2019 UNIVERSAL REGISTRATION DOCUMENT

2019 Annual financial report

PUBLICIS GROUPE

CONTENTS

2019 UNIVERSAL REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

GROUP PROFILE

Publicis Group is a world leader in marketing and digital business transformation.

Publicis Groupe has a presence throughout the value chain, from strategy to implementation, combining marketing transformation and digital business transformation, connected by data. Publicis Groupe positions itself as the preferred partner in its clients' transformation, enabling them to create large-scale personalized experiences with consumers. The Group draws on ten different forms of expertise which are combined in four core activities: Communication, Media, Data and Technology. It offers its clients a unified and fluid organization that facilitates access to all its expertise in each of its markets. Satisfying client needs is an obsession that has always been the central focus of the business model.

126 COUNTRIES

Founded in Paris in 1926, the Group operates in 126 countries with over 83,000 employees across five continents.

The Universal Registration Document was filed on April 27, 2020 with the AMF (the French Financial Markets Authority) in its capacity as competent authority under (EU) Regulation 2017/1129, without prior approval, pursuant to article 9 of said regulation.

The Universal Registration Document can be used for an initial public offering of financial securities or for the admission of financial securities to trading on a regulated market if it is supplemented by a Transaction Note (or financial securities note) and, where applicable, a summary of, as well as all the amendments made to, the Universal Registration Document. The whole package is then approved by the AMF pursuant to (EU) Regulation 2017/1129.

MESSAGE FROM THE CHAIR OF THE SUPERVISORY BOARD

Maurice Lévy
Chair of the Supervisory Board

There is something surreal about presenting the Groupe's 2019 activity at a time when we are living through the most serious pandemic of modern times with its procession of bad news: the number of people infected with the coronavirus, those on life support or having lost their lives, and the difficulties of all countries in coping with this evil that has spread inexorably throughout our planet. Activity is largely stopped, populations are confined, new rules of social behavior are in force: distancing, restrictions on movement...

My first thought naturally goes to the new heroes, caregivers and all those who make life simply go on in such a difficult world. Their indispensable work for our society is admirable.

Faced with this difficult situation, which affects all economic sectors and the entire world, allow me to highlight the main decisions made by the Directoire and its Chairman, Arthur Sadoun, in full agreement with the Supervisory Board, from the very first hours of the news coming in from China and quickly applied to all our agencies:

- As a priority, the measures aimed at protecting our employees, their health and well-being, by offering them the means to work remotely: 95% of our global workforce was able to work from home and all measures were taken to enable them to experience this unprecedented situation with as little risk of harm as possible. I must express my admiration for the considerable efforts made by our employees and the treasures of creativity and inventiveness deployed to continue to serve our clients effectively.
- Make sure that we provide our clients with all the support they may need in all areas, by being close to them, to their primary concerns and by providing strategic, creative or technological solutions that can help them transition through this crisis as successfully as possible.
- Ensure that our Groupe is well protected and capable of overcoming the current difficulties, the extent of which are still unknown at the time of this writing, by ensuring rigorous management of our costs and cash flow and by keeping our ability to bounce back intact. It should be noted that the investments we have made over the years to build up an entity such as Re:Sources, technological resources and strategic technology or data activities are very valuable assets to get us through these difficult times. The deployment of the Marcel platform recently designed to develop exchanges between all our talent and make better use of our internal resources, will allow us to further improve the quality of our services, the development of our talent, and their optimal use.

In this unprecedented situation, the Supervisory Board met on Friday, April 10, to examine, in particular: the performance of the first quarter of 2020, the first economic consequences of the COVID-19 pandemic and the confinement in a certain number of countries or States, the decisions taken by the management to respond to the rapidly changing situation, and the dividend policy for fiscal year 2019, payable in 2020.

“ A few years ago, we initiated an essential transformation of our organization and our way of working to adapt to the upheavals in our industry as a result of digital technology and innovation in order to better meet the needs of our customers. ”

> “ Our Groupe’s financial results are among the best in the industry, if not the best: a strong balance sheet, sound management of our resources, a prudent debt structure within reasonable limits, and good cash flow generation. ”

On this occasion, the Supervisory Board stated that it was very impressed by the exceptional mobilization of the teams around the world, the impetus of solidarity and the spirit of collaboration at all levels, and it wished to express its warmest thanks and assure the Chairman of the Directoire and the Groupe’s management teams of its full support.

In the face of this crisis unprecedented in its scope, the Supervisory Board endorsed the Directoire decision to ask shareholders to make an effort to show solidarity with the Groupe, by reducing the dividend by 50% to 1.15 euro, compared to the 2.30 euro per share initially planned, by postponing its payment from the beginning of July to September 28, 2020, and, finally, by inviting shareholders to use the option of payment in shares in order to reinvest their dividends in the Company.

In addition, individual and voluntary decisions of temporary compensation reduction were taken by Arthur Sadoun, Chairman of the Management Board, to reduce his fixed remuneration for the second and third quarters by 30% and by Anne-Gabrielle Heilbronner, Steve King and the members of the Management Committee to reduce their fixed remuneration by 20% for the second and third quarters of 2020. For my part, I will reduce my annual remuneration by 30%.

However, since we still need to talk about the 2019 business activity, which is the subject of this document, let us return our attention to the 2019 financial year. A few years ago, we initiated an essential transformation of our organization and our way of working to adapt to the upheavals in our industry as a result of digital technology and innovation in order to better meet the needs of our customers.

Through Sapient, we have acquired skills in technology and consulting to prepare our customers for their own transformation.

More recently, we completed the construction of the assets essential to meet the challenges of the future with the acquisition of Epsilon, the world leader in data. I believe that there is no need to stress the major role that data and artificial intelligence play in the management of communication today and even more so tomorrow.

The Directoire has carried out the necessary reforms and restructurings so that we can implement one organization per country and so that our Power Of One concept benefits all our clients.

This transition period has resulted in a double cost: that of restructuring and that of lost growth opportunities that penalized us.

As a result, in 2019, our growth was at half mast, but at the same time we began to reap the benefits of our transformation through brilliant victories in new business, placing our Groupe at the top of the world rankings for the second consecutive year. These successes prove the relevance of our strategy, the quality of our assets and the talent of our teams, as well as the determination of our managers.

Our Groupe’s financial results are among the best in the industry, if not the best: a strong balance sheet, sound management of our resources, a prudent debt structure within reasonable limits, and good cash flow generation. All of this is no accident but the result of considerable work carried out by all of the Groupe’s teams in all areas and in keeping with a well-established culture of performance. Unfortunately, these successes and efforts are not yet reflected in our share price, but I have no doubt that, once the current crisis is overcome, Publicis will demonstrate its fundamental qualities through performance and that these will be rightly appreciated by the markets.

> “ I have every confidence in the ability of our teams at all levels to cope with the most unexpected situations and to come out of them stronger. ”

The Supervisory Board is made up of a great diversity and richness of personalities from different backgrounds and has been enriched this year by the arrival of Suzi LeVine, Antonella Mei-Pochtler and Enrico Letta. It held eight meetings, including two days spent in New York to review the Groupe’s strategy in detail, with operations in the USA accounting for more than 50% of the Groupe’s revenue. The Board was unanimously convinced of the quality of Publicis’ unique model and of the actions implemented to execute, with determination, the strategy proposed by the Directoire and its Chairman, Arthur Sadoun, to whom the Board gives its full support. I would like to thank the members of the Board who work with dedication, rigor, high standards and efficiency in perfect harmony with the Directoire.

I have spoken about our financial results and our achievements, and I would like at this point to express my warm and sincere thanks to all our employees and clients, as well as, of course, to the Groupe’s management team. I would like to express to you, our shareholders, all my confidence, and that of the Board’s, in our ability to make the right choices.

The results for the first quarter of 2020 show that before the spread of the pandemic and the various confinement measures put in place, the challenge this year is no longer simply to prove that we have the right model, as was demonstrated in January and February, but to demonstrate our resilience and our ability to rebound in a world that will be increasingly difficult. I have every confidence in the ability of our teams at all levels to cope with the most unexpected situations and to come out of them stronger.

MESSAGE FROM THE CHAIR OF THE MANAGEMENT BOARD

Arthur Sadoun
Chair of the Management Board

> **“We are well-equipped to face this crisis. The Groupe’s transformation, which we finalized in 2019, gives us fundamental assets to move forward in these uncertain times.”**

It is in a very particular context that we present you with Publicis Groupe’s activity report for 2019. As we publish this document, our world has been hit by a global pandemic, the economic impact of which cannot be predicted.

The first consequences on our activity were already apparent in the figures for the first quarter of 2020, which we have just published. After very encouraging results at the end of February, the month of March was seriously impacted by the continued crisis in China and the sharp deterioration of the situation in Europe.

We are now all facing a crisis that will be unprecedented in its scale, complexity and probably duration. In this period of uncertainty, we have reacted without delay and set three priorities.

First, we have focused on protecting our employees. We immediately adapted our IT infrastructure so that all our employees could work safely from home. We also took several initiatives to protect their health and well-being, so that our people feel supported. Finally, we accelerated the launch of Marcel, our artificial intelligence platform, because it has never been more important to connect our teams around the world and at the same time to fight the effects of isolation. It will thus enable our people all over the world to be in touch with each other, to exchange and generate creative and innovative ideas, thanks to all the Groupe’s talent.

We then fully mobilized to help our clients adapt to this situation; redefining their communication strategy and campaigns in this period of crisis; redirecting their media investments to enable them to achieve a better return in the short term; and offering them new products, with guaranteed results tailored to their needs. We are also helping them to accelerate their marketing and digital transformation to generate more growth and efficiency.

As follows every crisis of similar magnitude, habits will be permanently changed. We will work differently, trade differently, consume differently, through different channels and with brands that will have to reinvent themselves. Our clients will have to adapt, their strategic priorities and their transformation will have to be redefined, and we will be at their side to anticipate these changes and be a step ahead.

Finally, we have taken exceptional measures to face the coming recession and preserve our financial strength. We are implementing a 500 million euro savings plan, fully effective in 2020, to adapt to the current situation and be ready for recovery.

We are well-equipped to face this crisis. The Groupe’s transformation, which we finalized in 2019, gives us fundamental assets to move forward in these uncertain times.

“ Our experience in managing costs and cash in times of crisis and the strength of our balance sheet will help us weather this storm and be ready for recovery. ”

Our country organization makes us more responsive and agile, which is a significant advantage in dealing with a crisis of this magnitude and adapting in real time to the changing situation in each market. Our Power of One model gives our clients access to all of the Groupe’s expertise in creative, media, data and technology, and thus benefit from all the resources they need in this context.

We have unparalleled assets. With the acquisition of Epsilon, the leader in large-scale marketing personalization using data, we have placed it at the heart of the Groupe’s activities. Its integration is now complete. Against a backdrop of budget attrition in the US consumer products sector, which weighed on our organic growth in 2019, the acquisition of Epsilon enabled us to record a sharp increase in our net income to 9.3% and allows the combination of data + technology expertise, the future of our industry, to now account for 30% of the Groupe’s activities.

We also renewed the management teams at Publicis Sapient and repositioned its operations around the transformation of companies, through an organization by industrial sectors. At the same time, we have continued to promote a new generation of leader to strategic positions, in our most iconic brands, our biggest countries, for our top clients.

The Groupe’s financial strength is well established, and it has been reconfirmed in 2019. Our performance once again ranks among the best in the sector, with an increase in operating margin of 11.6% and diluted earnings per share of 8.9%, while investing significantly in our talent. Our experience in managing costs and cash in times of crisis and the strength of our balance sheet will help us weather this storm and be ready for recovery.

Finally, and most importantly for the future, our model and our offer have proven their success with new clients, demonstrated in the major pitch wins of the last year: Disney, Mondelez and Novartis, to name a few. We were also ranked first in new business wins by Goldman Sachs and JPMorgan for the second year running. This momentum will continue into early 2020, and we are developing specific new products, combining the expertise of Epsilon and the leading position of Publicis Media in the US, to help our clients overcome the crisis.

In 2019, we therefore completed our transformation, both in terms of assets and organization. Thanks to Maurice Lévy’s vision, we are uniquely positioned today to become the indispensable partner of our clients, today and tomorrow. This profound transformation allows us to face the strong shocks caused by the current crisis under good conditions. Even if no one knows the extent of it because it is affecting all sectors worldwide, the Publicis Groupe has solid foundations and an agile structure that increase its resilience.

“ Our model and our offer have proven their success with new clients, demonstrated in the major pitch wins of the last year. ”

I would like to thank all of Publicis Groupe’s teams for their courage and dedication during this period and more particularly the members of the Management Committee for their commitment at all times to our employees and our clients. I would also like to thank the Supervisory Board and its Chairman for their advice and support, especially so at this time when we need their experience more than ever to project us into the future.

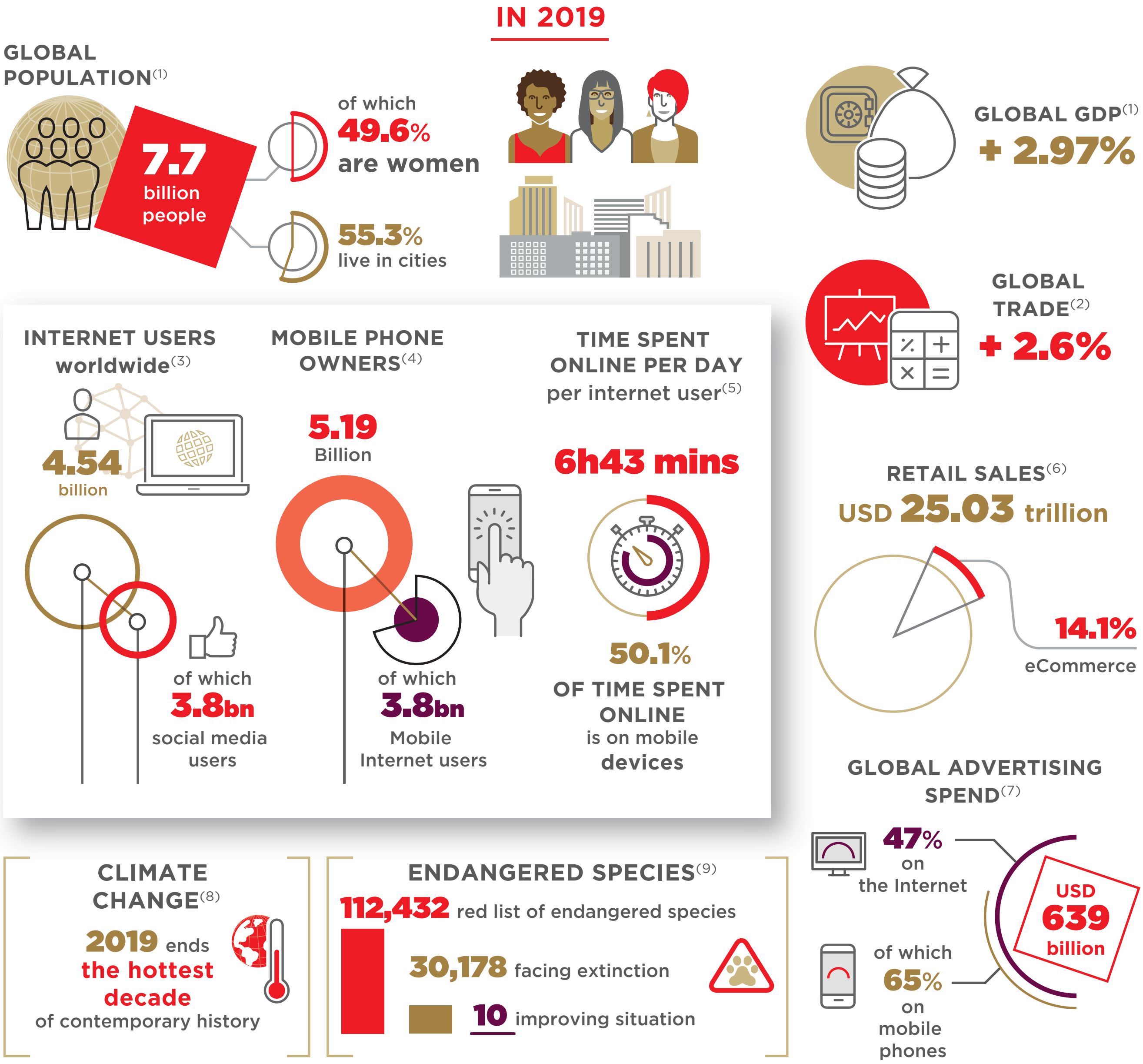
Finally, I would like to thank our customers and shareholders for their continued trust. Our Groupe is fully committed to continuously improving its products and services and being one step ahead, while demonstrating its financial strength. This constant mobilization becomes even more necessary in the context of the very great uncertainty we have been experiencing for several weeks now.

OUTLOOK

In 2019, the year was marked by multiple demands from people from different regions around the world advocating for the reduction of social inequalities, and by a growing awareness worldwide of the climate emergency, driven by the youth of many countries. The situation is changing rapidly and this acceleration is at the heart of the world's current difficulties, of the changes that are taking place in all companies and of the challenges that this poses for organizations - political, economic, social, cultural... - and individuals. The changes to come are numerous and complex. They are destabilizing, but also herald countless opportunities in all fields, without exception. One of the main challenges is to manage the current transition period. The challenges posed by climate change are considerable and the innumerable consequences of the Covid-19 pandemic will alter many things. It is with the convergence of individual efforts and collective action - private or public - that we will be able to provide relevant responses. We need a long-term paradigm shift.

The global digital transformation has direct consequences for our industry as well as many others. Technological innovation and the central role being played by mobile phones are generating new behaviors among citizen-consumers, changing their lifestyles and consumption patterns. For consumers, faced with a virtually infinite number of possibilities in all fields, each person's experience must be unique. It will become increasingly personalized thanks to data and the proper use thereof, and thanks to messaging perfectly adapted to the expectations of each consumer.

That is where Publicis Groupe has a competitive advantage.



(1) World Bank 2019
(2) World Trade Organization 2019
(3) We Are Social 2019
(4) GSMA: Groupe Speciale Mobile Association 2019
(5) GlobalWebIndex 2019
(6) eMarketer 2019
(7) Zenithoptimedia 2019
(8) WMO - World Meteorological Organization 2020
(9) IUCN - International Union for Conservation of Nature 2019

BUSINESS MODEL

6 CAPITALS | RESOURCES | NEEDS OF OUR CLIENTS

HUMAN

- **83,235** employees
- **49.8%** women
- **More than 100 M€** additional investment in talent

INTELLECTUAL

- Creativity
- Data
- Media
- Unique solutions for business & digital transformation, and marketing transformation

FINANCIAL

- Total Assets: **€32.7Bn**
- Family & management = **9.8%** of capital
- Average Net Debt: **€2.4Bn**

PRODUCTION

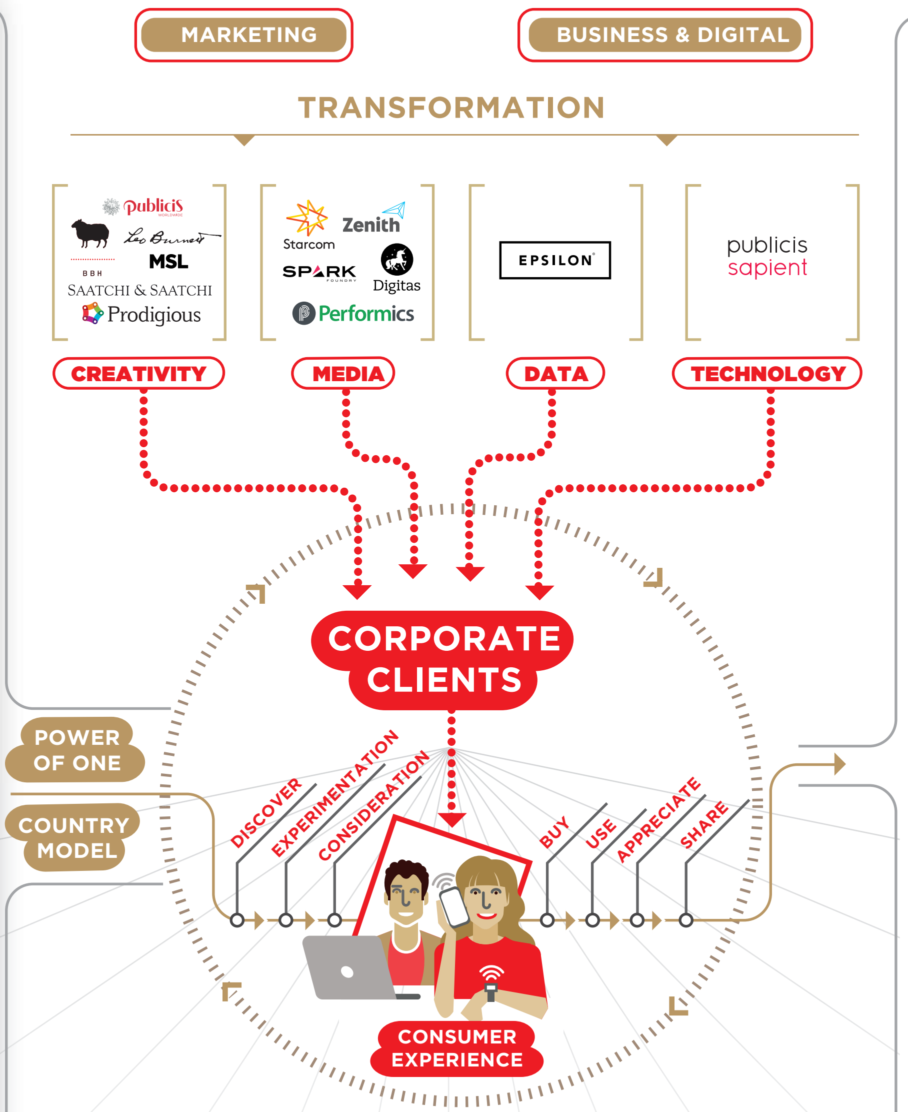
- Business Excellence for clients
- Partnerships with key suppliers

SOCIETAL

- Ethics and compliance
- Community engagement

ENVIRONMENTAL

- Transport
- Energy Consumption
- Eco-design of campaigns and digital solutions



Third-largest global communications group, Publicis Groupe operates across the entire value chain, from consulting to execution, combining companies' marketing and digital business transformation. Publicis Groupe is positioned as the go-to partner for its customers' transformation as they seek to create personalization at scale, in a world increasingly dominated by platforms. Our talent is organized into 10 areas of expertise in four main business lines: Communication, Media, Data, and Technology. It offers its clients a unified and fluid organization that facilitates access to all its expertise in each of its markets.

Publicis Groupe's model has always been client-focused. Companies today face enormous challenges, but also enjoy new opportunities: improving and enhancing the client experience are central challenges in a media environment characterized by the ubiquity of platforms, shaken up by digital technologies, and where clients are now used to accessing all products in a single click. Mining increasingly diverse data sources, from both the Internet and the physical world, also raises a raft of new questions for companies, chief among them being peoples' right to privacy. To meet this challenge, Publicis Groupe works at each stage of the consumer experience to strengthen the image and attractiveness of its clients' products and services with iconic creative brands, large-scale media networks and expertise in digital business transformation. Epsilon's data expertise feeds into all activities.

VALUE CREATION

	OUTPUTS	2019 KEY INDICATORS	SDG*
HUMAN	• Inclusion: « Viva la différence » • Employee training throughout their career and according to projects • Well being at work	• **50%** women on Supervisory Board • **38.3%** women in key leadership positions • **69.8%** of employees received training • **€6,073M** personnel costs • **50,000** women (and men) in the Women's Forum community in 10 years WOMEN'S FORUM FOR THE ECONOMY & SOCIETY	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
INTELLECTUAL	• Teams with specialist expertises • R&D Investments • Partnerships with start-ups	• **19,000** talents in Data and Tech • Viva Technology: **120,000** visitors in 2019 VIVA TECHNOLOGY	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
FINANCIAL	• TOP 100 clients: **53%** of revenue • Free Cash Flow: **€1.3 Bn** (before WCR variation) • Personalized consumer experience at scale	• **€9.8 Bn** Net Revenue in 2019 • **€1,699M** Operating margin in 2019(1) • **€1,188M** Headline Net income in 2019(2) • **€1.15** dividend per share(3)	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
PRODUCTION	• Client Satisfaction at the heart of the « Power of One » approach • Responsible Marketing • CSR evaluation of suppliers	• **N° 1** Worldwide in New Business rankings(4) • Engaged with professional organisations • **69%** of central suppliers evaluated • **PASS** New Groupe platform for supplier CSR self-assessment	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
SOCIETY	• Present in **+ 100 Countries** • **561** Pro bono campaigns and volunteering actions	• **€305M** Tax charge in 2019 • **€45.4M** equivalent value undertaken in societal activities	8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 11 SUSTAINABLE CITIES AND COMMUNITIES
ENVIRONMENTAL	• **-43%** reduction in Carbon intensity per capita over 10 years • SBTI objective: **1.5°** Scenario by 2030 • Reduction of impact from campaigns and digital solutions	• Carbon Neutral for 2030, as soon as possible • **37.1%** of energy from renewable sources; Objective to source **100%** renewable energy by 2030	13 CLIMATE ACTION

*SDG: United Nations Sustainable Development Goals. Publicis Groupe has identified 10 of the 17 goals whereby the Groupe and its subsidiaries can make a positive impact (see chapter 4.8).

(1) Excluding transaction costs relating to the acquisition of Epsilon.
(2) Groupe net income
(4) Sources: JP Morgan, Goldman Sachs.

(3) Submitted to Shareholders vote during the General Shareholder's Meeting of 27 May 2020. The Supervisory board decided, following a recommendation by the Directoire, to reduce the proposed dividend to be paid for the 2019 financial year from €2.30 to €1.15 per share, as part of an exceptional measure linked to the Covid-19 pandemic.

ORGANIZATION

The Groupe places its clients at the heart of its activities. Each of its major clients is assigned a Groupe Client Leader (GCL - a Groupe-wide global client manager), and has a separate income statement to help relations with different players within Publicis Groupe flow more easily. This innovative organization enables the teams' work and use of the Groupe's know-how to be adapted to meet a client's specific requirements, with the aim of providing it with great ideas that will revolutionize its brands and its business.

Publicis Groupe offers its clients the full range of expertise based on the four key components of its offer: creative activities with its major iconic networks (Publicis Worldwide, Saatchi & Saatchi, Leo Burnett, BBH or Marcel, to name but a few), strategic communication and influence (MSL, Kekst, Salterbaxter), production with Prodigious, data with Epsilon, media activities with the major strategy and media-buying networks (Starcom, Zenith, Digitas, Spark Foundry), performance (Performics), sales, digital marketing (Razorfish), and the digital business transformation with Publicis Sapient; and Publicis Health dedicated to the specificities of the healthcare sector (Digitas Health, Publicis Health, Saatchi & Saatchi Health). The Groupe brings together its wide range of expertise under a simplified country approach to create a "seamless" offer that addresses all of its clients' expectations.

Publicis thus defined ten key markets: US, UK, France, DACH (Germany, Austria and Switzerland), Asia Pacific & Africa - Middle East, Canada, Northern and Central Europe, Southern Europe, Latin America excluding Brazil, and Brazil. These ten countries or regions are run or supervised by a single person, and steered day-to-day by a unified Executive Committee which oversees a single income statement; they have shared support functions, and are able to offer our clients cross-cutting solutions that meet their needs.

MANAGEMENT BOARD OF PUBLICIS GROUPE

ARTHUR SADOUN
Chair & CEO

JEAN-MICHEL ETIENNE
Executive Vice President – Groupe Finance

ANNE-GABRIELLE HEILBRONNER
Secretary General
Publicis Groupe

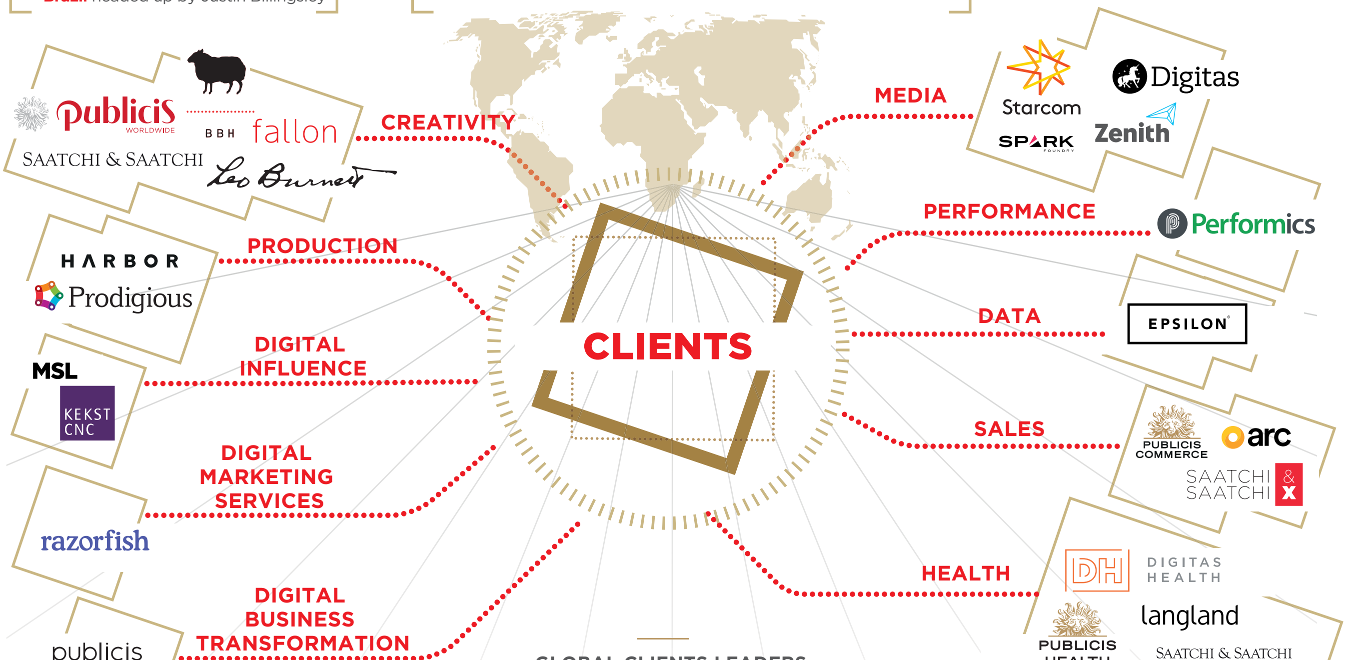
STEVE KING
Chief Operating Officer
Publicis Groupe

COUNTRY MODEL: AN INTEGRATED OFFERING IN ALL GROUPE MARKETS

AMERICAS
United States, steered by the US Executive Committee
Canada headed up by Andrew Bruce
Latin America headed up by Monica Gadsby
Brazil headed up by Justin Billingsley

EUROPE
France, headed up by Agathe Bousquet
United Kingdom, headed up by Annette King
DACH Germany, Switzerland, Austria) headed up by Justin Billingsley
Northern Europe, headed up by Jarek Ziebinski
Southern Europe, headed up by Gerry Boyle

APAC ME A
Asia Pacific/ Middle East & Africa, headed up by Loris Nold



GLOBAL CLIENTS LEADERS
headed up by **Ros King**
This team comprises the Groupe Clients Leaders (GCLs) who are the single point of access for global clients, simplifying access to all the Group's resources.

RE:SOURCES
headed up by **Frank Voris**
Partner in excellence, Re:Sources develops targeted initiatives - platforms and services - to help agencies transform and increase productivity (back-office functions, admin staff, IT, execution, etc.)

TALENT

HEADCOUNT

at December 31, 2019

83,235

EMPLOYEES

WOMEN

49.8%

MEN

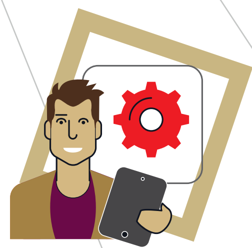
50.2%

NORTH AMERICA	SOUTH AMERICA	EUROPE/ RUSSIA	MIDDLE EAST/ AFRICA	ASIA PACIFIC
27,098	6,081	21,762	3,863	24,431
52.2% Women	51.7% Women	53.6% Women	54.1% Women	42.6% Women
47.8% Men	48.3% Men	46.4% Men	45.9% Men	57.4% Men

BREAKDOWN BY MAIN JOB CATEGORY AND FUNCTION

43.3%

WOMEN
ON THE MANAGEMENT COMMITTEES OF AGENCIES



69.8%

OF EMPLOYEES
RECEIVED TRAINING

AVERAGE
21.6 h /per capita

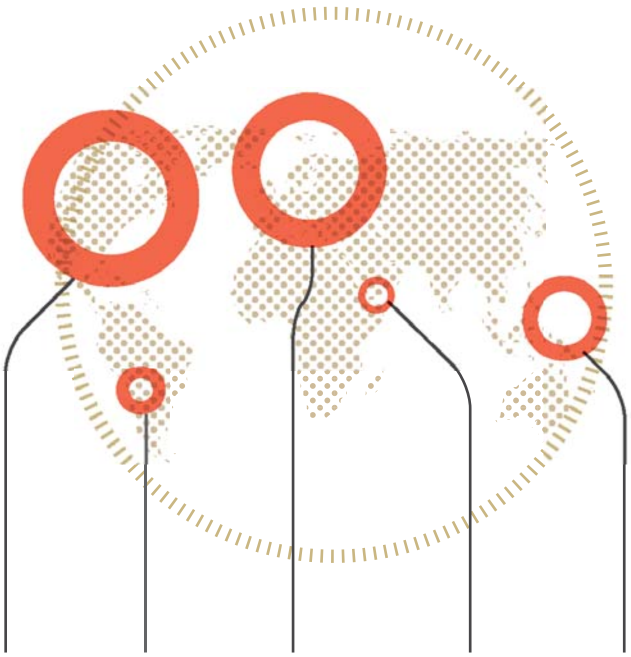
KEY FIGURES

NET REVENUE AND ORGANIC GROWTH

IN 2017		IN 2018	IN 2019
€9,690m (1)	€9,332m (2)	€8,969m	€9,800m (3)
+0.8%		+0.1% / +0.8% Excluding PHS*	-2.3%
(1) 2017: Revenue before application of IFRS 15	(2) Net revenue after application of IFRS 15	*Publicis Health Solutions	(3) With Epsilon consolidated since 1 July 2019

BREAKDOWN OF 2019 NET REVENUE

BY GEOGRAPHIC REGION



NORTH AMERICA	LATIN AMERICA	EUROPE	MIDDLE EAST/ AFRICA	ASIA PACIFIC
€5,516m	€326m	€2,630m	€322m	€1,006m

BY CLIENT BUSINESS SECTOR

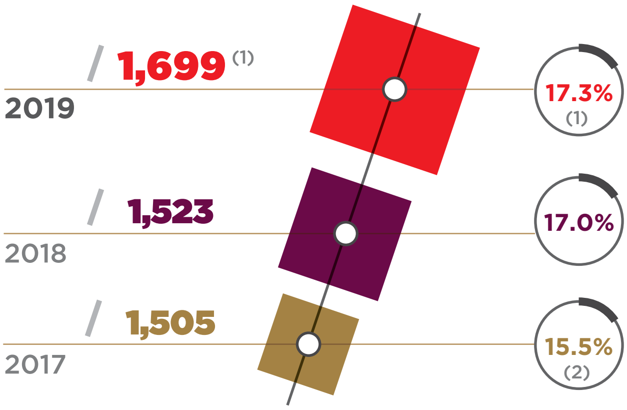
ON THE BASIS OF **3,769** CLIENTS
i.e. **88%** of total net revenue

17%	FINANCIAL
15%	AUTOMOTIVE
13%	TMT
12%	NON-FOOD CONSUMER PRODUCTS
12%	FOOD AND BEVERAGE
10%	HEALTHCARE
8%	LEISURE/ ENERGY/ LUXURY
8%	RETAIL
5%	OTHER

KEY FIGURES

OPERATING MARGIN
In millions of euros

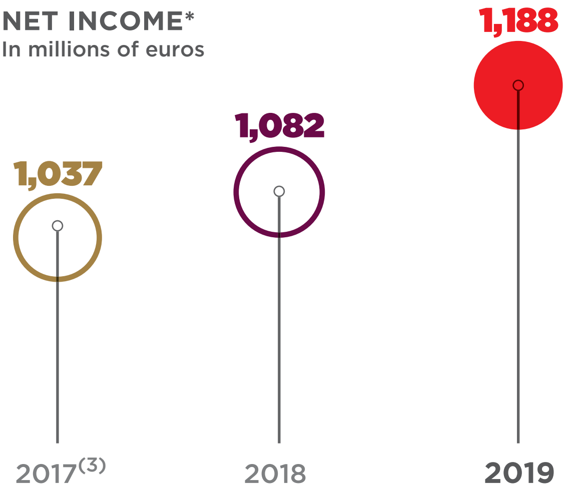
as a % of net revenue



(1) Excluding transaction costs for the Epsilon acquisition.

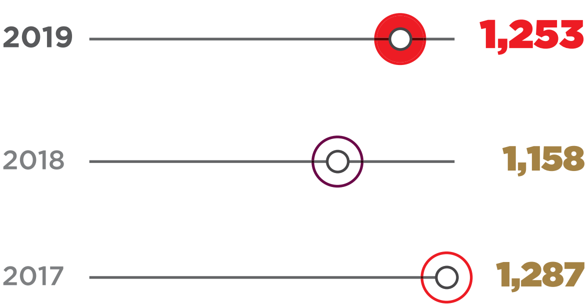
(2) as a % of revenue before application of IFRS 15

HEADLINE GROUPE NET INCOME*
In millions of euros



(3) before application of IFRS 16

FREE CASH FLOW BEFORE CHANGE IN WORKING CAPITAL REQUIREMENTS
In millions of euros

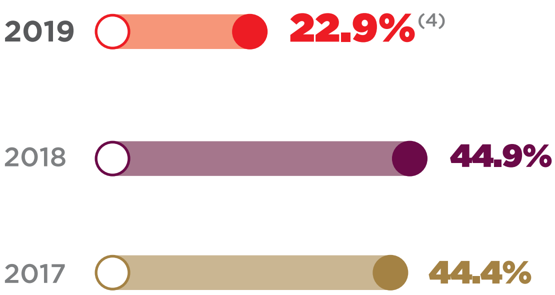


HEADLINE DILUTED EARNINGS PER SHARE*
In euros

(3) before application of IFRS

DIVIDEND PER SHARE
In euros

PAYOUT RATIO*
In %



(4) Following the Management Board's recommendation, the Supervisory Board decided to propose a dividend of 1.15 euro per share instead of 2.30 euro as initially planned. This is an exceptional measure linked to COVID-19 pandemic and the dividend will be submitted to Shareholders' vote on May 27, 2020.

