

CGI GROUP INC  
Form 40-F  
December 21, 2017

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 40-F**

**(Check one)**

**Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934  
or**

**Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended September 30, 2017**

**Commission file number 1-14858**

**GROUPE CGI INC./CGI GROUP INC.**

**(Exact name of Registrant as specified in its charter)**

**CGI Group Inc.**

**(Translation of Registrant's name into English)**

**Québec, Canada**

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(Province or other jurisdiction of incorporation or organization)

7374

(Primary Standard Industrial Classification Code Number)

98-0406227

(I.R.S. Employer Identification Number)

1350 René-Lévesque Boulevard West, 25<sup>th</sup> Floor

Montréal, Québec

Canada H3G 1T4

(514) 841-3200

(Address and telephone number of Registrant's principal executive offices)

CGI Technologies and Solutions Inc.

11325 Random Hills

Fairfax, VA22030

(703) 267-8679

(Name, address and telephone number of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A subordinate voting shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

For annual reports, indicate by check mark the information filed with this form:

Annual Information Form

Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 254,106,795 Class A subordinate voting shares, 32,852,748 Class B shares

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the Registrant was required to submit and post such files). Yes No

## **Undertaking**

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

## **Controls and Procedures**

The Registrant has established a system of controls and other procedures designed to ensure that information required to be disclosed in its periodic reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures have been evaluated under the direction of the Registrant's Chief Executive Officer and Chief Financial Officer as of the end of the Registrant's most recently completed fiscal year on September 30, 2017. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer have concluded that the disclosure controls and procedures are effective. No change was made in the Registrant's internal controls over financial reporting during the fiscal year ended September 30, 2017 that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting. No significant changes were made in the Registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

## **Audit Committee**

The Audit and Risk Management Committee of the Board of Directors is composed entirely of unrelated directors who meet the independence and experience requirements of the New York Stock Exchange, the Toronto Stock Exchange, the Securities and Exchange Commission rules and National Instrument 52-110 adopted by Canadian securities regulators, as amended.

The Audit and Risk Management Committee is currently composed of Mr. Gilles Labbé, Chair of the Committee, and Messrs. Jean Brassard, Richard B. Evans, Timothy J. Hearn, Michael B. Pedersen and Joakim Westh. Mr. Jean Brassard is, however, not seeking re-election on the Board of Directors of the Registrant and will therefore cease to be a director and a member of the Audit and Risk Management Committee on January 31, 2018.

The Registrant's Board of Directors has determined that the following members of the Audit and Risk Management Committee of the Board of Directors are audit committee financial experts within the meaning of paragraph (8) of General Instruction B to Form 40-F:

Gilles Labbé

Please refer to the Registrant's Management Proxy Circular dated December 11, 2017 under the heading *Nominees for Election as Directors* for a brief summary of Mr. Labbé's relevant experience.

## **Principal Accountant Fees and Services**

In order to satisfy itself as to the independence of the external auditors, the Audit and Risk Management Committee has adopted an auditor independence policy which covers (a) the services that may and may not be performed by the external auditors, (b) the governance procedures to be followed prior to retaining services from the external auditors, and (c) the responsibilities of the key participants. The following is a summary of the material provisions of the policy.

*Performance of Services*

Services are either acceptable services or prohibited services.

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The acceptable services are audit and review of financial statements, prospectus work, the audit of pension plans, special audits on control procedures, tax planning services on mergers and acquisitions activities, due diligence relating to mergers and acquisitions, tax services related to transfer pricing, sales tax planning and returns, research and interpretation related to taxation, research relating to accounting issues, tax planning services, preparation of tax returns, and all other services that are not prohibited services.

The prohibited services are bookkeeping services, the design and implementation of financial information systems, appraisal or valuation services or fairness opinions, actuarial services, internal audit services, management functions, human resources functions, broker-dealer services, legal services, services based on contingency fees, and expert services.

#### *Governance Procedures*

The following control procedures are applicable when considering whether to retain the external auditors' services:

For all services falling within the permitted services category, whether they are audit or non-audit services, a request for approval must be submitted to the Audit and Risk Management Committee through the Executive Vice-President and Chief Financial Officer prior to engaging the auditors to perform the services.

In the interests of efficiency, certain permitted services are pre-approved quarterly by the Audit and Risk Management Committee and thereafter only require approval by the Executive Vice-President and Chief Financial Officer as follows:

The Audit and Risk Management Committee can pre-approve envelopes for certain services to pre-determined dollar limits on a quarterly basis;

Once pre-approved by the Audit and Risk Management Committee, the Executive Vice-President and Chief Financial Officer may approve the services prior to the engagement;

For services not covered by the pre-approved envelopes and for costs in excess of the pre-approved amounts, separate requests for approval must be submitted to the Audit and Risk Management Committee; and

At each quarterly meeting of the Audit and Risk Management Committee, a consolidated summary of all fees by service type is presented including a breakdown of fees incurred within each of the pre-approved envelopes.

