ended September 30, 2020, adjusted EBIT margin increased to 15.3% from 15.1% for the same period last year. The increase was mainly due to lower performance based compensation, the $37.9 million impact of adoption of IFRS 16, as well as synergies achieved through the optimization and modernization of our infrastructure business. This was partly offset by adjustments on client contracts.

3.6.1. Western and Southern Europe

For the year ended September 30, 2020, adjusted EBIT in the Western and Southern Europe segment was $264.0 million, a decrease of $11.5 million when compared to the same period last year. Adjusted EBIT margin increased to 13.8% from 13.6%, primarily due to lower performance based compensation, a decrease in amortization of client relationships, and to a lesser extent, the impact of the adoption of IFRS 16. This was partly offset by the slowdown of activities identified in the revenue section, primarily as a result of COVID-19.

3.6.2. U.S. Commercial and State Government

For the year ended September 30, 2020, adjusted EBIT in the U.S. Commercial and State Government segment was $295.8 million, a decrease of $37.4 million when compared to the same period last year. Adjusted EBIT margin decreased to 15.9% from 18.2%. The change in adjusted EBIT margin was mainly due to the impact of lower IP sales and solution revenue and an adjustment due to a reevaluation of cost to complete on a project. This was in part offset by lower discretionary expenses and fringe benefits due to COVID-19.

3.6.3. Canada

For the year ended September 30, 2020, adjusted EBIT in the Canada segment was $364.4 million, an increase of $5.3 million when compared to the same period last year. Adjusted EBIT margin increased to 21.6% from 20.3%. The increase was mainly due to synergies achieved through the optimization and modernization of our infrastructure business and the impact of the adoption of IFRS 16. This was partly offset by the impact of lower IP license sales and service revenue.

3.6.4. U.S. Federal

For the year ended September 30, 2020, adjusted EBIT in the U.S. Federal segment was $221.8 million, a decrease of $8.3 million when compared to the same period last year. Adjusted EBIT margin decreased to 13.0% from 14.4%. Adjusted EBIT margin changed primarily due to lower business process services volumes, mostly related to COVID-19, lower profitability on defense client contracts and a litigation provision. This was partly offset by the favourable impacts of both a contract settlement and the adoption of IFRS 16.

3.6.5. U.K. and Australia

For the year ended September 30, 2020, adjusted EBIT in the U.K. and Australia segment was $215.9 million, an increase of $30.6 million when compared to the same period last year. Adjusted EBIT margin increased to 15.9% from 13.7%, mainly due to adjustments on client contracts and the impact of the U.K. court ruling on pensionable services, both in the prior year.

3.6.6. Central and Eastern Europe

For the year ended September 30, 2020, adjusted EBIT in the Central and Eastern Europe segment was $122.5 million, an increase of $22.3 million when compared to the same period last year. Adjusted EBIT margin increased to 10.1% from 8.6%. The increase in adjusted EBIT was driven by the benefits of synergies achieved through the integration of the prior year's business acquisitions and lower performance based compensation. This was in part offset by the slowdown of activities in the MRD vertical market, mostly related to COVID-19.

3.6.7. Scandinavia

For the year ended September 30, 2020, adjusted EBIT in the Scandinavia segment was $57.2 million, a decrease of $19.4 million when compared to the same period last year. Adjusted EBIT margin decreased to 5.2% from 7.0%. The change in adjusted EBIT margin was mainly driven by a slowdown of activities, mostly related to COVID-19, the impact of excess capacity in our Swedish infrastructure business and additional costs related to the ramp up of new contracts. This was in part offset by the savings generated from the Restructuring Plan (see section 3.7.2. of the present document).

3.6.8. Finland, Poland and Baltics

For the year ended September 30, 2020 adjusted EBIT in our Finland, Poland and Baltics segment was $121.0 million, an increase of $2.2 million, when compared to the same period last year. Adjusted EBIT margin increased to 15.6% from 15.1% mainly due to lower discretionary expenses and the temporary payroll tax relief, both due to COVID-19, and lower performance based compensation. This was in part offset by the impact of lower work volumes, also in part due to COVID-19.

3.6.9. Asia Pacific

For the year ended September 30, 2020, adjusted EBIT in the Asia Pacific segment was $200.3 million, an increase of $54.1 million when compared to the same period last year. Adjusted EBIT margin increased to 29.7% from 24.1%. The increase in adjusted EBIT margin was mostly due to automation and other productivity improvements, cost reduction in transportation and facilities due to the COVID-19 shutdown, the impact of the adoption of IFRS 16 and the favourable impact of our currency forward contracts.

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:

For the years ended September 30,	2020	% of Revenue	2019	% of Revenue	Change $	Change %
In thousands of CAD except for percentage						
Adjusted EBIT	**1,862,946**	**15.3%**	1,824,995	15.1%	**37,951**	**2.1%**
Minus the following items:						
Acquisition-related and integration costs	**76,794**	**0.6%**	77,417	0.6%	**(623)**	**(0.8%)**
Restructuring costs	**155,411**	**1.3%**	—	—	**155,411**	**—**
Net finance costs	**114,474**	**0.9%**	70,630	0.6%	**43,844**	**62.1%**
Earnings before income taxes	**1,516,267**	**12.5%**	1,676,948	13.8%	**(160,681)**	**(9.6%)**

3.7.1. Acquisition-Related and Integration Costs

For the year ended September 30, 2020, the Company incurred $76.8 million, for acquisition-related and integration costs, acquisitions' integration towards the CGI operating model. These costs were mainly related to terminations of employment and professional fees.

3.7.2. Restructuring Costs

During the year ended September 30, 2020, the Company incurred, as part of its cost reduction efforts in response to COVID-19, restructuring costs related to terminations of employment, primarily in France, Canada and Germany. The initiative is expected to help mitigate the adverse impacts of COVID-19.

During the year ended September 30, 2020, the Company also announced a restructuring plan (the Restructuring Plan), mainly for the closure of our Brazil operations, the refocusing of the Portugal infrastructure business towards nearshore delivery and the optimization of the Sweden infrastructure business. These actions generated benefits throughout Fiscal 2020, as discussed in section 3.6. of the present document.

As a result, a total of $155.4 million was expensed during the year ended September 30, 2020.

3.7.3. Net Finance Costs

Net finance costs mainly include interest on our long-term debt. For the year ended September 30, 2020, the increase in net finance costs of $43.8 million was mainly due to the recognition of $32.0 million of interest expense on leases liabilities upon adoption of IFRS 16 and our 2020 Term Loan.

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,	2020	2019	Change $	Change %
In thousands of CAD except for percentage and shares data				
Earnings before income taxes	**1,516,267**	1,676,948	**(160,681)**	**(9.6%)**
Income tax expense	**398,405**	413,741	**(15,336)**	**(3.7%)**
Effective tax rate	***26.3%***	*24.7%*		
Net earnings	**1,117,862**	1,263,207	**(145,345)**	**(11.5%)**
Net earnings margin	***9.2%***	*10.4%*		
Weighted average number of shares outstanding				
Class A subordinate voting shares and Class B multiple voting shares (basic)	**262,005,521**	272,719,309	**(10,713,788)**	**(3.9%)**
Class A subordinate voting shares and Class B multiple voting shares (diluted)	**266,104,062**	277,785,725	**(11,681,663)**	**(4.2%)**
Earnings per share (in dollars)				
Basic	**4.27**	4.63	**(0.36)**	**(7.8%)**
Diluted	**4.20**	4.55	**(0.35)**	**(7.7%)**

3.8.1. Income Tax Expense

For the year ended September 30, 2020, income tax expense was $398.4 million compared to $413.7 million over the same period last year, while our effective tax rate increased to 26.3% from 24.7%. The prior year effective tax rate was impacted by a tax adjustment from a settlement with the German tax authorities where the Company booked $115.5 million of additional corporate tax losses, and recorded a $18.5 million income tax recovery.

When excluding that tax adjustment and the tax effects from acquisition-related and integration costs and restructuring costs, the effective tax rate would have been 25.6% for both financial years. The effective tax rate excluding specific items is a non-GAAP measure that management believes is useful when comparing our performance to the prior year.

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 Fiscal 2020 and our current business mix, we expect our effective tax rate before any significant adjustments to be in the range of 25.0% to 27.0% in subsequent periods.

3.8.2. Weighted Average Number of Shares

For Fiscal 2020, CGI's basic and diluted weighted average number of shares decreased compared to Fiscal 2019 due to the impact of purchase for cancellation of Class A Shares, partly offset by the grant and the exercise of stock options. Please refer to notes 19, 20 and 21 of our audited consolidated financial statements for additional information.

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 and restructuring costs.