* See definitions in the glossary at the end of the introduction section.

STAKEHOLDERS AND CORPORATE

BACKGROUND

ETHICS

The Groupe's culture is built on long-standing intangible values such as respect for everyone, the combating of all forms of discrimination, the refusal to participate in partisan campaigns, the combating of corruption, fraud and conflicts of interest, etc.
The Groupe is mindful of compliance: all of the Groupe's ethical standards apply to each and every employee and manager without exception.

ENVIRONMENT

As a signatory to the United Nations' 2007 pledge and the 2015 Paris Agreement, the Groupe wishes to reduce its greenhouse gas emissions and it is committed to an SBTI (Science Based Target Initiative) process to identify short- and long-term reduction targets.

CLIENTS

The relationships between citizen-consumers and brands are immediate and have become complex. To help our clients build market share, we provide the best solutions combining all our expertise in a unified, smooth way: Content (dynamic creativity), Media, Data and Technology. This includes our partners and suppliers.

TALENT

With over 83,000 employees in more than 100 countries, the diversity of our talent embodies the Groupe's motto, "Viva la Différence." We give our employees the opportunity to cultivate their individuality and their skills.
Equal opportunity is a crucial lever enabling every employee to advance in jobs that are continually changing.

SOCIETY

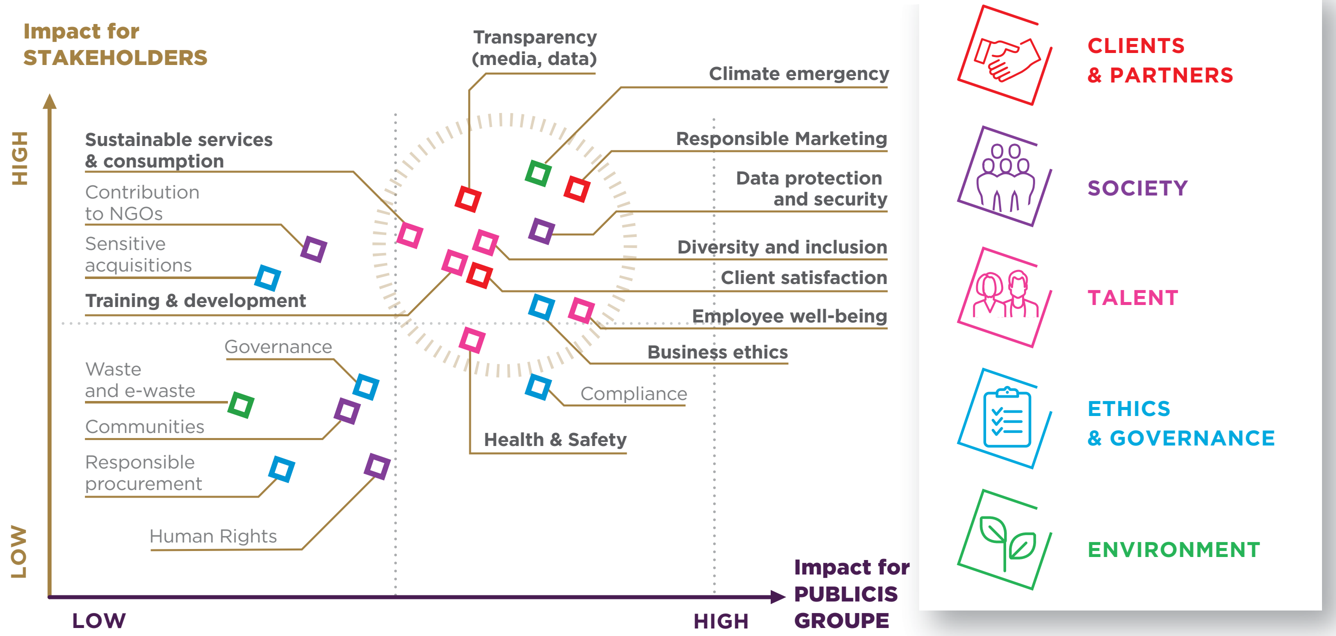
Citizen-consumers are our clients' customers. Our expertise is based on a thorough understanding of their needs and expectations. Their needs are articulated in terms of truth and transparency with regard to the brands. The brands' commitments as they confront the world's challenges must be tangible.

In 2019, Publicis Groupe undertook a **new consultation of its main stakeholders - Clients, Talent and Investors** – in order to listen to their expectations, take their ways of operating into consideration and adjust its responses. Eighty individual interviews were conducted in the United States, France, India and the United Kingdom. This dialogue helped shape the content of the materiality of CSR challenges shown on the facing page. The priorities were similar to those cited in 2015, with the particular exception of climate change, which moved into the top spot. The stages of this initiative were discussed within the Supervisory Board's Strategy and Risk Committee, with Anne-Gabrielle Heilbronner, member of the Management Board and Groupe's Secretary General, overseeing the entire CSR approach. The CSR actions implemented by the Groupe and its subsidiaries are described in detail in Section 4 of this Document, DNFP (Declaration on Non-Financial Performance).

SOCIAL RESPONSIBILITY

		THEIR EXPECTATIONS	OUR RESPONSES
CLIENTS	CLIENTS	• Transparency on the protection and use of data • Offer sustainable, cost-effective services • Commitment to the climate emergency (and together with suppliers)	**• Support our clients' marketing and digital transformation with innovative, sustainable solutions and appropriate technological products** **• Make responsible marketing the standard** **• Carbon neutrality before 2030 (SBTi)***
CLIENTS	SUPPLIERS & PARTNERS	• Measure social and environmental impacts of purchased products and services	**• Work together to reduce all negative impacts and increase positive impacts**
TALENT	TALENT	• Promote responsible consumption • Increase inclusion in the agencies and the Groupe • Combat climate change	**• "Viva la Différence": every individual contributes to the Company's success** **• Create a learning culture to grow and take advantage of professional opportunities** **• Carbon neutrality before 2030 (SBTi)***
TALENT	UNIVERSITIES & SCHOOLS	• Act to promote inclusion and to benefit the climate and the planet	**• Embrace all differences** **• Cooperate in order to innovate together** **• Support educational and research programs**
SOCIETY	SOCIETY & CONSUMERS	• Safeguard personal data and be transparent	**• Give individuals control over their own data** **• Ensure data protection and security**
SOCIETY	ASSOCIATIONS & NGOs	• Help combat inequalities and climate change	**• Support public interest causes that combat inequalities and the climate emergency**
SOCIETY	SHAREHOLDERS & INVESTORS	• Create value • Provide reliable, transparent information	**• Continue investing in the businesses and business lines** **• Enshrine sustainable financial, economic, social and environmental performances for the Company**

MATERIALITY OF CSR CHALLENGES



* In early 2020, Publicis Groupe committed to joining the Science Based Targets Initiative to identify its environmental objectives before 2030. They will be determined in 2020.

HISTORY

1926
Publicis is created
by Marcel Bleustein-Blanchet

1970
Publicis is first listed on the Paris Stock Exchange

1987
Creation of the Management Board and Supervisory Board and appointment of Maurice Lévy as Chair of the Management Board

2000
Acquisition of *Saatchi & Saatchi* (United Kingdom)

2001
Zénith Optimédia is formed

2002
Acquisition of *Bcom3* (United States)

2006
Acquisition of *Digitas* (United States)

2008
Partnership with Google for the development and launch of *Vivaki*

2009
Publicis ranks third in global communication groups

2009
Acquisition of *Razorfish* (United States)

2011
Acquisition of *Rosetta* (United States)

2013
Acquisition of *Lbi* (Netherlands)

2015
Acquisition of *Sapient* (United States)

2016
The Power of One

2017
Appointments of Maurice Lévy as Chairman of the Supervisory Board,

and Arthur Sadoun as Chairman & CEO

2018
Launch of the *Sprint to the Future* Plan

2019
Acquisition of Epsilon
(United States)

GOVERNANCE

The governance of Publicis Groupe, its bodies, their respective roles and functioning are presented in Section 3 .

SUPERVISORY BOARD

(as of the date of filing of this Universal Registration Document)

50%(1) ARE WOMEN

(1) Excluding the member of the Supervisory Board representing employees

Maurice Lévy
Chair of the Supervisory Board
Member of the Compensation Committee
Member of the Strategy and Risk Committee
Member of the Nominating Committee

8 MEETINGS IN 2019

93% ATTENDANCE RATE

Élisabeth Badinter
Vice-Chair of the Supervisory Board
Chair of the Nominating Committee
Member of the Strategy and Risk Committee

Simon Badinter
Member of the Supervisory Board

Jean Charest
Chair of the Audit Committee
Member of the Nominating Committee

Sophie Dulac
Member of the Supervisory Board

Thomas H. Glocer
Member of the Compensation Committee
Member of the Strategy and Risk Committee

Marie-José Kravis
Chair of the Strategy and Risk Committee
Member of the Nominating Committee

André Kudelski
Chair of the Compensation Committee
Member of the Audit Committee
Member of the Nominating Committee

Enrico Letta
Member of the Strategy and Risk Committee

Suzan LeVine
Member of the Audit Committee
Member of the Strategy and Risk Committee

Dr Antonella Mei-Pochtler
Member of the Compensation Committee

Cherie Nursalim
Member of the Compensation Committee

Pierre Pénicaud
Member of the Supervisory Board representing employees
Member of the Strategy and Risk Committee

MANAGEMENT BOARD

25% ARE WOMEN

Arthur Sadoun
CEO
Chair of the Management Board

18 MEETINGS IN 2019

Jean-Michel Etienne
Executive Vice President
Group Chief Financial Officer

Anne-Gabrielle Heilbronner
Secretary General
Publicis Groupe

Steve King
Chief Operating Officer
Publicis Groupe

GLOSSARY AND DEFINITIONS

GLOSSARY

Data: Data used to assist clients with their marketing and commercial decisions.

Digital business transformation: Business model transformation consulting services for our clients and their adaptation to the digital world.

Dynamic creativity: Personalized creative content adapted to consumers based on their characteristics (location, interests, progress on their consumer path, etc.).

Epsilon PeopleCloud: A platform created by the Publicis Groupe which combines data collected by clients with the individual identifiers created by the Groupe and by Epsilon since its acquisition in 2019, and data from third parties. This single platform makes it possible to optimize marketing and commercial decisions and to create large-scale customization for clients.

Groupe Client Leaders (GCL): Groupe Client Leaders are responsible for all the services and skills made available to the client, regardless of the discipline. GCLs have a geographical scope which can be global, regional or country-specific.

Industry verticals: organization of certain Groupe activities on the basis of the customer's industry.

JANUS: JANUS is a set of rules governing behavior and ethics. It applies to all Groupe employees and sets out the rules of conduct to carry out operations: "The Publicis way to behave and to operate".

Direct-to-Consumer brands: brands selling to consumers directly over the Internet, without passing through the intermediary of physical distributors.

Practices: communication and marketing activities that need to be centralized globally.

Publicis Communications: until the end of 2019, Publicis Communications combined the Groupe's global creative offering, including Publicis Worldwide, Leo Burnett, Saatchi & Saatchi, BBH, as well as Prodigious, the world leader in production, Marcel, Fallon and MSL, a specialist in strategic communications. This structure will no longer exist on a global level from early 2020, when the Groupe moves to organization by country. It continues to exist in the United States, reflecting the way in which organization is adapted to the size of the country. Publicis Communications US has also incorporated Razorfish, a digital marketing business, since 2020.

Publicis Health: Publicis Health is one of the world leaders in communication for the healthcare and pharmaceutical industries.

Publicis Media: until late 2019, Publicis Media brought together all of the Groupe's media expertise, more specifically with regard to investment, strategy, analysis, data, technology, performance marketing and content experts from Starcom, Zenith, Spark Foundry, Blue 449, Performics and Digitas. This structure will no longer exist on a global level from early 2020, when the Groupe moves to organization by country. It continues to exist in the United States, reflecting the way in which organization is adapted to the size of the country.

Publicis Sapient: Publicis Sapient partners clients in the area of digital business transformation, based on technology, data, digital and consumer experience.

Re:Sources: Re:Sources brings together the Publicis Groupe Shared Service Centers that cover most administrative functions necessary for the operation of all Groupe agencies.

Sprint to the Future: strategic plan implemented by the Groupe in 2018 for 2018-2020[1].

Strategic Game Changers: the three levers proposed by Publicis Groupe to assist its clients with the implementation of a large-scale personalized relationship. They combine the Epsilon PeopleCloud platform, dynamic creativity and digital business transformation.

The Power of One: Unique offering under which all Publicis Groupe expertise is made available to clients (creative, media, digital, tech, data and healthcare) simply, efficiently and with flexibility.

Viva Technology: Event co-organized by the Publicis Groupe and the Les Échos Group. This was the first international event devoted to innovation, to the growth of start-ups and to collaboration between major groups and start-up companies in France.

Walled Garden: expression generally used to designate some digital giants' advertising ecosystems within which advertisers have only limited access to data and information.

(1) https://www.publicisgroupe.com/en/news/press-releases/publicis-2020-sprint-to-the-future-en-1

DEFINITIONS

GSM (or GM), OGM, CGM: General Shareholders' Meeting, Ordinary General Shareholders' Meeting, Combined General Shareholders' Meeting.

WCR: Working capital requirements.

EPS (earnings per share): Net income attributable to the Group divided by the average number of shares on a non-diluted basis.

Headline diluted EPS (earnings per share, diluted): Headline net income attributable to the Group divided by the average number of shares on a diluted basis.

CCPA: The California Consumer Privacy Act (CCPA) is a State of California (USA) law on the protection and processing of California residents' personal data. The CCPA has been in force since January 1, 2020.

Organic growth: Change in net revenue, excluding the impact of acquisitions, disposals and exchange rate fluctuations.

Net debt (or net financial liabilities): Sum of long- and short-term financial liabilities and associated hedging derivatives, after deduction of cash and cash equivalents.

Average net debt: Average of end-of-month net debt.

DNFP: Declaration on non-financial performance

EBITDA: Operating margin before depreciation and amortization.

EU: European Union

Free cash-flow before changes in working capital requirements: Net cash flow from operating activities, after financial income received and interest paid out, repayment of rental obligations and related interest, and changes in WCR linked to operating activities.

Free cash flow: Net cash flow from operating activities, after financial income received and interest paid out, repayment of rental obligations and related interest.

Capex: purchases of property, plant and equipment and intangible assets excluding equity investments and other financial assets.

Operating Margin: Revenue after deduction of personnel expenses, other operating expenses (excluding other non-current income and expenses) and depreciation and amortization expenses (excluding intangibles from acquisitions).

n/a: not applicable.

Headline Groupe net income: Groupe net income after elimination of impairment losses/real-estate consolidation expenses, amortization of intangibles from acquisitions, main gains (losses) on disposal, changes in the fair value of financial assets, revaluation of earn-out costs, impact of the US tax reform and Epsilon acquisition costs.

Net revenue: Revenue less pass-through costs. Those costs are mainly production & media costs and out of pocket expenses. Since these items that can be re-billed to clients do not come within the scope of assessment of operations, net revenue is a more relevant indicator to measure the operational performance of the Groupe's activities.

GDPR: The General Data Protection Regulation (GDPR) refers to (EU) Regulation 2016/679 of the European Parliament and of the Council of April 27, 2016, on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

CSR: Corporate Social Responsibility.

Percentage operating margin: Operating margin expressed as a percentage of net revenue.

Dividend pay-out ratio: Dividend per share divided by the headline diluted earnings per share.

CHAPTER

PRESENTATION OF THE GROUP 1

1.1 GROUP HISTORY

Founded in 1926 by Marcel Bleustein-Blanchet, the Company's name originates from the combination of Publi, for "Publicité", which means advertising in French, and "six" for 1926. The founder's ambition was to transform advertising into a true profession with social value, applying a rigorous methodology and ethics, and to make Publicis a "pioneer of modern advertising". The Company quickly won widespread recognition. In the early 1930s, Marcel Bleustein-Blanchet was the first to recognize the power of radio broadcasting, a new form of media at the time, to establish brands. Publicis became the exclusive representative for the sale of advertising time on the government-owned public broadcasting system in France. However, in 1934, the French government banned advertising on state radio; Marcel Bleustein-Blanchet thus decided to set up his own station, "Radio Cité", the first private radio station in France. In 1935, he joined forces with Havas to form a company named "Cinéma et Publicité", which was the first French company specialized in the sale of advertising time in movie theaters. Three years later he launched "Régie Presse", an independent subsidiary dedicated to the sale of advertising space in newspapers and magazines.

After suspending operations during the Second World War, Marcel Bleustein-Blanchet reopened Publicis in 1946, and not only renewed his relationships with pre-war clients but went on to win major new accounts: Colgate-Palmolive, Shell and Sopad-Nestlé. Recognizing the value of qualitative research, in 1948 he made Publicis the first French advertising agency to conclude an agreement with the survey specialist IFOP. Later, he created an in-house market research unit. At the end of 1957, Publicis relocated its offices to the former Hotel Astoria at the top of the Champs-Élysées. In 1958, it opened the Drugstore on the first floor, which has since become a Paris landmark. In 1959, Publicis set up its department of "Industrial Information", a forerunner of modern corporate communications.

From 1960 to 1975, Publicis grew rapidly, benefiting in particular from the beginnings of advertising on French television in 1968. The Boursin campaign inaugurated this new media: this was the first TV-based market launch in France, and the slogan soon became familiar to everyone in the country: "Du pain, du vin, du Boursin" ("Bread, wine and Boursin"). Several months later, Publicis innovated again by siding with one of its clients in a new kind of battle: the defense of Saint-Gobain for which BSN had launched the first-ever hostile takeover bid in France.

In June 1970, 44 years after its creation, Publicis became a listed company on the Paris Stock Exchange.

However, on September 27, 1972, Publicis' head offices were entirely destroyed by fire. A new building was built on the same site and the Company set about pursuing a strategy of expansion in Europe through acquisitions the same year, taking over the Intermarco network in the Netherlands (1972), followed by the Farner network in Switzerland in 1973; this resulted in the creation of the Intermarco-Farner network to support the expansion of major French advertisers in other parts of Europe. In 1977, Maurice Lévy was appointed Chief Executive Officer of Publicis Conseil, the Group's main French business, after joining Publicis in 1971.

In 1978, Publicis set up operations in the United Kingdom after acquiring the McCormick advertising agency. In 1984, Publicis had operations in 23 countries across Europe. In 1981, Publicis opened a small agency in New York, which would be called a start-up nowadays.

In 1987, Marcel Bleustein-Blanchet decided to reorganize Publicis as a company with Supervisory and Management Boards. He became Chair of the Supervisory Board, and Maurice Lévy was appointed Chair of the Management Board. Since then, the strategy for Publicis has been defined by the Management Board and submitted to the Supervisory Board for approval; all operational decisions are made at the Management Board level.

In 1988, Publicis concluded a global alliance with the American firm Foote, Cone & Belding Communications (FCB) and the two European networks of the two partners merged. Publicis thus expanded its global presence with the help of its ally's network.

Growth accelerated in the 1990s. France's number four communications network, FCA!, was acquired in 1993, followed by the merger of FCA! with BMZ to form a second European network under the name FCA!/BMZ. In 1995, Publicis terminated its alliance with FCB.

On April 11, 1996, Publicis' founder died. His daughter, Élisabeth Badinter, replaced him as Chair of the Supervisory Board. Maurice Lévy stepped up the Company's drive to build an international network and offer clients a presence in markets around the world. The acquisitions drive intensified and has become global: first Latin America and Canada, then Asia and the Pacific, India, the Middle East and Africa. The United States was the scene of large-scale projects from 1998 onwards: as Publicis looked to significantly expand its presence in the world's largest market. Acquisitions included Hal Riney, then Evans Group, Frankel & Co. (relationship marketing), Fallon McElligott (advertising and new media), and DeWitt Media (media buying).

In 2000, Publicis acquired Saatchi & Saatchi, a business with a global reputation for talent and creativity. This acquisition was a milestone in the development of the Group in Europe and the United States. In September, Publicis Groupe was listed on the New York Stock Exchange. This same year, Publicis acquired Winner & Associates (public relations) and Nelson Communications (healthcare communication).

In 2001, Publicis Groupe formed ZenithOptimedia, a major international player in media buying and planning, by merging its Optimedia subsidiary with Zenith Media, which had previously been owned 50/50 by Saatchi & Saatchi and the Cordiant Group.

In March 2002, Publicis Groupe announced its acquisition of the US group Bcom3, which controlled Leo Burnett, D'Arcy Masius Benton & Bowles, Manning Selvage & Lee, Starcom MediaVest Group and Medicus, and held a 49% interest in Bartle Bogle Hegarty. At the same time, Publicis Groupe established a strategic partnership with Dentsu, the leading communications group in the Japanese market and a founding shareholder of

Bcom3. The acquisition established Publicis Groupe in the top tier of the advertising and communications industry, making it the fourth largest advertising group worldwide, with operations in more than 100 countries and five continents.

From 2002 to 2006, Publicis Groupe successfully integrated Bcom3, following Saatchi & Saatchi, and brought together a large number of entities. At the same time it made a number of acquisitions to create a coherent range of services that would address clients' needs and expectations, particularly offering different types of marketing services and access to the principal emerging markets. In late 2005, Publicis Groupe obtained its first official rating ("investment grade") from the two leading international rating agencies, Standard & Poor's and Moody's. In late December 2006, Publicis Groupe launched a friendly tender offer for Digitas Inc., a leader in the digital and interactive communications sector in the United States and worldwide. This operation, which was completed in January 2007, was the first step in the Group's remarkable advance into digital technology. At the time, the Group correctly foresaw the profound changes that the arrival of digital communications would have on the media world and, with the acquisition of Digitas, it immediately positioned itself as a market leader in that space. With the launch of The Human Digital Agency project, the Group clearly indicated its intention to integrate digital technology into the heart of its business, thereby reaffirming the desire and vision of its founder to make the Group a "pioneer of new technologies".

During 2007 and 2008, Publicis Groupe undertook a profound reorganization of its structures and operational methods in order to adapt to the requirements of the digital era. It has thus added digital services to its well-known holistic service offer, while simultaneously pursuing the consolidation of its positions in fast-growing economies, both of which will be major challenges in the years to come.

2007 was the year of Publicis' integration of Digitas Inc. This rapid and successful integration triggered a series of acquisitions in the digital domain in order to complete the Group's global offer in the fields of interactive and mobile communication.

In 2007, the Group chose to end its listing on the New York Stock Exchange.

2008 and 2009 saw Publicis Groupe pursue the drive to develop in the fast-growing area of interactive communications and expansion into emerging markets.

In January 2008, Publicis Groupe and Google publicly announced a collaborative project. This collaboration, which began in 2007, is founded on a shared vision of using new technologies to develop the advertising business. The arrangement is not exclusive and is expected to complement other established partnerships with leaders in interactive media.

Amid brisk growth in the digital arena, the most visible sign of the Group's transformation was undoubtedly the launch of VivaKi, a new initiative aimed at optimizing the performance of advertiser investments and maximizing Publicis Groupe's market share growth. This initiative allows clients to reach precisely defined audiences in a single campaign and across multiple networks.

The global economic crisis in 2009, which saw numerous economies enter into recession and global trade shrink by 12%, did not hinder the development of Publicis Groupe's strategy.

The acquisition of Razorfish – the number two interactive agency in the world after Digitas – from Microsoft in October 2009, brought new strengths to the Group's digital activities, notably in e-commerce, interactive marketing, search engines, strategy and planning, social network marketing and the resolution of technological architecture and integration issues.

During 2009, Publicis Groupe and Microsoft entered into a global collaboration agreement defining three core objectives for the development of digital media. Microsoft's and VivaKi's respective teams will be able to provide clients with greater added value and effectiveness in all the domains of the digital sphere: contents, performance, definition, targeting, and audience ratings.

These developments prove Publicis Groupe's capacity to constantly anticipate changes in the market, to meet new client needs and provide solutions in line with consumer expectations—ensuring the Group's continued growth.

In 2009, Publicis Groupe became the world's third-largest communications firm, overtaking its competitor IPG. This position as number three has been considerably strengthened since then.

Thus, having confirmed the success of its strategy, in 2010 the Group continued its investments in digital activities and in developing areas of the world such as China, Brazil and India.

Despite the economic disruption in 2011, which was primarily due to sovereign debt in the euro zone and to another financial crisis in August, followed by the United States' debt rating downgrade, Publicis accelerated the development and implementation of its strategy, prioritizing digital businesses and developing countries. Accordingly, the Group purchased Rosetta, one of the largest digital agencies in North America; Big Fuel, based in New York, and the only agency specializing in social networks, thus significantly strengthening the Group's position in digital media, before also acquiring Talent and DPZ in Brazil and Genedigi in China.

During 2012, a difficult and uncertain year for growth, especially in Europe, Publicis Groupe continued to pursue an action plan that involved acquisitions and agreements designed to intensify the implementation of its strategic choices. The Group thus made a number of targeted acquisitions, particularly in the digital sector, in France, Germany, the United Kingdom, Sweden, the United States, Russia, Brazil, China, Singapore, India, and Israel and, for the first time, in Palestine. Additionally, still in the digital arena, Publicis Groupe and IBM formed a global partnership based on their unparalleled influence on the future of e-commerce.

During 2013, Publicis Groupe actively pursued acquisitions, particularly in the digital sphere and across the globe, in order to achieve critical mass in the various businesses, especially digital, and in the countries in which it already had a footprint, thereby leveraging scale. The market changes seen over the past number of years with a genuine explosion in the Internet and the increasingly marked slowdown in the analog business reaffirmed the Group's strategic decisions and have spurred on the rapid development of digital operations. Having acquired LBi, the largest European independent marketing and technology agency, combining strategic, creative, media and technical expertise, the Group proceeded to combine it with the Digitas integrated global network, creating DigitasLBi, the world's most complete digital network. It capitalizes on the seamless geographical integration of both entities: Digitas' sound position in the United States (the largest digital network), LBi's strong presence in Europe and the strong position of both entities in the Asia-Pacific region.

On July 27, 2013, Publicis Groupe and Omnicom Group Inc. signed an agreement for a merger of equals. In May 2014, Publicis Groupe chose not to pursue the merger with Omnicom Group. With its unique position in the digital business, which offers growth prospects in a communications landscape upset by the rapid emergence of new technologies, the Group accelerated its development in innovative disciplines via the acquisition of several digital agencies and strategic partnerships.

In September, Publicis Groupe and Adobe formed a strategic partnership to offer the Publicis Groupe Always-On Plaftorm™, the Group's first comprehensive marketing management platform, which automates and centralizes all components of client marketing. This unique platform, anchored within VivaKi, available to all Publicis Groupe's agencies and networks and standardized on Adobe Marketing Cloud, will enable, for the first time, all Publicis Groupe's agencies to create attractive content, analyze their marketing, identify and create audience segments, deploy campaigns, as well as monitor and measure marketing performance using a common technology and data structure.

Virtually all of the acquisitions involved digital businesses: agencies specializing in social media, online content, real-time data analysis, e-commerce, digital solutions applied to marketing or multi-channel programs.

The most notable transaction of 2014 was the acquisition of Sapient, announced on November 3, 2014. In an increasingly converged world, clients need a partner offering digital solutions to help them keep up with a connected, empowered consumer whose behavior has completely changed. The contribution of Sapient combined with Publicis Groupe's know-how in the digital area, creativity, media and brand communication creates unparalleled expertise in marketing and sales across all distribution channels and consulting services based on outstanding technological prowess. The latent needs of advertisers as they address the many developments in the economy, consumers and technology, require an overhaul of marketing and communication models, and sometimes of the companies themselves. Thanks to Sapient, Publicis is in a position to meet all the transformation needs of its clients.

2015 was particularly active on the operational side. The start of the year saw the completion of the Sapient acquisition and the launch of the Publicis Sapient platform. This platform offers clients all of the functionality of the digital communications value chain, from consulting to sales, via creation, data and platforms. It is backed up by a team of over 8,000 people based in India.

Publicis Sapient is part of the new organization announced at the end of the year, aimed at structuring the Group in such a way that its clients are at the very heart of its organization. In the Group's top 20 markets, major clients will each be assigned a Global Client Leader or a Country Client Leader, depending on the geographical scope of the support they require. In this way, the Group can offer the entire array of solutions to its clients: creative solutions through "Publicis Communications", media solutions through "Publicis Media", digital solutions through "Publicis Sapient", and healthcare solutions provided by "Publicis Health". For all other countries, a single structure called "Publicis One" combines all these solutions (creative, media, digital, healthcare) in each country.

Publicis Groupe is thus implementing the most integrated organization in the sector, for the benefit of its clients and employees alike. This structure should foster growth for the Group by harnessing the opportunities offered by the integration and the new possibilities in consulting and technology as well as enhance the operating margin rate by simplifying the organization. The new structure was rolled out over the first few months of 2016.

A very large number of media accounts were up for tender. According to RECMA, there have been tenders for over USD 20 billion worth of billings this year. Publicis Groupe was one of the most exposed of the major communication groups. However, the Group consolidated its position with its clients (Coty, Citi) and made prestigious budget gains such as Taco Bell, VF, Visa and Etihad. There were some losses, including the "US Media" budgets for Procter & Gamble and Coca-Cola.

Publicis Groupe continued its tactical acquisitions strategy, with a view to completing its operational networks, both in expertise (content, commerce, behavioral analysis) and geographical scope (South Africa, Israel).

As announced at the end of 2015, the work to implement the new structure was completed by mid-2016. This structure abandons the holding company model, in order to develop a company operational architecture based on the Connecting Company concept. Highly modular in structure, the Connecting Company model of Publicis Groupe is unlike any other platform in its genre, and offers clients plug & play access to state-of-the-art services. It means a complete rethinking of our approach:

- make clients the priority—the entire transformation of Publicis Groupe was designed and carried out in order to place our clients at the heart of our operation. Their requirements and objectives help us determine which solutions should be offered to them, to ensure their success and growth;
- a fluid model—just one person—the Global Client Leader or Country Client Leader—to be the sole point of contact and account manager who can draw on our pool of almost 84,000 talented employees and break down silos, the legacies of the past and longstanding habits;
- working in harmony—we have consolidated our income statements and removed all operational hurdles;
- modular organization—the main advantage of our new structure is not just the depth and breadth of our capabilities, but above all our ability to adapt to any situation and to individual client requirements, with an open architecture that offers our global partners plug & play access where required. This modularity is fundamental; it opens up new opportunities for innovation and helps us keep pace with the rhythm of change that currently shows no signs of slowing down;
- comprehensive offering—by bringing together our creativity, our intelligence and our technological expertise, we are able to present ideas to our clients on how to carry out their own transformations and ensure a consumer experience unlike that offered by any other agency or holding company on the market.

Prestigious clients including USAA, Hewlett Packard Enterprise, Walmart Stores and ASDA all recognize the strength of the The Power of One solution. Reinvigorated by this initial success, work is underway to get all our employees to buy into this new approach and promote the The Power of One solution to all existing clients.

Two events that took place in 2016 have made Publicis history. The goal of the first, Viva Technology Paris, run in association with the Les Échos group was to stage a global event in Paris that would bring together start-ups and major stakeholders in the digital industry. This event, held from June 30 to July 1 and 2, 2016, attracted 5,000 start-ups, dozens of large industrial groups and investors, and included over 300 conferences with the biggest names in the global hi-tech sector. With over 45,000 visitors in three days, Viva Technology proved a great success and underscored the pre-eminent place of Publicis Groupe in the global digital economy. This annual event returned for its second edition on June 15, 2017, just before the Cannes Lions Festival. On the occasion of its 90th anniversary, Publicis Groupe launched a project named Publicis90. This idea was to provide 90 projects or start-ups with financial aid and the support of the Group's digital experts. After an initial phase of stringent selection over a period of several months, the winners were selected from among the 3,500 contestants from 130 countries, and received their awards at a ceremony held during Viva Technology.

At the beginning of 2017, the Publicis Groupe Supervisory Board appointed Arthur Sadoun as Maurice Lévy's successor as Chair of the Management Board. Since June 1, 2017, Maurice Lévy has been a member of the Supervisory Board which he now chairs. Arthur Sadoun chairs a Management Board strengthened by the addition Steve King, CEO of Publicis Media, who joined forces with Jean-Michel Etienne, Executive Vice-President - Groupe Finance and Anne-Gabrielle Heilbronner, Secretary General.

2017 was marked by two topics: going deeper in integration and faster in the execution of the strategy prepared by Maurice Lévy. Our ambition is to become the leader in the convergence of marketing and operational transformations, through the alchemy of creativity and technology. For this, the Group has created two new decision-making entities, the Executive Committee and the Management Committee. Several talented people joined the Group during the second half of 2017: Véronique Weill, as General Manager, with responsibility for Re:Sources, IT, real estate, insurance and mergers and acquisitions, Agathe Bousquet, as Chair of Publicis Groupe in France, Emmanuel André in the newly created position of Chief Talent Officer (CTO). Annette King has been appointed during the second quarter of 2018 as CEO of Publicis Groupe in the United Kingdom, where she will supervise the Group's activities in this market.

After breaking the silos and organizing itself into Solutions, the Group has gone a step further by implementing an organizational structure by country, with the aim of providing customers with a fully integrated offer, from advertising to marketing, consulting, and the media, with data at its core. The deployment of this organization has begun in France, the United Kingdom, China and Italy.

Sprint to the Future, the plan for 2018-2020 was unveiled in March 2018. Built around its strategic game changers, namely data, dynamic creativity and digital business transformation, as well as its country organization, Publicis Groupe aims to become an indispensable partner in business transformation. These ambitions are matched by a sizeable investment plan, financed by a raft of cost-savings measures. In a market environment that saw a further wave of repitching of media accounts in 2018, Publicis notched up significant new account wins, including Daimler, Marriott, Campbell's, Carrefour, Smucker's, GSK and Fiat-Chrysler.

Publicis Groupe looked to equip itself with a system that would serve its talent. The Marcel artificial intelligence platform developed in partnership with Microsoft, and named in honor of the Group's founder, Marcel Bleustein-Blanchet, was launched in May 2018 at the third Viva Technology event. The aim is to facilitate our transformation from a holding company to a platform so that all Group employees worldwide can discuss and collaborate without barriers or borders.

2019 was a pivotal year for the Group with the acquisition of Epsilon, the marketing Big Data specialist. Epsilon has the technology and platforms to structure client first-party data, round it out with an incomparably diverse range of data sources and put together personalized campaigns at scale.

By positioning Epsilon as the data expert of the Group, Publicis draws on this wealth of resources for all its business activities turning it into a key, differentiating advantage. Now more than ever, our activities are resolutely positioned to the future with more than 30% of our net revenue generated by data and digital business transformation.

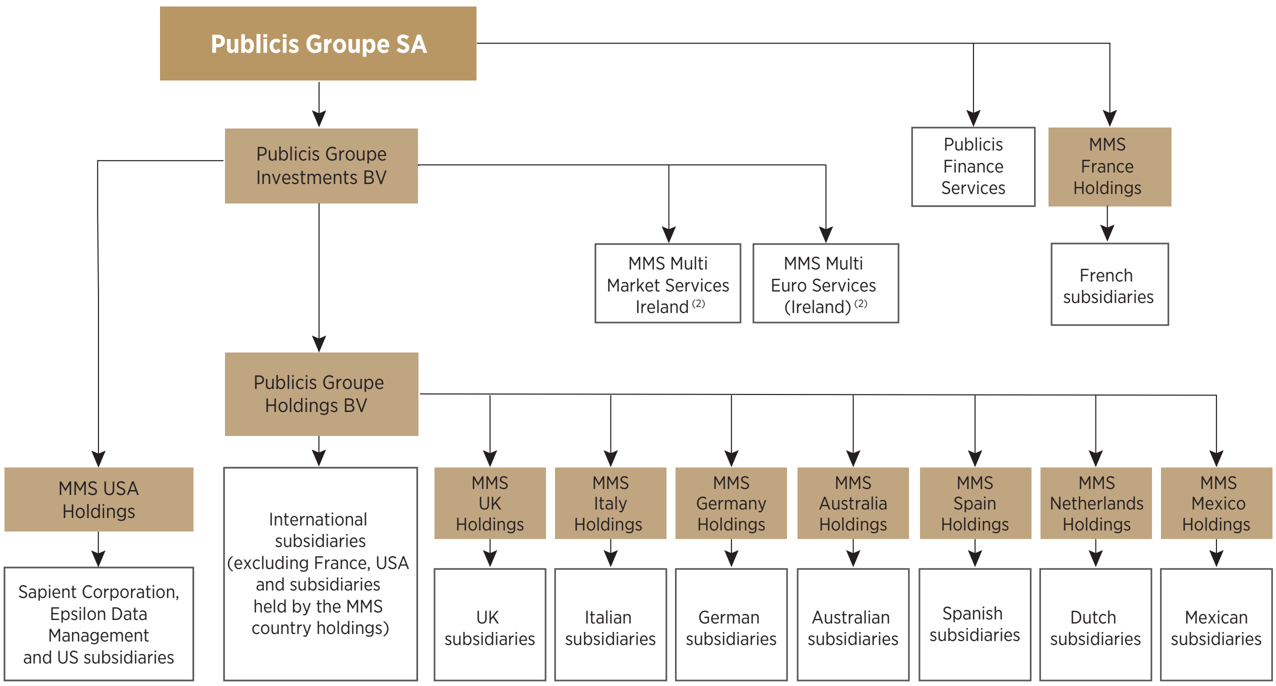
But that's not all: Publicis is also reshaping its organization over time to meet the needs of clients for streamlined and efficient access to the range of expertise on offer in the Group. We have also realigned our operations, organizing them by country to leverage synergies between areas of expertise and to discover innovative solutions. The Power of One strategy, initiated in 2016 as an integrated working model providing even more benefits to clients, is now fully up and running. Through the Group Client Leader, clients are offered a tailored service and direct access to the Group's entire range of expertise. We help our clients to constantly innovate and grow their sales, while controlling costs.

2019 saw Publicis round off its transformation in terms of both assets and structure, placing it in a unique position to serve clients across the entire value chain. The only Group to have large-scale creative, media, data and technology assets, Publicis has a clear competitive edge—demonstrated by the new account wins in 2018 and 2019. For the second year in a row, the Group topped the league tables for winning new accounts and secured contracts in the biggest global tenders for existing or new clients (Disney, Beiersdorf, Axa and Novartis).