#### *Fees Billed by the External Auditors*

During the years ended September 30, 2017 and September 30, 2016, CGI's external auditors billed the following fees for their services:

Service retained	Fees billed and percentage	
	2017	2016

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Audit fees	\$ 7,434,888	79.22%	\$ 7,454,707	78.45%
Audit related fees <sup>(a)</sup>	\$ 1,508,489	16.07%	\$ 1,494,486	15.73%
Tax fees <sup>(b)</sup>	\$ 399,755	4.26%	\$ 538,641	5.67%
All other fees <sup>(c)</sup>	\$ 42,175	0.45%	\$ 14,900	0.15%
<b>Total fees billed</b>	<b>\$ 9,385,307</b>	<b>100%</b>	<b>\$ 9,502,734</b>	<b>100%</b>

- (a) The audit related fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were primarily in relation to service organization control procedures audits and assistance.
- (b) The tax fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were in relation to tax compliance and advisory services.
- (c) The other fees billed by the external auditors for the fiscal years ended September 30, 2017 and 2016 were primarily in relation to services in connection with CGI's corporate social responsibility program.

## Codes of Ethics

In addition to its Code of Ethics and Business Conduct (which incorporates by reference the CGI Anti-Corruption Policy) that applies to all the Registrant's employees, officers and directors, the Registrant has adopted an Executive Code of Conduct that applies specifically to the Registrant's principal executive and financial officers, including the Founder and Executive Chairman of the Board, the President and Chief Executive Officer, and the Executive Vice-President and Chief Financial Officer, the principal accounting officer or controller, or other persons performing similar functions (collectively, the Officers). The Executive Code of Conduct is designed to deter wrongdoing and to promote:

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Registrant files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Registrant;

Compliance with applicable governmental laws, rules and regulations;

The prompt internal reporting of violations of the Executive Code of Conduct to an appropriate person or persons identified in the Executive Code of Conduct; and

Accountability for adherence to the Executive Code of Conduct.

The Registrant's Executive Code of Conduct and its Code of Ethics and Business Conduct (which incorporates the CGI Anti-Corruption Policy) are available on the Registrant's website at [www.cgi.com](http://www.cgi.com).

The Board of Directors monitors compliance with the Executive Code of Conduct and the Code of Ethics and Business Conduct (which incorporates the CGI Anti-Corruption Policy) and is, under its charter, responsible for any waivers of their provisions granted to directors or Officers. No such waivers have been granted to date.

## Corporate Governance Practices

CGI's corporate governance practices conform to those followed by U.S. domestic companies under the *New York Stock Exchange* listing standards.

## Off-balance sheet arrangements

The Registrant does not enter into off-balance sheet financing as a matter of practice except for the use of operating leases for office space, computer equipment and vehicles as well as the sale of accounts receivable, none of which are off-balance sheet arrangements within the meaning of paragraph (11) of General Instruction B to Form 40-F.

As disclosed in note 30 to the Registrant's Audited Annual Consolidated Financial Statements, in the normal course of business, the Registrant enters into agreements that may provide for indemnification and guarantees to counterparties in transactions such as consulting and outsourcing services, business divestitures, lease agreements and financial

obligations. These indemnification undertakings and guarantees may require the Registrant to compensate counterparties for costs and losses incurred as a result of various events, including breaches of representations and warranties, intellectual property right infringement, claims that may arise while providing services or as a result of litigation that may be suffered by counterparties. The nature of most indemnification undertakings prevent the Registrant from making a reasonable estimate of the maximum potential amount the Registrant could be required to pay counterparties, as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. The Registrant does not expect that any sum it may have to pay in connection with these guarantees will have a materially adverse effect on its Audited Annual Consolidated Financial Statements.

## Tabular Presentation of Contractual Obligations

As of September 30, 2017, the Registrant's commitments under the terms of contractual obligations with various expiration dates, primarily for the rental of premises, computer equipment used in outsourcing contracts and long-term service agreements, were as follows:

Commitment type	Total	Less than 1 year	2nd and 3rd years	4th and 5th years	After 5 years
<i>In thousands of CAD</i>					
Long-term debt	1,835,200	109,006	383,022	840,128	503,044
Estimated interest on long-term debt	307,203	69,431	117,026	83,258	37,488
Finance lease obligations	29,794	13,408	12,701	3,685	
Estimated interest on finance lease obligations	1,315	678	556	81	
Operating leases					
Rental of office space (excluding costs of services and taxes)	569,402	128,929	189,082	138,249	113,142
Computer equipment	8,955	6,373	1,589	993	
Automobiles	78,418	39,533	35,394	3,491	
Long-term service agreements and other	238,931	109,495	104,296	25,140	
<b>Total contractual obligations</b>	<b>3,069,218</b>	<b>476,853</b>	<b>843,666</b>	<b>1,095,025</b>	<b>653,674</b>

The Registrant's required benefit plan contributions have not been included in this table as such contributions depend on periodic actuarial valuations for funding purposes. The Registrant's contributions to defined benefit plans are estimated at \$23.8 million for fiscal 2018 as described in note 16 of the Audited Annual Consolidated Financial Statements.