For the years ended September 30,	2020	2019	Change $	Change %
In thousands of CAD except for percentages and shares data				
Earnings before income taxes	**1,516,267**	1,676,948	**(160,681)**	**(9.6%)**
Add back:				
Acquisition-related and integration costs	**76,794**	77,417	**(623)**	**(0.8%)**
Restructuring costs	**155,411**	—	**155,411**	**—**
Earnings before income taxes excluding specific items	**1,748,472**	1,754,365	**(5,893)**	**(0.3%)**
Margin	*14.4%*	*14.5%*		
Income tax expense	**398,405**	413,741	(15,336)	**(3.7%)**
Effective tax rate	***26.3%***	*24.7%*		
Add back:				
Tax deduction on acquisition-related and integration costs	**14,717**	16,307	**(1,590)**	**(9.8%)**
Impact on effective tax rate	***(0.3%)***	*(0.2%)*		
Tax deduction on restructuring costs	**35,278**	—	**35,278**	**—**
Impact on effective tax rate	***(0.4%)***	—		
Tax adjustment	**—**	18,451	**(18,451)**	**(100.0%)**
Impact on effective tax rate	**—**	*1.1%*		
Income tax expense excluding specific items	**448,400**	448,499	**(99)**	**—%**
Effective tax rate excluding specific items	***25.6%***	*25.6%*		
Net earnings excluding specific items	**1,300,072**	1,305,866	**(5,794)**	**(0.4%)**
Net earnings margin excluding specific items	***10.7%***	*10.8%*		
Weighted average number of shares outstanding				
Class A subordinate voting shares and Class B multiple voting shares (basic)	**262,005,521**	272,719,309		**(3.9%)**
Class A subordinate voting shares and Class B multiple voting shares (diluted)	**266,104,062**	277,785,725		**(4.2%)**
Earnings per share excluding specific items (in dollars)				
Basic	**4.96**	4.79	0.17	**3.5%**
Diluted	**4.89**	4.70	0.19	**4.0%**

4. Liquidity

4.1. CONSOLIDATED STATEMENTS OF CASH FLOWS

CGI's growth is financed through a combination of cash flow from operations, drawing on our unsecured committed revolving credit facility, 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, 2020, cash and cash equivalents were $1,708.0 million. The following table provides a summary of the generation and use of cash for the years ended September 30, 2020 and 2019.

For the years ended September 30,	2020	2019	Change
In thousands of CAD			
Cash provided by operating activities	**1,938,556**	1,633,919	**304,637**
Cash used in investing activities	**(572,453)**	(950,809)	**378,356**
Cash provided by (used in) financing activities	**94,172**	(629,109)	**723,281**
Effect of foreign exchange rate changes on cash and cash equivalents	**33,879**	(24,261)	**58,140**
Net increase in cash and cash equivalents	**1,494,154**	29,740	**1,464,414**

4.1.1. Cash Provided by Operating Activities

For the year ended September 30, 2020, cash provided by operating activities was $1,938.6 million or 15.9% of revenue compared to $1,633.9 million or 13.5% 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,	2020	2019	Change
In thousands of CAD			
Net earnings	**1,117,862**	1,263,207	**(145,345)**
Amortization, depreciation and impairment	**565,692**	392,301	**173,391**
Other adjustments[1]	**36,838**	34,662	**2,176**
Cash flow from operating activities before net change in non-cash working capital items	**1,720,392**	1,690,170	**30,222**
Net change in non-cash working capital items:			
Accounts receivable, work in progress and deferred revenue	**256,986**	21,859	**235,127**
Accounts payable and accrued liabilities, accrued compensation, provisions and long-term liabilities	**12,193**	(21,620)	**33,813**
Other[2]	**(51,015)**	(56,490)	**5,475**
Net change in non-cash working capital items	**218,164**	(56,251)	**274,415**
Cash provided by operating activities	**1,938,556**	1,633,919	**304,637**

1 Comprised of deferred income taxes, foreign exchange (gain) loss, loss on sale of business 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, 2020, the increase in our cash provided by operating activities was mostly due to higher collection of receivables and the impact of $165.3 million coming from the change in presentation of the payment of leases resulting from the adoption of IFRS 16. This was partially offset by the timing of payables.

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, 2020, $572.5 million was used in investing activities while $950.8 million was used over the same periods last year.

The following table provides a summary of the use of cash from investing activities:

For the years ended September 30,	2020	2019	Change
In thousands of CAD			
Business acquisitions and Investment in Acando AB	**(266,938)**	(620,014)	**353,076**
Purchase of property, plant and equipment	**(128,478)**	(162,061)	**33,583**
Additions to contract costs	**(72,845)**	(60,191)	**(12,654)**
Additions to intangible assets	**(114,112)**	(105,976)	**(8,136)**
Net change in short-term investments and purchase of long-term investments	**9,920**	(2,567)	**12,487**
Cash used in investing activities	**(572,453)**	(950,809)	**378,356**

The decrease of $378.4 million in cash used in investing activities during the year ended September 30, 2020 was mainly due to the decrease in cash used in the prior year for the acquisition of Acando, as well as a decrease of investments in computer equipment and leasehold improvements. This was partially offset by an increase of investment in business acquisitions.

4.1.3. Cash Provided by (Used in) Financing Activities

For the year ended September 30, 2020, $94.2 million was generated from financing activities while $629.1 million was used over the same period last year.

The following table provides a summary of the generation and use of cash from financing activities:

For the years ended September 30,	2020	2019	Change
In thousands of CAD			
Net change in unsecured committed revolving credit facility	**(334,370)**	139,575	**(473,945)**
Payment of lease liabilities	**(175,320)**	—	**(175,320)**
Net change in long-term debt	**1,700,671**	331,404	**1,369,267**
	1,190,981	470,979	**720,002**
Repayment of debt assumed from business acquisitions	**(28,281)**	(2,141)	**(26,140)**
Payment for remaining shares of Acando	**(23,123)**	—	**(23,123)**
Purchase of Class A subordinate voting shares held in trusts	**(55,287)**	(30,740)	**(24,547)**
Settlement of derivative financial instruments	**(3,903)**	(554)	**(3,349)**
Purchase and cancellation of Class A subordinate voting shares	**(1,043,517)**	(1,130,255)	**86,738**
Issuance of Class A subordinate voting shares	**57,302**	63,602	**(6,300)**
Cash provided by (used in) financing activities	**94,172**	**(629,109)**	**723,281**

For the year ended September 30, 2020, the Company received through the 2020 Term Loan an amount of $1,764.7 million (US$1,250.0 million), had a net repayment of $334.4 million under our unsecured committed revolving credit facility, made scheduled repayments of senior unsecured notes in the amount of $65.9 million. In addition, we paid $175.3 million of lease liabilities, of which $165.3 million is related to the adoption of IFRS 16, and used $28.3 million to repay debt assumed from business acquisitions.

For the year ended September 30, 2019, the Company drew $139.6 million under the unsecured committed revolving credit facility and entered into a five-year unsecured committed term loan credit facility of $670.0 million (swapped into euro currency) which was in part used for the scheduled repayments of the Senior unsecured notes in the amount of $306.8 million, used to invest in business acquisitions and in the purchase for cancellation of Class A Shares.

For the year ended September 30, 2020, the Company paid $23.1 million to acquire the remaining 3.9% of outstanding shares of Acando.

For the year ended September 30, 2020, $55.3 million was used to purchase Class A Shares in connection with the Company's Performance Share Unit Plans (PSU Plans) compared to $30.7 million during the year ended September 30, 2019. More information concerning the PSU Plans can be found in note 20 of the audited consolidated financial statements.

For the year ended September 30, 2020, $1,043.5 million was used to pay for the purchase for cancellation of 10,605,464 Class A Shares. During the year ended September 30, 2019, $1,130.3 million was used to purchase 12,510,232 Class A Shares for cancellation.

Finally, for the year ended September 30, 2020, we received $57.3 million in proceeds from the exercise of stock options, compared to $63.6 million during the year ended September 30, 2019.

4.1.4. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents

For the year ended September 30, 2020, the effect of foreign exchange rate changes on cash and cash equivalents had a favourable impact of $33.9 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, 2020	Available
In thousands of CAD	
Cash and cash equivalents	1,707,985
Short-term investments	1,473
Long-term investments	22,612
Unsecured committed revolving credit facility[1]	1,490,301
Total	**3,222,371**

1 As at September 30, 2020, letters of credit in the amount of $9.7 million were outstanding against the $1.5 billion unsecured committed revolving credit facility.

As at September 30, 2020, cash and cash equivalents and investments represented $1,732.1 million.

Cash equivalents include term deposits, all with maturities of 90 days or less. Short-term investments include money market securities, with initial maturities ranging from 91 days to one year. Long-term investments include corporate and government bonds with maturities ranging from one to five years, with a credit rating of A- or higher.

As at September 30, 2020, the aggregate amount of the capital resources available to the Company was $3,222.4 million. The long-term debt agreements contain covenants, which require us to maintain certain financial ratios. As at September 30, 2020, CGI was in compliance with these covenants.

Total debt increased by $1,255.9 million to $3,587.1 million as at September 30, 2020 compared to $2,331.2 million as at September 30, 2019. The variance was mainly due to the additional $1,764.7 million (US$1,250.0 million) received through the 2020 Term Loan, partially offset by the change in the unsecured committed revolving credit facility of $334.4 million, by a foreign exchange translation impact of $77.1 million and by scheduled repayments of the Senior unsecured notes in the amount of $65.9 million.

As at September 30, 2020, CGI was showing a positive working capital[2] of $1,280.2 million. The Company also had $1,490.3 million available under its unsecured committed revolving credit facility and is generating a significant level of cash, which CGI's management currently considers will allow the Company to fund its operations while maintaining adequate levels of liquidity.

The tax implications and impact related to the repatriation of cash 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, 2020, the Company increased its commitments by $1,319.5 million mainly due to the increase of long-term debt.