1.2 ORGANIZATION CHART

1.2.1 Description of the Group

/ Simplified organization chart at December 31, 2019[1]



(1) *All companies mentioned by name are over 99% owned by the Groupe.*
(2) *Two financial companies established in Dublin have been added to the Groupe to manage financial transactions and the short-term investing of subsidiaries' liquidity*

1.2.2 Main subsidiaries

Information concerning Publicis' principal consolidated subsidiaries at December 31, 2019 is provided in paragraph A, Note 34 to its consolidated financial statements in Section 6 of this Registration Document.

None of the Group's controlled subsidiaries accounts for more than 10% of the Group's revenue or net current consolidated income.

No subsidiaries included in the list of consolidated companies as at December 31, 2019 were sold as at the date of this document, with the exception of Matomy Media Group, the sale of which was finalized on March 26, 2020.

The majority of the Group's subsidiaries are at least 90% held by Publicis Groupe.

In addition, the Group holds interests in certain bodies in which the percentage of interest may be significant, but which are not controlled by the Group. Information concerning the main entities as well as the percentages held by the Group is provided in paragraph B, Note 34 to its consolidated financial statements in Section 6 of this document. However, these entities do not hold important assets and are not intended to hold any significant borrowings or financing. The borrowings and financing of the Group are 100% held and controlled by Publicis Groupe.

During 2019, Publicis Groupe SA did not take any significant stakes in any companies headquartered in France.

1.3 ACTIVITIES AND STRATEGY

1.3.1 Introduction

Publicis is a world leader in marketing, communications and digital business transformation. It was established in 1926 when Marcel Bleustein-Blanchet created what was essentially a start-up. Publicis now has offices in more than 100 countries and over 83,000 staff.

The passion that Marcel felt for communications and the creation of strong relations between brand names and consumers transformed this new business into a prosperous and respected profession. The Group has never stood still, continuing to grow, innovate and transform for more than 90 years. The core values dear to its founder's heart have continued to inform everything we do: respect, honest products, customer satisfaction, quality and creativity, together with a pioneering spirit, unwavering conviction and the ethical values inherited from his legendary fighting spirit.

1.3.2 Strategy

Publicis Groupe is the third largest communications group in the world[1] present across the value chain from consulting to creation and execution, combining the marketing and digital business transformation. Publicis Groupe is positioned as the go-to partner for our clients' transformation as they seek to create personalization at scale, in a world increasingly dominated by platforms. Our talent is organized into 10 areas of expertise in four main business lines: Communication, Media, Data, and Technology. Publicis Groupe serves its clients through a unified and fluid organization that facilitates access to all its expertise in all its markets.

Our model has always been client-focused. Our clients, companies, are faced with enormous challenges, but also tremendous opportunities: mobile and digital technologies have changed everything, transferring power to consumers and facilitating the emergence of new competitors. Relations between our clients and their existing or potential customers have been turned upside down by the revolution in media. The explosion of the Internet has gone hand in hand with the omnipresence of platforms and social media: Google, Facebook, Youtube, Instagram, and Twitter—to name but a few. How we consume has shifted drastically as one-click access to products becomes the norm, which favors the emergence of e-commerce platforms. Direct-to-consumer brands are the newest arrivals, born on the web and creating a need for their well-established rivals to build direct relationships with their customers. The development of Walled Gardens creates new advertising ecosystems in which clients have only very limited access to data. Mining increasingly diverse data sources, from both the Internet and the physical world, also raises a raft of new questions for companies, chief among them being peoples' right to privacy. Companies are seeking to grow the value of their brand name in a digital universe where differentiation is key, while operating in markets characterized by low growth and relentless pressure on costs.

Publicis was quick to act in this changing world and moved early to undertake a major transformation to offer its clients ever more tailored, innovative and efficient solutions. Since 2006, the Group has focused on developing its digital business, notably with the Digitas, Razorfish, Rosetta and LBi acquisitions. The 2014 acquisition of Sapient positions the Group as the ideal partner for companies in their digital transformations, placing consumer needs and the client experience front and center.

2019 was a pivotal year for the Group with the acquisition of Epsilon, the marketing Big Data specialist. Epsilon has the technology and platforms to structure client first-party data, round it out with an incomparably diverse range of data sources and put together personalized campaigns at scale.

(1) Source = Competition – Section 1.3.7.

By making Epsilon the data expertise of the Group, Publicis draws on this wealth of resources for all our business activities turning it into a key, differentiating advantage:

- our iconic creative brands will draw on Epsilon's deep customer knowledge to boost concept design and create even more compelling campaigns, while in turn fueling the Dynamic Creative Engine to ensure we remain agile in adapting to changing consumer needs in real time;
- connecting the Media networks' billions of contact points to Epsilon's data will improve our ability to create individualized profiles and further optimize clients' media spend;
- Publicis Sapient will have relevant proprietary information on consumers to inform and optimize the solutions offered to our clients to shape their business model.

Now more than ever, our activities are resolutely positioned to the future with more than 30% of our net revenue generated by data and digital business transformation.

But that's not all: Publicis is also reshaping its organization over time to meet the needs of clients for streamlined and efficient access to the range of expertise on offer in the Groupe. We have also realigned our operations, organizing them by country to leverage synergies between areas of expertise and to discover novel solutions. The Power of One strategy, initiated in 2016 as an integrated working model providing even more benefits to clients, is now fully up and running. Through the Groupe Client Leader, clients are offered a tailored service and direct access to the Group's entire range of expertise. We help our clients to constantly innovate and grow their sales, while controlling costs.

2019 saw Publicis round off its transformation in terms of both assets and structure, placing it in a unique position to serve clients across the entire value chain. The only group to have large-scale creative, media, data and technology assets, Publicis has a clear competitive edge—demonstrated by the new account wins in 2018 and 2019. For the second year in a row, the Group topped the league tables for winning new accounts and secured contracts in the biggest global tenders for existing or new clients (Disney, Beiersdorf, Axa and Novartis).

The Group also has extremely sound financials. Operating margin and diluted headline earnings per share were up +11.6%[(2)] and +8.2%[(3)], respectively, in 2019. With close to euro 1.3 billion in free cash flow, the Group confirms its target of deleveraging within the space of four years after the Epsilon acquisition. The Group continues its policy of investing in talent, with an additional euro 100 million invested in 2019.

All of these elements demonstrate both the exceptional engagement of our staff and the value of our strategy.

1.3.3 Main activities and Group organization

Publicis Groupe is positioned as the go-to partner for our clients' transformation as they seek to create personalization at scale. It is organized around four main services: Communication, Media, Data and Technology, spanning 10 areas of expertise: Creative, Strategic communications and influence, Production, Media buying and strategy, Commerce, Performance, Data, Digital marketing, digital business transformation, and Healthcare.

Communication

Creative

Although brands are increasingly global, "think global, act local" is the watchword for many, in a world geared to personalized content tailored to each individual.

Naturally, advertising agencies contribute to the creative content that consumers discover every day on billboards, TV, radio or in the press, and through all other digital channels. They also play an essential role in helping and assisting clients to develop their brands globally.

The primary mission of advertising agencies and networks is to find ideas that are universal enough to bridge borders and resonate locally. Content is increasingly personalized and tailored with the growth of the Internet. Consumers must be able to easily and efficiently appropriate this content and recognize themselves in the message. Creativity is increasingly defined as dynamic.

The Group's creative businesses are structured around big iconic brands, like Publicis Worldwide, Saatchi & Saatchi, and Leo Burnett, as well as Marcel, Fallon and BBH.

Production

In addition to its creative agencies, Publicis Groupe also includes expertise in conception and supply of brand content for all channels (television, print media, radio, cinema, billboards (Out-of-Home), and digital: display, social networks, online video, etc.). Publicis Groupe's production business, Prodigious, provides production capacities to its agencies and clients with state-of-the-art campaign management tools and archive libraries.

(2) Excluding transaction costs for the Epsilon acquisition for euro 40 million.

(3) Excluding transaction costs for the Epsilon acquisition for euro 40 million and at constant currency.

Strategic communications and influence

Rounding out its creative expertise and production mastery, Publicis Groupe also boasts networks that specialize in strategic communications and influence, including MSL, Kekst, Salter Baxter, CNC, and Publicis Live.

These networks of experts are on hand to meet a range of client needs: crisis communications, media relations, public affairs, financial communications, strategy and event management, to raise their profile, boost the effectiveness of their communications and engage in dialog with stakeholders.

Digital marketing

Close to half of global advertising is spent online. Digital has already exceeded traditional media in many countries and is growing at a far faster rate. In response, Publicis has developed its Razorfish all-digital offering for clients seeking to expand their digital presence and reinvent how they relate to their consumers.

Media

Media consulting and buying

Publicis' media services include helping clients ensure the most effective media are used for their communications campaigns and buying the most suitable advertising space (conventional or digital media) on their behalf. These integrated networks of strategy experts, investment experts, creatives and digital technology specialists are critical to the task of positioning and optimizing brand names and navigating an increasingly complex media environment. The media business is organized around global brands, such as Starcom, Zenith and Spark Foundry. Blue 449 merged with Spark Foundry in March 2019 (except in France, the United Kingdom and the United States).

The two main service ranges are:

- media consulting/media planning: using computer software and data analysis of consumer behavior, together with analysis of different media audiences, in order to build the optimum media selection and detailed media plan tailored to the client's advertising and communications strategy, marketing objectives, target audience and budget;
- media buying: purchase of all advertising space (radio, television, billboards, press, Internet and cell phones) on behalf of a client as part of an agreed media plan, using the Group's experience and buying power to obtain the most favorable rates and terms and conditions for our clients.

Performance

To optimize their digital presence, some brands are keen to increase the traffic generated by their online presence. This is where Performics, Publicis Groupe's performance marketing network, comes in. It helps clients to restructure their digital assets and leverage the right channels (design, content, recommendation, search, affiliation, key words, target audience, etc.) to drive performance.

Commerce

Given the supremacy of e-commerce giants in the digital era, many brands are seeking to reinvent their relationship with distributors and, ultimately, with their customers. Publicis' commerce expertise helps them to define a new strategy to optimize their distribution channels: in-store presence, proprietary shops, visibility on e-commerce sites, better delivery conditions, and proprietary platforms for direct-to-customer sales.

Our Commerce practice leverages the Group's full range of expertise: creativity (for content), consumer experience (in-store and online), performance (online presence and promotions), data (to continuously tailor the message to the audience), and technology (to build proprietary brand platforms and collect consumer data).

Data

The Epsilon acquisition on July 1, 2019 fast forward the building of the expertise of the Group in data and technology to help drive digital and marketing transformation. Headquartered in the US, Epsilon is a unique technology and platform company with both expertise and considerable data assets. At the acquisition date, Epsilon employed 9,000 people, 3,700 of whom are data scientists and 2,000 are engineers based in Bangalore. The vast majority of its business is based in the United States.

Epsilon's expertise ranges across the entire consumer data lifecycle to structure and augment client's first-party raw data to put in place large-scale, personalized, multi-channel marketing campaigns. The Group simplified and streamlined its data offering to help clients to build and control their first-party data and maximize this consumer knowledge to optimize their media spend. It was therefore crucial to focus on rapid integration of Epsilon and position its expertise as one of the Group's main services.

In 2019, Epsilon became our sole data-tech platform. To offer personalization at scale, the Publicis PeopleCloud platform and related businesses and services were folded into Epsilon. The Group will tap into the data-marketing giant's know-how in gathering, enriching and leveraging raw first-party data, as well as its suite of vertical expertise, putting Epsilon at the heart of the Group's business.

All our data expertise is brought together under the one umbrella to provide insights for all the Group's business.

Technology/Digital business transformation

Publicis Sapient is Publicis Groupe's technological, digital and consulting platform, enabling our clients to accelerate their digital transformation drawing on the expertise of a 20,000-strong team.

Since 2018, Publicis Sapient is organized on the basis of "Industry verticals" to bring together sector expertise and provide insight into the challenges and opportunities to grow and transform, and offer our clients the know-how that will ensure their success. The eight Industry Verticals are automotive, consumer products, energy and raw materials, retail, financial services, healthcare, media-telecoms, and travel & hospitality.

In the second half of 2019, Publicis Groupe reorganized Publicis Sapient's North American business to focus on digital business transformation, its highest growth segment. It combined the digital marketing services offered by its creative brand names under the Razorfish brand name.

Dedicated expertise in healthcare

Publicis Groupe moved very quickly to establish a specialised business in healthcare, with several flagship brands, including Digitas Health (DH) and Publicis Health Media (PHM). These brands, specializing in media for the healthcare and well-being sector, created a holistic model by combining their expertise with the Group's media networks, and In-sync Consumer Insight, which brings in-depth knowledge of patients, healthcare professionals and payer organizations, providing strong differentiation. Publicis Health covers all of its customer needs, from product launch to its change to a generic product, by offering digital and marketing solutions.

Healthcare communications is concerned with the pharmaceutical industry, institutes, hospitals and insurance companies, as well as companies producing consumer goods aimed at health and well-being. It impacts healthcare professionals, public authorities and the general public. Healthcare communications encompass a whole series of actions from design up to product maturity: advice prior to launching a product onto the market, communications tools (publicity, direct marketing, digital, prospection calling, etc.), medical training, scientific communications, public relations and events.

We therefore reshaped our organization and structure in line with client challenges in a client-centered model. The Group serves its clients through a unified and fluid organization that not only catalyzes emulation of best practice, but also helps to generate synergies across all our specialist fields in a bid to optimize the client journey and deliver the best possible results in all our key markets.

Group organization

Group country organization

To provide a single offering in each country combining all the Group's areas of expertise, Publicis has defined 10 key markets: the United States, United Kingdom, France, DACH (Germany, Austria and Switzerland), Asia-Pacific & Africa-Middle East, Northern and Central Europe, Southern Europe, Canada, Latin America ex-Brazil, and Brazil. This country-based organizational structure breaks down silos so we can provide our clients with an integrated solution that is seamless and innovative, born out of the alchemy between creativity, media, data and technology. These 10 countries or regions are each run or supervised by a single person and overseen day-to-day by a single Executive Committee. They span multiple solutions, have shared support functions and are geared up to offer our clients a broad-based solution that meets their needs.

Because of its scale and its outsize contribution to net revenue (almost 60%), a specific organization is in place in the United States. As announced in July 2019, we have a new Executive Committee in the US, chaired by Arthur Sadoun and with a team that brings together the Group's four core services: creative, media, data and technology. This body is tasked with overseeing governance in the United States, accelerating implementation of Group strategy through the power of all our expertise combined into a single offering, and ramping up revenue synergies through cross-fertilization of our brands.

Groupe Client Leaders

Clients have always been central to the Publicis Groupe strategy. To make sure they get the very best we have to offer, in 2016 the Group reshaped its organization around Client Leaders, dedicated to specific clients. Major clients that use Publicis Groupe services on more than one market or across a range of expert areas are each assigned a Group Client Leader (GCL). Major clients that use Publicis Groupe services in only one country or region are assigned a Country Leader.

This structure translates into an uncomplicated client relationship, managed by a single point of contact. But it is also the ideal organization to increase cross-fertilization and offer the entire array of solutions to its clients horizontally: Creative, Strategic communications and influence, Production, Media buying and strategy, Data, Commerce, Performance, Digital marketing, Digital business transformation, and Healthcare. All the services offered to a client are consolidated in a single income statement, managed by the Group Client Leader.

The GCL's role is a key one: establish closer, lasting relations between the Group and its clients, across all our services and wherever they are in the world. They also orchestrate access to the diverse range of talent and expertise on offer in Publicis to simplify how client relations are organized.

Global Services

Global Services designs and deploys the global tools critical to ensuring the Group offers a consistent range of services in its 10 key markets, to improving our performance and generating economies of scale. Established in January 2020, Global Services has four departments: Media, Commerce, Production and Content, and is headed up by Steve King, Publicis Groupe COO.

Re:Sources

Re:Sources is the backbone of our collaborative model, and provides logistics support in the Group's main markets. To help Publicis Groupe's agencies to transform themselves, innovate and increase productivity, Re:Sources provides cutting-edge solutions, streamlined technological platforms and expertise. Under the banner "Excellence through collaboration", Publicis Groupe's shared services (billing, treasury, legal, human resources, technology infrastructure, purchasing, real estate, etc.) work hand in hand with the agencies, supporting them in finding the best solutions in order to provide their clients in turn with a redefined consumer experience and a good return on investment.

1.3.4 Main clients

Publicis Groupe provides advertising and communications services to a diversified customer portfolio that is representative of the global economy. It has a significant number of clients that are either national or global industry leaders, with more than half of its revenue generated by international clients, *i.e.* clients with operations in more than five countries. The top 30 clients represent 35% of the Group's consolidated net revenue (see Section 6.6 "Notes to the consolidated financial statements" – Note 28). Payment terms are consistent with general market practices and the regulations in force in each of the countries in which the Group operates. Revenue from, and contracts with, different clients vary from year to year. Nonetheless, a significant share of Publicis Groupe's revenue comes from loyal clients that have been with the Company for years.

The main clients of the Group's major networks in 2019 are listed below:

Communications

Altria, AT & T, Bradesco, Citigroup, Daimler AG, Deutsche Telekom Group, Fiat Chrysler Automobile Group, General Motors, Google, Heineken, Kellogg, L'Oréal, McDonald's, Nestle, Procter & Gamble, Renault, Samsung, Toyota, Volkswagen, Walmart.

Media

Bank of America, Best Buy, Citigroup, Comcast, Coty, Deutsche Telekom Group, Fiat Chrysler Automobile Group, GSK, Kellogg, Kohl's, Kraft Heinz, Lowe's Companies, Inc., Nestle, Novartis Pharma, Procter & Gamble, Reckitt Benckiser, Samsung, The JM Smucker, Verizon, Whirlpool Group.

Technology/Digital business transformation

Anglo Gulf Trade Bank, Capital Group, Cargill Agricola S/A, Citigroup, Daimler AG, Fiat Chrysler Automobile Group, Goldman Sachs Group Inc, Invesco, Lloyds Banking Group (LBG), Marriott Group, McDonald's, Nationwide Building Society, Nissan, RBS, Samsung, Unilever, US Dpt of Health & Human Services, Verizon, Wellington Management Co LLP, Z Energy.

Health

Abbvie, AstraZeneca, Bayer, Biogen Idec, Bristol-Myers Squibb, Gilead Sciences, GSK, Hospital Corporation America, Ipsen, Johnson – Johnson, Merck & Co, Novartis Pharma, Novo Nordisk, Pfizer, Roche, Sanofi, Sunovion, Takeda.

In 2019, the breakdown of the business sectors of the Group's clients as a percentage of total net revenue was as follows:

- Financial: 17%;
- Automotive: 15%;
- TMT: 13%;
- Non-Food consumer products: 12%;
- Food and beverage: 12%;
- Healthcare: 10%;
- Leisure/Energy/Luxury: 8%;
- Retail: 8%;
- Other: 5%.

On the basis of 3,769 clients representing 88% of the Group's total net revenue.

The breakdown of net revenue by principal client sector is representative of the major economic players and the structure of the portfolio remains stable.

1.3.5 Main markets

Global advertising expenditures are listed in regular reports by various forecasting agencies, such as Zenith (Publicis Groupe), GroupM (WPP), Magna (Interpublic) and Nielsen. The forecast data published by these agencies reflect clients' media buying intentions. These estimates are expressed in billings (client purchases) and do not as such represent advertising agencies' potential revenue. A quarterly review of these reports offers insight on trends in the advertising market, even though the figures do not factor in a whole facet of advertising agencies' business activities (public relations, direct marketing, CRM, e-commerce and e-mobile, etc.), of Publicis Sapient (digital business transformation, consumer experience, etc.) and of Epsilon (data and technology).

/ The global advertising market by geographic region

Global advertising market (2019)	Advertising spend 2019 (in USD millions)(1)(2)	% of global advertising spend 2019(1)(2)	% of Publicis Groupe's net revenue 2019
North America	253,555	41%	57%
Europe	131,492	21%	27%
Asia Pacific	201,551	32%	10%
Latin America	29,558	5%	3%
Africa & Middle East	7,756	1%	3%
Total	**623,912**	**100%**	**100%**

(1) In current prices and at 2019 average exchange rates.
(2) Zenith forecasts for Publicis Groupe markets.

/ Geographical breakdown of Publicis Groupe's net revenue

(in millions of euros)	2018	As a%	2019	As a%
North America	4,795	54%	5,516	57%
Europe	2,622	29%	2,630	27%
Asia Pacific	924	10%	1,006	10%
Latin America	347	4%	326	3%
Africa & Middle East	281	3%	322	3%
Total	**8,969**	**100%**	**9,800**	**100%**

1.3.6 Seasonality

Clients' advertising and communications expenditure fluctuates, often in response to actual or expected changes in consumer spending. Because consumer spending in many of the Group's markets is typically lower at the beginning of the year, following holidays, and in July and August, the most popular vacation months in Europe and North America, advertising and communication expenditures are lower during these periods as well. As a result, advertising and communication expenditure is not as high during these periods. Historically, the Group's revenue is often higher in the second and fourth quarters of the year than in the first and third quarters.

1.3.7 Competition

Since 2009, the Group has been ranked in third place in the global ranking of communications groups (by revenue, source: companies' annual reports).

See the table below for the published net revenue and revenue of the top four groups in 2019:

(in millions)(1)	WPP	Omnicom	Publicis	Interpublic
Net revenue in local currency	GBP 10,847	n/a	EUR 9,800	USD 8,625
Net revenue in dollars	USD 13,852	n/a	USD 10,971	USD 8,625
Revenue in local currency	GBP 13,234	USD 14,954	EUR 11,001	USD 10,221
Revenue in dollars	USD 16,900	USD 14,954	USD 12,315	USD 10,221

(1) Exchange rate: EUR 1 = USD 1.119; EUR 1 = GBP 0.877.

The reader should note that the figures above are those published by the groups concerned, in the currency and according to the accounting standards used by each of them.

Publicis Groupe also competes with a large number of local, independent advertising agencies in markets around the world, via its Specialized Agencies and Marketing Services. New competitors have emerged in the IT/consulting sectors, such as Accenture, Deloitte and Capgemini, primarily through advertising acquisitions, such as Accenture's 2019 deal for Droga5.

Generally speaking, the advertising and communications markets are highly competitive and the Group is in constant competition with national and international agencies. The Group expects that competition will continue to stiffen as multinational advertisers increasingly consolidate their budgets among a restricted number of agencies, and the communications sector sees significant changes, reflected in the appearance of new competitors from the consulting or high-tech industries.

1.3.8 Regulatory environment

Some of the Group's businesses are governed by regulations that may vary from country to country or region to region.

In France, media buying activities are subject to the Sapin Law, a law requiring transparency in media buying transactions. Pursuant to the Sapin Law, an advertising agency may not purchase advertising space from media companies and then resell the space to clients on different terms. Instead, the agency must act exclusively as the agent of its clients when purchasing advertising space. The Sapin Law applies to advertising activities in France when the media company and the client or the advertising agency are French or located in France.

Many countries have strict laws governing the advertising and marketing of certain products, in particular tobacco, alcohol, pharmaceuticals and foodstuffs. New regulations or standards imposed on the advertising or marketing of such products could have an adverse impact on the Group's operations.

These regulations can change frequently: their scope can be amended at any time; new regulations can be introduced—including without prior notice; and as the Group develops, it may expand into areas covered by regulations that did not previously apply to it. One result of the United Kingdom's decision to exit the European Union (Brexit) could be to introduce changes to applicable regulations. Any new regulations or amendments to how existing laws or regulations are implemented or applied, or if the Group becomes subject to new regulations could have a material impact on the Group.

Even though the nature and scope of regulations vary between countries, Publicis Groupe is governed by the data protection laws and regulations in the majority of countries it is active in.

We updated our data privacy policy in line with the EU General Data Protection Regulation (Regulation [EU] 2016/679 of April 27, 2016, GDPR), which came into force in May 2018.

The GDPR applies to all organizations (i) that process personal data related to the activities of an establishment in the territory of the European Union (EU) or (ii) that process data related to the offering of goods or services to persons located in the territory of the EU or to the monitoring of their behavior. The GDPR is based on a set of principles applicable to the processing of personal data, including the principle of data minimization, which consists in limiting the processing of personal data to that which is necessary for the purposes for which they are processed. Moreover, the introduction of new "privacy by design" and "privacy by default" principles requires companies to implement appropriate technical and organizational measures to protect personal data when new products and services are designed. The regulation also creates new obligations for data controllers and their sub-contractors to make businesses more accountable. They include notifying to the supervisory authorities, and in some cases, to the individuals concerned, personal data breaches that are likely to engender a risk to the rights of those concerned. Companies that process a large amount of personal data, like Publicis, are also required to maintain records of their processing activities and to appoint a data protection officer. Just as it tightened obligations incumbent on companies, the GDPR also created and reinforced the rights of individuals, in particular with regard to their right to information on how their data is processed. The regulation also lays down the framework for transfers of personal data outside the EU to ensure that individuals enjoy a sufficient and appropriate level of protection. The GDPR provides for administrative penalties including fines of up to euro 20 million or 4% of global annual revenue for the most serious breaches. These sanctions have already been used by the supervisory authorities in Europe since the GDPR came into force as they ramp up vigilance.

In parallel, Directive 2002/58/EC, dubbed the "ePrivacy" Directive, as amended, lays down rules to guarantee protection of privacy in the electronic communications sector. Transposed into French law by Law no. 2004-575 on confidence in the digital economy, this directive imposes obligations with respect to marketing and introduces rules on how cookies are used. The e-Privacy directive is being revised and is expected to be replaced by an e-Privacy regulation that will be directly applicable in the EU.

Other countries have also passed legislation to protect personal data. In the US, California passed the California Consumer Privacy Act of 2018 (CCPA), applicable as of January 1, 2020. The key provisions of the CCPA include requiring companies that process the personal data of consumers residing in California to inform them about how they collect, use and share their data. It also allows California consumers to object to their information being shared with third parties and grants them a new right to sue for breach of their private data.

1.4 INVESTMENTS

Our investments focus on digital expertise and creative excellence in order to enrich content, strengthen our teams and promote innovation and new service offerings. The strengthening of our agencies and the development of strategic partnerships and initiatives with major Internet players allows Publicis Groupe to anticipate the changes and evolution of communications industries towards digital technologies. The aim is to offer the most innovative solutions to our clients, in phase with the rapid changes in consumer behavior and technologies.

1.4.1 Main investments and divestments during the past three years

2017 was in line with 2016. With the focus on the transformation of Publicis Groupe, the number of acquisitions remained limited.

On January 23, Publicis Communications acquired two digital agencies via Leo Burnett: The Abundancy and Ardent. These agencies will add to Leo Burnett's arsenal of data, creative and technological capabilities. Ardent provides proprietary technology that uses search data to understand behavior and predict consumer intent, while The Abundancy applies these learnings to inform customized content. Together, these two agencies count 60 professionals who have now joined Leo Burnett under newly appointed CEO Andrew Swinand in the United States.

On July 1, Publicis Communications announced the acquisition of The Herd Agency, which is one of the largest and most recognized Australian agencies. This acquisition enables Publicis Communications to offer its clients a wider range of public relations services, including strategy, public affairs, earned media, investor relations, integrated campaigns, crisis communications, social media and marketing content. The Herd Agency is attached to MSLGROUP in Australia.

On July 19, Publicis Communications completed the acquisition of Ella Factory, a French corporate communications consulting agency created in January 2012 and chaired by Clément Léonarduzzi. Ella Factory is attached to Publicis Consultants, of which Clément became Executive Chair in October 2017.

On July 27, Prodigious, Publicis Communications' production platform announced the acquisition of Translate Plus, a global supplier of linguistic services and expert in transcreation. Transcreation is the complete adaptation of the brand message for a product or an advert for a target market, and takes part in major global advertising campaigns. Created in 2008, Translate Plus employs over 130 people in 10 international offices, in London, the Netherlands, Germany, Denmark, Sweden, Italy, Bulgaria, Washington DC, China and Japan. Its client portfolio includes Mondelez, Porsche Consulting, Reckitt Benckiser, Rentalcars and Ricoh.

On September 14, Publicis Health, Publicis Groupe's Healthcare solution, announced the acquisition of PlowShare Group, the leading communications agency exclusively dedicated to humanitarian organizations and federal agencies for marketing campaigns on social causes and missions. Created over 20 years ago, PlowShare works with the American Red Cross, the Centers for Disease Control and Prevention, Habitat for Humanity, Make-A-Wish Foundation, March of Dimes, World Wildlife Fund. Based in Stamford (Connecticut) with offices in Atlanta, New York and Washington DC, and with a team of 18 people, PlowShare provides all advertising and marketing services: media buying, creation, public relations, social media, etc.

On September 29, Publicis Communications announced the acquisition of Harbor Picture Company, a production company specializing in advertising films for television and Internet. Created seven years ago, Harbor Picture Company is attached to Prodigious, Publicis' production entity.

Total acquisition costs for entities integrated during 2017 (gross payments, before acquired cash) came to euro 76 million. In addition, euro 232 million was paid out in earn-outs and euro 35 million to buy-out non-controlling interests.

In 2017, in addition to the shares bought under the liquidity contract, the Group carried out share buybacks for an amount of euro 324 million, as part of the hedging for performance stock plans for Group employees.

2018 saw the implementation of the "Sprint to the Future" plan. This resulted in a number of acquisitions, designed in particular to strengthen the strategic game changers (data, dynamic creativity, digital business transformation), but also the disposal of a number of companies that fell outside the scope of this plan.

Publicis Groupe completed the disposal of Genedigi in the second quarter of 2018.

On July 17, Publicis Health announced the acquisition of Payer Sciences, an ultra-innovative agency employing marketing strategies built around strong expertise in data analytics, and helping pharmaceutical groups in their dealings with the reimbursement systems in the United States. Based in Morristown, New Jersey, Payer Sciences has a 40-strong team of data analysts, experts in reimbursement systems and in B2B communications.

On August 1, Publicis Communications announced the acquisition of One Digital, a digital agency based in Sao Paulo, focused on performance and creativity. Founded in 2003, One Digital has 64 employees and works with both Brazilian and international brands such as Agora (investments), American Express, Autoline (financial services), BitBlue (crypto-currency), Bradesco (banking services), Next (online banking services), Norsk Hydro Brasil (aluminum production) and ShopFacil.com (e-commerce). The agency will be part of Publicis Communications, which has 1,700 employees in Brazil across all agencies including Arc, Deepline, DPZ&T, F/Nazca Saatchi & Saatchi, Leo Burnett, Tailor Made, MSL, Publicis Brésil, Prodigious, Sapient AG2, Talent Marcel and Vivid Brand.

On October 4, Publicis Groupe announced the acquisition of Kindred Group, the largest independent digital communications player in the Czech Republic. Founded in 2013 by Michal Nýdrle and a number of partners, Kindred Group is a group of independent specialist agencies including the Nýdrle and Inspiro digital agencies, and the Red Media and Go.Direct media agencies. Within a period of five years, Kindred Group has become the largest independent digital communications agency in the Czech Republic in terms of revenue (source: Association of Communications Agencies Czech Republic). Kindred Group's client base includes a series of local and international brands such as Moneta Money Bank, Unilever, KMV, Vodafone, Zoot, Rémy Cointreau, the Ceskoslovenska obchodní bank, Huawei and Makro Cash and Carry. Following this acquisition, the total number of Publicis Groupe employees in the country has grown to 400. Following the integration of Kindred Group, Publicis Groupe is in a position to offer an integrated solution to its clients in the Czech Republic encompassing data analysis, technology implementation and consultancy, as well as programmatic media buying and data enriched creativity.

On October 22, Publicis Groupe announced that it had entered exclusive negotiations with Xebia France, an agile IT consultancy firm. Founded in 2005 by Luc Legardeur, Xebia France is a renowned agile IT consultancy firm that specializes in Data, Web, Cloud technologies, reactive software programming and mobility. This technological gem, with a 170-strong talented team called the "Xebians", works with large accounts such as Axa, Air France, BNP Paribas, la Française des Jeux, Meetic, Natixis, Sanofi and startup businesses such as BlaBlaCar, Early Birds, ManoMano. This merger would strengthen the Publicis Sapient teams in France (650 people) and bolster its technological expertise, which is a key component of Publicis Sapient's unique combination of strategy, consulting, experience and technological expertise – all of which are crucial to the delivery of a successful end-to-end transformation for clients. The acquisition was wrapped up at the end of 2018.

On December 20, Publicis Groupe announced that it had entered into exclusive negotiations with the founding shareholders of Soft Computing, a leading data marketing firm in France, with a view to the acquisition of a controlling block representing 82.99% of the share capital at a price of euro 25 per share (2018 coupon attached), *i.e.* at a premium of 66.66% to the closing price on December 19, 2018. This acquisition was completed on February 7, 2019. Created in 1984 by Eric Fischmeister and Gilles Venturi, Soft Computing is specialized in data and how it is applied to enhance digital marketing and transform the customer experience. With over 400 experts, this market leading company provides its services to the majority of large corporates in the retail, services and financial sectors. This merger reinforces Publicis Groupe's data marketing expertise across the entire value chain in France, further consolidating its position as the preferred partner for its clients' transformation.

On December 31, 2018, Publicis Groupe signed an agreement to sell Publicis Health Services (PHS) to Altamont Capital Partners. The disposal was completed on January 31, 2019. This disposal followed the July 2018 announcement of the strategic review of this asset, and the launch of the divestment process communicated to the market the following October. This entity is in the Contract Sales Organization business. This disposal allows Publicis Health, led by Alexandra von Plato, to refocus on its creative, media, insights and consulting activities. Publicis Groupe remains committed to providing the best possible solutions to help clients with their digital transformation and to this end will invest in health-related consulting, in data and technology.

Total acquisition costs for entities integrated during 2018 (gross payments, before acquired cash) came to euro 136 million. In addition, euro 130 million was paid out in earn-outs and euro 21 million to buy-out non-controlling interests.

The Group did not buyback any of its own shares in 2018, except for those shares bought under the liquidity contract.

One of the key events in **2019** was the Epsilon acquisition, the biggest deal in the Group's history. There were also a number of other small-scale acquisitions and disposals during the year, helping to accelerate the Group's tilt towards strategic core assets.

On February 14, 2019 Publicis Groupe announced that, following a sale process in 2018, the Group entities that own Proximedia had entered into exclusive negotiations with Ycor for the sale of all of Proximedia. With operations in France, Belgium, the Netherlands and Spain, Proximedia provides digital services to SMEs, small enterprises, small shops and craftsmen for their online presence and promotion. As at December 31, 2018, Proximedia had 575 employees, including 231 in France, 311 in the Benelux and 33 in Spain. Publicis Groupe completed the disposal in the first half of 2019.

On April 14, 2019, Publicis Groupe announced that it had entered into an agreement with Alliance Data Systems Corporation to acquire Epsilon. Headquartered in the United States, Epsilon is a unique technology and platform company focusing on maximizing the value of its clients' data. Epsilon generated USD 1.9 million in net revenue in 2018[1], of which 97% in the United States; employed 9,000 people, 3,700 of whom are data scientists and 2,000 are engineers based in Bangalore.

Epsilon's expertise ranges across the entire consumer data lifecycle to structure and augment clients' first-party raw data to put in place large-scale, personalized, multi-channel marketing campaigns.

Epsilon's success is evidenced by the endorsement of its blue chip clients: Epsilon has gained the trust of at least 7 out of the 10 largest US companies across various sectors including Auto, Retail, Financial Services, CPG and Media. In addition, its top 50 clients have an average tenure of 14 years and have generated an 8% yearly growth on average over the last two years.

This acquisition will accelerate the implementation of Publicis' strategy to become the preferred transformation partner for its clients.

Under the terms of the agreement, Publicis Groupe acquired Epsilon in a USD 4.4 billion deal, representing a net purchase price of USD 3.95 billion after deducting the benefit of acquisition-related tax impacts. This gives an 8.2x multiple, based on a 2018 adjusted EBITDA of USD 485 million[2].

The deal was funded through Publicis Groupe's successful euro 2.25 billion bond issued on June 5, 2019 in three tranches, a medium-term loan and USD 650 million in available cash.

The transaction was finalized on July 1, 2019, the date of first consolidation of Epsilon's results. Consolidation was largely completed by end-December 2019. Epsilon is positioned at the core of the Group providing the expertise in gathering, enriching and leveraging first-party data to permeate all Group businesses. Epsilon's advertising activities were merged into Leo Burnett, and the Group opted to conduct a strategic review of CJ Affiliate to explore various possibilities for generating value.

On August 19, 2019, Publicis Groupe announced its acquisition of Rauxa, an independent, full-service marketing agency. Rauxa has become part of Publicis Media, the Publicis Groupe media Solution Hub. Founded in 1999, the agency has averaged double-digit growth every year, with net revenue of around USD 70 million in 2018, and more than 300 employees spanning New York, Los Angeles, San Francisco, Seattle, Orange County and Dallas. Rauxa's clients include Verizon, Samsung, Alaska Airlines, Vans, Celgene and 20 other leading client brands. Rauxa operates as a Publicis Media agency brand in the United States, and continues to be led by its founder Jill Gwaltney, and its President and Chief Executive Officer Gina Smith, reporting to David Penski, COO of Publicis Media US and Chair of Publicis Media Exchange (PMX), and Tim Jones, Regional CEO Americas for Publicis Media. Rauxa will work closely alongside Publicis Media's digital agencies (Moxie, MRY and Digitas), driving deeper communications touchpoints across strategy, CRM and personalized creative.

Total acquisition costs for entities integrated during 2019 (gross payments, before acquired cash) came to euro 4,076 million. In addition, euro 123 million was paid out in earn-outs and euro 40 million to buy-out non-controlling interests.

(1) As per Publicis Groupe accounting principles.

(2) 2018 reported Epsilon EBITDA (operating margin before depreciation and amortization) adjusted for standalone carve-out costs of euro 21 million, share-based compensation charge of euro 30 million to align with Publicis' accounting policy, euro 60 million of run rate cost reductions being implemented at Epsilon and before any potential cost synergies derived from this transaction. Conversion from euros to dollars at the 2018 average exchange rate of 1.18.

The Epsilon acquisition led to suspending the share buyback program announced in early 2019, as the Group's priority shifted to deleveraging. The Group did not buyback any of its own shares in 2019, except for those shares bought under the liquidity contract.

1.4.2 Main ongoing investments and divestments

There are no significant investments or divestments underway.

1.4.3 Main future investments

Publicis Groupe will continue its investments to provide proposals and solutions to its clients faced with numerous challenges (consumer behavior, multiplication of communication channels, increasing weight of omni-channel commerce, emergence of new players from digital technologies). Thus, all future investments will aim to improve our offering, combining our creative, media, data and technological expertise.