### Information to be Filed on This Form

The following materials are filed as a part of this Annual Report:

Annual Information Form for the fiscal year ended September 30, 2017

Audited Annual Consolidated Financial Statements for the fiscal year ended September 30, 2017

Management's Discussion and Analysis of Financial Position and Results of Operations for the fiscal year ended September 30, 2017

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

- 23.1 Consent of Ernst & Young LLP
- 99.1 Certification of the Registrant's Chief Executive Officer required pursuant to Rule 13a-14(a)
- 99.2 Certification of the Registrant's Chief Financial Officer required pursuant to Rule 13a-14(a)

- 99.3 Certification of the Registrant's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.4 Certification of the Registrant's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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This Annual Information Form is dated December 11, 2017 and, unless specifically stated otherwise, all information disclosed in this form is provided as at September 30, 2017, the end of CGI's most recently completed fiscal year. All dollar amounts are in Canadian dollars, unless otherwise stated.

## CORPORATE STRUCTURE

### Incorporation and Registered Office

CGI Group Inc. (the Company, CGI, we, us or our) was incorporated on September 29, 1981 under Part IA 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, 25<sup>th</sup> Floor, Montreal, Quebec, Canada, H3G 1T4. CGI became a public company on December 17, 1986 upon completing an initial public offering of its Class A subordinate voting shares.

### Subsidiaries

The activities of the Company are conducted either directly or through subsidiaries. The table below lists the principal subsidiaries of the Company as at September 30, 2017, each of which is directly or indirectly wholly-owned by the Company. Certain subsidiaries whose total assets did not represent more than 10% of the Company's consolidated assets or whose revenue did not represent more than 10% of the Company's consolidated revenue as at September 30, 2017, have been omitted.<sup>1</sup> The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets and revenue of the Company as at September 30, 2017. This table omits subsidiaries whose primary role is to hold investments in other CGI subsidiary entities.

Name of Subsidiary	Countries of Incorporation
Conseillers en gestion et informatique CGI inc.	Canada
CGI Information Systems and Management Consultants Inc.	Canada
CGI Technologies and Solutions Inc.	United States of America
CGI Federal Inc.	United States of America
CGI Suomi Oy	Finland
CGI Sverige AB	Sweden
CGI Nederland B.V.	Netherlands
CGI IT UK Limited	United Kingdom
CGI France SAS	France
CGI Deutschland Ltd. & Co. KG	Germany

<sup>1</sup>Based on the Company's annual audited consolidated financial statements for the fiscal year ended September 30, 2017 filed with Canadian securities regulators and which are available at [www.sedar.com](http://www.sedar.com) and on CGI's website at

[www.cgi.com](http://www.cgi.com).

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## Capital Structure

The Company's authorized share capital consists of an unlimited number of Class A subordinate voting shares carrying one vote per share and an unlimited number of Class B shares (multiple voting) carrying 10 votes per share, all without par value, of which, as of December 11, 2017, 254,873,846 Class A subordinate voting shares and 32,852,748 Class B shares, were issued and outstanding. These shares represent respectively 43.69% and 56.31% of the aggregate voting rights attached to the outstanding Class A subordinate voting shares and Class B shares. Two classes of preferred shares also form part of CGI's authorized capital: an unlimited number of First Preferred Shares, issuable in series, and an unlimited number of Second Preferred Shares, also issuable in series. As of December 11, 2017, there were no preferred shares outstanding.

The Company incorporates by reference the disclosure contained under the headings *Class A Subordinate Voting Shares and Class B Shares* on pages 3 and 4, and *First Preferred Shares and Second Preferred Shares* on pages 4 and 5 of CGI's Management Proxy Circular dated December 11, 2017 which was filed with Canadian securities regulators and which is available at [www.sedar.com](http://www.sedar.com) and on CGI's website at [www.cgi.com](http://www.cgi.com).

## Stock Splits

As of December 11, 2017, the Company had proceeded with four subdivisions of its issued and outstanding Class A subordinate voting shares as follows:

- August 12, 1997 on a two for one basis;
- December 15, 1997 on a two for one basis;
- May 21, 1998 on a two for one basis; and
- January 7, 2000 on a two for one basis.

## Market for Securities, Trading Price and Volume

The Class A subordinate voting shares are listed for trading on the Toronto Stock Exchange (TSX) under the symbol GIB.A and on the New York Stock Exchange, under the symbol GIB. A total of 134,542,727 Class A subordinate voting shares were traded on the TSX during the fiscal year ended September 30, 2017 as follows:

Month
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