Commitment type	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
In thousands of CAD					
Long-term debt	3,582,216	310,726	2,137,273	1,134,210	7
Estimated interest on long-term debt	189,723	84,472	84,659	20,592	
Lease liabilities	876,370	178,720	280,259	202,565	214,826
Estimated interest on lease liabilities	126,123	28,897	45,705	27,306	24,215
Long-term service agreements and other	235,781	124,776	110,790	215	
Total	**5,010,213**	**727,591**	**2,658,686**	**1,384,888**	**239,048**

4.4. FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

We use various financial instruments to help us manage our exposure to fluctuations of foreign currency exchange rates and interest rates. Please refer to note 3 and 32 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,	2020	2019
In thousands of CAD except for percentages		
Reconciliation between net debt and long-term debt including the current portion:		
Net debt	**2,777,928**	2,117,229
Add back:		
Cash and cash equivalents	**1,707,985**	213,831
Short-term investments	**1,473**	9,889
Long-term investments	**22,612**	24,596
Fair value of foreign currency derivative financial instruments related to debt	**(46,533)**	(34,338)
Long-term debt (including the current portion) and lease liabilities[1]	**4,463,465**	2,331,207
Net debt to capitalization ratio	**23.6%**	22.9%
Return on equity	**16.0%**	18.5%
Return on invested capital	**12.1%**	15.1%
Days sales outstanding	**47**	50

1 As at September 30, 2020, long-term debt including the current portion was $3,587.1 million and lease liabilities were $876.4 million.

We use the net debt to capitalization ratio as an indication of our financial leverage in order to realize our Build and Buy strategy (please refer to section 1.2 of the present document for additional information on our Build and Buy strategy). The net debt to capitalization ratio increased to 23.6% in Fiscal 2020. When excluding the impact of the adoption of IFRS 16, the net debt to capitalization ratio would have been 17.6% in Fiscal 2020 down from 22.9% in Fiscal 2019, mostly due to higher capitalization mainly as a result of the 2020 Term Loan and a higher cash generation.

ROE is a measure of the return we are generating for our shareholders. ROE decreased to 16.0% in Fiscal 2020 from 18.5% in Fiscal 2019. When excluding the impact of IFRS 16, our ROE would have been 15.9% in Fiscal 2020. The decrease was mainly due to lower net earnings over the last four quarters.

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 12.1% in Fiscal 2020 from 15.1% in Fiscal 2019. When excluding the impact of IFRS 16, the ROIC ratio would have been 12.7%. The decrease in ROIC was mainly the result of lower net earnings excluding net finance costs after-tax over the last four quarters.

DSO decreased to 47 days at the end of Fiscal 2020 when compared to 50 days in Fiscal 2019. 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 managed IT and business process services 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. GUARANTEES

In the normal course of operations, we may 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, the Company may be required to pay counterparties for costs and losses incurred as a 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, 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 a default in the performance of our obligations. As at September 30, 2020, we had committed a total of $32.1 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 consolidated results of operations or financial condition.

4.7. CAPABILITY TO DELIVER RESULTS

Despite the impact of COVID-19, as outlined in section 2.6 of the present document, CGI's management believes that the Company has sufficient capital resources to support ongoing business operations and execute the Build and Buy growth strategy. Our principal and most accretive uses of cash are: to invest in our business (procuring new large managed IT and business process services contracts and developing business and IP solutions); to pursue accretive acquisitions; and to purchase for cancellation Class A Shares and pay down debt. In terms of financing, we are well positioned to continue executing our four-pillar growth strategy in Fiscal 2021.

To successfully implement the Company's strategy, CGI relies on a strong leadership team, supported by highly knowledgeable members with relevant relationships and significant experience in both IT and our targeted industries. CGI fosters leadership development through the CGI Leadership Institute ensuring continuity and knowledge transfer across the organization. For key positions, a detailed succession plan is established and revised frequently.

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 allows us to attract and retain the best talent as it provides competitive compensation and benefits, a favourable working environment, training programs and career development opportunities. Employee satisfaction is monitored annually through a Company-wide survey. Also, a majority of our professionals are owners of CGI through our Share Purchase Plan which, along with the Profit Participation Plan, allow them to share Company successes, further aligning stakeholders interests.

In addition to capital resources and talent, CGI has established the Management Foundation encompassing governance policies, organizational model and sophisticated management frameworks for its business units and corporate processes. This robust governance model provides a common business language for managing all operations consistently across the globe, driving a focus on continuous improvement. CGI's operations maintain appropriate certifications in accordance with service requirements such as the ISO and the Capability Maturity Model Integration (CMMI) certification programs.

5. Fourth Quarter Results (Unaudited)

5.1. BOOKINGS AND BOOK-TO-BILL RATIO

Bookings for the quarter ended September 30, 2020 were $3.5 billion representing a book-to-bill ratio of 118.8%. The breakdown of the new bookings signed during the quarter is as follows:



Contract Type

A. Extensions, renewals and add-ons	78%
B. New business	22%



Service Type

A. Managed IT and Business Process Services	57%
B. System integration and consulting	43%



Segment

A. U.S. Federal	26%
B. U.S. Commercial and State Government	14%
C. U.K.and Australia	14%
D. Canada	13%
E. Western and Southern Europe	11%
F. Central and Eastern Europe	9%
G. Scandinavia	7%
H. Finland, Poland and Baltics	6%



Vertical Market

A. Government	42%
B. Financial Services	26%
C. MRD	16%
D Health	8%
E Communication & Utilities	8%

The following table provides a summary of the bookings and book-to-bill ratio by segment:

In thousands of CAD except for percentages	Bookings for the three months ended September 30, 2020	Bookings for the year ended September 30, 2020	Book-to-bill ratio for the year ended September 30, 2020
Total CGI	**3,474,148**	**11,847,704**	**97.4%**
Western and Southern Europe	**391,598**	**1,860,234**	**97.2%**
U.S. Commercial and State Government	**495,585**	**2,027,383**	**106.3%**
Canada	**458,330**	**1,443,508**	**78.9%**
U.S. Federal	**879,881**	**1,747,090**	**100.7%**
U.K. and Australia	**491,920**	**1,308,393**	**83.4%**
Central and Eastern Europe	**321,158**	**1,341,408**	**107.5%**
Scandinavia	**224,027**	**1,290,579**	**111.5%**
Finland, Poland and Baltics	**211,649**	**829,109**	**103.1%**

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.

Closing foreign exchange rates

As at September 30,	2020	2019	Change
U.S. dollar	**1.3325**	1.3246	**0.6%**
Euro	**1.5622**	1.4446	**8.1%**
Indian rupee	**0.0181**	0.0188	**(3.7%)**
British pound	**1.7216**	1.6302	**5.6%**
Swedish krona	**0.1487**	0.1347	**10.4%**

Average foreign exchange rates

For the three months ended September 30,	2020	2019	Change
U.S. dollar	**1.3327**	1.3205	**0.9%**
Euro	**1.5579**	1.4689	**6.1%**
Indian rupee	**0.0179**	0.0188	**(4.8%)**
British pound	**1.7215**	1.6285	**5.7%**
Swedish krona	**0.1503**	0.1378	**9.1%**

5.3. REVENUE DISTRIBUTION

The following charts provide additional information regarding our revenue mix for the quarter ended September 30, 2020:



Service Type

A.	Managed IT and Business Process Services	56%
B.	System integration and consulting	44%



Client Geography

A.	U.S.	31%
B.	Canada	15%
C.	U.K.	13%
D.	France	13%
E.	Germany	6%
F.	Sweden	6%
G.	Finland	6%
H.	Rest of the world	10%



Vertical Market

A.	Government	35%
B.	MRD	22%
C.	Financial services	22%
D.	Communications & utilities	14%
E.	Health	7%

5.3.1. 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 14.5% of our revenue for Q4 2020 as compared to 13.7% for Q4 2019.

5.4. 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 2020 and Q4 2019 periods. The Q4 2019 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,	2020	2019	Change $	Change %
In thousands of CAD except for percentages				
Total CGI revenue	**2,925,560**	**2,959,230**	(33,670)	**(1.1%)**
Variation prior to foreign currency impact	**(4.5%)**			
Foreign currency impact	**3.4%**			
Variation over previous period	**(1.1%)**			
Western and Southern Europe				
Revenue prior to foreign currency impact	**407,659**	475,297	(67,638)	**(14.2%)**
Foreign currency impact	**25,405**			
Western and Southern Europe revenue	**433,064**	475,297	(42,233)	**(8.9%)**
U.S. Commercial and State Government				
Revenue prior to foreign currency impact	**456,549**	447,527	9,022	**2.0%**
Foreign currency impact	**4,822**			
U.S. Commercial and State Government revenue	**461,371**	447,527	13,844	**3.1%**
Canada				
Revenue prior to foreign currency impact	**396,243**	430,572	(34,329)	**(8.0%)**
Foreign currency impact	**512**			
Canada revenue	**396,755**	430,572	(33,817)	**(7.9%)**
U.S. Federal				
Revenue prior to foreign currency impact	**427,140**	416,713	10,427	**2.5%**
Foreign currency impact	**4,236**			
U.S. Federal revenue	**431,376**	416,713	14,663	**3.5%**
U.K. and Australia				
Revenue prior to foreign currency impact	**328,405**	337,964	(9,559)	**(2.8%)**
Foreign currency impact	**19,068**			
U.K. and Australia revenue	**347,473**	337,964	9,509	**2.8%**
Central and Eastern Europe				
Revenue prior to foreign currency impact	**289,263**	293,196	(3,933)	**(1.3%)**
Foreign currency impact	**17,577**			
Central and Eastern Europe revenue	**306,840**	293,196	13,644	**4.7%**
Scandinavia				
Revenue prior to foreign currency impact	**218,593**	260,367	(41,774)	**(16.0%)**
Foreign currency impact	**15,597**			
Scandinavia revenue	**234,190**	260,367	(26,177)	**(10.1%)**
Finland, Poland and Baltics				
Revenue prior to foreign currency impact	**167,945**	176,327	(8,382)	**(4.8%)**
Foreign currency impact	**10,467**			
Finland, Poland & Baltics revenue	**178,412**	176,327	2,085	**1.2%**