Moreover, as at December 31, 2019 the Group also had commitments of euro 347 million under earn-out clauses and euro 36 million for non-controlling interest buyouts, a total of euro 383 million, of which euro 133 million is due in less than one year.

1.5 MAJOR CONTRACTS

The Company concluded the acquisition of Epsilon by Publicis Groupe on April 12, 2019. The acquisition was subject to a number of conditions precedent, one of which was obtaining the required regulatory approvals, including from the competition authorities in the United States, all of which were satisfied. Closing took place on July 1, 2019. Apart from this transaction, Publicis Groupe did not conclude any significant agreements or any agreements conferring a significant obligation or commitment on the Group, with the exception of those concluded in the normal course of affairs, during the two years preceding the date of this Universal Registration Document.

1.6 RESEARCH AND DEVELOPMENT

The Group does not believe that it is dependent on any specific patent or licence to operate its businesses.

CHAPTER

RISKS AND RISK MANAGEMENT

2

2.1 MAIN RISK FACTORS

The risk factors described below, together with the other information concerning Publicis Groupe and its consolidated financial statements included in this Registration Document, should be carefully considered before making an investment in the shares or other securities of Publicis Groupe. This section covers the main risks to which Publicis Groupe feels it is exposed, as of the date of this Universal Registration Document. Each one of the risk factors may have a negative impact on the Group's earnings and financial position as well as on its share price or financial instruments. Other risks and uncertainties of which Publicis is unaware or which are not currently considered to be significant could also have a negative impact on the Group.

Description of the main risk factors

In accordance with the provisions of article 16 of Regulation (EU) 2017/1129, the risk factors are presented for each of the risk categories mentioned below in what the Group deems from its assessment is the descending order of significance as of the date of this document. The risk factors considered the most significant are presented first, following an assessment of the level of their potential impact and likelihood of occurrence. The assessment by Publicis Groupe of the significance of risks may be amended at any time in light of changing circumstances.

Covid-19

The Groupe entered 2020 in a context characterized by high economic uncertainty related to the coronavirus epidemic (or Covid-19).

This epidemic, which will probably be long-lasting, is accompanied by the introduction of restrictive measures to control it in a large number of countries around the world. This situation could lead to an economic slowdown in the markets in which Publicis operates and have the effect of reducing its revenue and significantly impacting its operating activity and therefore its financial performance. The epidemic could also pose risks to the health and safety of its employees.

At the date of filing of this Universal Registration Document, the duration of this epidemic and the strength of its impact on the Groupe's 2020 income are difficult to assess. However, we must underline the risks of budget cuts, client insolvency or recession, with possible consequences for our Groupe.

In general, all of the risks identified below should be considered in the light of the consequences of the coronavirus epidemic.

Risk factors

Categories	Risk factors
Industry-related risks	• Risks associated with a highly competitive industry
	• Risks associated with the economic condition
Operational risks	• Risks associated with the confidentiality of personal data
	• Risks associated with the dependence of the Groupe's business on its managers and employees
	• Risks associated with mergers and acquisitions
	• Risks of IT system failures and cybercrime
	• Risks associated with client portfolios
	• Risks associated with the reorganization of the Groupe
Regulatory and legal risks	• Risks of litigation, governmental, legal and arbitration proceedings
Financial risks	• Risks associated with the Groupe's financial rating
	• Liquidity risks

1. Highly competitive industry

High ✔	Medium	Low

The advertising and communications industry is very competitive and is expected to remain so.
The Group's competitors are of all sizes and types, and range from large multinational companies, including Internet giants capturing an ever-increasing share of the advertising market, to smaller agencies that operate in local or regional markets. New players such as systems integrators, database design and management specialists, telemarketing and web-based companies now have access to technical solutions that respond to clients' specific marketing and communications needs. Such players have the potential to up-end the competitive landscape in the advertising and communications industry more sharply and quickly than in many other industries. The Group must compete with these companies and agencies in order to maintain existing client relationships and to win new clients and accounts. Increased competition could have a negative impact on the Group's revenue and earnings.

2. Particular sensitivity to the economic climate

High ✔	Medium	Low

The advertising and communications industry is particularly sensitive to changes in advertiser businesses and a scaling back of their advertising investments. Economic downturns can have a more severe impact on the advertising and communications industry than on other sectors, in part because many companies respond to a slowdown in economic activity by reducing their communications budgets in order to meet their earnings goals, which could have an adverse effect on the Group.

3. Personal data confidentiality risks

High ✔	Medium	Low

Operating in the advertising and communications industry means that the Group has to process a significant volume of personal data. Regulations governing personal data protection are complex and evolving, differ from country to country and generate important and increasing compliance costs. Some of the regulations applicable to the Group have come into force recently. In particular, the European Union's General Data Protection Regulation (EU) 2016/679 of April 27, 2016 (GDPR), which came into force on May 25, 2018, heightens the obligations and responsibilities of companies processing personal data, creates new operational requirements (in particular in the event of a breach in the confidentiality of personal data) and increases their security and confidentiality obligations. GDPR also strengthens the rights of individuals by giving them more control over their personal data. GDPR provides for administrative sanctions of up to euro 20 million or 4% of global annual revenue for the most serious breaches.

Moreover, in June 2018, the State of California promulgated the "California Consumer Privacy Act" (CCPA), which came into force on January 1, 2020. In the absence of comprehensive federal data protection regulations, the CCPA is the most important law in this area in the United States. The CCPA provides for a right to opt-out, allowing users to suspend the collection and the sale of their personal data. Although this law only applies to Californian residents, one of the main challenges will be distinguishing between users in order to apply the appropriate procedures and put in compliance the entire ecosystem by identifying precisely the responsibility of each actor.
Any unauthorized loss or disclosure of personal data may give rise to substantial damages for the persons concerned, who may sue the Group. The Group, which deals with more and more personal data, could be subject to increased scrutiny by supervisory authorities. Any breach of applicable regulations may, on top of any liability suits and sanctions handed down against the Group, create a loss of customer confidence and have an adverse impact on the Group's reputation and activities.

4. Risks associated with the dependence of the Group's business on its management and employees

High ✔	Medium	Low

The advertising and communications industry is known for high mobility among its management and talent. In addition, the Group's new competitors, particularly technology and Internet companies, may also attract profiles that the Group would like to recruit or retain. The loss of some of them could hurt the Group. The Group's success very largely depends on the talent and expertise of its teams as well as on the strength of its relationships with customers.

In an environment in which digital expertise is central to organization transformation, the Group's businesses are seeing significant staff turnover, something that may represent a risk if not sufficiently anticipated.
If the Group were no longer able to actively attract and retain valuable managers or employees, or if it were no longer able to retain and motivate its key talent, its prospects, business, financial position and results could be very adversely affected.

5. Risks associated with mergers and acquisitions

High	Medium ✔	Low

The Group's strategy of development through acquisitions and minority investments may create risks.
Part of the Group's strategy hinges on enriching its range of advertising and communication services and increasing its operations in high-growth markets. As such, the identification of acquisition targets may be difficult, and the assessment of risks related to any acquisition or investment make prove to be incorrect. Sellers may also at times fail to divulge certain risks. The changing and unpredictable regulatory frameworks of certain emerging markets and certain local practices in these regions are another source of acquisitions risk. In addition, acquisitions may be concluded on terms that are less favorable than anticipated, and/or the newly acquired companies may either fail to be successfully integrated into Publicis' existing operations or fail to generate the synergies or other benefits that were expected. Such events could have adverse effects on the Group.
A description of the Group's main acquisitions during 2019 appears in Section 1.4.1 "Main investments and divestments during the past three years". See also Note 2 (Section 6.6) to the consolidated financial statements "Changes to consolidation scope".

Goodwill from acquisitions and intangible assets (trademarks, client relationships), recorded on the Group's statement of financial position for acquired companies may be subject to impairment.
Large sums have been recognized on the Group's balance sheet with euro 11,629 million in goodwill and euro 1,979 million in intangible assets at December 31, 2019. Given the nature of its business, the Group's most important assets are intangible, and are accounted for as such. Each year, the Group carries out an evaluation of goodwill and intangible assets so as to determine whether these need to be impaired. The hypotheses made in order to estimate the earnings and the forecasted cash flow in the course of these reevaluations may not be confirmed by subsequent real earnings. If the Group were to carry out any such depreciation, the loss could have an adverse effect on the Group's earnings and financial position. Analysis of goodwill and intangible assets carried on the Group's Statement of Financial Position is detailed in Notes 10 and 11 to the consolidated financial statements (Section 6.6).

6. Risks of IT system failures and cybercrime

High	Medium ✔	Low

The digital marketplace is expanding at unprecedented pace, and the reliance on information technology has never been greater. This reliance brings risk to the Group in the form of systems failures and malicious attacks, as well as potential insider threats.
Systems failures can result both from natural or malicious events or the mere failure of components, a partner or a supplier. This could potentially result in long periods of malfunction and hinder our ability to serve our clients.
Malicious attacks come in the form of denial-of-service attacks, cyber-attacks, computer hacking, computer viruses, worms or other malicious software. Each of these has the ability to inhibit normal business operations and even suspend them for periods of time, as well as potentially infecting client deliverables and even their own network environments, thereby causing significant damage.

Finally, insider threats, although normally not malicious, can also be seriously detrimental to normal business operations. Untrained or ignorant staff can unwittingly share sensitive or personal information, or innocently fall prey to the numerous cyber-attacks (phishing, spear phishing, CEO fraud, etc.). The malicious or disgruntled insider, while rare, can also inflict serious reputational or financial damage by purposefully releasing confidential and sensitive information.
Such risks of IT failures and cybercrime could have significant adverse effects, including in terms of additional costs, potential loss of revenue and reputation for the Group, as well as exposing it to legal liability.

7. Risks associated with client portfolios

High	Medium ✔	Low

Contracts may be terminated on short notice. Advertisers are free to terminate their contracts with their communications agencies, after a relatively short notice period. Moreover, the Group's contracts with its clients are under constant threat from rival competitive bids. In addition, there is a trend towards operating on a project-by-project basis, a gradual reduction in the number of agencies working with an advertiser and the concentration of advertising budgets among a few leading agencies.

Finally, with the intensification of corporate consolidation processes at the global level, the risk of losing an advertiser following a merger and/or acquisition has become quite common. All of these factors contribute to the increased risk of a single event having significant consequences.

A significant percentage of the Group's revenue is derived from its major clients. In 2019, the Group's top 5, 10, 30 and 100 clients accounted for 12%, 19%, 35% and 53% of the Group's consolidated revenue, respectively (see also Section 6.6 "Notes to the consolidated financial statements", Note 28 "Risk management").

One or several large clients may, at any time and for any reason, decide either to switch advertising and communications agencies or to curtail its spending on advertising or even terminate their relationships, at any time and without having to justify it. A substantial decline in the advertising and communications spending of the largest advertisers, or the loss of any of these accounts, could have a negative impact on the Group.

The Group's growth may be negatively affected by conflicts of interest between clients competing within the same sector. The ability of the Group or one of its networks to obtain a new client may, at times, be hindered by its partnership with a competitor or by an exclusivity clause in an existing client contract. The Group avoids, as far as possible, these types of commitments, and relies on its numerous networks to limit the situations in which such conflicts of interest may arise. Such conflicts of interest may nonetheless arise and may limit the Group's growth prospects and adversely affect it.

8. Risks associated with the reorganization of the Group

High	Medium ✔	Low

Seeing that the Group's value creation chain is complex and evolving, the process of transforming the Group's structures and organization is ongoing in order to offer customers and talent an integrated, clear and effective organization. To this end, the Group has implemented a new country approach (and no longer by network).

Moreover, development through acquisitions requires restructurings in order to integrate the entities being added to the Group.

Difficulties implementing this restructuring may hinder the achievement of the Group's strategy, generate uncertainty for talent or fail to meet client expectations and accordingly have an unfavorable impact on the Group.

9. Risks of litigation, governmental, legal and arbitration proceedings

High	Medium ✔	Low

Publicis may be named as defendant or co-defendant in litigation brought against its clients by third parties, its clients' competitors, governmental or regulatory authorities, or a consumer association. These actions could, in particular, relate to the following complaints:

- the advertising claims used to promote the products or services of these clients are false, deceptive or misleading;
- the products of these clients are defective or could cause harm to others;
- marketing, communications, or advertising materials created for its clients infringe the intellectual property rights of third parties, client-agency contracts generally require the agency to indemnify the client against claims for infringement of intellectual or industrial property rights.

Any damages and legal fees arising from such actions may negatively impact the Group. The risk could be either indemnified by the client, or in the case that it is an insurable risk, covered by the Company's insurance. Moreover, Publicis' reputation could be negatively affected by such allegations.

During the normal course of its business, the Group may also receive requests for information from the justice or administrative authorities as part of inquiries into business practices in its industry.

The Company has no knowledge of any governmental, legal or arbitration proceedings, whether pending or threatened, liable to have or having had in the last 12 months, a significant effect on the financial position or profitability of the Company and/or the Groupe, other than those mentioned in note 20 and note 1.3 to the consolidated financial statements (section 6.6).

10. Risks associated with the Group's financial rating

High	Medium	Low ✔

Since 2005, Publicis Groupe SA has been publicly rated. It is rated BBB by Standard & Poor's and Baa2 by Moody's Investors Service. A financial rating downgrade could adversely affect the Group's ability to raise funds and result in higher interest rates for future borrowings.

11. Liquidity risks

High	Medium	Low ✔

The Group is exposed to a liquidity risk when its incoming payments, which represent a multiple of revenue, no longer cover its outgoing payments, and at the same time its ability to raise new financial resources has been exhausted or is insufficient.

2.2 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURE

2.2.1 Objectives and organization

Internal control and risk management are fully integrated as part of the operational and financial management of the Group. Its remit extends across all the Group's activities and structures. The Group internal control and risk management policy, which is regularly monitored by the Audit Committee, approved by the Management Board and applied at all levels of the Group, is designed to provide reasonable assurance on the realization of the Group's objectives in relation to:

- the reliability of financial information;
- compliance with laws and regulations in effect;
- the management and control of strategic, operational and financial risks;
- the achievement and optimization of operations, in line with the direction set by the Management Board.

The objectives of this framework, as approved by the Management Board and presented to the Audit Committee, are to enable:

- continuing oversight aimed at identifying risks and opportunities having a potential impact on the achievement of the Group's strategic objectives;
- appropriate communication about risks enabling contribution to the decision-making process;
- regular monitoring of the effectiveness of the Group's internal control and risk management system.

The Group has a Secretary General office enabling it to monitor internal control in a formal and centralized manner: this function includes the Legal Department (managed by the General Counsel), the Internal Audit, Internal Control and Risk Management Department (managed by the VP Internal Audit & Risk Management), the Procurement Department, the Human Resources Department (compensation and social benefits, human resources management IT system, social affairs and mobility) and CSR. The Secretary General is a member of the Group's Management Board. The Internal Audit & Risk Management VP and the Secretary General attend all Audit Committee meetings and have easy access to its Chairman and each of its members. The Audit Committee also has direct access to the Internal Control Department. The tools needed to gain a broader view of potential risks are thus in place, which supports the effort to improve risk management throughout the entire organization. The Secretary General takes part in all meetings of the Strategy and Risk Committee.

The Group's internal control and risk management system is based on the 2013 COSO (Committee Of Sponsoring Organizations of the Treadway Commission) guidelines as well as the reference framework defined by the AMF.

2.2.2 Internal control framework

Publicis Groupe has defined guidelines based on the Group values stated therein, including practical principles and rules on conduct, ethics and social responsibility, as well as any other practices to ensure that the operations of the Group's entities comply with standards, laws and regulations. These guidelines, applicable to all of the Group's hierarchical levels, set out the rules of conduct for this purpose: "The Publicis way to behave and the way to operate." These guidelines are known as "Janus" and are distributed in all networks. They are also accessible online to all Group employees. A new version of "Janus" was published in April 2015.

The procedures relating to the preparation of accounting and financial information, to the continued security of IT systems and to the introduction of significant operational procedures are mentioned there in a detailed manner, promoting consistency of treatment at all levels of the Group and networks.

These guidelines serve as the foundation of the Group's internal control system.

This system is also strengthened through a network of shared service centers (Re:Sources) systematically implemented by the Group since 1996 in order to overcome the challenges faced by a business that relies on a large number of agencies. This network is managed by a General Manager, reporting to the Chair of the Management Board, with the legal and financial functions of the shared service centers under the functional responsibility of the Group's Legal Department and Financial Department and Employment Matters and Benefits, under the responsibility of the Groupe Human Resources Department. The network of Shared Service Centers now covers almost 98% of the Group's revenue without Epsilon and 89% with Epsilon at December 31, 2019.

The Management Board, the Finance Department, the Operations Department (shared service centers, IT, real estate, insurance and mergers and acquisitions), the Internal Audit, Internal Control and Risk Management Department and the operational managers of the networks are all involved in deploying the internal control system. When the Group makes an acquisition, the internal control system is generally applied within 12 months following the acquisition date. Acquisitions also receive special attention when the annual audit plan is being drawn up.

2.2.3 Monitoring the effectiveness of the internal control system

The Group's senior management is responsible for the Group's internal control system. The Secretary General and the Internal Audit & Risk Management VP regularly report to the Audit Committee and to the Management Board on the quality of the Group's internal control system. This system draws on the following:

2.2.3.1 Internal audit assignments

The Internal Audit Department helps the Group achieve its objectives by assessing, with a methodical and systematic approach, the correct implementation and effectiveness of all internal control, risk management and corporate governance procedures and processes.

The auditors' missions, powers and responsibilities as well as the rights and duties of the audited entity are described in the "Internal Audit Charter" which is included in Janus. They recall the independence of the internal audit function and stipulate the missions and commitments of internal audit, and the duties and prerogatives of the auditors and audited entities.

The audit teams are comprised of approximately fifteen qualified auditors and carry out internal control assessments that encompass the various financial and operational processes within the Group's entities, based on an annual audit plan. This audit plan is developed based on risk analysis (including corruption risk), past events and specific requests from senior management. Once agreement has been reached with country/regional management, it is approved each year by the Management Board and validated by the Audit Committee.

The Internal Audit Department conducted approximately one hundred audits in 2019, mainly audits on the entities, but also special audits focusing on specific, Group-wide issues at various levels within the Group, as well as investigations on cases of suspected fraud.

To carry out their missions, the internal audit teams use a dedicated IT tool ("TeamMate"). The work programs used are, of course, based on the ERP systems used by the Group, with the use of extracts and dedicated exception reports.

Internal audit findings are systematically communicated in a report from the VP Internal Audit & Risk Management communicated to the Chairman of the Group's Management Board. A summary of all audit assignments completed, including special assignments, is presented during each Audit Committee meeting.

The action plans stemming from the audit recommendations are monitored centrally with the help of a dedicated computer application ("TeamCentral"). Additionally, specific "in the field" follow-up assignments are launched for the most critical reports or when action plan indicators are not in line with the commitments made by the audited entities. A report on the status of the implementation of audit recommendations is regularly presented to country/regional management as well as to the Audit Committee.

Internal (particularly in terms of HR investigations) or external assistance is called in when needed to support internal audits when special skills or techniques are necessary to conduct investigations.

The Internal Audit of Publicis Groupe works in accordance with the international professional standards issued by the IIA ("The Institute of Internal Auditors") and in March 2017, obtained the certification of its quality assurance and certification approach by IFACI (Institut français de l'audit et du contrôle interne). This certification confirms the ability of the Group Publicis Internal Audit Department to carry out its duties. This certification was confirmed in January 2018 and again in January 2019 in the course of the annual follow-up audits. It was renewed in March 2020.

2.2.3.2 Financial monitoring controls program

Publicis Groupe also established a program entitled "Financial Monitoring Controls" (FMC) consisting of a series of key controls set out by process (including in relation to CSR) and implemented across all Group entities.

Follow-up of the roll-out and implementation of key controls is performed at two levels using a specific IT tool ("PICT/RVR"):

- a monthly self-assessment submitted by all Group entities helps to make them accountable for the effectiveness of their controls;
- special teams, called FMC teams, are deployed across the various countries/regions to evaluate the effectiveness of the controls within the entities. These teams are linked to the Finance Department of each country/region as well as the Group's Internal Control and Risk Management Department, which oversees them, coordinates their work, and compiles the results. These teams follow a control plan covering over 75% of the Group's consolidated revenue each year.

Furthermore, a review of the key checks and controls of the corporate processes relating to financial reporting (Consolidation, Tax, M&A, etc.) is conducted on an annual basis by the Internal Audit Department.

2.2.3.3 Monitoring by the Legal Department

The Group's Legal Department regularly monitors litigation-related risks within the Group. A summary of any significant legal disputes, as well as an estimate of their potential impacts, is presented to the Group's senior management every quarter. The main legal disputes and current investigations, where relevant, are also discussed in each Audit Committee meeting.

2.2.4 Risk management framework

In conjunction with senior management, the operating management teams of the countries/regions as well as shared service centers are heavily involved in monitoring risks associated with major contracts or business activities in emerging countries. They continually analyze the Group's exposure to the loss of significant contracts, to risks of conflicts of interest and to changes in contractual clauses.

The risks relating to accounting information, the external growth policy, management of the liquidity position, exchange rates, changes in the Group's debt or tax position are monitored by the Finance Department, in conjunction with senior management.

The risks associated with accounting and financial information are also subject to a detailed control, overseen by the Internal Control and Risk Management Department, on the basis of which the FMC (Financial Monitoring Controls) are defined.

The procedure for monitoring the Group's risk management system was formalized beginning in 2008 with risk mapping. All of the risks that may have an impact on the Group's finances, operations or image are listed. These impacts are the subject of an evaluation and a probability of occurrence is estimated for each risk identified; a level of intrinsic risk is therefore determined as well as a level of residual risk after taking into account the control system.

Thus, pursuant to article L. 225-37 of the French Commercial Code, it is stated that with regard to the Group's activities, the financial risks associated with the impact of climate change have a negligible impact. However, the Group is mindful of measuring its environmental risks and finding solutions to reduce them (Chapter 4 "CSR" of the Universal Registration Document).

The risk mapping is updated on a regular basis to strengthen the risk management system on an ongoing basis.

In 2019, the Group risk mapping was updated twice, and was presented to the Strategy and Risk Committee meetings of March and September 2019. The "Risk" Department also carried out a detailed study of the risks associated with the implementation of the second phase of the HR IT system project, analyzed the roll-out of the Salesforce tool across the Group and made recommendations regarding best use practices, and played a major role in the work done within the Group to ensure compliance with the Sapin 2 Act, in particular updating the corruption-related risk mapping.

This mapping also served as a basis, along with other items, for preparing the 2020 audit plan.

2.3 INSURANCE AND COVERAGE OF RISKS

The insurance policy purpose, centrally managed within the Insurance Department, is to provide the best cover for our employees and assets, by achieving a right balance between local and corporate insurance cover.

By implementing a two-level insurance cover (local and centralized), the Group strives to ensure comprehensive cover and risk management in all the countries in which Publicis is present.

On a local level, mainly through the Re:Sources shared service centers, entities must take out general liability, property damage and business interruption, automobile and employer's liability insurance policies, as well as health and life insurance cover for employees. These insurances are taken out in compliance with the local regulations.

The only exception is the European zone: Using the freedom of services framework in Europe, the Group has taken out a Property damage and Business interruption insurance policy and a General liability insurance policy, which could apply to all European subsidiaries.

At Group level, insurance programs have been implemented with leading insurance companies with the aim of automatically covering all subsidiaries against the financial consequences of risks such as, but not limited to:

- professional liability and cyber risks;
- directors and officers liability;
- employment practices liability;
- general liability when terms and conditions or limits differ from the local insurance policies;
- property damage and business interruption when terms and conditions or limits differ from the local insurance policies;
- assistance and repatriation of employees during business travel.

In addition, the Group negotiates and sets up specific covers that subsidiaries may subscribe depending on their business needs, such as credit insurance, health and life insurance for expatriates and specific insurances for film and TV shoots.

The insurance policies are regularly reviewed to customize the cover to any changes in our activity and in particular new digital services: the Group focuses particularly on this risk and its cyber risk insurance cover.

The amount of cover is considered to be consistent with the risk assessment and with the market practices.

In light of the significant Mergers and Acquisitions Group's activity, the Insurance Department also oversees the integration of acquired entities within the Group's schemes.

CHAPTER

GOVERNANCE AND COMPENSATION

3

The report on corporate governance, within the competence of the Supervisory Board, groups information on the composition and functioning of management bodies, on compensation of corporate officers and on matters likely to be significant in the event of a public offer.

The information presented below is that mentioned in articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code. Other information in the report, notably that mentioned in article L. 225-37-5 of the French Commercial Code, is listed in section 10.8 of the Universal Registration Document "Crossreference table for the corporate governance report".

Publicis Groupe SA refers to the Afep-Medef Code as updated in January 2020, with the exception of the recommendations set out in Section 3.1.4 of this Universal Registration Document. This Corporate Governance Code is available for consultation on the Afep website at www.afep.com.

3.1 GOVERNANCE OF PUBLICIS GROUPE

Publicis Groupe and its Supervisory Board place great importance on the quality of the Group's governance and on compliance with the rules and principles governing its business activities.

Publicis has always taken an innovative approach to its governance: since 1987, the Group has had a dual governance system with both Management and Supervisory Boards, in the belief that this would ensure a better balance of powers for the benefit of all stakeholders. The quality of the Board's work is guaranteed by the strong commitment of its members and made easier by the work of four committees: a Compensation Committee, an Nominating Committee, a Strategy and Risk Committee and an Audit Committee.

On June 1, 2017, Arthur Sadoun succeeded Maurice Lévy as Chair of the Management Board of Publicis Groupe SA and on the same date Maurice Lévy succeeded Élisabeth Badinter as Chair of the Supervisory Board. Élisabeth Badinter was appointed Vice-Chair of the Supervisory Board on June 1, 2017.

3.1.1 Supervisory Board and Management Board

The Company is a French joint-stock limited liability company (*société anonyme*) with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*). The members of the Management Board and Supervisory Board are collectively referred to as "corporate officers" in this document.

3.1.1.1 Composition of the Supervisory Board at December 31, 2019

The bylaws of Publicis Groupe SA provide for a Supervisory Board with between three and 18 members. Supervisory Board members are appointed by the General Shareholders' Meeting. They serve four-year terms of office. The General Shareholders' Meeting may nevertheless appoint or reappoint one or more Supervisory Board members for one, two or three years with the sole aim of staggering their terms of office.

At December 31, 2019, the Supervisory Board had 13 members including one member representing employees appointed by the works council pursuant to article L. 225-79-2 of the French Commercial Code. Eight members are foreign nationals. It has an equal number of men and women and 66% of independent members, with the Board member representing employees not included in the calculation of these percentages, in accordance with the law and the Afep-Medef Code.

Parity on the Board(1)	Average age	Diversity(2)	Independent members(1)(3)	Average length of term of office	Employee representation
50% Women/50% Men	60 years	66%	66%	8 years	1 member

(1) In accordance with the law and the Afep-Medef Code, Board members representing employees are not included in the calculation of the minimum/maximum number of Board members, or in gender quotas, or for the number of independent members.
(2) Board members who are foreign nationals (excluding member representing employees).
(3) Members of the Supervisory Board qualifying as independent according to the Afep-Medef Code independence criteria.

The changes in the Board's composition in 2019 resulted in greater independence and diversity and a reduction in the average age of members from 62 to 60 as well as in their average terms of office from 10 years to 8 years.

The table below provides a summary of the Supervisory Board's composition as at December 31, 2019:

	Age	Nationality	Independent member(1)	First appointment	Years on the Board	End of term of office	Member of the Audit Committee	Member of the Nominating Committee	Member of Compensation Committee	Member of the Strategy and Risk Committee	Total number of offices held in listed companies
Maurice Lévy Chair of the Board	78	French	No	06/01/2017	3	Shareholders' Meeting 2021		•	•	•	1
Élisabeth Badinter Vice-Chair of the Board	75	French	No	11/27/1987	33	Shareholders' Meeting 2022		◆		•	1
Simon Badinter	51	French	No	06/17/1999	21	Shareholders' Meeting 2021					1
Jean Charest	61	Canadian	Yes	05/29/2013	7	Shareholders' Meeting 2021	◆	•			2
Sophie Dulac	62	French	No	06/25/1998	22	Shareholders' Meeting 2020					1
Thomas H. Glocer	60	US	Yes	05/25/2016	4	Shareholders' Meeting 2020			•	•	3
Marie-Josée Kravis	70	US	Yes	06/01/2010	10	Shareholders' Meeting 2020		•		◆	2
André Kudelski	59	Switzerland	Yes	05/25/2016	4	Shareholders' Meeting 2020	•	•	◆		2
Enrico Letta	53	Italian	Yes	05/29/2019	1	Shareholders' Meeting 2023				•	1
Suzan LeVine	50	US	Yes	05/29/2019	1	Shareholders' Meeting 2023	•			•	1
Antonella Mei-Pochtler	61	Italian	Yes	05/29/2019	1	Shareholders' Meeting 2023			•		3
Cherie Nursalim	52	Indonesian	Yes	05/30/2018	2	Shareholders' Meeting 2022			•		1
Pierre Pénicaud Member representing employees	56	French	n/a	06/20/2017	3	06/19/2021				•	1

(1) Members of the Supervisory Board qualifying as independent according to the Afep-Medef Code independence criteria.
◆ : Committee Chair.
n/a: not applicable.

Changes to the composition of the Supervisory Board in 2019

The Supervisory Board terms of office of Marie-Claude Mayer and Véronique Morali expired at the end of the General Shareholders' Meeting of May 29, 2019.

The General Shareholders' Meeting of May 29, 2019 decided to appoint Suzan LeVine, Antonella Mei-Pochtler and Enrico Letta to the Supervisory Board for four-year terms. These terms of office will end after the Ordinary General Shareholders' Meeting called to approve the financial statements of the 2022 financial year.

Member of the Supervisory Board	Departure	Renewal	Appointment
Enrico Letta			May 29, 2019
Suzan LeVine			May 29, 2019
Marie-Claude Mayer	May 29, 2019		
Antonella Mei-Pochtler			May 29, 2019
Véronique Morali	May 29, 2019		

Balanced representation of women and men on the Board

At December 31, 2019, the Board had the same number of men and women. In accordance with article L. 225-79-2 of the French Commercial Code, the Board member representing employees is not included in the calculation of the percentage.

There has been balanced gender representation on the Supervisory Board since 2012, making Publicis Groupe SA one of the first groups to apply gender parity to its Board.

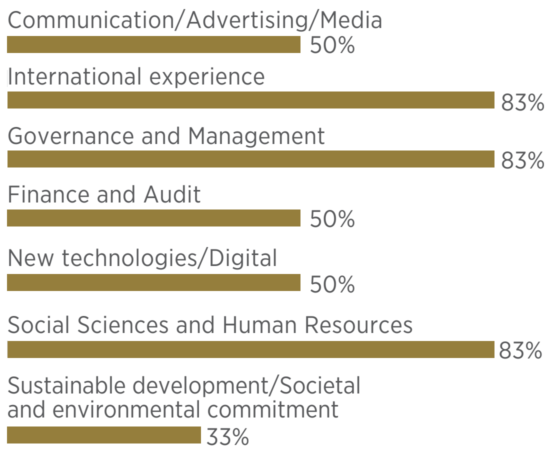
The Publicis Groupe Supervisory Board was chaired by Élisabeth Badinter for over 21 years, from April 19, 1996 to May 31, 2017. The Board has also appointed two women to chair two of its committees, Élisabeth Badinter (Nominating Committee since September 14, 2000) and Marie-Josée Kravis (Strategy and Risk Committee since March 8, 2011).

Diversity and complementary nature of members' skills

The Supervisory Board oversees the diversity and complementary nature of members' skills.

For several years now, the Board has sought out more international profiles. Accordingly, at December 31, 2019, eight out of 12 members of the Supervisory Board (*i.e.* 66%) were foreign nationals (excluding the member representing employees). In addition, several other Board members have international exposure due to their activity in groups with a strong presence abroad or because they carry out a professional activity abroad (see presentation of Board members below).

Its members also have a range of varied expertise in key areas for Publicis Groupe. Given the experience and personal commitment of all Board members (excluding the member representing employees), their expertise covers the following areas:



It is also important for the Supervisory Board to have a balance between members who have been on the Board for a number of years and others who have been appointed more recently, so as to benefit from both an in-depth knowledge of the Group's history and from a new perspective.

The quality of the Supervisory Board's composition contributes to the good governance of Publicis Groupe.

Independence

The Supervisory Board uses all the criteria proposed by the Afep-Medef Code to assess the independence of its members.

Criterion 1: Employee corporate officer over the previous five years

Not to be or not to have been during the last five years:

- an employee or an executive corporate officer of the Company;
- an employee, executive corporate officer or director of a consolidated company;
- employee, executive corporate officer or director of the Company's parent company or a company consolidated by said parent company.

Criterion 2: Cross-directorships

Not be an executive corporate officer of a company in which the Group holds, directly or indirectly, a management position, or in which an employee designated as such or an executive corporate officer of the Company (currently or in the past five years) holds a management position;

Criterion 3: Significant business relationship

Not be a client, supplier, business banker, investment banker or senior banker (or be directly or indirectly linked to such persons):

- that is significant for the Company or the Group; or
- for which the Company or Group represents a significant part of its business.

Criterion 4: Family ties

Not have a close relative who is a corporate officer.

Criterion 5: statutory auditors

Not have been a statutory auditor of the Company during the previous five years.

Criterion 6: Over 12 years on the Board

Not have been a Supervisory Board member for more than 12 years. The status of independent member is lost after 12 years.

Criterion 7: Non-executive member of the Supervisory Board status

A non-executive member of the Supervisory Board cannot be considered independent if they receive variable compensation in cash or in securities or any compensation linked to the performance of the Company or the Group.

Criterion 8: Major shareholder status

Directors representing major shareholders in the Company or in its parent company can be considered independent when those shareholders play no part in controlling the Company. However, above 10% of the share capital or voting rights, the Board, based on a report from the Nominating Committee, systematically queries the independence in light of the composition of the Company's share capital and the existence of potential conflicts of interest.

Classification of Supervisory Board members in terms of the independence criteria in the Afep-Medef Code:

(the criterion is considered satisfied when identified by a ✓)

	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Criterion 8	Qualification applied by the Board
Maurice Lévy Chair		✓	✓	✓	✓	✓	✓	✓	Not independent
Élisabeth Badinter Vice-Chair	✓	✓	✓		✓		✓		Not independent
Sophie Dulac	✓	✓	✓		✓		n/a	✓	Not independent
Simon Badinter	✓	✓	✓		✓		n/a	✓	Not independent
Jean Charest	✓	✓	✓	✓	✓	✓	n/a	✓	Independent
Thomas H. Glocer	✓	✓	✓	✓	✓	✓	n/a	✓	Independent
Marie-Josée Kravis	✓	✓	✓	✓	✓	✓	n/a	✓	Independent
André Kudelski	✓	✓	✓	✓	✓	✓	n/a	✓	Independent
Enrico Letta	✓	✓	✓	✓	✓	✓	n/a	✓	Independent
Suzan LeVine	✓	✓	✓	✓	✓	✓	n/a	✓	Independent
Antonella Mei-Pochtler	✓	✓	✓	✓	✓	✓	n/a	✓	Independent
Cherie Nursalim	✓	✓	✓	✓	✓	✓	n/a	✓	Independent

n/a: not applicable.

Pursuant to these criteria, at December 31, 2019, eight of the 12 members of the Supervisory Board (excluding the Board member representing employees in accordance with paragraph 9.3 of the Afep-Medef Code) were independent, *i.e.* 66%. The goal to increase the number of independent members on the Supervisory Board was achieved following the General Shareholders' Meeting of May 29, 2019 with the appointment of three Board members classified as independent by the Board: Suzan LeVine, Antonella Mei-Pochtler and Enrico Letta.

The classification as an independent member of the Supervisory Board is reviewed annually by the Nominating Committee, which draws up a report. This report is then passed on to the Supervisory Board, which reviews the position of each member of the Supervisory Board. It specifically verifies that its members have no significant business relationship either from a qualitative or quantitative perspective with Publicis Groupe.

Employee representation

Pierre Pénicaud, appointed Board member representing employees by the Group Committee in accordance with the bylaws of the Company and the law, has a seat on the Supervisory Board under the same conditions (and with voting rights) as other members. Subject to the applicable legislation, the Board member representing employees is subject to all legal and statutory provisions, and has the same rights and is subject to the same obligations, particularly those set by the Board's internal regulations, as those applicable to other Board members.

The Company's bylaws and the internal Board regulations state that each member of the Board must hold, in their own name and for the duration of their term of office, a minimum of five hundred shares, with the exception of the Supervisory Board member representing employees, in accordance with the law.

Presentation of members of the Supervisory Board

The profiles below present members of the Supervisory Board at December 31, 2019, their respective experience and skills, and the main offices and functions they exercise or have exercised over the last five years, to the Company's knowledge.

Born on February 18, 1942,
French national
First appointment: June 1, 2017
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2021
Number of shares held: 4,669,246

Publicis Groupe SA
133, avenue des Champs-Élysées
75008 Paris
France

Maurice Lévy

- Chair of the Supervisory Board
- Member of Compensation Committee
- Member of the Strategy and Risk Committee
- Member of the Nominating Committee

Biography

Maurice Lévy joined Publicis Groupe in 1971 as IT Director. In 1975, he was appointed Executive Vice President Chair of Publicis Conseil, flagship of the Group, progressing through all levels until his appointment as Chair of the Management Board in 1987. Role held for 30 years, until the General Shareholders' Meeting of May 2017, after which he assumed the functions of Chair of the Supervisory Board of Publicis Groupe SA. He steered the accelerated globalization of the Group starting in 1996. In 2001, Publicis Groupe's globalization picked up more steam with the acquisition of Saatchi & Saatchi, then Bcom3 (as well as Leo Burnett, Starcom, MediaVest) in 2002. The obligatory move into the digital world began with the acquisition of Digitas (2006), followed by Razorfish (2009), and Rosetta (2011). The acquisition of Sapient at the beginning of 2015 opened up Publicis, beyond its core business, to new possibilities in marketing, omni-channel commerce and consulting.
Maurice Lévy co-founded the Institut français du cerveau et de la moelle épinière (ICM) in 2005 and today chairs the Board of Directors of numerous organizations, including the Peres Center For Peace and Innovation, and since October 2015, the Institut Pasteur-Weizmann. He has also received numerous distinctions for his work and his fight for tolerance. He is Commandeur de la Légion d'Honneur and Grand Officier de l'Ordre National du Mérite.