For the three months ended September 30,	2020	2019	Change $	Change %
In thousands of CAD except for percentages				
Asia Pacific				
Revenue prior to foreign currency impact	**177,440**	156,388	21,052	**13.5%**
Foreign currency impact	**(5,855)**			
Asia Pacific revenue	**171,585**	156,388	15,197	**9.7%**
Eliminations	**(35,506)**	(35,121)	(385)	**1.1%**

We ended the fourth quarter of Fiscal 2020 with revenue of $2,925.6 million, a decrease of $33.7 million, or 1.1% when compared to the same period of Fiscal 2019. On a constant currency basis, revenue decreased by $132.9 million or 4.5%. Foreign currency rate fluctuations favourably impacted our revenue by $99.2 million or 3.4%. The change in revenue was mainly due to the slowdown of activities, primarily in the MRD, financial services and communications & utilities vertical markets, mostly as a result of COVID-19. This was partly offset by recent business acquisitions.

5.4.1. Western and Southern Europe

Revenue in our Western and Southern Europe segment was $433.1 million in Q4 2020, a decrease of $42.2 million or 8.9% over the same period last year. On a constant currency basis, revenue decreased by $67.6 million or 14.2%. The change in revenue was due to the slowdown of activities mainly within the financial services and MRD vertical markets, primarily as a result of COVID-19. This was partially offset by the Meti acquisition.

On a client geographic basis, the top two Western and Southern Europe vertical markets were MRD and financial services, generating combined revenues of approximately $266 million for the three months ended September 30, 2020.

5.4.2. U.S. Commercial and State Government

Revenue from our U.S. Commercial and State Government segment was $461.4 million in Q4 2020, an increase of $13.8 million or 3.1% compared to the same period last year. On a constant currency basis, revenue increased by $9.0 million or 2.0%. The increase was mainly driven by growth within the financial services vertical market, including higher IP sales and service revenue. This was partly offset by an adjustment due to a reevaluation of cost to complete on a project and lower work volume within the communications & utilities vertical market.

On a client geographic basis, the top two U.S. Commercial and State Government vertical markets were financial services and government, generating combined revenues of approximately $279 million for the three months ended September 30, 2020.

5.4.3. Canada

Revenue in our Canada segment was $396.8 million in Q4 2020, a decrease of $33.8 million or 7.9% over the same period last year. On a constant currency basis, revenue decreased by $34.3 million or 8.0%. The change was mainly due to the impact of COVID-19, lower work volumes and license sales, all within the financial services vertical market, and a higher proportion of client projects transferred to our global delivery centers of excellence in Asia-Pacific.

On a client geographic basis, the top two Canada vertical markets were financial services and communications & utilities, generating combined revenues of approximately $281 million for the three months ended September 30, 2020.

5.4.4. U.S. Federal

Revenue in our U.S. Federal segment was $431.4 million in Q4 2020, an increase of $14.7 million or 3.5% over the same period last year. On a constant currency basis, revenue increased by $10.4 million or 2.5%. The increase was driven by IP solutions, application support and cybersecurity services as well as recent business acquisitions. This was partly offset by lower transaction volumes related to our IP business process services, mainly due to the impact of the COVID-19 and certain adjustments on client contracts.

For the three months ended September 30, 2020, 84% of revenues within the U.S. Federal segment were federal civilian based.

5.4.5. U.K. and Australia

Revenue in our U.K. and Australia segment was $347.5 million in Q4 2020, an increase of $9.5 million or 2.8% over the same period last year. On a constant currency basis, revenue decreased by $9.6 million or 2.8%. The change was mainly due to the non-renewal of certain infrastructure contracts and the successful completion of the build phase of a large project within the communications and utilities vertical market. This was partly offset by the SCISYS acquisition.

On a client geographic basis, the top two U.K. and Australia vertical markets were government and communications & utilities, generating combined revenues of approximately $285 million for the three months ended September 30, 2020.

5.4.6. Central and Eastern Europe

Revenue in our Central and Eastern Europe segment was $306.8 million in Q4 2020, an increase of $13.6 million or 4.7% over the same period last year. On a constant currency basis, revenue decreased by $3.9 million or 1.3%. The change in revenue was mainly due to the impact of COVID-19, mainly within the MRD vertical market, and a higher proportion of client projects transferred to our global delivery centers of excellence in Asia-Pacific. This was partially offset by the SCISYS acquisition.

On a client geographic basis, the top two Central and Eastern Europe vertical markets were MRD and government, generating combined revenues of approximately $202 million for the three months ended September 30, 2020.

5.4.7. Scandinavia

Revenue in our Scandinavia segment was $234.2 million, a decrease of $26.2 million or 10.1% over the same period last year. On a constant currency basis, revenue decreased by $41.8 million or 16.0%. The decrease was mainly the result of a slowdown of activities primarely within the MRD vertical market related to the impact of COVID-19, as well as the non-renewal of infrastructure contracts.

On a client geographic basis, the top two Scandinavia vertical markets were MRD and government, generating combined revenues of approximately $180 million for the three months ended September 30, 2020.

5.4.8. Finland, Poland and Baltics

Revenue in our Finland, Poland and Baltics segment was $178.4 million, an increase of $2.1 million or 1.2% over the same period last year. On a constant currency basis, revenue decreased by $8.4 million or 4.8% mainly due to lower work volumes in the government vertical market, projects completed in the financial services vertical market and the impact of COVID-19.

On a client geographic basis, the top two Finland, Poland and Baltics vertical markets were government and financial services, generating combined revenues of approximately $109 million for the three months ended September 30, 2020.

5.4.9. Asia Pacific

Revenue in our Asia Pacific segment was $171.6 million, an increase of $15.2 million or 9.7% over the same period last year. On a constant currency basis, revenue increased by $21.1 million or 13.5%. The increase was mainly driven by the continued demand for our offshore delivery centers, predominantly within the financial services and communications & utilities vertical markets.

5.5. ADJUSTED EBIT BY SEGMENT

For the three months ended September 30,	2020	2019	Change $	Change %
In thousands of CAD except for percentages				
Western and Southern Europe	**59,742**	74,832	**(15,090)**	**(20.2%)**
As a percentage of segment revenue	**13.8%**	15.7%		
U.S. Commercial and State Government	**66,474**	68,161	**(1,687)**	**(2.5%)**
As a percentage of segment revenue	**14.4%**	15.2%		
Canada	**85,602**	98,107	**(12,505)**	**(12.7%)**
As a percentage of segment revenue	**21.6%**	22.8%		
U.S. Federal	**58,073**	59,490	**(1,417)**	**(2.4%)**
As a percentage of segment revenue	**13.5%**	14.3%		
U.K. and Australia	**55,749**	44,230	**11,519**	**26.0%**
As a percentage of segment revenue	**16.0%**	13.1%		
Central and Eastern Europe	**38,223**	30,494	**7,729**	**25.3%**
As a percentage of segment revenue	**12.5%**	10.4%		
Scandinavia	**7,805**	11,835	**(4,030)**	**(34.1%)**
As a percentage of segment revenue	**3.3%**	4.5%		
Finland, Poland and Baltics	**32,931**	32,072	**859**	**2.7%**
As a percentage of segment revenue	**18.5%**	18.2%		
Asia Pacific	**52,964**	38,236	**14,728**	**38.5%**
As a percentage of segment revenue	**30.9%**	24.4%		
Adjusted EBIT	**457,563**	457,457	**106**	**—%**
Adjusted EBIT margin	**15.6%**	15.5%		

Adjusted EBIT for the quarter was $457.6 million a decrease of $0.1 million from Q4 2019. The adjusted EBIT margin increased to 15.6% from 15.5% for the same period last year, mainly due to lower discretionary expenses due to COVID-19, synergies achieved through the optimization and modernization of our infrastructure business, savings generated from the Restructuring plan and the $8.5 million impact of adoption of IFRS 16. This was partly offset by adjustments on client contracts.

5.5.1. Western and Southern Europe

Adjusted EBIT in the Western and Southern Europe segment was $59.7 million in Q4 2020, a decrease of $15.1 million when compared to Q4 2019. Adjusted EBIT margin decreased to 13.8% from 15.7% in Q4 2019, primarily due to the slowdown of activities identified in the revenue section. This was partially offset by lower performance based compensation.

5.5.2. U.S. Commercial and State Government

Adjusted EBIT in the U.S. Commercial and State Government segment was $66.5 million in Q4 2020, a decrease of $1.7 million when compared to Q4 2019. Adjusted EBIT margin decreased to 14.4% from 15.2% in Q4 2019.The change in adjusted EBIT margin was mainly due to an adjustment due to a reevaluation of cost to complete on a project and a litigation provision. This was in part offset by the impact of higher IP sales and solution revenue and lower discretionary expenses and fringe benefits due to COVID-19.

5.5.3. Canada

Adjusted EBIT in the Canada segment was $85.6 million in Q4 2020, a decrease of $12.5 million when compared to Q4 2019. Adjusted EBIT margin decreased to 21.6% from 22.8% in Q4 2019. The change in adjusted EBIT margin was mainly due to the impact of lower IP license sales and service revenue within the financial services vertical market and the reevaluations of costs to complete on projects. This was partly offset by synergies achieved through the optimization and modernization of our infrastructure business and the impact of the adoption of IFRS 16.

5.5.4. U.S. Federal

Adjusted EBIT in the U.S. Federal segment was $58.1 million in Q4 2020, a decrease of $1.4 million when compared to Q4 2019. Adjusted EBIT margin decreased to 13.5% from 14.3% in Q4 2019. The change in adjusted EBIT margin was primarily due to lower profitability and adjustments on isolated client contracts in the defense sector and lower business process services volumes, mostly related to COVID-19.

5.5.5. U.K. and Australia

Adjusted EBIT in the U.K. and Australia segment was $55.7 million in Q4 2020, an increase of $11.5 million when compared to Q4 2019. Adjusted EBIT margin increased to 16.0% from 13.1% in Q4 2019. The increase in adjusted EBIT margin was mainly due to the favourable impact of a renegotiation on a client contract, lower discretionary expenses due to COVID-19 and the impact of the adoption of IFRS 16.

5.5.6. Central and Eastern Europe

Adjusted EBIT in the Central and Eastern Europe segment was $38.2 million in Q4 2020, an increase of $7.7 million when compared to Q4 2019. Adjusted EBIT margin increased to 12.5% from 10.4% in Q4 2019 due to the benefits of synergies achieved through the integration of the prior year's business acquisitions and lower performance based compensation. This was in part offset by the slowdown of activities in the MRD vertical market, mostly related to COVID-19.

5.5.7. Scandinavia

Adjusted EBIT in the Scandinavia segment was $7.8 million in Q4 2020, a decrease of $4.0 million when compared to Q4 2019. Adjusted EBIT margin decreased to 3.3% from 4.5% in Q4 2019. The change in adjusted EBIT margin was mainly driven by a slowdown of activities, mostly related to COVID-19, in part offset by the savings generated from the Restructuring Plan (see section 3.7.2. of the present document).

5.5.8. Finland, Poland and Baltics

Adjusted EBIT in our Finland, Poland and Baltics segment was $32.9 million, an increase of $0.9 million, when compared to the same period last year. Adjusted EBIT margin increased to 18.5% from 18.2% mainly due to lower discretionary expenses and the temporary payroll tax relief, both due to COVID-19. This was mainly offset by the impact of lower work volumes in part due to COVID-19 and the prior year adjustments in performance based compensation accruals.

5.5.9. Asia Pacific

Adjusted EBIT in the Asia Pacific segment was $53.0 million in Q4 2020, an increase of $14.7 million when compared to Q4 2019, while the adjusted EBIT margin increased to 30.9% from 24.4% Q4 2019. The increase in adjusted EBIT margin was mostly due to automation and other productivity improvements, predominantly within the financial services and communications & utilities vertical markets, cost reduction in transportation and facilities due to the COVID-19 shutdown, the impact of the adoption of IFRS 16 and the favourable impact of our currency forward contracts.

5.6. NET EARNINGS AND EARNINGS PER SHARE

The following table sets out the information supporting the earnings per share calculations:

For the three months ended September 30,	2020	2019	Change $	Change %
In thousands of CAD except for percentage and shares data				
Adjusted EBIT	**457,563**	457,457	**106**	**0.0%**
Minus the following items:				
Acquisition-related and integration costs	**5,302**	27,291	**(21,989)**	**(80.6%)**
Restructuring costs	**84,255**	—	**84,255**	**—**
Net finance costs	**30,424**	17,824	**12,600**	**70.7%**
Earnings before income taxes	**337,582**	412,342	**(74,760)**	**(18.1%)**
Income tax expense	**85,668**	88,253	**(2,585)**	**(2.9%)**
Effective tax rate	***25.4%***	*21.4%*		
Net earnings	**251,914**	324,089	**(72,175)**	**(22.3%)**
Margin	**8.6%**	11.0%		
Weighted average number of shares				
Class A subordinate voting shares and Class B multiple voting shares (basic)	**258,210,169**	268,135,727		**(3.7%)**
Class A subordinate voting shares and Class B multiple voting shares (diluted)	**261,790,231**	273,090,564		**(4.1%)**
Earnings per share (in dollars)				
Basic EPS	**0.98**	1.21	**(0.23)**	**(19.0%)**
Diluted EPS	**0.96**	1.19	**(0.23)**	**(19.3%)**

For Q4 2020, the income tax expense was $85.7 million compared to $88.3 million for the same period last year, while our effective tax rate increased to 25.4% from 21.4%. During the quarter ended September 30, 2019, the Company settled with the German tax authorities and booked $115.5 million of additional corporate tax losses and recorded a $18.5 million income tax recovery. When excluding that tax adjustment and tax effects from acquisition-related and integration costs and restructuring costs, the effective tax rate would have been 25.5% in Q4 2020, compared to 25.1% in Q4 2019. The increase in the effective tax rate was mainly attributable to less non-taxable R&D tax credits in the U.S. partly offset by a different geographical profitability mix mainly within our France and U.K. operations.

During the quarter, the Company did not purchase any Class A subordinate voting Shares for cancellation while 359,588 stock options were exercised.

5.6.1. 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 :

For the three months ended September 30,	2020	2019	Change $	Change %
In thousands of CAD except for percentage and shares data				
Earnings before income taxes	**337,582**	412,342	**(74,760)**	**(18.1%)**
Add back:				
Acquisition-related and integration costs	**5,302**	27,291	**(21,989)**	**(80.6%)**
Restructuring costs	**84,255**	—	**84,255**	**—**
Earnings before income taxes excluding specific items	**427,139**	439,633	**(12,494)**	**(2.8%)**
Income tax expense	**85,668**	88,253	**(2,585)**	**(2.9%)**
Effective tax rate	***25.4%***	*21.4%*		
Add back:				
Tax deduction on acquisition-related and integration costs	**1,210**	3,467	**(2,257)**	**(65.1%)**
Impact on effective tax rate	**—**	*(0.5%)*		
Tax deduction on restructuring costs	**21,871**	—	**21,871**	**—**
Impact on effective tax rate	***0.1%***	—		
Tax adjustment	**—**	18,451		
Impact on effective tax rate	**—**	*4.2%*		
Income tax expense excluding specific items	**108,749**	110,171	**(1,422)**	**(1.3%)**
Effective tax rate excluding specific items	***25.5%***	*25.1%*		
Net earnings excluding specific items	**318,390**	329,462	**(11,072)**	**(3.4%)**
Net earnings excluding specific items margin	***10.9%***	*11.1%*		
Weighted average number of shares outstanding				
Class A subordinate voting shares and Class B multiple voting shares (basic)	**258,210,169**	268,135,727		**(3.7%)**
Class A subordinate voting shares and Class B multiple voting shares (diluted)	**261,790,231**	273,090,564		**(4.1%)**
Earnings per share excluding specific items (in dollars)				
Basic EPS	**1.23**	1.23	**—**	**—**
Diluted EPS	**1.22**	1.21	**0.01**	**0.8%**

5.7. CONSOLIDATED STATEMENTS OF CASH FLOWS

As at September 30, 2020, cash and cash equivalents were $1,708.0 million. The following table provides a summary of the generation and use of cash and cash equivalents for the quarters ended September 30, 2020 and 2019.

For the three months ended September 30,	2020	2019	Change
In thousands of CAD			
Cash provided by operating activities	**492,000**	405,214	**86,786**
Cash used in investing activities	**(67,996)**	(94,730)	**26,734**
Cash used in financing activities	**(90,724)**	(307,835)	**217,111**
Effect of foreign exchange rate changes on cash and cash equivalents	**9,426**	(13,969)	**23,395**
Net increase (decrease) in cash and cash equivalents	**342,706**	(11,320)	**354,026**

5.7.1. Cash Provided by Operating Activities

For Q4 2020, cash provided by operating activities was $492.0 million compared to $405.2 million in Q4 2019, or 16.8% of revenue compared to 13.7% 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,	2020	2019	Change
In thousands of CAD			
Net earnings	**251,914**	324,089	**(72,175)**
Amortization, depreciation and impairment	**152,459**	97,155	**55,304**
Other adjustments [1]	**22,957**	6,971	**15,986**
Cash flow from operating activities before net change in non-cash working capital items	**427,330**	428,215	**(885)**
Net change in non-cash working capital items:			
Accounts receivable, work in progress and deferred revenue	**151,583**	74,308	**77,275**
Accounts payable and accrued liabilities, accrued compensation, provisions and long-term liabilities	**(14,054)**	(63,567)	**49,513**
Other [2]	**(72,859)**	(33,742)	**(39,117)**
Net change in non-cash working capital items	**64,670**	(23,001)	**87,671**
Cash provided by operating activities	**492,000**	405,214	**86,786**

1 Other adjustments are comprised of deferred income taxes, foreign exchange (gain) loss, loss on sale of business 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, 2020, the increase in our cash provided by operating activities was mostly due to the timing of collection of receivables and the impact of $36.4 million coming from the change in presentation of the payment of leases resulting from the adoption of IFRS 16. This was partially offset by repayments of government deferral programs and the timing of income tax payments.