Other offices and positions held within the Group

None

Offices held outside the Group

- Chair of the Supervisory Board: Iris Capital Management SAS (France)
- Class A Director: Mora & F SA (Luxembourg)
- Founder and class A manager: Ycor Management SARL (Luxembourg)

Positions held outside the Group on a voluntary basis

- Member of the Global Advisory Board: Amundi SA, listed company (France)
- Founding member and Director: Institut du cerveau et de la moelle épinière, ICM (Brain and Spine Institute) (France)
- Co-Chair: Friends of the ICM Committee (France)
- Chair of the French Committee of the Weizmann Science Institute (France)
- Chair of the Board of Directors: Board of Pasteur-Weizmann (association) (France)
- Board member: The Weizmann Institute (Israel)
- Chair: Les Amis Français du Pères Center for Peace and Innovation (endowment fund) (France)
- Chair of International Board of Governors: The Peres Center for Peace and Innovation (Israel)
- Trustee of the Appeal of Conscience Foundation (USA)

Offices and positions held outside the Group in the last five years

Positions listed above

Positions held outside the Group in the last five years

Positions listed above

Born on March 5, 1944,
French national
First appointment: November 27, 1987
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2022
Number of shares held: 16,700,967

Publicis Groupe SA
133, avenue des Champs-Élysées
75008 Paris
France

Élisabeth Badinter

- Vice-Chair of the Supervisory Board
- Member of the Nominating Committee
- Member of the Strategy and Risk Committee

Biography

Élisabeth Badinter is the daughter of Marcel Bleustein-Blanchet, Publicis Groupe's founder. She is a qualified philosophy teacher, specializing in the 18th century, and has also lectured at the École Polytechnique. She keeps a close watch on changing mentalities and mores, and has authored numerous essays. Élisabeth Badinter joined the Supervisory Board in 1987 and chaired it from 1996 to 2017.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Writer
- Chair of the Fondation Marcel Bleustein-Blanchet pour la Vocation (France)

Offices and positions held outside the Group in the last five years

Positions listed above

Born on June 23, 1968,
French national
First appointment: June 17, 1999
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2021
Number of shares held: 1,279

Publicis Groupe SA
133, avenue des Champs-Élysées
75008 Paris
France

Simon Badinter

- Member of the Supervisory Board

Biography

Son of Élisabeth Badinter, Simon Badinter has served as Director of International Development (1996), member of the Management Board (1999-2013) and Chair (2003-2011) of Médias et Régies Europe, as well as Chair of Media Regies America until 2013. Today, Simon Badinter hosts a radio talk show called "The Rendez-Vous", which Iheartradio airs in 50 cities in the United States. As well, he is a member of the Board of Directors of Médiavision et Jean Mineur.

Other offices and positions held within the Group

- Director: Mediavision et Jean Mineur SA (France)

Main offices and positions held outside the Group

- Director: BDC SAS (France)
- Host of the "The Rendez-Vous" radio show (United States)
- Chair and Chief Executive Officer: Simbad Productions LLC (United States)

Offices and positions held outside the Group in the last five years

Positions listed above

Born on June 24, 1958,
Canadian national
First appointment: May 29, 2013
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2021
Number of shares held: 1,400

McCarthy Tétrault
Bureau 2500
1000, rue de la Gauchetière-Ouest
Montreal Quebec H3B 0A2
Canada

Jean Charest

- Member of the Supervisory Board
- Chair of the Audit Committee
- Member of the Nominating Committee

Biography

A trained lawyer, Jean Charest was elected to Canada's House of Commons in 1984. At age 28, he was appointed Minister of State for Young People. He was also Minister for the Environment (leading the Canadian delegation at the Rio Earth Summit in 1992), Minister for Industry, Deputy Prime Minister of Canada then Prime Minister of Quebec from 2003 to 2012. He is currently a partner in McCarthy Tétrault SENCRL, s.r.l and a member of the Queen's Privy Council for Canada.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Partner, Senior Lawyer and Strategic Advisor: McCarthy Tétrault law Firm (Canada)
- Chair of the Board of Directors: Windiga Énergie (Canada)
- President of the Board of Governors: The Federal Ideal (Canada)
- Consultative Board member: Woodrow Wilson Center – Canada Institute (Canada), Canadian Global Affairs Institute (Canada), Forum Africa (Canada)
- Member of the Canadian group of the Trilateral Commission (Canada)
- Advisor: Canada's Ecofiscal Commission (Canada)
- Director: Fondation Asie Pacifique (Canada), Ondine Biomedical (Canada), HNT Electronics Co Ltd (South Korea)
- Honorary Chair of the Board of Directors: Canada ASEAN Business Council (Singapore)
- Member of the Supervisory Board, member of the Compensation and Appointments Committee and member of the International Advisory Board: Tikehau Capital SCA, listed company (France)
- Member: Canadian Council of the North American Forum (Canada), Leaders pour la Paix (Leaders for Peace) (France)
- Permanent representative member: Chardi, Inc. (Canada)
- Honorary Chair of the Board of Directors: Council of the Great Lakes Region (Canada)
- Joint-Chair of the Board of Directors: Canada UAE Business Council (Canada)

Offices and positions held outside the Group in the last five years

Positions listed above as well as the following offices:

- Member of the panel of experts: Public Policy Forum (Canada) (term expired in 2018)
- National Joint-Chair and Spokesperson: Mouvement Canada 2017 Redonner (Canada) (term expired in January 2016)
- Chair of the Steering Committee: Partnership for Natural Resources Trade (Canada) (term expired in 2015)

Born on December 26, 1957,
French national
First appointment: June 25, 1998
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2020
Number of shares held: 1,749,460

Les Écrans de Paris
60, rue Pierre-Charron
75008 Paris
France

Sophie Dulac

• Member of the Supervisory Board

Biography

Granddaughter of Marcel Bleustein-Blanchet and niece of Élisabeth Badinter. After several years in the public relations sector, Sophie Dulac, a graduate in psychographology, continued her career by founding and managing a recruitment consultancy firm. Since 2001, she has chaired the movie theater company, Les Écrans de Paris. She also manages the film production and distribution companies, Sophie Dulac Productions and Sophie Dulac Distribution. Since 2012, Sophie Dulac is the founder and Chair of the Champs-Élysées Film Festival. Sophie Dulac was Vice-Chair of the Supervisory Board from 1999 to 2017.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Chair: Les Écrans de Paris SAS (France), SD Cinéma SAS (France)
- Manager: Sophie Dulac Productions SARL (France), Sophie Dulac Distributions SARL (France), Marceau Media SARL (France)
- Vice-Chair of the Board of Directors: CIM de Montmartre (Association) (France)
- Chair: Association Champs-Élysées Film Festival (France)

Offices and positions held outside the Group in the last five years

Positions listed above as well as the following offices:

- Chair: SCI Saint Lambert Holding SAS (France) (term expired in 2016)
- Manager: SD Classic SARL (France) (term expired in 2015)

3

Born on October 8, 1959,
US national
First appointment: May 25, 2016
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2020
Number of shares held: 500

Angelic Ventures LP
335 Madison Avenue
New York, NY 10017
United States

Thomas H. Glocer

- Member of the Supervisory Board
- Member of Compensation Committee
- Member of the Strategy and Risk Committee

Biography

Thomas H. Glocer was a corporate lawyer within the Davis Polk & Wardwell law firm before joining Reuters in 1993. He was appointed Chair and CEO of Reuters Group in 2001 and then from April 2008 to December 2011, Chair and CEO of Thomson Reuters Corp. He is currently Executive Chair of BlueVoyant LLC and Capitolis Inc., specializing respectively in cyberdefense and financial technology. He was also General Partner in Communitas Capital LLC, a venture capital company and member of the Board of Directors of Morgan Stanley and of Merck & Co.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Founder and Managing Partner: Angelic Ventures LP (United States)
- Executive President: Capitolis, Inc. (United States), BlueVoyant LLC (United States)
- Director: Merck &Co., Inc., listed company (United States), Morgan Stanley, listed company (United States), K2 Intelligence, Inc. (United States), Reynen Court LLC (United States), Atlantic Council (United States), Ensign Global (United Kingdom)
- General Partner: Communitas Capital LLC (United States)
- Member of the Board of Trustees: Cleveland Clinic (United States)
- Member: President's Council on International Activities at Yale University (United States), European Business Leaders Council – EBLC – (Finland)
- Member of the Advisory Committee: Columbia Global Center, Paris (United States)
- Member of the International Advisory Group: Linklaters LLP (United Kingdom)

Offices and positions held outside the Group in the last five years

Positions listed above as well as the following offices:

- Director: Adfin Solutions (United States) (term expired in May 2016), Council on Foreign Relations (United States) (term expired in July 2016)

Born on September 11, 1949,
US national
First appointment: June 1, 2010
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2020
Number of shares held: 500
625, Park Avenue
New York, NY 10065
United States

Marie-Josée Kravis

- Member of the Supervisory Board
- Chair of the Strategy and Risk Committee
- Member of the Nominating Committee

Biography

Marie-Josée Kravis is an economist specializing in the analysis of public policy and strategic planning. She began her career as a financial analyst at Power Corporation of Canada and then worked with the Solicitor General of Canada and the Canadian Ministry of Public Services and Procurement.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- President Emeritus: New York Museum of Modern Art – MoMA – (United States)
- Vice-Chair of the Board of Directors and Senior Researcher: Hudson Institute (United States)
- Director: LVMH Moët Hennessy Louis Vuitton SA, listed company (France)
- Vice-Chair of the Board and member of the Executive Committee: Memorial Sloan Kettering Cancer Center (United States)
- Chair of the Board of Directors: Sloan Kettering Institute (United States)
- Member of the International Advisory Committee: The Federal Reserve Bank of New York (United States)
- Journalist
- Chair of the Board: The Economic Club of New York (United States)

Offices and positions held outside the Group in the last five years

Positions listed above

André Kudelski

- Member of the Supervisory Board
- Chair of the Compensation Committee
- Member of the Audit Committee
- Member of the Nominating Committee

Born on May 26, 1960,
Swiss national
First appointment: May 25, 2016
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2020
Number of shares held: 500

Kudelski SA
22-24, Route de Genève
PO Box 134
1033 Cheseaux-sur-Lausanne
Switzerland

Biography

André Kudelski is the Chair of the Board of Directors and CEO of the Kudelski Group, a world leader in digital security, listed on the Swiss Stock Exchange (SIX: KUD: S). Holding a Masters in applied physics from the École Polytechnique Fédérale de Lausanne (EPFL), he began his career with the Kudelski Group in 1984 as an R&D engineer, before becoming a Director of Nagravision, the digital TV arm, in 1989. In 1991, he succeeded his father, Stefan Kudelski, the company's founder, as Chair and Chief Executive Officer. André Kudelski is also Chair of the Board of Directors of Innosuisse, the Swiss Innovation Agency, as well as Vice-Chair of the Board of Directors of the Swiss-American Chamber of Commerce. He sits on the Strategic Advisory Board of the EPFL and has previously served as first Vice-Chair of the Board of Directors of Geneva International Airport, as well as being a Director of Nestlé, HSBC Private Banking Holdings (Switzerland), Edipresse and Dassault Systèmes. André Kudelski has received numerous distinctions, including the title of "Global Leader for Tomorrow" from the World Economic Forum in 1995 and an Emmy® Award in 1996 from the National Academy of Arts and Sciences, recognizing his work in controlling access to television.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Chair and Deputy Director: Kudelski SA, listed company (Switzerland), Nagra Plus SA (Switzerland)
- Deputy Director: Nagravision SA (Switzerland)
- Chair of the Board of Directors: Innosuisse (public law) (Switzerland), Restaurant de l'Hôtel de Ville de Crissier SA (Switzerland)
- Co-Chair: NagraStar LLC (United States)
- Chair and Chief Executive Officer: Nagra USA, LLC. (United States), Kudelski Corporate, Inc. (United States), Kudelski Security Holdings, Inc. (United States), Open TV, Inc. (United States)
- Executive President: Kudelski Security, Inc. (United States)
- Vice-President: Swiss-American Chamber of Commerce (association) (Switzerland), Fondation du Festival de Jazz de Montreux (Switzerland)
- Member of the Supervisory Board: Skidata AG (Austria)
- Director: RSH Quality Food Concept SA (Switzerland), Automotive Trade Finance SA (Switzerland), Sunset Music SA (Switzerland), Greater Phoenix Economic Council (GPEC) (not-for-profit company) (United States)
- Member of Committee: Économie suisse (association) (Switzerland)
- Member of the Strategy Advisory Board: Foundation of the École Polytechnique Fédérale de Lausanne (Switzerland)
- Member of the Foundation Board: Fondation Cinémathèque Suisse (Switzerland), Venture Foundation (Switzerland)
- Member of the Steering Committee: Fondation Bilderberg Meetings (Netherlands)
- Member of the Swiss Higher Education Council (public law) (Switzerland)

Offices and positions held outside the Group in the last five years

Positions listed above as well as the following offices:

- Director: HSBC Private Banking Holdings SA (Switzerland) (term ended on December 31, 2017)
- Chair of the Board of Directors: Conax AS (now Nagravision AS) (Norway) (term ended in September 2018), SmarDTV SA (Switzerland) (term ended in January 2019)
- Vice-Chair: Geneva International Airport (public law) (Switzerland) (term ended in November 2018)

Born on August 20, 1966,
Italian national
First appointment: May 29, 2019
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2023
Number of shares held: 500
1 quai de Voltaire,
75007 Paris
France

Enrico Letta

- Member of the Supervisory Board
- Member of the Strategy and Risk Committee

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Biography

A graduate in international law from Pisa University (his home town) and a Doctor in European Community Law from Sant'Anna School of Advanced Studies in Pisa, Enrico Letta was European Affairs Minister from 1998 to 1999, then Minister for Industry, Trade and Craft Trades from January to April 2000. He was Minister for Industry and Foreign Trade from 2000 to 2001, then Undersecretary of State to the Council Presidency of Romano Prodi from 2006 to 2008. From 2001 to 2015, he was elected to the Chamber of Deputies, aside from the 2004-2006 period when he was a Member of the European Parliament. He was also Vice-Secretary of the Democratic Party from 2009 to 2013. From 2013 to 2014, he was President of the Italian Council. Since September 2015, he has been Dean of the Paris School of International Affairs (PSIA). In July 2016, he was appointed President of the Jacques Delors Institute.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Director: ToJoy Shared Holding Group (China), Liberty Zeta Limited (United Kingdom)
- Member of the Global Advisory Board: Amundi SA, listed company (France)*, Tikehau Capital, listed company (France)*, SpencerStuart (Italy)

Offices and positions held outside the Group in the last five years

Positions listed above as well as the following office:

- Director: Abertis Infraestructuras SA, listed company (Spain) (term ended in May 2018)

* These are positions that are not included in the calculation of the number of offices held in listed companies (See table p.49 of the URD).

Born on November 17, 1969, US national
First appointment: May 29, 2019
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2023
Number of shares held: 500
1535 9th Avenue West
WA 98119 Seattle
United States

Suzan LeVine

- Member of the Supervisory Board
- Member of the Audit Committee
- Member of the Strategy and Risk Committee

Biography

Suzan LeVine was appointed Commissioner for the Employment Security Department in 2018. She was US ambassador to the Swiss Confederation and the Principality of Liechtenstein from 2014 to 2017. Her participation on the Career Connect Washington Task Force, on the Board of Directors of CareerWise Colorado, on the Rework America Task Force set up by the Markle Foundation and on the CEMETS (Center on the Economics and Management of Education and Training) Advisory Board at ETH University in Zurich gave her an opportunity to share her passion on issues surrounding apprenticeships and careers. She was previously focused on education, technology, community, innovation, travel, corporate social responsibility and youth awareness. She worked at Microsoft, and at Expedia as Vice President of Sales and Marketing for luxury travel. She co-founded two non-profits: the Kavana Cooperative and an Advisory Board for ILABS (Institute for Learning and Brain Sciences) at Washington University. She graduated from Brown University with a Bachelor of Arts in English and a Bachelor of Science in mechanical engineering specialized in aerospace applications.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Commissioner for the Washington State Employment Security Department (United States)
- Director: The National Association of State Workforce Agencies (NASWA) (United States), CareerWise Colorado (United States), The American-Swiss Foundation (United States),
- Member of the Markle Foundation's Rework America Task Force (United States)
- Member of the Advisory Board of the CEMETS (Center on the Economics and Management of Education and Training) at ETH University in Zurich (Switzerland)

Offices and positions held outside the Group in the last five years

Positions listed above as well as the following office:

US Ambassador to the Swiss Confederation and the Principality of Liechtenstein (term ended in 2017)

Born on May 17, 1958,
Italian national
First appointment: May 29, 2019
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2023
Number of shares held: 500
Reithlegasse 6
1190 Vienna
Austria

Antonella Mei-Pochtler

- Member of the Supervisory Board
- Member of the Compensation Committee

Biography

Antonella Mei-Pochtler is a seasoned executive with many years of experience in the mass market consumer goods, media and technology sectors. She held a number of management positions at Boston Consulting Group (BCG) in Europe and worldwide with a focus on digital transformation, strategy and organizations. Named amongst the top 25 consultants worldwide by Consulting magazine, she won the Women Leaders in Consulting Lifetime Achievement award in 2013. She is involved in a range of social causes and activities, particularly regarding equity in education. She is Vice-President of Westwing AG, director of Generali Group and of Teach for All. She is also a co-founder of the BCG educational project Business@School, for which she received the Freedom and Responsibility Award from the German President in 2002. She ran Brand Club, a conference on brands and media for German CEOs, for over twenty years. She currently heads ThinkAustria, a think tank and strategic planning unit of the Austrian Federal Chancellor.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Vice-Chair of the Supervisory Board: Westwing Group AG, listed company (Germany)
- Independent director, member of the Corporate Governance and Social and Environmental Sustainability Committee and member of the Related-party Transactions Committee: Generali, listed company (Italy)
- Director: Teach for All (association) (United States)

Offices and positions held outside the Group in the last five years

Positions listed above as well as the following office:

- Director: DKMS – German Center for Bone Marrow Donations (Germany) (term ended in June 2019)

Born on August 1, 1967,
Indonesian national
First appointment: May 30, 2018
Expiry of term of office: Annual Ordinary General Shareholders' Meeting 2022
Number of shares held: 520

GITI Group
9 Oxley Rise
#02-01 The Oxley
Singapore 238697

Cherie Nursalim

- Member of the Supervisory Board
- Member of Compensation Committee

Biography

Cherie Nursalim is Vice-Chair of the GITI Group and Chair of Three on the Bund. She previously worked as a researcher at the Harvard Business School. She sits on the Asia and International Advisory Committees at Columbia University and at the MIT Sloan School of Management. She chairs the United Nations Global Initiative Sustainable Development Solutions Network for South-East Asia. She is a member of the Board of Directors of the University of Indonesia Climate Change Center and the Singapore Science Center, as well as the International Chamber of Commerce. She is one of the founding members of the Global Philanthropic Circle at the New York Synergos Institute and of the United in Diversity Foundation.

Other offices and positions held within the Group

None

Main offices and positions held outside the Group

- Vice-Chair: GITI Group (Singapore), International Chamber of Commerce (France)
- Chair: Three on the Bund (China), United Nations Global Initiative SDSN SEA
- Co-Chair: Tri Hita Karana for Sustainable Development Forum
- Director: ICC Academy Private Ltd (Singapore), Nuri Management Pte Ltd (Singapore), Viva China Children's Cancer Foundation Limited
- Member of the International and Asia Advisory Committee: Columbia University (United States), MIT Sloan School of Management (United States)
- Member of the South-East Asia Advisory Committee: Women's World Banking (United States)
- Member of the Advisory Committee: MIT Sloan Sustainability Initiative (United States)
- Board Member: University of Indonesia Climate Change Center (Indonesia), Singapore Science Center (Singapore)
- Founding member: Global Philanthropic Circle with Synergos Institute in New-York (United States), United in Diversity Forum (Indonesia), Kura Kura Bali (Indonesia)
- Member of the Executive Committee: ICC Research Foundation
- Member of the Management Board: Sustainable Development Solutions Network (Hong Kong)
- Council member: Asia Society Policy Institute (United States), World Future Council (Germany)
- Trustee: China Foundation for Disabled Persons (China), Institute for Philanthropy Tsinghua University (China)
- Member: Business & Sustainable Development Commission Blended Finance Taskforce, Friends of Oceans Global Initiative
- Member of the Advisory Committee: Teach For All

Offices and positions held outside the Group in the last five years

Positions listed above as well as the following office:

- Director: Asia Philanthropy Circle Ltd (Singapore) (term ended in October 2019)

Born on December 28, 1963,
French national
First appointment: June 20, 2017
Expiry of term of office: June 19, 2021
Number of shares held: -

Publicis Conseil SA
133, avenue des Champs-Élysées
75008 Paris
France

Pierre Pénicaud

- Member of the Supervisory Board representing employees
- Member of the Strategy and Risk Committee

Biography

Pierre Pénicaud obtained a diploma in Applied Arts from l'École Estienne and joined Publicis Conseil in 1989 as an assistant in the Artistic Department. He became Artistic Director in 1994 and started the *L'Esprit Bière* saga for Heineken, which he would go on to develop over 13 years. With his work for Perrier, he became senior Artistic Director in 2000. In 2011, he was appointed member and secretary of the CHSCT (Health and Safety Committee) of Publicis Conseil. After being appointed a full member of the Works Council in 2011 and an alternate member in 2017, he is currently deputy secretary and harassment contact of the Social and Economic Committee of Publicis Conseil.

Other offices and positions held within the Group

- Senior Artistic Director: Publicis Conseil SA (France)

Main offices and positions held outside the Group

None

Offices and positions held outside the Group in the last five years

None

3.1.1.2 Composition of the Management Board at December 31, 2019

The bylaws provide that the Management Board must have between two and seven members. The members of the Management Board are appointed by the Supervisory Board for four-year terms. They may be reappointed.

At December 31, 2019, the Management Board comprised four members: Arthur Sadoun, Jean-Michel Etienne, Steve King and Anne-Gabrielle Heilbronner.

The table below provides a summary of the Management Board's composition as at December 31, 2019:

	Age	Nationality	First appointment	Years on the Management Board	End of term of office	Total number of offices held in listed companies	Individual attendance rate at Management Board meetings
Arthur Sadoun Chair of the Management Board	48	French	06/01/2017	3	09/14/2022	1	100%
Jean-Michel Etienne	68	French	07/01/2010	10	12/31/2020	1	100%
Anne-Gabrielle Heilbronner	50	French	09/15/2014	6	09/14/2022	2	100%
Steve King	60	British	06/01/2017	3	09/14/2022	1	94%

The composition of the Management Board has been unchanged since the appointment of Arthur Sadoun as Chair of the Management Board and of Steve King as member on June 1, 2017.

The Management Board was reappointed by the Supervisory Board on September 12, 2018. As a result, the term of office of the Chair of the Management Board Arthur Sadoun, and those of Management Board members Anne-Gabrielle Heilbronner and Steve King were renewed for a further four years following their expiry, and the term of office of Jean-Michel Etienne will end on December 31, 2020.

The profiles below present Management Board members on December 31, 2019, their experience and skills, and their main offices and functions over the last five years, to the Company's knowledge.

Born on May 23, 1971,
French national
First appointment: June 1, 2017
Expiry of term of office:
September 14, 2022
Number of shares held: 129,965

Publicis Groupe SA
133, avenue des Champs-Élysées
75008 Paris
France

Arthur Sadoun

• Chair & CEO

Biography

Arthur Sadoun, who has a diploma from the European Business School and an MBA from INSEAD, the European Institute of Business Administration, started his career at the age of 21, creating his own advertising agency in Chile that he would later sell to BBDO. He joined the TBWA network (Omnicom) in 1997 and was appointed CEO of TBWA/Paris in 2003. In 2006, he joined Publicis Groupe as CEO of Publicis Conseil, the flagship of the Group founded by Marcel Bleustein-Blanchet. He was appointed Chair of Publicis France in 2009 then promoted to CEO of the Publicis Worldwide network in 2013. In 2015 he was appointed CEO of Publicis Communications, the creative solutions arm of Publicis Groupe. He has been Chair of the Management Board of Publicis Groupe SA since June 1, 2017.
Arthur Sadoun was named "Director of the Year" by Advertising Age in 2016, and is Chevalier de l'Ordre National du Mérite.

Other offices and positions held within the Group

- Chair and Chief Executive Officer: Publicis Conseil SA (France)
- Director: BBH Holdings Limited (United Kingdom), MMS USA Investments, Inc. (United States), MMS USA Holdings, Inc. (United States)

Main offices and positions held outside the Group

None

Offices and positions held outside the Group in the last five years

- Independent director and member of the Corporate, Environmental and Social Responsibility Committee: Fnac Darty SA, listed company (France) (term ended in May 2018)

Born on November 2, 1951,
French national
First appointment: July 1, 2010
Expiry of term of office:
December 31, 2020
Number of shares held: 147,094

Publicis Groupe SA
133, avenue des Champs-Élysées
75008 Paris
France

Jean-Michel Etienne

• Member of the Management Board

Biography

Jean-Michel Etienne began his career as an auditor with Price Waterhouse (1975-1980). He joined the Financial Department of Renault Group where he occupied several functions. From 1988 to 1990, he was Accounting Director at Valeo before becoming planning and internal control Director for the Pinault Group. In 1991, he was appointed Group Vice-President and Group Financial Controller at CarnaudMetalbox, before being made Chief Financial Officer of Crown Cork Europe after CarnaudMetalbox was taken over by Crown Cork. He joined Publicis Groupe in September 2000 as Group Finance Director. In 2006, he was appointed Executive Vice-President – Group Finance. Since 2010, he has been a member of Publicis Groupe SA's Management Board.

Other offices and positions held within the Group

- Group Executive Vice-President, Group Finance: Publicis Groupe SA
- Chair and Chair of the Executive Committee: Multi Market Services France Holdings SAS (France)
- Chair: Publicis Finance Services SAS (France), MMS Mexico Holdings S de RL de CV (Mexico), SWELG Holding AB (Sweden), Ella Factory SAS (France), Xebia IT Architects SAS (France)
- Chair and Director: Multi Market Services Canada Holdings, Inc. (Canada), TMG Mac Manus Canada, Inc. (Canada)
- Chair of the Board of Directors: MMS Italy Holdings S.r.l. (Italy)
- Vice-Chair: Lion Re:Sources Iberia SL (Spain)
- Director: Multi Market Services Australia Holdings Pty Limited (Australia), PG Lion Re:Sources Australia Pty Limited (Australia), Publicis Communication Pty Limited (Australia), Publicis Groupe Holdings BV (Netherlands), MMS Netherlands Holdings BV (Netherlands), Publicis Groupe Investments BV (Netherlands), MMS UK Holdings Limited (United Kingdom), Lion Re:Sources UK Limited (United Kingdom), Zenith International (Media) Ltd (United Kingdom), Saatchi & Saatchi Holdings Limited (United Kingdom), Obtineo USA Inc. (United States), MMS USA Holdings, Inc. (United States), MMS USA Investments, Inc. (United States), BBH Holdings Ltd (United Kingdom), MMS Multi Market Services Ireland Limited DAC (Ireland), MMS Multi Euro Services Limited DAC (Ireland)
- Managing Director: MMS Germany Holdings GmbH (Germany), Re:Sources Germany GmbH (Germany)
- Co-Manager: Multi-Market Services Spain Holdings SL (Spain)

Main offices and positions held outside the Group

- Chair of the Board of Directors of ACTEO (France)

Offices and positions held outside the Group in the last five years

Positions listed above

Born on January 7, 1969,
French national
First appointment: September 15, 2014
Expiry of term of office: September 14, 2022
Number of shares held: 29,016

Publicis Groupe SA
133, avenue des Champs-Élysées
75008 Paris
France

Anne-Gabrielle Heilbronner

• Member of the Management Board

Biography

Finance inspector, former student at ENA, Anne-Gabrielle Heilbronner is a graduate of ESCP and Sciences Po Paris, and holds a DEA law degree. She joined the Treasury Directorate in 1999. In 2000, she worked for Euris/Rallye, and then became head of Corporate Finance. From 2004 to 2007, she was Cabinet Director for the Secretary of State for the Reform of the State and then advisor to the Minister for Foreign Affairs. Between 2007 and 2010, she was the Director of Internal Audit & Risk Management at the SNCF. She was Senior Banker at Société Générale Corporate & Investment banking before joining Publicis Groupe in April 2012 where she took over the functions of Secretary General. Member of the Management Board since 2014, she currently supervises Human resources, Legal, Purchasing, Audit, Risk Management and Internal Control functions, as well as Environmental and Social Responsibility. Anne-Gabrielle Heilbronner is Chair of the Women's Forum for the Economy and Society.

Other offices and positions held within the Group

- Secretary General: Publicis Groupe SA
- Chair: Publicis Groupe Services SAS (France), Wefcos SAS (France)
- Member of the Management Committee: Multi Market Services France Holdings SAS (France)
- Representative of Multi Market Services France Holdings on the Board of Directors of Régie Publicitaire des Transports Parisiens Metrobus Publicité SA (France)
- Director: Somupi SA (France), Publicis Groupe Investments BV (Netherlands), Publicis Groupe Holdings BV (Netherlands), BBH Holdings Limited (United Kingdom), Sapient Corporation (United States), Publicis Limited (United Kingdom)
- Director Chair: Publicis Live SA (Switzerland)

Main offices and positions held outside the Group

- Director and member of the Audit Committee: Sanef SA (France)
- Director and member of the Governance and CSR Committee: Orange SA, listed company (France)

Offices and positions held outside the Group in the last five years

Positions listed above

Born on August 8, 1959,
British national
First appointment: June 1, 2017
Expiry of term of office:
September 14, 2022
Number of shares held: 44,188

Publicis Groupe SA
133, avenue des Champs-Élysées
75008 Paris
France

Steve King

• Member of the Management Board

Biography

As Chief Operating Officer (COO) of Publicis Groupe, Steve King is responsible for the development of marketing transformation expertise throughout the Group. As part of this work, he is tasked with coordinating Group global services covering media, commerce, content and production. Steve King is a member of the Management Board of Publicis Groupe SA, of the Management Committee of the US Executive Committee. He is also Chair of the new EMEA Executive Committee. He was previously Global CEO of Publicis Media, creating an organization bringing together the Zenith, Starcom, Digitas, Spark Foundry and Performics brands, sources of growth, new customers and operational success for the Group. Before heading Publicis Media, he was CEO of ZenithOptimedia Worldwide and was one of the founders, in 1988, of Zenith Media, an agency which revolutionized the sector. Recognized throughout the profession, he is often interviewed to discuss market trends and present his views on major issues facing the media. He was included in the Power List of Adweek magazine in 2016-2018 and is also a member of the Board of Directors of The Paley Center for Media.

Other offices and positions held within the Group

- Director: Blue 449, Inc. (United States), Publicis Media, Inc. (United States), Zenith Media Services, Inc. (United States), VNC Communications, Inc. (United States), Digitas, Inc. (United States), Publicis Media Limited (United Kingdom), Zenith International (Media) Ltd (United Kingdom), Applied Media Logic Ltd (South Africa)
- Management Board member: Apex Exchange, LLC (United States)

Main offices and positions held outside the Group

None

Offices and positions held outside the Group in the last five years

None

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3.1.1.3 Upcoming changes in the composition of the Supervisory Board and of the Management Board

The Supervisory Board

The terms of office as Supervisory Board members of Sophie Dulac, Marie-Josée Kravis, Thomas H. Glocer and André Kudelski will expire at the end of the upcoming General Shareholders' Meeting of May 27, 2020.

On the recommendation of the Nominating Committee, the Supervisory Board will ask the next General Shareholders' Meeting to reappoint the four aforementioned members of the Supervisory Board for four-year terms.

This proposal to safeguard the governance of Publicis is part of the ongoing goal to maintain the international breath of the Board, the professionalism of its members and the percentage of independent members.

In accordance with article L. 225-79-2 of the French Commercial Code, amended by Act no. 2019-486 of May 22, 2019, when the Supervisory Board has more than eight members (as opposed to twelve members previously), a second employee representative must be appointed to the Board. This appointment, which is within the remit of the Group Works Council, must take place within six months of the General Shareholders' Meeting of May 27, 2020.

The table below summarizes the planned changes in 2020 to the composition of the Supervisory Board (excluding the member representing employees):

Supervisory Board member	Departure	Renewal	Appointment	Nationality
Sophie Dulac		May 27, 2020		French
Thomas H. Glocer		May 27, 2020		US
Marie-Josée Kravis		May 27, 2020		US
André Kudelski		May 27, 2020		Swiss

Subject to approval of the aforementioned changes by the General Shareholders' Meeting of May 27, 2020, the Supervisory Board would look like this:

- percentage independence: 66%;
- gender parity: 50% women/50% men;
- percentage of foreign nationals on the Board: 66%.

The Management Board

The term of office of Jean-Michel Etienne on the Management Board will end on December 31, 2020.

3.1.1.4 No convictions for fraud or conflicts of interest

To the best of the Company's knowledge, over the past five years:

- no member of the Management Board or the Supervisory Board of Publicis Groupe SA has been convicted of fraud;
- no member of the Management Board or the Supervisory Board has been involved in a bankruptcy, or been subject to receivership or liquidation;
- no indictment and/or official public sanction has been pronounced against these people by statutory or regulatory authorities or professional organizations;
- no member of the Management Board or the Supervisory Board of Publicis Groupe SA has been banned by a court of law from being a member of a corporate body, Management or Supervisory Board of an issuer, nor from taking part in the management or business operations of an issuer.

The Supervisory Board has strict internal rules in the area of conflicts of interest: the principle is that members of the Supervisory Board must be able to exercise their role in a completely independent manner, vis-à-vis each other and vis-à-vis the Management Board, and that each member undertakes, as soon as he or she learns of it, to inform the Supervisory Board of any conflict of interest, whether actual or potential. In the event of any such conflict of interest, the interested member refrains from discussing, or voting on, the decision on the subject in question. In accordance with the internal rules of the Supervisory Board, Maurice Lévy informed the Supervisory Board on December 19, 2018 of a conflict of interest created by the binding offer made by Ycor SCA, in which Maurice Lévy has an interest, to the subsidiaries of Publicis Groupe SA regarding a possible acquisition of Proximedia, and the agreement to enter into exclusive negotiations with these subsidiaries. The process, conducted with the help of an independent bank, resulted in more than 60 potential candidates being approached. The offer presented by the company Ycor SCA was the best bid and this binding offer resulted in the disposal of Proximedia to Ycor SCA on April 30, 2019 (see Section 3.3.1 Terms and conditions of financial transactions with related parties below). As a result, Maurice Lévy excused himself from Board meetings when such matters were being discussed.

As far as the Company is aware, the only family ties between the Company's corporate officers are those between Élisabeth Badinter – daughter of Marcel Bleustein-Blanchet, Publicis Groupe founder – her son Simon Badinter and her niece Sophie Dulac.

Apart from the information indicated, to the Company's knowledge there are no family links or potential conflicts between the interest of members of the Supervisory Board or of the Management Board of the Company and their duties towards the Company.

Moreover, there is no undertaking or agreement by the Company or its subsidiaries with members of the Company's Supervisory Board or Management Board providing for benefits to be paid upon termination of their roles, nor any other agreement between the Company, its subsidiaries and these persons, other than those described in Sections 3.2 and 3.3. Except as may be described otherwise in Section 3.3, no appointment as member of the Supervisory Board or the Management Board has been made pursuant to an undertaking made to a major shareholder, client or a supplier of the Company.

3.1.2 Management Committee

The Management Board is assisted by a committee, the Management Committee, which is responsible for the Groupe's operations and the execution of its strategy.

It is comprised of members of the Management Board and:

- Emmanuel André, Chief Talent Officer Publicis Groupe;
- Justin Billingsley, Chief Executive Officer Publicis Emil, Chief Executive Officer Publicis Groupe DACH & Brazil;
- Agathe Bousquet, Chair France, Publicis Groupe;
- Gerry Boyle, Chief Executive Officer APAC & EMEA Publicis Media;
- Andrew Bruce, Chief Executive Officer Publicis Groupe Canada & Publicis Communications U.S West;
- Nick Colucci, Executive Chair Publicis Health, Chief Operating Officer Publicis Communications North America;
- Tim Jones, Chief Executive Officer North America Publicis Media;
- Bryan Kennedy, Chair Epsilon;
- Annette King, Chief Executive Officer Publicis Groupe UK;
- Ros King, EVP Global Clients Publicis Groupe;
- Loris Nold, Chief Executive Officer Publicis Groupe Asia Pacific, Middle East Africa;
- Dave Penski, Chief Executive Officer PMX Global;
- Alexandra Von Plato, Chief Executive Officer Publicis Health;
- Carla Serrano, Chief Strategy Officer, Publicis Groupe;
- Nigel Vaz, Digital Business Transformation Lead Publicis Groupe, Chief Executive Officer Publicis Sapient;
- Véronique Weill, General Manager, Publicis Groupe;
- Jaroslaw Ziebinski, Chief Executive Officer Publicis Groupe Northern & Central Europe.

Publicis Groupe is seeking a balanced representation of men and women on this committee (see 4.1.2 Diversity and Inclusion).

3.1.3 Operation of Supervisory Board and Specialized Committees

Since November 27, 1987, Publicis Groupe SA has adopted a two-tier management system which comprises a Management Board and a Supervisory Board. This method separates the powers of management and oversight to establish a real balance of power.

The Management Board is the Company's decision-making body for the Company's business operations.

The Supervisory Board has the responsibility of exercising ongoing supervisory authority over the Management Board. In application of the last paragraph of article 16 II of the Company's bylaws, the Supervisory Board wanted to establish four committees, including an Nominating Committee, a Compensation Committee, and a Strategy and Risk Committee separate from the Audit Committee, thereby going beyond the recommendations of the Afep-Medef Code.

The Supervisory Board determines, at the meeting for which the agenda includes approval of the annual financial statements for the previous financial year, the transactions referred to in article 12 of the bylaws that require prior approval. At its meeting of February 5, 2020, renewing its discussion of February 6, 2019, the Supervisory Board decided that the purchase or disposal of any real estate, the purchase or disposal of any company whose value exceeded 5% of the Company's equity, and any loan, bond or share issuance exceeding 5% of the Company's equity would be subject to the prior approval of the Supervisory Board.