The timing of our working capital inflows and outflows will always have an impact on the cash flow from operations.

5.7.2. Cash Used in Investing Activities

For Q4 2020, $68.0 million was used in investing activities while $94.7 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 three months ended September 30,	2020	2019	Change
In thousands of CAD			
Business acquisitions	**7,083**	(14,876)	**21,959**
Purchase of property, plant and equipment	**(31,513)**	(41,592)	**10,079**
Additions to contract costs	**(19,166)**	(12,679)	**(6,487)**
Additions to intangible assets	**(29,410)**	(26,421)	**(2,989)**
Net change in short-term investments and purchase of long-term investments	**5,010**	838	**4,172**
Cash used in investing activities	**(67,996)**	(94,730)	**26,734**

The decrease of $26.7 million in cash used in investing activities during the three months ended September 30, 2020 was mainly due to the decrease in cash used for business acquisitions, as well as a decrease of investments in computer equipment. This was partially offset by an increase in cash used in contract costs.

5.7.3. Cash Used in Financing Activities

For the three months ended September 30,	2020	2019	Change
In thousands of CAD			
Net change in unsecured committed revolving credit facility	**1**	(95,119)	**95,120**
Payment of lease liabilities	**(39,820)**	—	**(39,820)**
Net change in long-term debt	**(57,613)**	(123,446)	**65,833**
	(97,432)	(218,565)	**121,133**
Repayment of debt assumed in a business acquisition	**(38)**	(767)	**729**
Settlement of derivative financial instruments	**(3,903)**	1,380	**(5,283)**
Purchase and cancellation of Class A subordinate voting shares held in trusts	**—**	(106,143)	**106,143**
Issuance of Class A subordinate voting shares	**10,649**	16,260	**(5,611)**
Cash used in financing activities	**(90,724)**	(307,835)	**217,111**

During Q4 2020, we used $57.6 million to reduce our outstanding long-term debt mainly driven by scheduled repayments on Senior unsecured notes in the amount of $65.9 million, and we paid $39.8 million of lease liabilities, of which $36.4 million were related to the adoption of IFRS 16. During Q4 2019, we used $123.4 million to reduce our outstanding long-term debt mainly driven by scheduled repayments on Senior unsecured notes in the amount of $119.2 million and we repaid $95.1 million on the Company's unsecured committed revolving credit facility.

During Q4 2020, we did not purchase Class A Shares for cancellation under the NCIB, while for the same period last year, we used $106.1 million to purchase Class A Shares for cancellation under the NCIB.

In Q4 2020, we received $10.6 million in proceeds from the exercise of stock options, compared to $16.3 million during the same period last year.

6. Eight Quarter Summary (Unaudited)

As at and for the three months ended,	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018
In millions of CAD unless otherwise noted								
Growth								
Revenue	**2,925.6**	3,052.7	3,131.1	3,054.7	2,959.2	3,119.8	3,068.3	2,963.9
Year-over-year revenue growth	**(1.1%)**	(2.2%)	2.0%	3.1%	5.7%	6.1%	4.0%	5.2%
Constant currency year-over-year revenue growth	**(4.5%)**	(3.5%)	3.0%	4.8%	7.7%	6.6%	4.7%	4.5%
Backlog	**22,673**	22,295	22,994	22,292	22,611	22,418	22,947	23,338
Bookings	**3,474**	2,841	2,783	2,749	3,409	2,951	3,255	3,031
Book-to-bill ratio	**118.8%**	93.1%	88.9%	90.0%	115.2%	94.6%	106.1%	102.3%
Book-to-bill ratio trailing twelve months	**97.4%**	96.6%	97.0%	101.3%	104.4%	106.9%	112.9%	116.3%
Profitability[1]								
Adjusted EBIT[2]	**457.6**	448.0	483.2	474.1	457.5	474.2	454.1	439.2
Adjusted EBIT margin	***15.6%***	*14.7%*	*15.4%*	*15.5%*	*15.5%*	*15.2%*	*14.8%*	*14.8%*
Net earnings	**251.9**	260.9	314.8	290.2	324.1	309.4	318.3	311.5
Net earnings margin	***8.6%***	*8.5%*	*10.1%*	*9.5%*	*11.0%*	*9.9%*	*10.4%*	*10.5%*
Diluted EPS (in dollars)	**0.96**	1.00	1.18	1.06	1.19	1.12	1.14	1.11
Net earnings excluding specific items[2]	**318.4**	308.4	338.4	334.9	329.5	337.2	324.5	314.7
Net earnings margin excluding specific items	***10.9%***	*10.1%*	*10.8%*	*11.0%*	*11.1%*	*10.8%*	*10.6%*	*10.6%*
Diluted EPS excluding specific items (in dollars)[2]	**1.22**	1.18	1.26	1.23	1.21	1.22	1.17	1.12
Liquidity[1]								
Cash provided by operating activities	**492.0**	584.8	396.5	465.3	405.2	375.2	462.0	391.5
As a % of revenue	***16.8%***	*19.2%*	*12.7%*	*15.2%*	*13.7%*	*12.0%*	*15.1%*	*13.2%*
Days sales outstanding	**47**	48	51	49	50	52	49	54
Capital structure[1]								
Net debt	**2,777.9**	3,243.5	3,792.3	2,810.6	2,117.2	2,336.1	1,597.3	1,738.7
Net debt to capitalization ratio	**23.6%**	28.0%	34.8%	27.7%	22.9%	25.2%	17.4%	19.1%
Return on equity	**16.0%**	17.3%	18.0%	18.0%	18.5%	18.1%	17.7%	17.3%
Return on invested capital	**12.1%**	13.0%	13.9%	14.4%	15.1%	15.0%	14.9%	14.5%
Balance sheet[1]								
Cash and cash equivalents, and short-term investments	**1,709.5**	1,371.1	314.0	223.2	223.7	225.2	544.0	406.1
Total assets	**15,550.4**	15,343.3	14,597.2	13,863.6	12,621.7	12,813.9	12,709.4	12,872.5
Long-term financial liabilities[3]	**4,030.6**	4,363.5	3,889.1	2,766.3	2,236.0	2,421.3	2,007.3	2,070.9

1 As of the periods ending December 31, 2019, figures include the impact of the adoption of IFRS 16, while previous quarters are not restated as indicated in section 7.

2 Please refer to sections 3.7. and 3.8.3. of each quarter's respective MD&A for the reconciliation of non-GAAP financial measures for the quarterly periods of 2019. For Fiscal 2019, please refer to sections 5.6. and 5.6.1. of each fiscal year's MD&A.

3 Long-term financial liabilities include the long-term portion of the debt, long-term lease liabilities and the long-term derivative financial instruments.

There are factors causing quarterly variances which may not be reflective of the Company's future performance. 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. Managed IT and business process services contracts are affected to a lesser extent by seasonality. Also, the workflow from some clients may fluctuate from quarter to quarter based on their business cycle and the seasonality of their own operations. Further, the savings that we generate for a client on a given managed IT and business process services 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.

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, managed IT and business process services

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, 2020 include all adjustments that CGI's management considers necessary for the fair presentation of its financial position, results of operations, and cash flows.

ADOPTION OF ACCOUNTING STANDARDS

The following standards have been adopted by the Company on October 1, 2019:

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 leases related interpretations, eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Lessees recognize a right-of-use asset representing its control of, and right to use, the underlying asset and a lease liability representing its obligation to make future lease payments.The Company adopted IFRS 16 using the modified retrospective method, with no restatement of comparative figures. The Company applied the new standard to contracts that were classified as leases under IAS 17 at the date of initial application. The right-of-use assets were recognized as if IFRS 16 had been applied since the commencement date for real estate leases. For all other leases, the right-of-use assets were measured at an amount equal to the lease liability adjusted by the prepaid amount and the accrued lease payment related to the lease in the balance sheet as at September 30, 2019.

The Company made use of the following practical expedients available on transition date: the definition of a lease, the use of hindsight in determining the lease term, the exclusion of initial direct costs from the measurement of the right-of-use asset at the transition date, the usage of a single incremental borrowing rate for a portfolio of leases with reasonably similar characteristics and adjusting the right-of-use assets for any onerous lease provisions as an alternative to an impairment review.

The adoption of IFRS 16 resulted in a material increase to the Company's assets and liabilities through the recognition of right-of-use assets and lease liabilities. Please refer to note 3 of our audited consolidated financial statements for additional information.

Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform

In September 2019, the IASB has amended some of its requirements to address the uncertainty arising from the planned phasing out of interest-rate benchmarks such as interbank offered rates (IBORs). The amendments provide temporary relief from applying specific hedge accounting requirements affected by the interest rate benchmark reform. The amendments impact IFRS 9 *Financial instruments*, IAS 39 *Financial instruments: Recognition and measurement* and IFRS 7 *Financial instruments: Disclosures*. The amendments come into effect for annual periods beginning on or after January 1, 2020 but early adoption is permitted. The Company elected to early adopt the Amendments to IFRS 9, IAS 39 and IFRS 7 - *Interest rate benchmark reform* as at October 1, 2019 and applied retrospectively the reform to hedging relationship that existed on the application date and to the amount accumulated in the cash flow hedge reserve at that date.

The Company has a debt expiring in December 2023 with a principal amount of US$500.0 million bearing interest based on the 1 month USD LIBOR rate. The debt has a carrying value of $666.3 million as at September 30, 2020. The Company has entered into cross-currency interest rate swaps with aggregate notional amounts of US$500.0 million maturing on the same date as the debt (the hedging instruments) on which it receives interest based on the same 1 month USD LIBOR rate. The cross-currency interest rate swaps were designated as cash flow hedge for the debt.

During the year ended September 30, 2020, the Company entered into the 2020 Term Loan for a total principal amount of US $1,250.0 million, please refer to note 32 of our audited consolidated financial statements for additional information. The 2020 Term Loan expires in March 2022, bears interest based on the 1 month USD LIBOR rate and has a carrying value of $1,665.6 million as at September 30, 2020.

For its hedges relationship, the Company assumes that the LIBOR interest rates used for the settlements on the debts and the swaps will continue to be available beyond the planned phase out date at the end of December 2021.

FUTURE ACCOUNTING STANDARD CHANGE

The following standards have been issued but are not yet effective as of September 30, 2020.

LIBOR reform with amendments to IFRS 9, IAS 29, IFRS 7 and IFRS 16

In August 2020, the IASB issued Interest Rate Benchmark Reform-Phase 2, which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform. The standard will be effective on October 1, 2021 for the Company. The Company is currently evaluating the impact of this standard on its financial statements.

8. Critical Accounting Estimates

The Company's significant accounting policies are described in note 3 of the audited consolidated financial statements year ended September 30, 2020. Certain of these accounting policies, listed below, require management to make accounting estimates and judgements 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.

The uncertainties around the COVID-19 pandemic required the use of judgements and estimates which resulted in no material impact, outside of restructuring costs, for the period ended September 30, 2020. The continued impact of COVID-19 could generate, in future reporting periods, a significant risk of material adjustments to the following items listed below.

Areas impacted by estimates	Consolidated balance sheets	Consolidated statements of earnings				
		Revenue	Cost of services, selling and administrative	Amortization and depreciation	Net finance Costs	Income taxes
Revenue recognition[1]	✓	✓	✓			
Goodwill impairment	✓			✓		
Right-of-use assets	✓			✓	✓	
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 performance obligations, the total arrangement value is allocated to each performance obligations based on its relative stand-alone selling price. At least on a yearly basis, the Company reviews its best estimate of the stand-alone selling price which is established by using a reasonable range of prices for the various services and solutions 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 systems integration and consulting services under fixed-fee arrangements is recognized using the percentage-of-completion method over time, as the Company has no alternative use for the asset created and has an enforceable right to payment for performance completed to date. The Company primarily uses labour costs or labour hours to measure the progress towards completion. Project managers monitor and reevaluate 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, a provision for an onerous revenue-generating contract is recorded.

Goodwill impairment

The carrying value of goodwill is tested for impairment annually or 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 and actual financial performance compared to planned performance.

The recoverable amount of each segment has been determined based on its value in use 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 services 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 12 of the audited consolidated financial statements for the fiscal year ended September 30, 2020. Historically, the Company has not recorded an impairment charge on goodwill.

Right-of-use assets

Estimates of the lease term

The Company estimates the lease term in order to calculate the value of the lease liability at the initial date of the lease. Management uses judgement to determine the appropriate lease term based on the conditions of each lease. To determine the term, the Company considers all factors that create economic incentives to exercise an extension or a termination option. The extension or termination options are only included in the lease term if it is reasonably certain of being exercised. Management considers all facts that create incentive to exercise an extension option or not to take a termination option including leasehold improvements, significant modification of the underlying asset or a business decision.

Discount Rate for leases

The discount rate is used to determine the initial carrying amount of the lease liabilities and the right-of-use assets. The Company estimates the incremental borrowing rate for each lease or portfolio of leased assets, as most of the implicit interest rates in the leases are not readily determinable. To calculate the incremental borrowing rate, the Company considers its credit worthiness, the term of the arrangement, any collateral received and the economic environment. The incremental borrowing rates are subject to change mainly due to changes in the economic environment.

A change in the assumptions used to determine the lease term could result in a significant impact on the right-of-use assets and the lease liabilities presented in the consolidated balance sheet as well as in the depreciation of the right-of-use assets and interest expense on lease liabilities.

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, management's 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, which does not exceed one year. All other subsequent changes are recorded in our 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 income tax laws in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes as the determination of tax liabilities and assets involves uncertainties in the interpretation of complex tax regulations and requires estimates and assumptions considering the existing facts and circumstances. The Company provides for potential tax liabilities based on the most likely amount of the possible outcomes. Estimates are reviewed each reporting period and updated, based on new information available, and could result in changes to the income tax liabilities and deferred tax liabilities in the period in which such determinations are made.

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 a 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

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 Audit and Risk Management Committee include: (i) reviewing public disclosure documents containing audited or unaudited financial information concerning CGI; (ii) identifying and examining material 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; (iii) reviewing and assessing the effectiveness of CGI's accounting policies and practices concerning financial reporting; (iv) reviewing and monitoring CGI's internal control procedures, programs and policies and assessing their adequacy and effectiveness; (v) reviewing the adequacy of CGI's internal audit resources including the mandate and objectives of the internal auditor; (vi) recommending to the Board of Directors the appointment of the external auditor, assessing the external auditor's independence, reviewing the terms of their engagement, conducting an annual auditor's performance assessment, and pursuing ongoing discussions with them; (vii) reviewing related party transactions in accordance with the rules of the NYSE and other applicable laws and regulations; (viii) reviewing the audit procedures including the proposed scope of the external auditor's examinations; and (ix) 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 has established and maintains disclosure controls and procedures designed to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which annual and interim filings are prepared, and that information required to be disclosed by the Company in its annual fillings, interim filings or other reports filed or submitted by the Company under Canadian and U.S. securities laws is recorded, processed, summarized and reported within the time periods specified under those laws and the related rules. As at September 30, 2020, management evaluated, under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures as defined under National Instrument 52-109 adopted by the Canadian Securities Administrators and in Rule 13 (a)-15(e) under the U.S. Securities Exchange Act of 1934, as amended. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as at September 30, 2020.

The Company has also established and maintains internal control over financial reporting, as defined under National Instrument 52-109 and in Rule 13(a)-15(f) under the U.S. Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is a process designed under the supervision of the Chief Executive Officer and the Chief Financial Officer, and effected by management and other key CGI personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Management evaluated, under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, the effectiveness of the Company's internal control over financial reporting as at September 30, 2020, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, management, under the supervision of and

with the participation of the Chief Executive Officer as well as the Chief Financial Officer concluded that the Company's internal control over financial reporting was effective as at September 30, 2020.

10. Risk Environment

10.1. RISKS AND UNCERTAINTIES

While we are confident about our long-term prospects, a number of risks and uncertainties could affect our ability to achieve our strategic vision and objectives for growth. The following risks and uncertainties should be considered when evaluating our potential as an investment.

10.1.1. External Risks

Economic and political risk

Economic and political conditions in the markets in which we operate have a bearing upon the results of our operations, directly and through their effect on the level of business activity of our clients. We can neither predict the impact that current economic and political conditions will have on our future revenue, nor predict changes in economic conditions or future political uncertainty. The level of activity of our clients and potential clients may be affected by an economic downturn or political uncertainty. Clients may cancel, reduce or defer existing contracts and delay entering into new engagements and may decide to undertake fewer IT systems projects resulting in limited implementation of new technology and smaller engagements. Since there may be fewer engagements, 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. Economic downturns and political uncertainty makes it more difficult to meet business objectives and may divert management's attention and time from operating and growing our business. Our business, results of operations and financial condition could be negatively affected as a result of these factors.

Other external risks

Additional external risks that could adversely impact the markets in which we operate, our industry and our business include terrorism, armed conflict, labour or social unrest, criminal activity, regional and international hostilities and international responses to these hostilities, and disease, illness or health emergencies that affect local, national or international economies. Additionally, the potential impacts of climate change are unpredictable and natural disasters, sea-level rise, floods, droughts or other weather-related events present additional external risks. Climate change risks can arise from physical risks (risks related to the physical effects of climate change) and transition risks (risks related to regulatory, legal, technological and market changes from a transition to a low-carbon economy) which may affect us or affect the financial viability of our clients leading to a reduction of demand and loss of business from such clients. Each of these risks could negatively impact our business, results of operation and financial condition.

Pandemic risks

A pandemic, including the COVID-19 pandemic, can create significant volatility and uncertainty and economic disruption. A pandemic poses the risk that our members, clients, contractors and business partners may be prevented from conducting business activities for an indefinite period, including the transmission of the disease or due to emergency measures or restrictions that may be requested or mandated by governmental authorities. The COVID-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus, including the implementation of travel bans, self-imposed quarantine periods and social distancing. Companies are also taking precautions, such as requiring employees to work remotely, imposing travel restrictions and temporarily closing businesses. These emergency measures and restrictions, and future measures and restrictions taken in response to the COVID-19 pandemic or other pandemics, have and may cause, material disruptions to businesses globally and are likely to have an adverse impact on global economic conditions and consumer confidence and spending, which could materially adversely affect our business. A pandemic, including the COVID-19 pandemic, may affect the financial viability of our clients, and could cause them to exit certain business lines, or change the terms on which they are willing to purchase services and solutions. Clients may also slow down decision-making, delay planned work, seek to terminate existing agreements, not renew existing agreements or be unable to pay us in accordance

with the terms of existing agreements. As a result of increased remote working arrangements due to a pandemic, the exposure to, and reliance on, networked systems and the internet can increase. This can lead to increased risk and frequency of cybersecurity incidents. Cybersecurity incidents can result from unintentional events or deliberate attacks by insiders or third parties, including cybercriminals, competitors, nation-states, and hacktivists. Any of these events could cause or contribute to risk and uncertainty and could adversely affect our business, results of operations and financial condition.