These provisions are also specified in the internal rules of the Supervisory Board, as well as basic rules such as those concerning the independence of the Supervisory Board's members, conflicts of interest and confidentiality or privileged information. The internal rules also establish the terms on which the Supervisory Board and its specialized Committees operate and the Board's relationship with the Management Board. In early 2019, the internal rules were updated to incorporate the most recent recommendations of the Afep-Medef Code reviewed in June 2018 and to clarify certain points (on-boarding program for new members, additional training in particular regarding the intricacies of the Company, its business lines, its industry and the Company's corporate and social responsibility (CSR) challenges, etc.). The internal rules of the Supervisory Board are available on the Group website: www. publicisgroupe.com.

3.1.3.1 Operation of the Supervisory Board

The Supervisory Board meets as often as is necessary and its meetings are called by the Chair or, in his absence, the Vice-Chair, with a minimum of four meetings per year, one of which is to approve the annual financial statements. The meetings are held in French. Simultaneous interpretation into English is available.

In order to facilitate participation by members, particularly those who live overseas, the Supervisory Board has included provisions in its internal rules to allow members to participate in Supervisory Board meetings by video-conference or other mode of telecommunication in accordance with the law and regulations in force. Prior to meetings, the Management Board provides the Supervisory Board members with the documents and information needed for the performance of their duties. The documents required to examine the items on the agenda are sent to Board members a few days in advance.

In 2019, the Board met eight times and the Management Board 18 times.

The Management Board is always available to provide clarifications or additional information to any Supervisory Board member. The Management Board informs the Board of market developments, the competitive environment, strategy and the main challenges facing the Group including in terms of corporate social responsibility (CSR). When reviewing the quarterly and half-yearly financial statements, the Management Board presents its management report on the Group's activities, key figures and the global economy, managerial appointments within Solutions, the Group's CSR policy, corporate acquisitions and disposals, the financial position and results of the Group and of the parent company along with future prospects. The Supervisory Board ensures that there are systems to prevent and identify corruption and influence peddling and that the Management Board has implemented a non-discrimination and diversity policy within the governing bodies. The Management Board provides it with all necessary information to this effect.

The Supervisory Board may decide to meet without the presence of the Management Board, particularly with regard to deliberations on compensation for Management Board members. Meetings may be held with Group directors particularly to present strategic action plans.

To prevent insider trading, the Management Board established rules regulating the conduct of the Group's insiders, defining the periods in which trading in Company shares is permitted, which also applies to Supervisory Board members.

3.1.3.2 Attendance of members of the Supervisory Board at Board meetings and Committee meetings in 2019

	Supervisory Board		Audit Committee		Nominating Committee		Compensation Committee		Strategy and Risk Committee	
	Number of attendances/ number of sessions	Attendance rate	Number of attendances/ number of sessions	Attendance rate	Number of attendances/ number of sessions	Attendance rate	Number of attendances/ number of sessions	Attendance rate	Number of attendances/ number of sessions	Attendance rate
Maurice Lévy Chair of the Board	8/8	100%			1/1	100%	6/6	100%	2/2	100%
Élisabeth Badinter Vice-Chair of the Board	7/8	88%			0/1	0%			1/2	50%
Simon Badinter	8/8	100%								
Jean Charest	8/8	100%	5/5	100%	1/1	100%				
Sophie Dulac	8/8	100%								
Thomas H. Glocer	7/8	88%					6/6	100%	2/2	100%
Marie-Josée Kravis	6/8	75%			1/1	100%			2/2	100%
André Kudelski	8/8	100%	5/5	100%	1/1	100%	6/6	100%		
Enrico Letta(1)(2)	4/4	100%							1/1	100%
Suzan LeVine(1)(2)(3)	4/4	100%	2/3	67%					1/1	100%
Marie-Claude Mayer(4)	4/4	100%							1/1	100%
Antonella Mei-Pochtler(1)(5)	4/4	100%					1/2	50%		
Véronique Morali(4)	3/4	75%	2/2	100%			4/4	100%		
Cherie Nursalim	6/8	75%					2/6	33%		
Pierre Pénicaud Member representing employees	8/8	100%							2/2	100%
Overall attendance rate		**93%**		**93%**		**80%**		**83%**		**92%**

(1) Member joining during financial year (see Board member profiles above for any additional information).
(2) Appointment to the Strategy and Risk Committee during the financial year.
(3) Appointment to the Audit Committee during the financial year.
(4) Member leaving during the financial year.
(5) Appointment to Compensation Committee during the financial year.

Independent members.

3.1.3.3 Duties of the Chair of the Supervisory Board

Maurice Lévy, Chair of the Supervisory Board, organizes the Board's work so that it can fulfill its role of overseeing the Management Board's management of the Company. In 2019, he chaired eight Board meetings.

The Chair of the Board also actively assists the Management Board, though without operating responsibility, insofar as is required, by responding to requests for advice from the Management Board on all major events affecting the Company. He thus ensures a balance between the governing bodies. He maintains the strong relationships built up with major Group customers over decades, coordinates public affairs in the countries in which Publicis operates and provides the Group with his wealth of experience. He participates in three Supervisory Board Committees: Nominating Committee, Compensation Committee and Strategy and Risk Committee.

3.1.3.4 Supervisory Board activity in 2019

The Board met eight times in 2019, with an average attendance rate of 93%.

The main points examined, and decisions made by the Supervisory Board at its meetings during 2019 were as follows:

- The first half of its February 6 meeting was spent on the presentation of the organization established and of the work done on the Daimler account by Justin Billingsley, Chair of DACH (Germany, Austria and Switzerland) and Brazil, and Global Head of Publicis Emil, the agency dedicated to Daimler. In the second half, the Board took note of the management report of the Management Board and reviewed the consolidated financial statements and parent company financial statements for 2018, after having heard the Audit Committee and the conclusions of the statutory auditors. The Board had no observations to make on these documents and expressed its confidence in the Management Board with regard to the strategy for dealing with the issues identified. The Supervisory Board renewed the limits on the powers of the Management Board and the annual authorizations for sureties and guarantees. Without its Chair in the room, due to a conflict of interests, with Maurice Lévy having an interest in Ycor SCA, the Board considered the binding offer from Ycor SCA to the subsidiaries of Publicis Groupe SA to acquire Proximedia. It was recalled that a process conducted with the help of an independent bank made it possible to approach more than 60 potential candidates, among whom some 10 investors showed an interest in the full or partial reversal of Proximedia. The offer submitted by Ycor SCA was the best bid. The Board also examined (in the absence of its Chair) the agreement for exclusive negotiations with these subsidiaries and gave a positive opinion on the divestment process. Following these discussions, Maurice Lévy was asked to rejoin the Board meeting. The Board was informed of the disposal of the Publicis Health Solutions operations in the United States and in Europe to Altamont Capital Partners. The Board was informed of the preparation for the General Shareholders' Meeting of May 29, 2019. The Compensation Committee presented its report along with the Nominating Committee.
- When it met on March 6, the Board gave its approval to the Management Board on the 2019 commitment. The Strategy and Risk Committee presented its report. The Board commented on the draft resolutions to submit to the General Shareholders' Meeting. The Board was informed of developments regarding the PACTE Bill. With no Management Board members other than the Chair of the Management Board in the room, and having heard the report of the Compensation Committee, the Board approved the variable compensation for the 2018 financial year for Anne-Gabrielle Heilbronner, Jean-Michel Etienne and Steve King, Management Board members and approved the proposed award criteria in respect of the 2019 variable compensation. It left the annual fixed compensation for 2019 at the same level as previous years. The Board approved the 2019-2021 Management Board LTIP and the number of shares awarded, subject to performance conditions and continued employment, to each Management Board member. On the recommendation of the Nominating Committee, the Board i) reviewed the independence criteria for its members and confirmed the independence of the members who had previously been classified as independent and ii) decided to nominate three independent candidates (Antonella Mei-Pochtler, Suzan LeVine and Enrico Letta) to the General Shareholders' Meeting of May 29, 2019. The Board noted the desire of Véronique Morali and Marie-Claude Meyer not to seek reappointment to the Board and thanked them for their service on the Committees and Board throughout their terms of office. With Arthur Sadoun, Chair of the Management Board, not in the room the Board, on the recommendation of the Compensation Committee, set his variable compensation with respect to the 2018 financial year and determined the award criteria proposed in respect of his 2019 variable compensation. It kept the annual fixed compensation the same in 2019 as for 2018. The Board agreed to Maurice Lévy's proposal to reduce his compensation from euro 2,800,000 to euro 1,900,000. The Supervisory Board adopted the compensation policy of Management Board and Supervisory Board members, to be voted on by shareholders in accordance with article L. 225-82-2 of the French Commercial Code. The Board then reviewed the summary results and drew conclusions from the annual self-assessment of its work for 2018. The Board decided on the terms of its corporate governance report.
- At its meetings on March 28 and later on April 1, the Management Board presented the Board with a proposal to acquire Epsilon, a US group specialized in data and technological platforms. The Board approved this draft on the grounds of the strategic benefit for Publicis Groupe.
- At its May 13 meeting, the Board approved the plan to finance the Epsilon acquisition put forward by the Management Board. The Board expressed a view on the basis of a 360 look at all sources of financing used as part of the acquisition. The

Board authorized financial guarantees and commitments and indicated that the acquisition financing was in the Company's best interest.

- At its May 29 meeting, the Board welcomed three new members, Suzan LeVine, Antonella Mei-Pochtler and Enrico Letta, and then reviewed the composition of its four Committees. There was also a discussion on the General Shareholders' Meeting that morning. The Supervisory Board took note of the management report of the Management Board of March 31, 2019 and the quarterly parent company and consolidated financial statements at April 30, 2019. The Audit Committee presented its report. The Board was presented with updated annual forecasts for 2019. It took note of developments in the Epsilon acquisition process. The Management Board noted the guarantees provided by Publicis Groupe SA to guarantee the commitments of its subsidiaries. The Compensation Committee presented its report.
- At its July 17 meeting continued on July 18, the Chair of the Management Board presented Publicis Groupe's competitive environment, strategy and trends. The Supervisory Board took note of the management report of the Management Board of June 30, 2019, and examined the half-yearly parent company and consolidated financial statements, after having heard the report of the Audit Committee and the conclusions of the statutory auditors. It was also presented with the updated forecasts to end-June. The Management Board informed the Board of the closing of the acquisition of Epsilon, which took place on July 1, and of the progress on the work done to integrate Epsilon. The votes and questions that came out of the General Shareholders' Meeting of May 29, 2019 were reviewed to allow the Board to improve the governance of Publicis by taking shareholder expectations fully on board. The Board considered whether it was time to establish a Stakeholder Committee as suggested at the General Shareholders' Meeting and asked the Chair for more information. After receiving additional information on this matter, the Chair of the Board asked the Secretary General to establish a working group with any Board members wishing to participate.
- At its meeting in New York on September 11, discussions focused on the challenges and opportunities of the North American market. The Board was informed of the Group's results at August 31, 2019 and annual forecasts. The Strategy and Risk Committee and the Audit Committee presented their reports. In accordance with article L. 225-87 of the French Commercial Code, the Board established, at the behest of the Audit Committee, a procedure for assessing ordinary arm's length agreements entered into by Publicis Groupe SA. The Board reviewed the program for preventing and detecting corruption put in place within the Group and satisfied itself that it had been properly implemented. The Compensation Committee presented its report.
- The first half of its November 27 meeting was spent on a presentation by Arthur Sadoun of the steps taken as part of the plan put in place by the Management Board to rekindle organic growth. During the second part, the Supervisory Board read the management report by the Management Board of September 30, 2019 and examined the parent company and consolidated financial statements for the third quarter. The Group's position and results as at the end of October, as well as the updated forecasts, were presented. The Audit Committee presented its report. The Supervisory Board familiarized itself with the budget and the main principles of 2020 commitments. It also noted the conclusions and proposals of the working group, made up of Sophie Dulac, Marie-Josée Kravis, Suzan LeVine, Antonella Mei-Pochtler, Cherie Nursalim and Pierre Penicaud, on the strategy and stakeholder engagement. The Supervisory Board conducted an annual review of its related-party agreements and commitments signed and authorized in previous financial years, and considered that the reasons that justified these authorizations remain relevant. The Audit Committee informed the Board of the appropriateness of the criteria used when classifying ordinary arm's length agreements as part of the procedure assessing such agreements. The Compensation Committee presented its report.

3.1.3.5 Evaluation of the Supervisory Board

The Supervisory Board performs an annual self-assessment of its work, examines the summary results and draws conclusions. Each member of the Supervisory Board completes a personal questionnaire, with the option to hold individual meetings with the Chair of the Supervisory Board or the member of the Supervisory Board responsible for overseeing the assessment. The results are summarized and then a meeting is held to take comments. Thomas Glocer, an independent member, in direct contact with Board members, did individual interviews with any Board member who so wished and carried out this evaluation for the 2018 financial year with the support of the Secretary General and the Legal Department. Responses were examined, in detail, and compared with the responses given by the same member the previous year. An analysis of the conclusions of the 2018 assessment was presented at the Supervisory Board meeting of March 6, 2019 and the Board led a discussion on areas for improvement. According to this analysis, the Board is particularly satisfied with its relationship with the Management Board, how meetings are held, the decision-making process, governance developments, the work of its four Committees, as well as the attendance and individual contribution of the members. The target areas of improvement particularly focused on contributions by Group executives (outside the Management Board) at Board meetings, the implementation of an on-boarding program for new members and additional information/training provided to Board members as well as the effective contribution of each member. Generally speaking, Committee members are satisfied with the Committees on which they serve. A number of suggestions were made: spend more time looking at the strategy component of the Strategy and Risk Committee and more broadly discuss human resources and talent at Nominating Committee meetings.

The evaluation shows that recommendations made in previous years have been progressively applied. The diversity of the Board's composition was increased through the appointment of three new members who are both foreign nationals and independent by the General Shareholders' Meeting of May 29, 2019. The provision of additional information on major themes and the Group's strategy continued particularly before and after the Epsilon acquisition.

3.1.3.6 On-boarding and training of Supervisory Board members

All new Supervisory Board members are informed of their general or specific duties. An on-boarding program was introduced in 2019. A familiarization session on the Group's organization and operations in France was held for new Board members and was open to other Board members. Site visits were held and will continue in 2020. The Supervisory Board meeting of September 11, 2019 was held in New York with a presentation of the Group's US operations the day before. This presentation provided an opportunity to discuss with executives and review the challenges facing the Group in its top market and the growth opportunities available to it.

Each Board member has access, should they so wish, to additional training in particular on the particularities of the Company, its business lines, industry and the Company's corporate and social responsibility challenges.

Moreover, any Board member representing employees has, by law, access to special training on the performance of their role and time allocated to allow them to do their job under the best possible conditions.

3.1.3.7 Procedure for assessing ordinary arm's length agreements (so-called ordinary agreements)

In accordance with article L. 225-87, paragraph 2 of the French Commercial Code, the Supervisory Board meeting of September 11, 2019 established, at the behest of the Audit Committee, a procedure for assessing ordinary arm's length agreements entered into by Publicis Groupe SA.

The procedure for checking the classification and evaluation applies to all new agreements as well as any subsequent amendments (in particular renewal, extension) or when there are certain indications that an agreement or a certain type of agreement no longer fully qualifies as ordinary agreements.

The Legal Department is informed of agreements typically classified as related-party agreements or ordinary agreements at Publicis Groupe SA by the person directly or indirectly concerned who is aware of a draft agreement and, more broadly, by any Group body that is aware of a draft agreement.

The ordinary nature and arm's length terms and conditions of agreements are considered on a case-by-case basis by the Legal Department with the support of the finance, accounting, Real Estate and Internal Control Departments with reference to the study published by Compagnie Nationale des Commissaires aux Comptes in February 2014 on related-party and ordinary agreements. If, following analysis, it appears that the agreement cannot be classified as an ordinary arm's length agreement it will be subject to the procedure for assessing related-party agreements.

Any person directly or indirectly concerned with an ordinary agreement is not involved in its evaluation.

The Audit Committee looks at existing agreements as well as the criteria allowing the classification of ordinary arm's length agreements. It informs the Supervisory Board of the follow-up and outcomes of this procedure in the meeting on the annual review of the agreements entered into and approved in prior financial years that are still in effect.

The Supervisory Board expresses a view on changes to the procedure it feels are necessary and on the exclusion or inclusion of certain agreements in the category of ordinary arm's length agreements.

3.1.3.8 Observations of the Supervisory Board on the Management Board report and the financial statements for 2019

The Management Board presented its management report at the Supervisory Board Meeting of February 5, 2020, as well as the annual and consolidated financial statements for 2019. The Supervisory Board examined them, made itself aware of the opinion of the Audit Committee on the closing of the accounts, and had a discussion with the statutory auditors. After having received all the information deemed to be relevant, the Supervisory Board had no comments to make.

3.1.3.9 The Supervisory Board's Specialized Committees

The detail of the operating conditions for the four Committees is indicated in the second title "Specialized Committees" in the Supervisory Board's internal rules. This document is available for consultation on the Publicis Groupe site (www.publicisgroupe.com).

Each Committee comprises at least three members who must be natural persons, members of the Supervisory Board and appointed by the Supervisory Board. Members are chosen for their competence and expertise in the committee's scope of work. The committees may appoint an external consultant, either temporarily or on a permanent basis, whose compensation will be determined by the committee in question.

The four Specialized Committees (the Nominating Committee, Compensation Committee, Audit Committee and Strategy and Risk Committee) assist the Supervisory Board in performing its duties and thereby help improve Group corporate governance. The Audit, Compensation, and Strategy and Risk Committees were restructured in 2019 following the expiry of the terms of office of Marie-Claude Mayer and Véronique Morali and the appointment of Suzan LeVine, Antonella Mei-Pochtler and Enrico Letta following the General Shareholders' Meeting of May 29, 2019. The new composition of these three Committees ensures a balanced representation notably as regards independence, expertise, experience and nationality.

The members of the four committees are appointed for the duration of their term on the Supervisory Board and may be reelected in the same manner, pursuant to article 13 of the bylaws. Each Committee elects a Chair from among its members to direct the work of the Committee and to provide reports to the Supervisory Board.

Committee members may be dismissed at the discretion of the Supervisory Board, without any need for justification. Nominations and dismissals are communicated by regular mail sent to all members of the committee. At least half of the members of the Committees must be present to validly deliberate. A member may not participate by proxy.

Audit Committee

Independent members: **100%**	**5 meetings** / Attendance rate: **93%**	Gender balance: **34% Women/ 66% Men**

The Audit Committee is governed by article 6 and seq. of the Supervisory Board's internal rules.

The missions of the Audit Committee with regard to the Supervisory Board are as follows:

- to examine the parent company financial statements and consolidated financial statements, as well as the financial disclosures issued, before they are presented to the Supervisory Board, to monitor their preparation and to formulate, if required, recommendations to guarantee their integrity;
- to supervise the organization and implementation of the Group's audit, to monitor the effectiveness of the internal control and risk management and to verify the accuracy and regularity of the financial statements;
- to issue a recommendation to the Supervisory Board on the choice of statutory auditors proposed for appointment or renewal by the General Shareholders' Meeting under the conditions stipulated by the law, and to ensure their independence;
- on behalf of the Supervisory Board, to authorize the provision of services not included in the missions of legal control as well as the budget to be allocated, in accordance with legal provisions.

The Committee has a sufficient period of time to study the accounts before they are examined by the Supervisory Board.

The Audit Committee currently has three independent members: Jean Charest, Chair, Suzan LeVine and André Kudelski. Claudine Bienaimé acts as permanent expert to the Committee.

Due to their professional backgrounds, its members have particular expertise in financial and accounting matters.

Changes to the composition of the Audit Committee in 2019:

Member of the Audit Committee	Departure	Appointment
Suzan LeVine		May 29, 2019
Véronique Morali	May 29, 2019	

During the course of the 2019 financial year, the Audit Committee was regularly informed about the program, the results and corrective measures implemented as a result of internal controls, the results of auditing assignments and their follow up as well as the principal pending legal disputes and their developments. A summary of the audits conducted by internal audit in accordance with anti-corruption law was produced as well as a summary of elements of the Group's compliance with the General Data Protection Regulation observed within agencies. The Committee was also informed about all fraud or fraud attempts of which the Group may have been made aware. It took note of the impacts of the new accounting standards applied by the Group since 2018 (IFRS 9, 15 and 16 and IFRIC 23) as well as of the US tax reform, on the Group's financial statements. It heard from the statutory auditors without the members of management in the room during its meetings on the financial statements. The Committee checked the independence of the statutory auditors and monitored the completion of their duties. It advised the Supervisory Board to reappoint Ernst & Young et Autres, their term of office as statutory auditors being up for renewal at the end of the 2018 financial year. The statutory auditors presented their methodology, the scope of their audit and the main technical matters of the audited financial statements, and detailed their work to the Committee. The Committee reviewed and authorized the fees for additional assignments entrusted to the statutory auditors and issued an opinion on the budget for their fees for the 2019 financial year. It made itself familiar with the action plans aimed at reducing the Group's costs. The action plan relating to the parent companies' duty of vigilance was presented to the Committee. The Committee reported to the Supervisory Board the exercise of its duties, the results of the accounts certification, the way that this had contributed to the integrity of the financial information and the Committee's role in the process. A procedure for the periodic evaluation of ordinary arm's length agreements, as defined by article L. 225-87 of the French Commercial Code, entered into by Publicis Groupe SA, was proposed to the Board, with the Committee informing it of the follow-up and outcome of this procedure in the meeting on the annual review of the related-party agreements and commitments entered into and approved in prior financial years that are still in effect. The Committee reviewed and approved the 2020 internal audit plan.

Nominating Committee

Independent members: **60%**	**1 meeting** / Attendance rate: **80%**	Gender balance: **40% Women/ 60% Men**

The Nominating Committee is governed by article 7 and seq. of the Supervisory Board's internal rules.

The missions of the Nominating Committee with regard to the Supervisory Board are as follows:

- to make any appropriate observations on the composition of the Supervisory Board and Management Board;
- to propose, to the Board, candidates for corporate officers of the Company;
- to examine, prior to any decision of the Management Board, proposals for the appointment of executives at the Group level and members of Solution Hubs Executive Committees. In the event of an emergency, the decision to appoint these executives is taken jointly by the Chair of the Management Board and the Chair of the Supervisory Board which will inform the Committee after they have made the decision. In addition, the Committee is informed of decisions, after they are made, to appoint members of countries' Executive Committees;
- to draw up a succession plan for executive and non-executive corporate officers and to examine, beforehand, the succession plans for all key positions.

The Nominating Committee currently has five members, three of whom are independent: Élisabeth Badinter, Chair, Marie-Josée Kravis (independent member), Jean Charest (independent member), Maurice Lévy and André Kudelski (independent member).

There was no change to the composition of the Nominating Committee in 2019.

In 2019, the Nominating Committee reviewed the composition of the Supervisory Board and the status of independent members. The Committee was responsible for selecting the candidates put to the Board, which resulted in the appointment of Suzan LeVine, Antonella Mei-Pochtler and Enrico Letta at the General Shareholders' Meeting of May 29, 2019. The Committee also considered proposals to appoint executives at the parent company and members of executive committees at Solutions.

Compensation Committee

Independent members: **80%**	**6 meetings** / Attendance rate: **83%**	Gender balance: **40% Women/ 60% Men**

The Compensation Committee is governed by article 8 and seq. of the Supervisory Board's internal rules.

The missions of the Compensation Committee with regard to the Supervisory Board are as follows:

- to issue a recommendation on the amount and division of compensation allocated to members of the Supervisory Board;
- to study and propose to the Supervisory Board the elements of compensation and benefits to executive corporate officers in the Company, and particularly the variable compensation, as well as the attribution of stock subscription or purchase options, performance shares and all other elements of compensation (termination benefits, pension, non-compete clauses, etc.);
- to propose to the Supervisory Board the text of resolutions concerning the compensation of corporate officers to be submitted to the General Shareholders' Meeting;
- to approve, prior to any decision by the Management Board, the conditions for fixed, variable and exceptional compensation making up the total remuneration and other benefits of executives at the Groupe level and of the members of the Solution Hubs Executive Committees. In the event of an emergency, the decision on the compensation conditions of these directors is taken jointly by the Chair of the Management Board and the Chair of the Supervisory Board which will inform the Committee after they have made the decision. In addition, the Committee is informed of the decisions on the compensation conditions of countries' Executive Committee members;
- in general terms, approving, prior to any decision of the Board, the variable compensation systems, and policies in the area of compensation, awarding of stock options, free shares or performance shares, or any similar instrument.

The Compensation Committee currently has five members including four independent members: André Kudelski (independent member), Chair, Antonella Mei-Pochtler (independent member), Cherie Nursalim (independent member), Thomas H. Glocer (independent member) and Maurice Lévy. Michel Cicurel assists the Committee as permanent expert.

Changes in the composition of the Compensation Committee in 2019:

Member of Compensation Committee	Departure	Appointment
Antonella Mei-Pochtler		May 29, 2019
Véronique Morali	May 29, 2019	

In 2019, the Committee reviewed compensation-related issues for Management Board members (fixed and variable portions) and for the Chair of the Supervisory Board (fixed compensation) and proposed related decisions to be taken by the Supervisory Board. The Committee was consulted on the share-based compensation policy, primarily regarding the implementation of a special plan and of a 2019 LTIP, share-based compensation plans for the Group's main executives (excluding the Management Board) and of an LTIP Directoire 2019-2021, subject to performance conditions and continued employment. The share-based compensation plans and the integration of Epsilon were at the center of the Committee's considerations. The new principles of the variable compensation system for 2020 pertaining to the new structure of Publicis Groupe were submitted to the Committee. The Committee also discussed share-based retention and the motivation of key talent and the implementation of a retention plan for a dozen top managers (excluding the Management Board). The Committee was kept informed of increases and the hiring of executives by the Executive Committees of the countries and of Solutions. It also received comprehensive information on the top 30 compensation packages within the Group (2019 target, 2019 estimates, 2020 target). The Committee lastly looked at certain legislative changes in France particularly those stemming from the PACTE Act.

Strategy and Risk Committee

Independent members: **66%***	**2 meetings** / Attendance rate: **92%**	Gender balance: **50% Women 50% Men***

* Excluding the member representing employees.

The Strategy and Risk Committee is governed by article 9 et seq. of the Supervisory Board's internal rules.

The missions of the Strategy and Risk Committee with regard to the Supervisory Board are as follows:

- to examine (in coordination with the Audit Committee), the risks to which the Company is exposed and the policies and corrective measures that will allow it to control and reduce these risks;
- to study the major strategic and growth options available to the Group and decide whether or not they are implemented with respect to transactions likely to affect the Group's strategy as a whole;
- to examine the Group's Corporate Social and Environmental Responsibility (CSR) strategy and the options selected to implement this strategy.

The Strategy and Risk Committee currently has seven members including four independent members and one member representing employees: Marie-Josée Kravis (independent member), Chair, Élisabeth Badinter and Suzan LeVine (independent member), Thomas H. Glocer (independent member), Enrico Letta (independent member), Maurice Lévy and Pierre Pénicaud (representing employees).

Changes to the composition of the Strategy and Risk Committee in 2019:

Member of the Strategy and Risk Committee	Departure	Appointment
Enrico Letta		May 29, 2019
Suzan LeVine		May 29, 2019
Marie-Claude Mayer	May 29, 2019	

In 2019, the Committee reexamined the risks facing the Company and the policies making it possible to control or reduce them, the Group's corporate and social responsibility (CSR) strategy and the options adopted when implementing this strategy as well as the major strategic options and development opportunities available to the Group. The Committee reviewed the overall risk mapping. The main risks are operational risks primarily associated with cybersecurity, weak organic growth and transformation that customers need to make to their organizations in addition to geopolitical risks. The Committee updated the specific corruption and influence peddling risk mapping that is used for controls and audits. Risks of corruption and influence peddling remain low within the Group. The Committee was informed of the implementation of the action plan relating to duty of vigilance and updated the risk mapping specific to the vigilance plan. The Committee reviewed the Group's strategic priorities and related execution risks as well as progress made.

3.1.4 Application of the Afep-Medef Code: implementation of "apply or explain" rule

Within the framework of the "Apply or explain" rule specified in article L. 225-37-4 8° of the French Commercial Code and referred to in article 27.1 of the Afep-Medef Code, the Company considers that its practices are compliant with the recommendations of the Afep-Medef Code. However, one provision has been set aside, for the reasons explained hereafter:

Recommendations of the Afep-Medef Code	Position
Article 18.1 – Composition of the Compensation Committee "It is recommended that… one member of the Committee should be an employee director."	Pierre Pénicaud was appointed member of the Supervisory Board representing employees by the Publicis Groupe SA Group Committee on June 20, 2017. Pierre Pénicaud is, at his request, a member of the Strategy and Risk Committee. The Supervisory Board supported this request, of the opinion that his significant experience in the Group and his operational knowledge are assets for this Committee. As a Board member, Pierre Pénicaud attends meetings reviewing compensation of corporate officers, which allows him to express himself on these matters.
Article 26.2 – Annual information (information on ratios) "Companies that have few or no employees in relation to the overall headcount in France take into account a more representative scope in relation to the payroll or headcount in France of companies over which they have exclusive control within the meaning of Article L.233-16 II of the French Commercial Code"	As Publicis Groupe SA has very few employees, it decided to publish the ratios as provided for in 6° of Article L.225-37-3 of the French Commercial Code on a broadened scope, representative of the Group's operations in France, adding the headcount of all Groupe companies in the United States and the United Kingdom. This scope is a more valid financial comparison insofar as it represents the bulk of the Group's payroll (64%) and Groupe revenue (70%), the remainder being spread across other countries worldwide. This scope was preferred to a scope limited to France, which only represents 7% of Groupe payroll and 6% of revenue, and is not representative of Groupe operations (see Section 3.2.2.7 of the Universal Registration Document).

3.1.5 Code of Ethics

The Group has a set of rules governing its behavior and ethics under the name "Janus". It is applicable to all of the Group's hierarchical levels, and sets out the rules of conduct for operations: The Publicis way to behave and to operate. It is regularly updated, circulated across all the networks and is available in seven languages.

Janus includes the rules and principles related to ethics, corporate social responsibility, compliance with regulatory and legal frameworks, governance, communication, conducting business and client relations, human resource management, protecting the Group's brand names and intellectual property, financial and accounting management, as well as rules governing mergers and acquisitions, investments, restructuring and purchasing policies.

The guidelines include a Code of Ethics applying to all Group employees with specific rules for members of the Management Board and other main executives. The values embodied by Publicis are clearly outlined there, starting with respect for individuals and their diversity.

The aim of these rules of conduct is to provide the Group with strict rules and procedures for running our business worldwide in all fields: human management, business ethics, financial management, individual responsibility. This includes encouraging diversity and preventing discriminatory conduct. They are meant to prevent any illegal activity, in particular by ensuring that Group employees comply with laws and regulations in the conduct of the Group's business. Janus also contains a separate chapter with a detailed code of conduct on stock market trading, designed to prevent insider trading. The Group's rules of conduct are also meant to prevent favoritism, misappropriation of funds, breach of trust, corruption, conflicts of interest or other misconduct and subject the Group and its employees to the highest standards in terms of integrity, ethics and compliance. They are designed to protect the Group's data and know-how by establishing strict guidelines regarding confidentiality and good faith. Finally, they establish procedures for control and reporting by management of the Group and of the various networks of any breach of these policy rules, which have also been made public.

This Code is available on the Group's website (www.publicisgroupe.com) in the "Corporate Social Responsibility" section, under "Library" then "Code of Ethics".

The Group undertakes to provide a copy of its Code of Ethics free of charge to any person upon request. A request may be made directly to the Group's Legal Department by telephone on 33(0)1 44 43 70 00 or by mail to 133, avenue des Champs-Élysées, 75008 Paris, France.

3.2 COMPENSATION OF CORPORATE OFFICERS

In accordance with applicable legal and regulatory provisions, this section sets out the compensation policy for corporate officers for the 2020 financial year as well as the items of compensation for corporate officers for the 2019 financial year.

3.2.1 Compensation policy for corporate officers for the 2020 financial year

Pursuant to article L. 225-82-2 of the French Commercial Code, the General Shareholders' Meeting of May 27, 2020 will be asked to approve the compensation policy for corporate officers for the 2020 financial year. To this end, four resolutions are tabled for the members of the Supervisory Board, the Chair of the Supervisory Board, the members of the Management Board and the Chair of the Management Board, respectively. As required by law, the General Shareholders' Meeting will be asked to vote on this policy at least once a year as well as whenever there is a major change to the compensation policy.

In exceptional circumstances, the Supervisory Board may derogate from the compensation policy where this is temporary, in the best interests of the Company and necessary to ensure the Company's long-term future and viability.

3.2.1.1 Principles applicable to all corporate officers

General principles and Governance

The compensation policy for corporate officers is determined by the Supervisory Board on the back of proposals from the Compensation Committee.

The Compensation Committee plays a key role in determining the compensation policy and the individual decisions. In this regard, the Compensation Committee meets at least once a year to review the compensation policy for corporate officers, confirm the quantitative and qualitative performance results from the previous year and determine the new performance criteria for the current year. To this end, the Compensation Committee bases itself in particular on the work done and presented by the Secretary General. It specifically looks at past practices in terms of the compensation of corporate officers, looks at external benchmarks as well as the terms and conditions of compensation and employment of employees and other managers within the Groupe. In addition, the Compensation Committee takes various measures to avoid or manage conflicts of interest. Composed of 80% independent members in 2019 (see Section 3.1.3.9 "The Supervisory Board's Specialized Committees"), it ensures the application of the Supervisory Board's internal rules, notably by asking its members to report any conflicts of interest and, if such a conflict arises, by verifying that the persons concerned abstain from participating in the debate or vote on the matter, that they do not request or communicate any information relating thereto, or that they resign from their position (see Section 3.1.1.4 "No convictions for fraud or conflicts of interest"). The resulting policy is then submitted to the Supervisory Board before being voted on by the General Shareholders' Meeting.

This policy is adopted once the Supervisory Board has ensured i) that it is in line with the best interests of Publicis Groupe while ensuring that it is attractive and competitive to make it possible to attract and retain top talent and ii) that it will contribute to the Groupe's long-term future while at the same time serving the commercial strategy set out in section 1.3.2 of this document. In this regard, the compensation policy is built on a fair balance between the items of compensation (fixed compensation, target variable compensation and performance shares) to reflect market practices and incorporate the Groupe's performance criteria over the medium to long-term. The financial criteria (namely organic growth and operating margin), and the Groupe's structural projects (in particular the Groupe's digital transformation and reorganisation), represent a key part in the variable compensation of corporate officers.

In line with the decision of the Supervisory Board, and in addition to the exceptional items related to the Covid-19 pandemic described below in the section "Exceptional items related to the Covid-19 pandemic", it should be noted that the following substantial changes were made to the compensation policy compared to the compensation principles and criteria approved by shareholders at the last General Shareholders' Meeting on May 29, 2019:

- Addition of two CSR criteria to the non-financial criteria of the 2020 variable compensation. These CSR criteria apply to all members of the Management Board (the relative weight of this criterion varies between members). The criteria are, on the one hand, an increase in the number of women on the various Executive Committees (the scope in question may, however, be different for each corporate officer) and, on the other hand, an increase in the share of renewable energy in our consumption.
- Change of criterion relating to the organic growth in the Company's net revenue within Groupe-related financial criteria. The Supervisory Board has simplified this criterion by setting a Commitment-related objective instead of setting it in comparison with the organic net revenue growth of peer companies (Omnicom, WPP and IPG). Since the Commitment is set with ambitious objectives, meeting this criterion is still difficult to achieve. This change applies to all corporate officers.
- The Supervisory Board reviewed Steve King's financial and non-financial objectives for 2020. In terms of financial criteria, quantitative criteria linked to the Groupe's financial performance remain unchanged. Those linked to Publicis Media were adjusted to take a combined Publicis Media and PMX performance into consideration. The Supervisory Board made substantial changes to the non-financial criteria applicable to Steve King, in particular, taking his new European

role into consideration. Steve King's bonus objectives are, therefore, related to the setting up of an effective, clear and robust management in Europe, with specific targets for each individuals, relating to the impact that the cross-fertilization of skills between countries and disciplines may have on growth and the implementation of global services.

Terms of the compensation policy applicable to all corporate officers

Generally speaking, Publicis Groupe has introduced a stringent compensation policy designed to motivate employees so that they make a real contribution to the achievement of the Groupe's strategic objectives and to ensure long-term performance. The compensation structure is communicated to employees, shareholders and investors in a clear and transparent manner. Publicis Groupe refers to the recommendations of the Afep-Medef Code.

The compensation policy for corporate officers is based on the same principles as applicable to employees: clarity, competitiveness (vis-à-vis competitors and in the markets in which Publicis Groupe operates), internal fairness, performance incentives and gender equality. The structure of compensation is based on the position and responsibilities within the Groupe and combines the following elements: the basic salary (reflecting experience and responsibilities), the target variable compensation (reflecting performance during the year) and awards of performance shares (reflecting the contribution to the Groupe's medium and long-term performance on the basis of quantitative criteria).

The compensation policy sets out the measurement methods to be applied to corporate officers to determine the extent to which they have satisfied the performance criteria specified for variable compensation and share-based compensation. To determine the extent to which corporate officers have satisfied these performance criteria, the Supervisory Board has regard to the proposals and work of the Compensation Committee, which prepares and checks, with the support in particular of the Secretary General and of the Executive Vice President, Group Chief Financial Officer, the level of achievement of performance criteria. These checks are documented and made available to the members of the Supervisory Board.

The criteria used to distribute the annual fixed sum allocated by the General Shareholders' Meeting to Supervisory Board members are set out in Section 3.2.1.2 of this document.

The principles of the compensation policy applicable to corporate officers, subject to approval by the General Shareholders' Meeting on May 27, 2020, are also intended to apply to newly appointed corporate officers or those who are reappointed at the General Shareholders' Meeting. For the Chair of the Supervisory Board and the Chair of the Management Board and the newly appointed members of the Management Board, the Supervisory Board may, on the proposal of the Compensation Committee, temporarily decide the fixed and variable compensation of the newly appointed corporate officer, taking into account, in particular, his or her profile and experience. This decision must be in the best interests of the Company and necessary to ensure the Groupe's long-term future and/or viability.

Exceptional items related to the Covid-19 pandemic

For 2020, the Covid-19 pandemic is resulting in a considerable slowdown of the world's economies through the cessation of non-essential economic activities. There is talk of the largest recession in modern times, comparable to or even greater that experienced in times of war.

The budgets prepared by the Groupe must therefore be reviewed regularly so that they can be adapted to economic developments as quickly as they become known, while at the same time taking appropriate measures to safeguard the future of the Company.

As a result, even though the system of compensation adopted by the Supervisory Board on the proposal of the Compensation Committee can be considered appropriate, it is clear that the budgets on which it was based are no longer up to date. In accordance with the law, which gives the Board full latitude to decide on executive compensation when exceptional circumstances so require, it is proposed that the proposals adopted by the Board be maintained with the insertion of the following clause.

In accordance with article L. 225-82-2 III, paragraph 2 of the French Commercial Code, the Supervisory Board may derogate from the application of the compensation policy if such derogation is temporary, triggered by exceptional circumstances, complies with the corporate interest, and necessary to ensure the sustainability or viability of the Company.

Such circumstances result from and are already being observed as a result of the Covid-19 pandemic and require exceptional management of the Company, and the Supervisory Board meeting, following the recommendation of the Compensation Committee, used its best judgment to determine the variable compensation of corporate officers.

In these very exceptional circumstances of an expected sharp recession, as already announced by experts and major institutions, the Supervisory Board will take into account, in its assessment of the performance of each member of the Management Board, whose overall variable compensation as a percentage of the fixed compensation remains unchanged, the manner in which the crisis will have been managed on the following fundamental aspects:

- ensure the health and safety of the Groupe's employees;
- maintain smooth operations;
- protect clients' revenue and portfolios;
- rigorously manage costs;
- take appropriate measures for the strict management of resources and the protection of the Group's assets.

The principle of ad-hoc management for 2020 has been established with a regular review of situations and a plan to adapt our costs and resources to expected revenues with a regular review by the Supervisory Board.

Compensations determined on these bases will be set by the Supervisory Board after recommendation the Compensation Committee, set out in full transparency and will be subject to an ex-post "say-on-pay" vote by the General Shareholders' Meeting for the corporate officers concerned.

Furthermore, individual and voluntary decisions to temporarily reduce compensation were made by Maurice Lévy, Arthur Sadoun, Anne-Gabrielle Heilbronner and Steve King. These decisions are detailed in Sections 3.2.1.3, 3.2.1.4 and 3.2.1.5.

3.2.1.2 Compensation policy for members of the Supervisory Board

The compensation policy for members of the Supervisory Board includes i) the items common to all corporate officers as presented in Section 3.2.1.1, and ii) specific items submitted below.

The compensation policy for members of the Supervisory Board of Publicis Groupe SA aims to reward the expertise and involvement of its members, against the backdrop of their ever-increasing commitment.

Total amount of compensation

The total amount of compensation awarded to members of the Supervisory Board is voted on by the General Shareholders' Meeting of Publicis Groupe SA.

As such, the Groupe's General Shareholders' Meeting of May 28, 2014 set an annual amount of euro 1.2 million for the compensation of members of the Supervisory Board, valid for each financial year and until a new decision by shareholders.

Above and beyond the recommendations of the Afep-Medef Code, Publicis Groupe compensates the members of the Supervisory Board exclusively for their actual attendance at meetings of the Supervisory Board and of its committees.

In accordance with the total amount of compensation approved by the General Shareholders' Meeting, each member of the Supervisory Board receives euro 5,000 for each Supervisory Board Meeting and each Committee Meeting attended.

The payment of items of compensation for a financial year takes place the following year.

For reference, 59.58% of the compensation budget authorized for members of the Supervisory Board was used for 2019.

Exceptional compensation

According to article 17 III of the Company's bylaws, the Supervisory Board may grant, in accordance with applicable laws, exceptional compensation for specific assignments and duties entrusted to its members.

This compensation shall be determined by the Supervisory Board by taking into account the length and complexity of the assignment after obtaining the Compensation Committee's opinion.

For information, this option was not used in 2019.

Compensation for the Vice-Chair

Aside from her compensation as a member of the Supervisory Board for her effective attendance at meetings, Élisabeth Badinter does not receive any specific compensation in respect of her position as Vice-Chair of the Supervisory Board. Élisabeth Badinter does not have an employment contract with Publicis Groupe SA or any of its subsidiaries.

The compensation policy for members of the Supervisory Board in respect of the 2020 financial year will be subject to approval by the General Shareholders' Meeting of May 27, 2020 in its seventh resolution pursuant to article L. 225-82-2 (II) of the French Commercial Code.

3.2.1.3 Compensation policy for the Chair of the Supervisory Board

The compensation policy of the Chair of the Supervisory Board is based on the same principles as all corporate officers set out in Section 3.2.1.1, the items applicable to members of the Supervisory Board presented in Section 3.2.1.2, as well as the specific items submitted below.

In line with article 17 (I) of the Company's bylaws, the Chair may, aside from compensation as a member of the Supervisory Board, receive specific compensation in his role as Chair. The amount of this compensation is determined by the Supervisory Board taking into account the tasks that are allocated to him, upon the Compensation Committee's proposal.

The compensation awarded, if applicable, is a fixed amount, and excludes variable elements, additional benefits, and share-based compensation.

In his role as Chair of the Supervisory Board, Maurice Lévy actively assists the Management Board, though without operating responsibility, and more specifically, maintains with the Groupe's major clients the relationship of trust established in many cases decades ago. He is consulted by the members of the Management Board, as required, on significant events, coordinates efforts with public authorities in the countries where Publicis Groupe operates and provides the Groupe with the benefits of his 49 years of experience.

In consideration of this investment and waiving the gross annual non-compete compensation of euro 1,800,000 for three years which he received under his non-compete agreement authorized by the Supervisory Board on March 17, 2008 and approved by the General Shareholders' Meeting of June 3, 2008, the Supervisory Board Meeting of March 1, 2017, set the gross annual compensation of Maurice Lévy as Chair of the Supervisory Board at a fixed amount of euro 2,800,000.

Maurice Lévy nevertheless wished to reduce his compensation from euro 2,800,000 to euro 1,900,000 and informed the Compensation Committee and the Supervisory Board of this. Following deliberation, the Compensation Committee accepted the proposal and presented it for deliberation by the Board that then approved it. His compensation is thus set at euro 1,900,000 as from June 1, 2019.

The compensation principles and criteria for Maurice Lévy as Chair of the Supervisory Board in respect of the 2019 financial year were approved by the General Shareholders' Meeting of May 29, 2019 (fourteenth resolution) pursuant to article L. 225-82-2 of the French Commercial Code (*ex-ante* vote).

Maurice Lévy does not have an employment contract with Publicis Groupe SA or any of its subsidiaries and does not receive any other compensation from Publicis Groupe SA or any of its subsidiaries.

The compensation policy for the Chair of the Supervisory Board in respect of the 2020 financial year will be subject to approval by the General Shareholders' Meeting of May 27, 2020 in its sixth resolution pursuant to article L. 225-82-2 (II) of the French Commercial Code.

In the exceptional environment of the Covid-19 pandemic, Maurice Lévy informed the Company of his decision to reduce his annual compensation by 30%.

3.2.1.4 Compensation policy for members of the Management Board

The compensation policy for the members of the Management Board is based on the same items as all corporate officers set out in Section 3.2.1.1 and includes the specific items submitted below.

In accordance with article 10 IV of the Company's bylaws, compensation for the Chair and members of the Management Board is set by the Supervisory Board and reviewed on the recommendation of the Compensation Committee. For members of the Management Board other than the Chair, the Chair of the Management Board shall make proposals to the Compensation Committee.

The compensation policy of the Publicis Groupe Management Board aims to align the interests of the Groupe's Executives with those of the shareholders by establishing a strong link between performance and compensation. Within this context, its essential purpose is to encourage the achievement of ambitious objectives and create value on a long-term basis, by setting stringent performance criteria.

In order to do so, the compensation structure of the Publicis Groupe executives is based on fixed compensation and on annual and multi-year variable compensation directly linked to their individual performance as well as their contribution to Groupe performance.

Furthermore, it is based on an analysis (using the services of external consultants where necessary) of market trends observed in France and abroad, both in major international companies in general and, more specifically, in the companies competing with Publicis Groupe in terms of both business and talents.

The main competitors of Publicis Groupe are American and British companies.

This compensation policy is based on the following objectives:

- attract, develop, retain and motivate the most talented individuals in a business sector/industry fundamentally based on the quality of employees, and where competition for talent is particularly fierce, especially in the context of the digital transformation, underway throughout the industry;
- encourage the management to achieve a level of performance which is high, growing and long-lasting within a very competitive environment, where new players from consulting or technological firms have become direct competitors of Publicis Groupe.

It is guided by three principles:

- competitive and coherent compensation package with regard to market trends;
- internal equity, based on individual and collective performance, in order to ensure fair and balanced compensation reflecting the level of individual success of each person, measured both quantitatively and qualitatively;
- achieving all the short, medium and long-term financial and operating results directly linked with the Groupe's strategic objectives and for the benefit of all stakeholders, our clients, our employees, our shareholders and all stakeholders.

These principles apply to all Groupe executives and are adapted based on the geographical location of the individuals, taking into consideration the differences in terms of regulations, market practices and competitive environment.

Components of the compensation of the members of the Management Board

Management Board members' compensation comprises (i) a fixed portion, as well as (ii) a predominant variable portion, primarily based on performance and alignment of their interests with those of the Company and its shareholders. This variable compensation is made up of annual variable compensation and long-term variable compensation in the form of performance shares and/or stock options. This compensation structure applicable to the members of the Management Board is in line with that proposed to the Groupe's top executives.

Fixed compensation

The fixed part is determined by taking into account:

- the scope of responsibility and the complexity of tasks;
- the career path and experience of the person holding the position;
- consistency compared to the other Groupe functions (internal equity);
- market practice for identical or comparable positions (external competitiveness).

The level of fixed compensation is reviewed every two years both for the Management Board members as for the other Groupe executives in order to regularly assess its relevance and competitiveness.

Compensation for Management Board members is generally reassessed at relatively long intervals, in accordance with the Afep-Medef Corporate Governance Code recommendations, and when such a revision is justified, for example in the event of a change in scope or an adjustment relative to market practices or internal practices.

Annual variable compensation

Annual variable compensation is intended to represent a substantial part of the total annual compensation of the Management Board member, if objectives set are achieved. It encourages overperformance as a specific reward is paid when the objectives are exceeded.

Annual variable compensation is subject to financial, and non-financial, quantifiable performance conditions.

No minimum amount is guaranteed. Annual variable compensation is calculated on a prorata basis for the year of the start of the term of office to the year of the end of the term of office.

It is based on several quantifiable and qualitative criteria, assessed separately, which take into account:

- the Groupe's overall performance (organic growth and operating margin) and/or the performance of the network to which the manager belongs;
- achieving the personal objectives of the manager assessed *a posteriori* by taking into account the quantitative results and the context in which the performance was achieved.

These parameters are determined in advance for each financial year and proposed by the Compensation Committee to the Supervisory Board for approval.

For the purposes of illustration, in 2020, the organic growth and operating margin targets will be the same for all Management Board members and defined as follows:

- the organic growth of Publicis Groupe's net revenue measured against the Commitment objectives presented to the Supervisory Board;
- the operating margin of Publicis Groupe will be compared to the operating margin of peer group companies. If Publicis Groupe posts the best margin, 100% of the variable compensation for this criterion will be attributed. If Publicis Groupe does not post the best margin, the percentage awarded then depends on ranking and on whether Publicis Groupe is in second or third position. No variable compensation is awarded on the basis of this criterion if Publicis Groupe comes in fourth.

Detailed elements of annual variable compensation for the 2020 financial year are explained below in Section 3.2.1.5 for the Chair of the Management Board and further down this section for the other members of the Management Board.

3

Variable long-term compensation

The share-based compensation program is meant to incentivize on a long-term basis. It is subject to stringent performance conditions to develop loyalty and encourage the organization's key talents over the long-term and common interests with Publicis Groupe SA shareholders (see Section 6.6 Note 30 to the consolidated financial statements).

Grant of performance shares

The performance shares are not only intended to incentivize Executive corporate officers over the long-term but also to retain them and to help align their interests with the best interests of the Company and shareholders.

The members of the Management Board may therefore receive compensation in the form of Publicis Groupe shares, specifying that the allocation of shares is subject to performance and continued presence conditions to be met over a period generally set at three years.

By way of illustration, the members of the Management Board currently benefit from the "**LTIP *Directoire***" performance share plan, which is set up every three years. The acquisition of Publicis Groupe shares is subject to performance criteria that are measured following a three-year period, such that the total number of shares delivered will depend on the level of achievement of financial performance objectives, namely achieving a certain rate of organic growth and an operating margin compared to a peer group of companies competing with Publicis Groupe. Since 2019, some of the Publicis Groupe shares awarded are also subject to a CSR (Corporate Social Responsibility) criterion. The number of shares actually awarded is determined in accordance with the level of attainment of these performance targets. Moreover, the vesting of Publicis Groupe shares is also subject to the fulfillment of continued presence during the three-year vesting period. To take into account the three-year grant period, this plan is subject to an annual valuation during the three-year vesting period in the financial statements.

Type of plan	LTIP 2019-2021		
Performance conditions	Organic growth rate of Publicis Groupe compared to a peer group	Operating margin of Publicis Groupe compared to a peer group	A CSR criterion(1)
Type of performance conditions	Relative performance compared with the peer group Omnicom, WPP, IPG, Publicis Groupe		
Weighting(2)	45% of shares awarded	45% of shares awarded	10% of shares awarded
Acquisition(3)	• Highest organic growth rate compared to the peer group: 100% of the shares delivered; • Growth rate in 2nd position: 75% of the shares delivered; • Margin in 3rd position: 50% or 30% of the shares delivered depending on the difference with the 2nd position: if the difference is minimal (< 10%), 50% may be delivered, and if the difference is significant (> 15%), 30% will be delivered. For a difference between 10% and 15%, the Compensation Committee will decide the percentage of the shares that may be delivered. This requires final approval from the Supervisory Board.	• Highest operating margin compared to the peer group: 100% of the shares delivered; • Margin in 2nd position: 75% of the shares delivered; • Margin in 3rd position: 50% or 30% of the shares delivered depending on the difference with the 2nd position: if the difference is minimal (< 10%), 50% may be delivered, and if the difference is significant (> 15%), 30% will be delivered. For a difference between 10% and 15%, the Compensation Committee will decide the percentage of the shares that may be delivered. This requires final approval from the Supervisory Board.	• 10% of the shares awarded will be delivered if the CSR performance condition is achieved: at least 40% women on the Groupe's Executive Committees, in Solutions, and main countries.
Performance period	Following a three-year period at the end of which performance is calculated		

(1) A CSR criterion was added to the performance conditions in 2019.
(2)New weighting for the 2019-2021 plan to include the CSR performance condition.
(3)New standardized performance conditions for organic growth and operating margin.

Stringent criteria

Publicis Groupe strives to use appropriate and ambitious criteria. These criteria are primarily based on a quantifiable, performance-related assessment (encouraging Publicis Groupe management to deliver the best results in the market) as well as complete transparency, results being mostly measured against public data. These decisions turn the plans into a tool for motivating and retaining Publicis Groupe management. The historic rates of achievement of performance conditions for the various plans that have been established show how fitting and extremely ambitious the criteria used are, making it possible to align Groupe and shareholder interests over the long term.

As an illustration, the rates of achievement of performance conditions for plans awarded in 2013 and 2016 demonstrate that grants are based on strict conditions and that they are consistent with shareholders' interests over the long-term.

Plan	2013-2015 LionLead2	LTIP 2013-2015 Directoire	LTIP 2016-2018 Directoire	2016-2018 LionLead3
Percentage	50%	53.2%	50%	75%

The LTIP 2019-2021 *Directoire* plan shares will be delivered, subject to final validation and an external opinion on the performance conditions, on June 14, 2022.

Stability of the performance conditions

The Supervisory Board considers that consistency in the performance conditions helps to create long-term value. This is why the performance criteria concerning organic revenue growth and the Groupe's operating margin have been used since 2003 in long-term compensation programs and for annual variable portions.

In accordance with the Afep-Medef Corporate Governance Code revised in June 2018, a CSR criterion was introduced in 2019.

Uniqueness of the performance conditions

The same performance conditions have been used to date for all of the Groupe's long-term compensation programs, whether they relate to Management Board members or other executives. The main objective is to align the interests of the entire management team with the Groupe's strategic objectives.

Vesting period

In order to favor the retention of members of the Management Board, no shares are acquired by the beneficiaries before the end of a continued presence condition in the Groupe, and subject to the performance conditions being satisfied. This vesting period is three years.

Continued presence condition

Except in the specific case of death, disability or retirement, or in exceptional circumstances explained by the Supervisory Board and made public, the acquisition of shares is subject to compliance with the continued presence condition for Management Board members until the end of the vesting period.

This condition may only be waived upon recommendation of the Supervisory Board after obtaining the opinion of the Compensation Committee.

Maximum share grant level

Publicis Groupe share awards to Management Board members are limited to 0.3% of the Company's share capital, a ceiling that also applies to stock options. This ceiling is far from being achieved.

Mandatory holding

The Supervisory Board has decided that, in addition to the specific plan rules, Management Board members must maintain ownership of at least 20% of the shares they were awarded, in registered form, throughout their term of office. In addition, in accordance with the Afep-Medef Corporate Governance Code, Management Board members undertake not to use hedging instruments on shares to be received or shares received but which are non-transferable.

Grant frequency

Share compensation plans are awarded (or their conditions are set) after the publication of the net income for the previous financial year.

Stock option plan

The Management Board reserves the right to grant stock options.

These awards are limited to 0.3% of the Company's share capital, a ceiling that also applies to performance shares.

Supplementary pension plan

The Groupe has currently not chosen to implement a supplementary pension plan for corporate officers who are under the French system.

Collective health and welfare insurance and systems

Management Board members may benefit from collective health and welfare insurance based on applicable local regulations.

Unemployment insurance for corporate officers

Private insurance coverage under the French plan was offered to the members of the Management Board who cannot benefit from the compulsory unemployment insurance for employees.

Employment contract

With the exception of the Chair of the Management Board, the members of the Management Board may have an employment contract with a company of the Groupe.

Severance payment

The members of the Management Board may be entitled to severance payment in case of imposed departure, granted in accordance with current law and the Afep-Medef Corporate Governance Code. In accordance with said code, the cumulative amount of the severance payment and non-compete compensation may not exceed twenty-four months of total compensation (annual fixed and variable compensation).

Detailed elements of severance payments are explained in Section 3.2.1.5 for the Chair of the Management Board and further down this section for the other members of the Management Board.

Non-compete agreement

The members of the Management Board may be bound by a non-compete agreement and, in consideration, benefit from non-compete compensation in accordance with current legislation and the Afep-Medef Corporate Governance Code. The Supervisory Board reserves the right to forgo this commitment. In accordance with said code, the cumulative amount of the severance payment and non-compete compensation may not exceed twenty-four months of total compensation (annual fixed and variable compensation). It should also be recalled that, in accordance with article R. 225-56-1 (III) of the French Commercial Code, the payment does not apply when the interested party is retiring.

Other elements

Management Board members may be entitled to benefits based on local regulations and compensation practices, such as the use of a Groupe company car.

Where a member of the Management Board has been hired from outside the Groupe, the Supervisory Board may decide to compensate the loss of benefits, in whole or in part, due to his or her leaving the former employer.

Detailed quantified elements of the compensation policy are explained in Section 3.2.1.5 for the Chair of the Management Board and in this section for the other members of the Management Board.

Modification to the Management Board's composition

If a new Management Board is appointed or a new member joins the Management Board, the above compensation policy applicable to Management Board members is applicable to them. The Supervisory Board, upon the recommendation of the Compensation Committee, will determine, within the framework of this policy, depending on the specific situation of the person concerned, the fixed and variable components of their compensation, as well as the parameters, objectives and criteria for the variable elements of their compensation.

Policy applicable to Jean-Michel Etienne, Management Board member

Annual fixed compensation

The gross annual fixed compensation of Jean-Michel Etienne amounts to euro 840,000, unchanged from 2016.

The Supervisory Board had approved this compensation in line with:

- his experience and performance in his capacity as Financial Director;
- the widened scope of his duties following the acquisition of Sapient; and
- the market practices in compensation observed for this level of responsibility in France and for Publicis Groupe business sector abroad.

Annual variable compensation

The Supervisory Board, upon the recommendation of the Compensation Committee, decided on the criteria for the variable compensation of Jean-Michel Etienne for the 2020 financial year.

The variable compensation of Jean-Michel Etienne, which, if targets are met, may represent up to 100% of his fixed compensation, without exceeding this percentage, is based on the following for the 2020 financial year:

- two quantitative criteria linked to the financial performance of the Groupe, the assessment method of which was changed for 2020, each being taken into account on an equal basis, for 30% of the variable compensation:
  - organic growth based on the Commitment objectives submitted to the Supervisory Board (see Section 3.2.1.4 "Annual variable compensation"), and
  - operating margin, compared to a peer group (see Section 3.2.1.4 "Annual variable compensation");
- four individual financial and non-financial criteria (including three governed by precise quantitative objectives), for 60% of the variable part, each one being taken into account on an equal basis:
  - management and execution of the savings plan in accordance with the initial Sprint to the Future program, only applied to 2020,
  - cash flow management,
  - employee expenses, and
  - achievement of the objectives of the "All In One" real estate program.
- two CSR criteria, accounting for 10% of variable compensation:
  - 40% women on Executive Committees, and
  - 6% increase in the Groupe's consumption of renewable energy to the detriment of fossil fuels (compared with 2019 - rate set at 37,1%).

In addition, as indicated in Section 3.2.1.1 and in the exceptional context of the Covid-19 pandemic, the assessment of the performance of Jean-Michel Etienne for the year 2020 will take into account his ability to manage the crisis, without modifying his overall variable compensation as a percentage of the fixed compensation: ensure the health and safety of the Groupe's employees, maintain smooth operations, protect client's revenue and portfolios, rigorously manage costs, take appropriate measures for the strict management of resources and the protection of the Groupe's assets.

Long-term variable share-based compensation

Jean-Michel Etienne joined the LTIP 2019-2021 *Directoire* performance shares plan. The number of shares that may be delivered in 2022 at the end of a three-year vesting period (except in the event of death or disability), will depend – for 90% of the shares awarded – on Publicis Groupe's average financial performance over a three-year period (2019-2021) as compared with the average financial performance of a peer group comprising WPP, Omnicom, IPG and Publicis Groupe, plus a CSR condition for 10% of the shares awarded.

Assuming the performance conditions are met, entitlement to receive shares is subject to continued employment until the end of the vesting period.

Any entitlement to receive shares under the LTIP 2019-2021 *Directoire* plan will be lost upon resignation.

In the event of forced departure or a departure due to a change in control or strategy and except in the event of serious or gross misconduct, shares awarded more than two years prior may be retained *prorata temporis*, subject to performance conditions.

In the event of retirement, he may, at the end of the vesting period and upon approval by the Supervisory Board, in accordance with the compensation policy approved by shareholders and applicable at that time, receive the shares granted to him more than two years prior *prorata temporis*.

Benefits in kind

The use of one of the Company cars.

Collective health and welfare insurance and systems

Jean-Michel Etienne benefits from the coverage applicable to executives of his level under the French system.

Employment contract

Jean-Michel Etienne continues to benefit from an employment contract with one of the Groupe's subsidiaries.

Severance payment

The current commitments to Jean-Michel Etienne provide that in the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Jean-Michel Etienne would be entitled to a severance payment.

Provided that Jean-Michel Etienne does not continue to be employed by Publicis Groupe, the amount of the severance would be equal to one and a half years' total gross compensation (fixed compensation and variable component paid).

He would also have the right to exercise the subscription and/or purchase options that have been awarded to him, and to retain *prorata temporis* the performance shares already granted to him more than two years prior, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

In addition, the payment of the severance amount would be subject to a performance condition: the severance amount would only be due in its full amount if the average annual amount of the variable compensation acquired by Jean-Michel Etienne for the three years prior to the termination of his duties is equal to at least 75% of his "target variable compensation". If the average annual amount is less than 25% of the "target variable portion", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target variable compensation", payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The severance payment may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

The severance payment and any compensation under the employment contract may not exceed two years of total compensation (fixed and variable compensation paid).

These commitments were authorized by the Supervisory Board on September 12, 2018 and approved by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 29, 2019 in its sixth resolution for commitments formerly subject to the procedures on related-party agreements.

Policy applicable to Anne-Gabrielle Heilbronner, Management Board member

Annual fixed compensation

The gross annual fixed compensation of Anne-Gabrielle Heilbronner was euro 600,000, unchanged from 2016.

The Supervisory Board, upon the Compensation Committee's recommendation, had approved this compensation in line with:

- the widened scope of Anne-Gabrielle Heilbronner's responsibilities as the Groupe's Secretary General, which include legal and corporate Governance functions, human resources, internal audit, internal control and risk management, procurement, the complexity of which was increased following the acquisition of Sapient;
- the market practices in compensation observed for this level of responsibility in France and for Publicis Groupe business sector abroad.

CSR was included in her scope in the summer of 2017.

In the exceptional environment of the Covid-19 pandemic, Anne-Gabrielle Heilbronner informed the Company of her decision to relinquish 20% of her fixed compensation for a period of six months starting in April 2020. The Company has duly noted Anne-Gabrielle Heilbronner's decision, which leaves unchanged and has no effect on the Company's other obligations to her.

Annual variable compensation

The Supervisory Board, upon the recommendation of the Compensation Committee, decided on the criteria for the variable compensation of Anne-Gabrielle Heilbronner for the 2020 financial year.

The variable compensation of Anne-Gabrielle Heilbronner, which, if targets are met, may represent up to 100% of her fixed compensation, without exceeding this percentage, is based on the following for the 2020 financial year:

- two quantitative criteria linked to the financial performance of the Groupe, the assessment method of which was changed for 2020, each being taken into account on an equal basis, for 30% of the variable compensation:
  - organic growth based on the Commitment objectives submitted to the Supervisory Board (see Section 3.2.1.4 "Annual variable compensation"), and
  - operating margin, compared to a peer group (see Section 3.2.1.4 "Annual variable compensation");
- five individual non-financial criteria in line with main areas of responsibility, accounting for 70% of variable compensation:
  - internal audit and control (15%): quality of execution and achievement of objectives (including follow-up),
  - procurement (15%): reduction of purchasing costs,
  - human resources (10%): roll out of the HRIS platform such as to enable the Marcel platform to operate,

- legal (15%): performance and operational quality of Legal Department, and
- CSR (15%): 40% women on the Groupe's main executive committees and 6% increase in the Groupe's consumption of renewable energy to the detriment of fossil fuels (compared with 2019 – rate set at 37.1%).

In addition, as indicated in Section 3.2.1.1 and in the exceptional context of the Covid-19 pandemic, the assessment of the performance of Anne-Gabrielle Heilbronner for the year 2020 will take into account her ability to manage the crisis, without modifying her overall variable compensation as a percentage of the fixed compensation: ensure the health and safety of the Groupe's employees, maintain smooth operations, protect clients' revenue and portfolios, rigorously manage costs, take appropriate measures for the strict management of resources and the protection of the Groupe's assets.

Long-term variable share-based compensation

Anne-Gabrielle Heilbronner joined the LTIP 2019-2021 *Directoire* performance shares plan.

The number of shares that may be delivered in 2022 at the end of a three-year vesting period (except in the event of death or disability), will depend – for 90% of the shares awarded – on Publicis Groupe's average financial performance over a three-year period (2019-2021) as compared with the average financial performance of a peer group comprising WPP, Omnicom, IPG and Publicis Groupe, plus a CSR condition for 10% of the shares awarded.

Assuming the performance conditions are met, entitlement to receive shares is subject to continued employment until the end of the vesting period.

Any entitlement to receive shares under the LTIP 2019-2021 *Directoire* plan will be lost upon resignation.

In the event of forced departure or a departure due to a change in control or strategy and except in the event of serious or gross misconduct, shares awarded more than two years prior may be retained *prorata temporis*, subject to performance conditions.

In the event of retirement, she may, at the end of the vesting period and upon approval by the Supervisory Board, in accordance with the compensation policy approved by shareholders and applicable at that time, receive the shares granted to her more than two years prior *prorata temporis*.

Benefits in kind

The use of one of the Company cars.

Moreover, Anne-Gabrielle Heilbronner is covered by the job-loss insurance taken out by Publicis Groupe for its corporate officers, as the French unemployment office (Pôle Emploi) does not cover this.

Collective health and welfare insurance and systems

Anne-Gabrielle Heilbronner benefits from the coverage applicable to executives of her level under the French system.

Employment contract

Anne-Gabrielle Heilbronner continues to benefit from an employment contract with one of the Groupe's subsidiaries.

Severance payment

The current commitments to Anne-Gabrielle Heilbronner provide that in the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Anne-Gabrielle Heilbronner would be entitled to a severance payment.

Provided that Anne-Gabrielle Heilbronner does not continue to be employed by Publicis Groupe, the amount of the severance would be equal to one year's total gross compensation (fixed and variable compensation paid). She would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to her, and to retain, *prorata temporis*, the performance shares already granted to her more than two years prior, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

In addition, the payment of the severance amount would be subject to a performance condition: the severance amount would only be due in its full amount if the average annual amount of the variable compensation acquired by Anne-Gabrielle Heilbronner for the three years prior to the termination of her duties is equal to at least 75% of his "target variable compensation". If the average annual amount is less than 25% of the "target variable portion", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target variable compensation", payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The severance amount may only be paid after the determination by the Supervisory Board that the performance condition had been achieved at the date on which her term as a member of the Management Board ended.

The severance payment and any compensation under the employment contract may not exceed two years of total compensation (fixed and variable compensation paid).

These commitments were authorized by the Supervisory Board on September 12, 2018 and approved by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 29, 2019 in its seventh resolution for commitments formerly subject to the procedures on related-party agreements.

Non-compete agreement

She is subject to a non-compete clause in her employment contract concluded upon her arrival at Publicis Groupe in 2012, *i.e.* before her appointment as a member of the Management Board. This non-compete clause is valid for a maximum of two years and provides a maximum financial compensation to be paid equal to 30% of the gross salary, excluding variable elements. Publicis Groupe may waive this clause.

Policy applicable to Steve King, Management Board member

Annual fixed compensation

Steve King's gross annual compensation from June 1, 2017 is GBP 900,000, *i.e.* euro 1,026,324.

His compensation is determined and paid in pounds sterling. The translation into euros was carried out at the average rate of 1 pound sterling = euro 1.14036 in 2019.

In the exceptional environment of the Covid-19 pandemic, Steve King informed the Company of his decision to relinquish 20% of his fixed compensation for a period of six months starting in April 2020. The Company has duly noted Steve King's decision, which leaves unchanged and has no effect on the Company's other obligations to him.

Annual variable compensation

The Supervisory Board, upon the recommendation of the Compensation Committee, decided on the criteria for the variable compensation of Steve King for the 2020 financial year.

The variable compensation of Steve King, which, if targets are met, may represent up to 160% of his fixed compensation, without exceeding this percentage, is based on the following for the 2020 financial year:

- two quantitative criteria linked to the financial performance of the Groupe, the assessment method of which was changed for 2020, each being taken into account on an equal basis, for 20% of the variable compensation:
  - organic growth based on the Commitment objectives submitted to the Supervisory Board (see Section 3.2.1.4 "Annual variable compensation"), and
  - operating margin, compared to a peer group (see Section 3.2.1.4 "Annual variable compensation");
- three quantitative criteria linked to the financial performance of Publicis Media and PMX in relation to the objectives, for 30% of variable compensation, each being taken into account on an equal basis:
  - organic growth,
  - operating margin, and
  - cash generation;
- three individual criteria in line with his new role in Europe, each being taken into account on an equal basis and accounting for 45% of variable compensation:
  - setting up effective, clear and robust management in Europe, with clear objectives for each individuals,
  - impact on growth of cross-fertilization of skills between countries and disciplines, and
  - setting up global services with the aim of creating clear, value-added services and impacting growth;
- two CSR criteria, accounting for 5% of variable compensation:
  - 40% women on Executive Committees in Europe, and
  - 6% increase in the Groupe's consumption of renewable energy to the detriment of fossil fuels (compared with 2019 - rate set at 37,1%).

In addition, as indicated in Section 3.2.1.1 and in the exceptional context of the Covid-19 pandemic, the assessment of the performance of Steve King for the year 2020 will take into account his ability to manage the crisis, will take into account his ability to manage the crisis without modifying his overall variable compensation as a percentage of the fixed compensation: ensure the health and safety of the Groupe's employees, maintain smooth operations, protect client's revenue and portfolios, rigorously manage costs, take appropriate measures for the strict management of resources and the protection of the Groupe's assets.

Long-term variable share-based compensation

Steve King joined the LTIP 2019-2021 *Directoire* performance shares plan.

The number of shares that may be delivered in 2022 at the end of a three-year vesting period (except in the event of death or disability), will depend – for 90% of the shares awarded – on Publicis Groupe's average financial performance over a three-year period (2019-2021) as compared with the average financial performance of a peer group comprising WPP, Omnicom, IPG and Publicis Groupe, plus a CSR condition for 10% of the shares awarded.

Assuming the performance conditions are met, entitlement to receive shares is subject to continued employment until the end of the vesting period.

Any entitlement to receive shares under the LTIP 2019-2021 *Directoire* plan will be lost upon resignation.

In the event of forced departure or a departure due to a change in control or strategy and except in the event of serious or gross misconduct, shares awarded more than two years prior may be retained *prorata temporis*, subject to performance conditions.

In the event of retirement, he may, at the end of the vesting period and upon approval by the Supervisory Board, in accordance with the compensation policy approved by shareholders and applicable at that time, receive the shares granted to him more than two years prior *prorata temporis*.

Benefits in kind

Steve King benefits from the reimbursement of expenses related to his vehicle.

Collective health and welfare retirement insurance and systems

Steve King benefits from the coverage applicable to executives of his level in the United Kingdom.

Employment contract

Steve King benefits from an employment contract with one of the Groupe's United Kingdom subsidiaries.

Severance payment

Steve King benefits from a severance payment and the terms of the non-compete agreement as they appear in his employment contract with one of the Groupe's subsidiaries in the United Kingdom. No other compensation will be due.

In the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Steve King would be entitled to this single severance payment.

Provided that Steve King does not continue to be employed by Publicis Groupe, the amount of the severance would be equal to one year's total gross compensation (fixed and variable compensation paid), calculated using the average of the latest 24 months of compensation.

He would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to him, and to retain the performance shares already granted to him *prorata temporis* more than two years prior, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

In addition, this severance payment would be subject to a performance condition: the severance amount would only be due in its full amount if the average annual amount of the variable compensation acquired by Steve King for the three years prior to the termination of his duties is equal to at least 75% of his "target variable compensation". If the average annual amount is less than 25% of the "target variable compensation", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target variable compensation", payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The severance payment may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

The Supervisory Board reaffirmed that this severance payment and any compensation for a non-compete obligation (see below) may not exceed 12 months of total compensation (fixed and variable compensation paid).

These commitments were authorized by the Supervisory Board on September 12, 2018 and approved by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 29, 2019 in its eighth resolution for commitments formerly subject to the procedures on related-party agreements.

Non-compete agreement

Steve King is subject to a non-compete obligation in his employment contract with a British subsidiary of the Group. This obligation does not give rise to financial consideration as permitted by applicable local regulations.

The Supervisory Board reaffirmed that any severance payment and any compensation for a non-compete obligation may not exceed 12 months of total compensation (fixed and variable compensation paid).

The non-compete agreement was specifically approved by the General Shareholders' Meeting of May 31, 2017. This agreement remains in force until a decision to the contrary by the Supervisory Board.

The compensation policy for Management Board members in respect of the 2020 financial year will be subject to approval by the General Shareholders' Meeting of May 27, 2020 in its ninth resolution pursuant to article L. 225-82-2 (II) of the French Commercial Code.

3.2.1.5 Compensation policy for the Chair of the Management Board

The compensation policy for the Chair of the Management Board is based on the same items as all corporate officers set out in Section 3.2.1.1 and includes the items applicable to Management Board members presented in Section 3.2.1.4 as well as the specific items submitted below.

Fixed compensation

The Chair of the Management Board receives fixed compensation in consideration for his role.

The gross annual compensation of Arthur Sadoun as Chair of the Management Board of Publicis Groupe SA amounts to euro 1,000,000 per year, unchanged since June 1st 2017.

In the exceptional environment of the Covid-19 pandemic, Arthur Sadoun informed the Company of his decision to relinquish 30% of his fixed compensation for a period of six months starting in April 2020. The Company has duly noted Arthur Sadoun's decision, which leaves unchanged and has no effect on the Company's other obligations to him.

Annual variable compensation

The Chair of the Management Board may receive annual variable compensation.

The Supervisory Board, upon the recommendation of the Compensation Committee, decided on the criteria for the variable compensation of Arthur Sadoun for the 2020 financial year.

The variable compensation of Arthur Sadoun, which, if targets are met, may represent up to 200% of his fixed compensation, without exceeding this percentage, is based on the following for the 2020 financial year:

- three quantitative criteria, two of which being financial criteria and the other being value creation, accounting for 75% of the overall weight of the criteria, taking into consideration trends in Publicis Groupe growth and profitability:
  - organic growth in Groupe revenue based on the Commitment objectives submitted to the Supervisory Board for 25% (see Section 3.2.1.4 "Annual variable compensation"),
  - operating margin (the highest in the market compared with that of a peer group comprising three other major international communications groups, *i.e.* Omnicom, WPP and IPG) accounting for 25% (see Section 3.2.1.4 "Annual variable compensation"),
  - and for 25%, the rate of change of the Groupe's headline diluted earnings per share (headline diluted EPS), comparing

the headline diluted earnings per share of the financial year and the average headline diluted earnings per share of the two previous financial years and the TSR (Total Shareholder Return) which reflects the difference between the share price of Publicis Groupe SA at the end of the financial year under review and the share price at the start of that same year (on the basis of the average of the opening listed share prices recorded in the last 20 trading sessions in the year, compared to the average of the opening listed share prices in the first 20 trading sessions of the year), increased by the amount of the dividends paid during the financial year. This criterion is directly linked to the interests of shareholders.

These financial and stock exchange performance criteria were chosen by the Supervisory Board, following the proposal of the Compensation Committee, because they best express the quality of the Company's performance. Two of them are measured in comparison with the main competitors of Publicis Groupe, they encourage overperformance. Apart from the growth-related criterion (which is now set in relation to Commitment rather than in comparison with a peer group), the other criteria are unchanged from 2019;

- non-financial individual criteria corresponding to 25% of the overall weight of the criteria in order to value the implementation of key strategic actions which will yield long-term effects on the Groupe's development:
- development of "Data and Epsilon Cloud" accounting for 8%,
- execution of the Digital Business Transformation (Publicis Sapient) development plan accounting for 8%, and
- two CSR criteria accounting for 9%:
  - 40% women on the Groupe's key Executive Committees, and
  - 6% increase in the Groupe's consumption of renewable energy to the detriment of fossil fuels (compared with 2019 - rate set at 37,1%).