As a result of the COVID-19 pandemic, global equity and capital markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic are unknown at this time, as is the efficacy of the government and central bank interventions. The extent to which the COVID-19 pandemic impacts our future business, including our operations and the market for our securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the COVID-19 pandemic. It is not possible to reliably estimate the length and severity of these developments or the negative impact on our financial results, share price and financial condition in future periods. Many of the risks, uncertainties and other risk factors identified are, and will be, amplified by the COVID-19 pandemic.

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 nor that we will be able to penetrate new markets successfully. 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 managed IT and business process services 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 smaller contract wins, renewals and extensions in the areas of managed IT and business process services and system integration; second, the pursuit of new large long-term managed IT and business process services contracts; third, acquisitions of smaller firms or niche players; and fourth, large 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 managed IT and business process services contracts.

Our ability to grow through niche and transformational acquisitions requires that we identify suitable acquisition targets that we correctly evaluate their potential as transactions that will meet our financial and operational objectives, and that we successfully integrate them into our business. There can, however, be no assurance that we will be able to identify suitable

acquisition targets 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 cyclicality of the purchases of our technology services and solutions; (iv) the nature of our client's business (for example, if a client encounters financial difficulty (including as a result of external risks such as climate change or a pandemic), 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 managed IT and business process services 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; and political, social and economic instability. 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 and we are subject to ongoing audits, investigations and tax proceedings in various jurisdictions. 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. Tax authorities have disagreed and may in the future disagree with our income tax positions and are taking increasingly aggressive positions in respect of income tax positions, including with respect to intercompany transactions.

Our effective tax rate in the future could be adversely affected by challenges to intercompany transactions, changes in the value of deferred tax assets and liabilities, changes in tax law or in their interpretation or enforcement, changes in the mix of earnings in countries with differing statutory tax rates, the expiration of tax benefits and changes in accounting principles. Tax rates in the jurisdictions in which we operate may change as a result of shifting economic conditions and tax policies.

A number of countries in which the Company does business have implemented, or are considering implementing, changes in relevant tax, accounting and other laws, regulations and interpretations and the overall tax environment has made it increasingly challenging for multinational corporations to operate with certainty about taxation in many jurisdictions.

Any of the above factors could have a material adverse effect on our net income or cash flow by affecting our operations and profitability, our effective tax rate, the availability of tax credits, the cost of the services we provide, and the availability of deductions for operating losses.

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 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 managed IT and business process services 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 managed IT and business process services 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 continue 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 managed IT and business process 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 department 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 departments and 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 and regulations in many jurisdictions on matters such as: anti-corruption, trade restrictions, immigration, taxation, securities, antitrust, data privacy, labour relations, and the environment, amongst others. Complying with these diverse requirements worldwide is a challenge and consumes significant resources. The laws and regulations frequently change and some may impose conflicting requirements which may expose us to penalties for non-compliance and harm our reputation. Furthermore, in some jurisdictions, we may face the absence of effective laws and regulations to protect our intellectual property rights and there may be restrictions on the movement of cash and other assets, on the import and export of certain technologies, and on the repatriation of earnings. Any or all of these risks could impact our global business operations and cause our profitability to decline.

Our business with the U.S. federal government departments and agencies also requires that we comply with complex laws and regulations relating to government contracts. These laws and regulations 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 departments and 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. While 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, such provisions 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 is subject to numerous laws and regulations designed to protect information, such as the European Union's General Data Protection Regulation (GDPR), various laws and regulations in Canada, the U.S. and other countries in which the Company operates governing the protection of health or other personally identifiable information and data privacy. These laws and regulations are increasing in number and complexity and are being adopted and amended with greater frequency, which results in greater compliance risk and cost. The potential financial penalties for non-compliance with these laws and regulations have significantly increased with the adoption of the GDPR. The Company's Chief Data Protection Officer oversees the Company's compliance with the laws that protect the privacy of personal information. The Company faces risks inherent in protecting the security of such personal data which have grown in complexity, magnitude and frequency in recent years. 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 from our clients and third parties (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, the volume, velocity and creativity of security threats and cyber attacks continue to grow, this includes criminal hackers, hacktivists, state sponsored organizations, industrial espionage, employee misconduct, and human or technological error. As a worldwide IT and business consulting firm providing services to both the private and public sectors, we process and store increasingly large amounts of data for our clients, including proprietary information and personal information. Consequently, our business could be negatively impacted by physical and cyber threats, which could affect our future sales and financial position or increase our costs and expenses.

An unauthorized disclosure of sensitive or confidential client or member information, including cyber-attacks or other security breaches, could cause a loss of data, give rise to remediation or other expenses, expose us to liability under federal and state laws, and subject us to litigation and investigations, which could have an adverse effect on our business, cash flows, financial condition and results of operations. These security risks to the Company include potential attacks not only of our own solutions, services and systems, but also those of our clients, contractors, business partners, vendors and other third parties. Any local issue in a Business Unit could have a global impact on the entire Company , thus visibility and timely escalation on potential issues are key.

The Company's Chief Security Officer is responsible for overseeing the security of the Company. We seek to detect and investigate all security incidents and to prevent their occurrence or recurrence, by: (i) developing and regularly reviewing policies and standards related to information security, data privacy, physical security and business continuity; (ii) monitoring the Company's performance against these policies and standards; (iii) developing strategies intended to seek to mitigate the Company's risks, including through security trainings for all employees to increase awareness of potential cyber threats; (iv) implementing security measures to ensure an appropriate level of control based on the nature of the information and the inherent risks attached thereto, including through access management, security monitoring and testing to mitigate and help

detect and respond to attempts to gain unauthorized access to information systems and networks; and (v) working with the industry and governments against cyber threats. However, because of the evolving nature and sophistication of these security threats, there can be no assurance that our safeguards will detect or prevent the occurrence of material cyber breaches, intrusions or attacks.

We are regularly the target of attempted cyber and other security threats and must continuously monitor and develop our information technology networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorized access, misuse, computer viruses and other events that could have a security impact. If security protection does not evolve at the same pace as threats, a growing gap on our level of protection will be created. Technology evolution and global trends like digital transformation, cloud and mobile computing amongst others are disrupting the security operating model, thus security should evolve to address new relevant security requirements and build new capabilities to address the changes. Increasing detection and automated response capabilities are key to improve visibility and contain any negative potential impact. Automating security processes and integrating with IT, business and security solutions could address shortage of technical security staff and avoid introducing human intervention and errors.

Insider or employee cyber and security threats are increasingly a concern for all large companies, including ours. CGI is continuously working to install new, and upgrade its existing, information technology systems and provide member awareness training around phishing, malware, and other cyber risks to ensure that the Company is protected, to the greatest extent possible, against cyber risks and security breaches. While CGI selects third-party vendors carefully, it does not control their actions. Any problems caused by these third parties, including those resulting from breakdowns or other disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, cyber-attacks and security breaches at a vendor could adversely affect the our ability to deliver solutions and services to our customers and otherwise conduct business. Furthermore, while our liability insurance policy covers cyber risks, there is no assurance that such insurance coverage will be sufficient in type or amount to cover the costs, damages, liabilities or losses that could result from security breaches, cyber-attacks and other related breaches. As the cyber threat landscape evolves, the Company may find it necessary to make further significant investments to protect data and infrastructure. Occurrence of any of the 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 managed IT and business process services 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 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 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.

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Exhibit 99.4

CERTIFICATION

I, George D. Schindler, certify that:

1. I have reviewed this annual report on Form 40-F of CGI 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 18, 2020

/s/ George D. Schindler
George D. Schindler
President and Chief Executive Officer

Exhibit 99.5

CERTIFICATION

I, François Boulanger, certify that:

1. I have reviewed this annual report on Form 40-F of CGI 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 18, 2020

/s/ François Boulanger
François Boulanger
Executive Vice-President and
Chief Financial Officer

Exhibit 99.6

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, 2020 (the "Report") by CGI 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 18, 2020

/s/ George D. Schindler
George D. Schindler
President and Chief Executive Officer

Exhibit 99.7

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, 2020 (the "Report") by CGI 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 18, 2020

/s/ François Boulanger
François Boulanger
Executive Vice-President and
Chief Financial Officer

Exhibit 99.8

Consent of Independent Registered Public Accounting Firm

To: CGI Inc.

We hereby consent to the incorporation by reference in this Annual Report on Form 40-F for the year ended September 30, 2020 of CGI Inc. of our report dated November 10, 2020, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in the Exhibit incorporated by reference in this Annual Report.

We also consent to the incorporation by reference in the Registration Statements on Form S-8 numbers 333-197742, 333-112021, 333-13350, 333-66044, 333-74932, 333-146175, 333-177013 and 333-220741 of our report dated November 10, 2020 referred to above.

PricewaterhouseCoopers LLP

Partnership of Chartered Professional Accountants

Montréal, Quebec, Canada
December 18, 2020

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