In addition, as indicated in Section 3.2.1.1 and in the exceptional context of the Covid-19 pandemic, the assessment of the performance of Arthur Sadoun for the year 2020 will take into account his ability to manage the crisis, will take into account his ability to manage the crisis without modifying his overall variable compensation as a percentage of the fixed compensation: ensure the health and safety of the Groupe's employees, maintain smooth operations, protect client's revenue and portfolios, rigorously manage costs, take appropriate measures for the strict management of resources and the protection of the Groupe's assets.

Long-term variable share-based compensation

The Chair of the Management Board may receive long-term variable share-based compensation.

For the purposes of illustration, Arthur Sadoun joined the LTIP 2019-2021 *Directoire* performance shares plan. The number of shares that may be delivered in 2022 at the end of a three-year vesting period (except in the event of death or disability), will depend – for 90% of the shares awarded – on Publicis Groupe's average financial performance over a three-year period (2019-2021) as compared with the average financial performance of a peer group comprising WPP, Omnicom, IPG and Publicis Groupe, plus a CSR condition for 10% of the shares awarded.

Assuming the performance conditions are met, entitlement to receive shares is subject to continued employment until the end of the vesting period.

Any entitlement to receive shares under the LTIP 2019-2021 *Directoire* plan will be lost upon resignation.

In the event of forced departure or a departure due to a change in control or strategy and except in the event of serious or gross misconduct, shares awarded more than two years prior may be retained *prorata temporis*, subject to performance conditions.

In the event of retirement, he may, at the end of the vesting period and upon approval by the Supervisory Board, in accordance with the compensation policy approved by shareholders and applicable at that time, receive the shares granted to him more than two years prior *prorata temporis*.

Benefits in kind

The Chair of the Management Board receives some benefits in kind.

Arthur Sadoun benefits from the use of a taxi firm and get a refund for his taxis and entertainment expenses.

Collective health and welfare insurance and systems

Arthur Sadoun benefits from the coverage applicable to executives at his level under the French system.

Employment contract

The Chair of the Management Board cannot have an employment contract with the Company.

Arthur Sadoun's employment contract with Publicis Conseil dated December 5, 2006 was terminated when he was appointed Chair of the Management Board.

Severance payment

In the event of a forced departure due to a change in control or strategy and other than in the case of serious or gross misconduct, Arthur Sadoun would be entitled to a severance payment.

The amount of the payment would be equal to one year of total gross compensation (fixed and variable portion paid) calculated using the average of the latest 24 months of compensation.

He would also have the right to exercise the options to subscribe to and/or to purchase the shares that have been awarded to him, and to retain the performance shares already granted to him *prorata temporis* more than two years prior, subject to the performance conditions set out in the regulations for the plan in question being satisfied.

In addition, the payment of the severance amount would be subject to a performance condition: the severance amount would only be due in its full amount if the average annual amount of the variable compensation acquired by Arthur Sadoun for the three years prior to the termination of his duties is equal to at least 75% of his "target variable compensation". If the average annual amount is less than 25% of the "target variable compensation", no sum or benefits will be due. If the average annual amount is between 25% and 75% of the "target variable compensation", payments and benefits will be calculated on a proportional basis between 0% and 100% using the rule of three.

The severance payment may only be paid after the determination by the Supervisory Board that the performance conditions had been achieved at the date on which his term as a member of the Management Board ended.

In the event of a forced departure or one related to a change in control or strategy, Arthur Sadoun will not be subject to a non-compete commitment or to non-solicitation.

These commitments were authorized by the Supervisory Board on September 12, 2018 and approved by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 29, 2019 in its fifth resolution for commitments formerly subject to the procedures on related-party agreements.

Non-compete agreement

The Chair of the Management Board may be subject to a non-compete obligation in return for financial consideration.

The Supervisory Board accordingly decided to require from Arthur Sadoun in the event of his resignation a non-compete agreement and an agreement not to solicit personnel during the two years following the end of his Chairmanship of the Publicis Groupe SA Management Board.

In consideration of his observance of this non-compete agreement, Arthur Sadoun will receive monetary compensation (payable monthly in advance) in an amount equal to two years of total gross compensation (fixed and targeted variable portions) calculated using the average of the latest 24 months of compensation.

The Supervisory Board may waive this clause.

Arthur Sadoun will not be held to a non-compete obligation in the event of a forced departure. In any case, Arthur Sadoun may not receive both a severance payment and an indemnity in respect of the non-compete agreement.

In its twenty-first resolution, the General Shareholders' Meeting of May 31, 2017 approved this non-compete indemnity in respect of the commitments subject to the related-party agreements procedure.

The compensation policy for the Chair of the Management Board in respect of the 2020 financial year will be subject to approval by the General Shareholders' Meeting of May 27, 2020 in its eighth resolution pursuant to article L. 225-82-2 (II) of the French Commercial Code.

3.2.2 Compensation of corporate officers for the 2019 financial year

In accordance with article L. 225-100 (II) of the French Commercial Code, the General Shareholders' Meeting deliberates on the disclosures mentioned in article L. 225-37-3 (I) of the French Commercial Code. The General Shareholders' Meeting of May 27, 2020 will thus be asked to vote on these disclosures in a resolution referenced below.

Should the General Shareholders' Meeting of May 27, 2020 not approve said resolution, the Supervisory Board will be required to submit a revised compensation policy, taking into account the shareholders' vote, for approval at the next General Shareholders' Meeting.

The approval of the disclosures mentioned in article L. 225-37-3 (I) of the French Commercial Code on the compensation of corporate officers in 2019 is subject to the approval of the General Shareholders' Meeting of May 27, 2020 in its tenth resolution.

3.2.2.1 Compensation of members of the Supervisory Board

The total compensation including all benefits of any kind awarded or paid during the financial year ended December 31, 2019 to each member of the Supervisory Board, both by the Company and by the companies controlled by the Company as defined by article L. 233-16 of the French Commercial Code, is indicated hereafter.

The compensation of Supervisory Board members breaks down into the fixed compensation of Supervisory Board members in respect of their office (attendance fees), with the exception of the compensation paid to the Chair (see 3.2.2.2), and the exception of the salaries paid by a Groupe subsidiary to Pierre Pénicaud in respect of his salaried position in 2019. If applicable, the amount of fixed and variable compensation included in the total compensation is indicated. Total compensation is expressed in euros. The amounts indicated are gross amounts before deductions of taxes or social charges.

The General Shareholders' Meeting of May 29, 2019 did not express a view on the items of compensation paid or awarded to Supervisory Board members in respect of the 2018 financial year, such a vote not being required by applicable statutory provisions at the time. It is specified that the compensation of Supervisory Board members paid or awarded in respect of the 2019 financial year complies with the principles and criteria set out in Chapter 3.2.1.1 of the 2018 Registration Document of Publicis Groupe SA as widely approved by the General Shareholders' Meeting of May 29, 2019 in its fifteenth resolution pursuant to article L. 225-82-2 of the French Commercial Code. Supervisory Board members received euro 5,000 for each Supervisory Board meeting and for each Committee meeting they attended.

At his request, Pierre Pénicaud receives an amount of euro 2,500 for each Supervisory Board Meeting and each Committee Meeting attended, and the Company has decided to allocate an equivalent amount to a charity.

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/ Compensation awarded or paid in 2018 and 2019 to Supervisory Board members (gross amounts in euros before deduction of taxes or social charges)

	2019 – Amounts:		2018 – Amounts:	
	Awarded	Paid	Awarded	Paid
Maurice Lévy[(1)]				
Fixed compensation	1,900,000	2,800,000	2,800,000	2,800,000
Compensation solely related to membership of the Supervisory Board	85,000	85,000	85,000	45,000
Other compensation	-	-	-	-
Élisabeth Badinter[(2)]				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	40,000	55,000	55,000	55,000
Other compensation	-	-	-	-
Simon Badinter				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	40,000	25,000	25,000	30,000
Other compensation	-	-	-	-
Claudine Bienaimé[(3)]				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board		40,000	40,000	90,000
Other compensation	-	-	-	-
Jean Charest				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	70,000	70,000	70,000	80,000
Other compensation	-	-	-	-
Michel Cicurel[(3)]				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board		35,000	35,000	75,000
Other compensation	-	-	-	-
Sophie Dulac				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	40,000	30,000	30,000	30,000
Other compensation	-	-	-	-

	2019 – Amounts:		2018 – Amounts:	
	Awarded	Paid	Awarded	Paid
Thomas Glocer				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	75,000	65,000	65,000	65,000
Other compensation	-	-	-	-
Jerry Greenberg[4]				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	-	-	-	10,000
Other compensation	-	-	-	-
Marie-Josée Kravis				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	45,000	55,000	55,000	40,000
Other compensation	-	-	-	-
André Kudelski				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	100,000	75,000	75,000	60,000
Other compensation	-	-	-	-
Marie-Claude Mayer[5]				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	25,000	40,000	40,000	40,000
Other compensation	-	-	-	-
Véronique Morali[5]				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	45,000	65,000	65,000	85,000
Other compensation	-	-	-	-
Cherie Nursalim[6]				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	40,000	20,000	20,000	-
Other compensation	-	-	-	-
Pierre Penicaud[7] **Member representing employees**				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	25,000	17,500	17,500	5,000
Other compensation	-	-	-	-

	2019 – Amounts:		2018 – Amounts:	
	Awarded	Paid	Awarded	Paid
Suzan LeVine(8)				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	35,000	-	-	-
Other compensation	-	-	-	-
Antonella Mei-Pochtler(8)				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	25,000	-	-	-
Other compensation	-	-	-	-
Enrico Letta(8)				
Fixed compensation	-	-	-	-
Compensation solely related to membership of the Supervisory Board	25,000	-	-	-
Other compensation	-	-	-	-

(1) Start of the term of office as Chair of the Supervisory Board, on June 1, 2017. Compensation paid in 2018 for the period from June 1, 2017 to May 31, 2018 and, in 2019, for the period from June 1, 2018 to May 31, 2019.
(2) Chair of the Supervisory Board until May 31, 2017, Vice-Chair of the Supervisory Board since June 1, 2017.
(3) End of term of office as a member of the Supervisory Board on May 30, 2018. With respect to 2019, Claudine Bienaimé and Michel Cicurel received euro 15,000 as expert on the Audit Committee and euro 10,000 as expert on the Compensation Committee, respectively.
(4) Resigned on May 31, 2017.
(5) End of term of office as a member of the Supervisory Board on May 29, 2019.
(6) Start of term of office as a member of the Supervisory Board on May 30, 2018.
(7) Appointment as member of the Supervisory Board representing employees on June 20, 2017.
(8) Start of term of office as a member of the Supervisory Board on May 29, 2019.

3.2.2.2 Compensation awarded or paid to Maurice Lévy, Chair of the Supervisory Board

In accordance with article L. 225-100 (III) of the French Commercial Code, the General Shareholders' Meeting must vote on the fixed, variable and extraordinary items of total compensation and benefits of any kind paid during the past financial year or awarded for that financial year to the Chair of the Supervisory Board.

The General Shareholders' Meeting of May 27, 2020 will thus be asked to vote on the items of compensation paid or awarded in respect of the 2019 financial year to Maurice Lévy, Chair of the Supervisory Board, as set out below, being noted that Maurice Lévy only receives a fixed compensation as Chairman of the Supervisory Board. These items comply with the principles and criteria of compensation of the Chair of the Supervisory Board with respect to the 2019 financial year presented in Chapter 3.2.1.2 of the 2018 Registration Document of Publicis Groupe SA as approved by the General Shareholders' Meeting of May 29, 2019 in its fourteenth resolution.

The items of compensation of the Chair of the Supervisory Board were approved by the previous General Shareholders' Meeting; the items of compensation paid as from June 1, 2019 to the Chair of the Board reflect his decision to waive a third of his prior compensation while taking into account the vote of the Meeting.

It should be noted that the variable and extraordinary items of compensation are subject to the approval of the Ordinary General Shareholders' Meeting in accordance with the provisions of article L.225-100 (III) paragraph 2 of the French Commercial Code.

Items within the total compensation and benefits of any kind paid during the past financial year or awarded with respect to the same financial year to Maurice Lévy, Chair of the Supervisory Board, are subject to the approval of the General Shareholders' Meeting of May 27, 2020 in its eleventh resolution pursuant to article L. 225-100 (III) of the French Commercial Code.

/ Table – Items of compensation paid or awarded in 2019 to Maurice Lévy, Chair of the Supervisory Board, subject to shareholder approval

Items of compensation subject to approval	Amount paid in respect of the past financial year	Amount awarded in respect of the past financial year or accounting valuation	Presentation
Fixed compensation	2,800,000	1,900,000	The rules for determining the fixed compensation of the Chair of the Supervisory Board are set out in section 3.2.1.3 of this document.
Annual variable compensation	-	-	N/A
Multi-year variable compensation	-	-	N/A
Exceptional compensation	-	-	N/A
Stock options, performance shares or any other long-term benefit (warrants, etc.)	-	-	N/A
Compensation solely related to membership of the Supervisory Board	85,000	85,000	The rules for awarding compensation for membership of the Supervisory Board are set out in section 3.2.1.2 of this document.
Other benefits	-	-	N/A
Indemnities when taking or leaving a function	-	-	N/A
Non-compete agreement	-	-	N/A
Supplementary pension plan	-	-	N/A
Collective health and welfare insurance and systems	-	-	N/A
Compensation by the company(ies) within the scope of consolidation as per L. 233-16 of the French Commercial Code	-	-	N/A

3.2.2.3 Compensation paid or awarded to Arthur Sadoun, Chair of the Management Board

In accordance with article L. 225-100 (III) of the French Commercial Code, the General Shareholders' Meeting must vote on the variable and extraordinary items of total compensation and benefits of any kind paid during the past financial year or awarded for that financial year to the Chair of the Management Board.

The General Shareholders' Meeting of May 27, 2020 will be asked to vote on the items of compensation paid or awarded in respect of the 2019 financial year to Arthur Sadoun, Chair of the Management Board, as set out below. These items comply with the principles and criteria of compensation of the Chair of the Management Board with respect to the 2019 financial year presented in Chapter 3.2.2.1 of the 2018 Registration Document of Publicis Groupe SA as approved by the General Shareholders' Meeting of May 29, 2019 in its sixteenth resolution. Given the strong approval of items of compensation at the previous General Shareholders' Meeting, the items of compensation paid or awarded in respect of the 2019 financial year are in line with those paid or awarded in respect of the 2018 financial year. It should be noted that the fixed, variable and extraordinary items of compensation are subject to the approval of the Ordinary General Shareholders' Meeting in accordance with the provisions of article L.225-100 (III) paragraph 2 of the French Commercial Code.

These fixed, variable and extraordinary items within the total compensation and benefits of any kind paid during the past financial year or awarded with respect to the same financial year to Arthur Sadoun, Chair of the Management Board, are subject to the approval of the General Shareholders' Meeting of May 27, 2020 in its twelfth resolution pursuant to article L. 225-100 (III) of the French Commercial Code.

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/ Table – Items of compensation paid or awarded in 2019 to Arthur Sadoun, Chair of the Management Board, subject to shareholder approval

Items of compensation subject to approval	Amounts paid in respect of the past financial year	Amounts awarded in respect of the past financial year or accounting valuation	Presentation
Fixed compensation	1,000,000	1,000,000	Proportion of fixed compensation: 41.67% The rules for determining the fixed compensation of the Chair of the Management Board can be found in Section 3.2.1.5 of this document.
Compensation annual variable	1,400,000	1,400,000	Proportion of variable compensation: 58.33% Variable compensation to be paid in 2020 for financial year 2019: After assessing the performance for each of the criteria indicated below during the 2019 financial year, the Supervisory Board set the variable part of Arthur Sadoun's compensation at euro 1,400,000 gross, the payment of which will be submitted to the Annual General Shareholders' Meeting of May 27, 2020 in its twelfth resolution in accordance with article L. 225-100 III of the French Commercial Code. This amount results from the facts and assessments presented hereafter and in the table below.
Multi-year variable compensation	-	-	N/A
Exceptional compensation	-	-	N/A
Stock options, performance shares or any other long-term benefit (warrants, etc.)	N/A	865,800	This amount is the maximum annual valuation in the consolidated financial statements of performance shares awarded to Arthur Sadoun in 2019 under the LTIP 2019-2021 Directoire performance shares plan as described in section 3.2.1.4. It was decided to grant him 60,000 shares subject to continued presence and performance conditions covering the period 2019-2021 (*i.e.* 20,000 shares subject to continued presence and performance conditions per year).
Other benefits	-	-	N/A

Items of compensation subject to approval	Amounts paid in respect of the past financial year	Amounts awarded in respect of the past financial year or accounting valuation	Presentation
Indemnities when taking or leaving a function	-	-	No sum was awarded with respect to the past financial year. The severance payment described in section 3.2.1.5 of this document that may be paid to Arthur Sadoun equates to one year's total gross compensation (fixed part and variable part paid) calculated on the average of the last 24 months of compensation, subject to performance conditions, *i.e.*, an estimated amount of €1,789,450.
Non-compete agreement	-	-	No sum was awarded with respect to the past financial year. The non-compete payment described in section 3.2.1.5 that may be paid to Arthur Sadoun is equivalent to two years of total gross compensation (fixed part and target variable part) calculated on the average of the last 24 months of compensation, *i.e.*, an estimated amount of €6,000,000 (non-cumulative with a severance payment).
Supplementary pension plan	-	-	N/A
Collective health and welfare insurance and systems	4,528	4,528	This is the employer's contribution to the collective health and welfare insurance plan.
Employment contract	No	No	N/A
Compensation by the company(ies) within the scope of consolidation as per L. 233-16 of the French Commercial Code	-	-	N/A

Annual variable compensation to be paid in 2020 for financial year 2019

The variable part of Arthur Sadoun's compensation, which, if targets are met, may represent up to 200% of his fixed compensation, without exceeding this percentage, for financial year 2019, is based on quantitative financial and stock exchange performance criteria, essentially based on a comparison with the performance of the main competitors of Publicis Groupe (Omnicom, WPP and IPG) and on qualitative non-financial individual performance criteria considered as major for the development of the Groupe. The compensation of the Chair of the Management Board for 2019 is thus based on two types of criteria:

- three quantitative criteria, including two financial criteria and a value creation criterion corresponding to 75% of the overall weight of the criteria, taking into account development of the growth and profitability of Publicis Groupe compared with that of a peer group consisting of the three other leading global communication groups (Omnicom, WPP and IPG):
  - the Groupe's organic revenue growth, compared to a peer group, for 25%. If Publicis Groupe posts the best growth, 100% of the variable compensation on this criterion will be attributed. If Publicis Groupe reports the second-best margin, 75% of the variable compensation will be attributed. If Publicis Groupe reports the third-best margin, 50% or 30% of the variable compensation will be attributed depending on the difference with the second-best performance: if the difference is low (< 10%), 50% of the variable compensation may be attributed and if the difference is high (> 15%), 30% will be attributed. For a difference between 10% and 15%, the Committee will decide the variable compensation percentage that may be attributed,
  - the operating margin (the highest in the market) for 25%. If Publicis Groupe posts the best margin, 100% of the variable compensation for this criterion will be attributed. If Publicis Groupe reports the second-best margin, 75% of the variable compensation will be attributed. If Publicis Groupe reports the third-best margin, 50% or 30% of the variable compensation will be attributed depending on the difference with the second-best performance: if the difference is low (< 10%), 50% of the variable compensation may be attributed and if the difference is high (> 15%), 30% will be attributed. For a difference between 10% and 15%, the Committee will decide the variable compensation percentage that may be attributed, and

- for 25%, the rate of change of the Groupe's net income per diluted share (earnings per share or "EPS"), comparing the EPS of the financial year and the average EPS of the two previous financial years; and the TSR (Total Shareholder Return) which reflects the variation of the share price of Publicis Groupe SA between the start and the end of the financial year under review (on the basis of the average of the first listed share prices recorded in the last 20 trading sessions in the year, compared to the average of the first listed share prices in the first 20 trading sessions of the year), increased by the amount of the dividends paid during the financial year. This criterion is directly linked to the interests of shareholders.

  These financial and stock exchange performance criteria were chosen by the Supervisory Board, following the proposal of the Compensation Committee, because they best express the quality of the Company's performance. Three of them are measured in comparison with the main competitors of Publicis Groupe, they encourage overperformance;

- non-financial individual criteria corresponding to 25% of the overall weight of the criteria in order to value the implementation of strategic actions which will yield long-term effects on the Groupe's development:
  - implementation of the "Sprint to the Future 2020" plan for 9%,
  - dissemination of the "Power of One" throughout the entities for 8%, and
  - development of the Publicis PeopleCloud for 8%.

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/ Criteria linked to the financial performance of Publicis Groupe

Objectives	Results	Percentage of objective met	Amount of target variable compensation	Amount of variable compensation to be paid
Organic growth	With organic growth of -2.3%, Publicis Groupe is at the bottom of the peer group.	Not met	€500,000	€-
Operating margin	With an operating margin of 17.3%, Publicis Groupe is number one in the peer group.	100% met	€500,000	€500,000
Rate of change of diluted earnings per share for the Groupe and Total Shareholder Return (TSR)	Current diluted EPS (2019 growth vs. 2018-2017 average) of Publicis Groupe: 10.2%. Average of the Group of 4: 4.4%. Average of the Group of 3: 2.4%.	100% met	€400,000	€400,000
	TSR: -10.04	Not met	€100,000	€-

/ Non-financial individual criteria

Objectives & Results	Percentage of objective met	Amount of target variable compensation	Amount of variable compensation to be paid
Implementation of the "Sprint to the Future 2020" plan The implementation of the Sprint to the Future plan is ahead of schedule with regard to the strategic and operating objectives: very strong growth thanks to the integration of game changers, 80 clients now benefit from the Groupe Client Lead organization, the country model has been implemented in ten markets or regions (which is in line with the objectives), investment in our strategic expertise has reached 100 million in 2019.	100% met	€180,000	€180,000
Roll out of the Power of One The Power of One model led to new account wins, including GSK, Disney, Beiersdorf, Novartis, AXA, Mondelez.	100% met	€160,000	€160,000
Development of the Publicis PeopleCloud With regard to PeopleCloud, the acquisition of Epsilon has led to a transformation on an even greater scale than expected, to make Epsilon PeopleCloud.	100% met	€160,000	€160,000
Total (Financial and non-financial criteria)			**€1,400,000**

3.2.2.4 Compensation paid or awarded to Jean-Michel Etienne, member of the Management Board

In accordance with article L. 225-100 (III) of the French Commercial Code, the General Shareholders' Meeting must vote on the variable and extraordinary items of total compensation and benefits of any kind paid during the past financial year or awarded for that financial year by means of a separate resolution for each member of the Management Board.

The General Shareholders' Meeting of May 27, 2020 will be asked to vote on the items of compensation paid or awarded in respect of the 2019 financial year to Jean-Michel Etienne, member of the Management Board, as set out below. These items comply with the principles and criteria of compensation of Management Board members with respect to the 2019 financial year presented in Chapter 3.2.2.1 of the 2018 Registration Document as approved by the General Shareholders' Meeting of May 29, 2019 in its seventeenth resolution. Given the strong approval of items of compensation at the previous General Shareholders' Meeting, the items of compensation paid or awarded in respect of the 2019 financial year are in line with those paid or awarded in respect of the 2018 financial year.

It should be noted that the fixed, variable and extraordinary items of compensation are subject to the approval of the Ordinary General Shareholders' Meeting in accordance with the provisions of article L.225-100 (III) paragraph 2 of the French Commercial Code.

These fixed, variable and extraordinary items within the total compensation and benefits of any kind paid during the past financial year or awarded with respect to the same financial year to Jean-Michel Etienne, member of the Management Board, are subject to the approval of the General Shareholders' Meeting of May 27, 2020 in its thirteenth resolution pursuant to article L. 225-100 (III) of the French Commercial Code.

/ Table – Items of compensation paid or awarded in 2019 to Jean-Michel Etienne, member of the Management Board, subject to shareholder approval

Items of compensation subject to approval	Amounts paid in respect of the past financial year	Amounts awarded in respect of the past financial year or accounting valuation	Presentation
Fixed compensation	840,000	840,000	Proportion of fixed compensation: 55.56% The rules for determining the fixed compensation of members of the Management Board can be found in Section 3.2.1.4 of this document.
Compensation annual variable	672,000	672,000	Proportion of variable compensation: 44.44% Variable compensation to be paid in 2020 for financial year 2019: After reviewing the performance achieved for each of the criteria indicated below during the 2019 financial year, the Supervisory Board set the variable part of Jean-Michel Etienne's compensation at 672,000 euros gross, the payment of which will be submitted to the General Shareholders' Meeting of May 27, 2020 in its thirteenth resolution pursuant to article L. 225-100 III of the French Commercial Code. This amount results from the following facts and assessments shown below and in the table below.
Multi-year variable compensation	-	-	N/A
Exceptional compensation	-	-	N/A
Stock options, performance shares or any other long-term benefit (warrants, etc.)	N/A	577,200	This amount represents the maximum annual valuation in the consolidated financial statements of the performance shares awarded in 2019 to Jean-Michel Etienne under the LTIP 2019-2021 Directoire performance shares plan described in Section 3.2.1.4. It was decided to award him 40,000 shares subject to continued presence and performance conditions covering the period 2019-2021 (*i.e.* 13,333 shares subject to continued presence and performance conditions per year).
Other benefits	-	-	N/A

Items of compensation subject to approval	Amounts paid in respect of the past financial year	Amounts awarded in respect of the past financial year or accounting valuation	Presentation
Indemnities when taking or leaving a function	-	-	No sum was awarded with respect to the past financial year. The severance payment described in Section 3.2.1.4 of this document that may be paid to Jean-Michel Etienne equates to 18 months of total gross compensation (fixed and variable compensation paid), *i.e.* an estimated amount of euro 2,268,000.
Commitment non-compete	-	-	N/A
Supplementary pension plan	-	-	N/A
Collective health and welfare insurance and systems	4,528	4,528	This is the employer's contribution to the collective health and welfare insurance plan.
Compensation by the company(ies) within the scope of consolidation as per L. 233-16 of the French Commercial Code	-	-	Jean-Michel Etienne continues to benefit from an employment contract with one of the Groupe's subsidiaries. Jean-Michel Etienne holds other positions in Groupe subsidiaries. Compensation from positions in Groupe companies is excluded by Janus, the code of conduct of Publicis Groupe. Jean-Michel Etienne does not receive any compensation other than that detailed in this document.

Annual variable compensation to be paid in 2020 for financial year 2019

The variable compensation of Jean-Michel Etienne, which, if targets are met, may be as much as 100% of fixed compensation, would be based on:

- two quantitative criteria linked to the Groupe's financial performance, each counting equally, for 40% of the variable compensation:
  - organic growth, compared to a peer group. If Publicis Groupe posts the best growth, 100% of the variable compensation on this criterion will be attributed. If Publicis Groupe reports the second-best margin, 75% of the variable compensation will be attributed. If Publicis Groupe reports the third-best margin, 50% or 30% of the variable compensation will be attributed depending on the difference with the second-best performance: if the difference is low (< 10%), 50% of the variable compensation may be attributed and if the difference is high (> 15%), 30% will be attributed. For a difference between 10% and 15%, the Committee will decide the variable compensation percentage that may be attributed,
  - operating margin, compared to a peer group. If Publicis Groupe posts the best margin, 100% of the variable compensation for this criterion will be attributed. If Publicis Groupe reports the second-best margin, 75% of the variable compensation will be attributed. If Publicis Groupe reports the third-best margin, 50% or 30% of the variable compensation will be attributed depending on the difference with the second-best performance: if the difference is low (< 10%), 50% of the variable compensation may be attributed and if the difference is high (> 15%), 30% will be attributed. For a difference between 10% and 15%, the Committee will decide the variable compensation percentage that may be attributed; and
- four individual financial and non-financial criteria (including three governed by precise quantitative objectives), for 60% of the variable part, each one being taken into account on an equal basis:
  - management and execution of the savings plan,
  - Implementation of the country model,
  - cash flow management, and
  - personnel costs.

/ Criteria linked to the financial performance of Publicis Groupe

Objectives	Results	Percentage of objective met	Amount of target variable compensation	Amount of variable compensation to be paid
Organic growth	With organic growth of -2.3%, Publicis Groupe is at the bottom of the peer group	Not met	€168,000	-
Operating margin	With an operating margin of 17.3%, Publicis Groupe is number one in the peer group.	100% met	€168,000	€168,000

/ Financial and non-financial individual criteria:

Objectives	Results	Percentage of objective met	Amount of target variable compensation	Amount of variable compensation to be paid
Management and execution of the savings plan	The savings plan was carried out in accordance with the Commitment; the All In One real estate program in particular generated a reduction in occupancy costs.	100% met	€126,000	€126,000
Implementation of the country model	The country model was implemented in ten markets or regions, in line with objectives.	100% met	€126,000	€126,000
Cash flow management	Working capital, net debt and past due targets were exceeded	100% met	€126,000	€126,000
Employee expenses	In accordance with the Commitment, this objective is confirmed taking into account the integration of 9,000 Epsilon employees	100% met	€126,000	€126,000
Total (Financial and non-financial criteria)				**€672,000**

3.2.2.5 Compensation paid or awarded to Anne-Gabrielle Heilbronner, member of the Management Board

In accordance with article L. 225-100 (III) of the French Commercial Code, the General Shareholders' Meeting must vote on the variable and extraordinary items of total compensation and benefits of any kind paid during the past financial year or awarded for that financial year by means of a separate resolution for each member of the Management Board.

The General Shareholders' Meeting of May 27, 2020 will thus be asked to vote on the items of compensation paid or awarded in respect of the 2019 financial year to Anne-Gabrielle Heilbronner, member of the Management Board, as set out below. These items comply with the principles and criteria of compensation of members of the Management Board with respect to the 2019 financial year presented in Chapter 3.2.2.1 of the 2018 Registration Document of Publicis Groupe SA as approved by the General Shareholders' Meeting of May 29, 2019 in its seventeenth resolution Given the strong approval of items of compensation at the previous General Shareholders' Meeting, the items of compensation paid or awarded in respect of the 2019 financial year are in line with those paid or awarded in respect of the 2018 financial year.

It should be noted that the fixed, variable and extraordinary items of compensation are subject to the approval of the Ordinary General Shareholders' Meeting in accordance with the provisions of article L.225-100 (III) paragraph 2 of the French Commercial Code.

These fixed, variable and extraordinary items within the total compensation and the benefits of any kind paid during the past financial year or awarded with respect to the same financial year to Anne-Gabrielle Heilbronner, member of the Management Board, are subject to the approval of the General Shareholders' Meeting of May 27, 2020 in its fourteenth resolution pursuant to article L. 225-100 (III) of the French Commercial Code.

/ Table – Items of compensation paid or awarded in 2019 to Anne-Gabrielle Heilbronner, member of the Management Board, subject to shareholder approval

Items of compensation subject to approval	Amounts paid in respect of the past financial year	Amounts awarded in respect of the past financial year or accounting valuation	Presentation
Fixed compensation	600,000	600,000	Proportion of fixed compensation: 55.56% The rules for determining the fixed compensation of members of the Management Board can be found in Section 3.2.1.4 of this document.
Annual variable compensation	480,000	480,000	Proportion of variable compensation: 44.44% Variable compensation to be paid in 2020 for financial year 2019: After reviewing the performance achieved for each of the criteria indicated below during the 2019 financial year, the Supervisory Board set the variable compensation of Anne-Gabrielle Heilbronner at 480,000 euros gross, the payment of which will be submitted to the General Shareholders' Meeting of May 27, 2020 in its fourteenth resolution pursuant to article L. 225-100 III of the French Commercial Code. This amount results from the following facts and assessments shown below and in the table below.
Multi-year variable compensation	-	-	N/A
Exceptional compensation	-	-	N/A
Stock options, performance shares or any other long-term benefit (warrants, etc.)	N/A	288,600	This amount represents the maximum annual valuation in the consolidated financial statements of the performance shares awarded in 2019 to Anne-Gabrielle Heilbronner under the LTIP 2019-2021 Directoire performance shares plan described in Section 3.2.1.4. It was decided to award her 20,000 shares subject to continued presence and performance conditions covering the period 2019-2021 (*i.e.* 6,667 shares subject to continued presence and performance conditions per year).
Other benefits	12,357	12,357	This amount corresponds to the cost to the Publicis Groupe of job-loss insurance. The use of one of the Company cars[1].
Indemnities when taking or leaving a function	-	-	No sum was awarded with respect to the past financial year. The severance payment described in Section 3.2.1.4 that may be paid to Anne-Gabrielle Heilbronner equates to 12 months of total gross compensation (fixed and variable compensation paid), subject to performance conditions, *i.e.*, an estimated amount of euro 1,092,357.
Non-compete agreement	-	-	No sum was awarded with respect to the past financial year. The non-compete payment described in Section 3.2.1.4 that may be paid to Anne-Gabrielle Heilbronner under her employment contract equates to 30% of gross salary, excluding variable items, *i.e.* an estimated amount of euro 180,000.
Supplementary pension plan	-	-	N/A

Items of compensation subject to approval	Amounts paid in respect of the past financial year	Amounts awarded in respect of the past financial year or accounting valuation	Presentation
Collective health and welfare insurance and systems	4,528	4,528	This is the employer's contribution to the collective health and welfare insurance.
Compensation by the company(ies) within the scope of consolidation as per L. 233-16 of the French Commercial Code	-	-	Anne-Gabrielle Heilbronner continues to benefit from an employment contract with one of the Groupe's subsidiaries. Anne-Gabrielle Heilbronner holds other positions in Groupe subsidiaries. Compensation from positions in Group companies is excluded by Janus, the code of conduct of Publicis Groupe. Anne-Gabrielle Heilbronner does not receive compensation other than that detailed in this document.

(1) Benefits in kind relating to the use of a company-provided vehicle are not mentioned if they are for an immaterial amount.

Annual variable compensation to be paid in 2020 for financial year 2019

The variable compensation of Anne-Gabrielle Heilbronner, which, if targets are met, may represent up to 100% of her fixed compensation, without exceeding this percentage, is based on:

- two quantitative criteria linked to the Groupe's financial performance, each counting equally, for 40% of the variable compensation:
- organic growth, compared to a peer group. If Publicis Groupe posts the best growth, 100% of the variable compensation on this criterion will be attributed. If Publicis Groupe reports the second-best margin, 75% of the variable compensation will be attributed. If Publicis Groupe reports the third-best margin, 50% or 30% of the variable compensation will be attributed depending on the difference with the second-best performance: if the difference is minimal (< 10%), 50% of the variable compensation may be attributed and if the difference is significant (> 15%), 30% will be attributed. For a difference between 10% and 15%, the Committee will decide the variable compensation percentage that may be attributed,
- operating margin, compared to a peer group. If Publicis Groupe posts the best margin, 100% of the variable compensation for this criterion will be attributed. If Publicis Groupe reports the second-best margin, 75% of the variable compensation will be attributed. If Publicis Groupe reports the third-best margin, 50% or 30% of the variable compensation will be attributed depending on the difference with the second-best performance: if the difference is low (< 10%), 50% of the variable compensation may be attributed and if the difference is high (> 15%), 30% will be attributed. For a difference between 10% and 15%, the Committee will decide the variable compensation percentage that may be attributed; and
- four individual non-financial criteria consistent with her main areas of responsibility, for 60% of the variable part, each being taken into account on an equal basis:
- internal controls and audits: implementation of the audit plan and follow-up on recommendations,
- procurement: implementation of purchasing savings plan,
- human resources and CSR: continued strengthening of the CSR policy and of the Women's Forum; improvements in talent management in terms of compensation and management tools, and
- legal: deployment of compliance programs, monitoring of investigations, dispute management.

/ Criteria linked to the financial performance of Publicis Groupe

Objectives	Results	Percentage of objective met	Amount of target variable compensation	Amount of variable compensation to be paid
Organic growth	With organic growth of -2.3%, Publicis Groupe is at the bottom of the peer group.	Not met	€120,000	-
Operating margin	With an operating margin of 17.3%, Publicis Groupe is number one in the peer group.	100% met	€120,000	€120,000

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/ Non-financial individual criteria

Objectives & Results	Percentage of objective met	Amount of target variable compensation	Amount of variable compensation to be paid
Internal audit and controls The audit plan was exceeded (102 audits performed out of 87 planned) and a systematic investigation carried out for each alert received.	100% met	€90,000	€90,000
Procurement The quantitative objectives of the Commitment were largely exceeded in terms of the impact on P&L. Significant work was carried out on projects such as Marcel and on the integration of Epsilon.	100% met	€90,000	€90,000
Human Resources and CSR HR and CSR objectives were fully met with the deployment of our HRIS system in nearly 50 countries by the end of 2019 within budget, the establishment of a D&I team in the United States and the management of key executive recruitments and departures. The CSR objectives (stakeholder consultation, environmental objectives) were achieved and the Women's Forum was profitable for the second consecutive year.	100% met	€90,000	€90,000
Legal Work conducted to comply with the GDPR continued with more than 50,000 people trained and evaluated on compliance with the GDPR (General Data Protection Regulations) and more than 50,000 people on anti-corruption standards. Considerable work was done on the acquisition of Epsilon.	100% met	€90,000	€90,000
Total (Financial and non-financial criteria)			**€480,000**

3.2.2.6 Compensation awarded or paid to Steve King, Member of the Management Board

In accordance with article L. 225-100 (III) of the French Commercial Code, the General Shareholders' Meeting must vote on the variable and extraordinary items of total compensation and benefits of any kind paid during the past financial year or awarded for that financial year by means of a separate resolution for each member of the Management Board.

The General Shareholders' Meeting of May 27, 2020 will thus be asked to vote on the items of compensation paid or awarded in respect of the 2019 financial year to Steve King, member of the Management Board, as set out below. These items comply with the principles and criteria of compensation of members of the Management Board with respect to the 2019 financial year presented in Chapter 3.2.2.1 of the 2018 Registration Document of Publicis Groupe SA as approved by the General Shareholders' Meeting of May 29, 2019 in its seventeenth resolution. Given the strong approval of items of compensation at the previous General Shareholders' Meeting, the items of compensation paid or awarded in respect of the 2019 financial year are in line with those paid or awarded in respect of the 2018 financial year. It should be noted that the fixed, variable and extraordinary items of compensation are subject to the approval of the Ordinary General Shareholders' Meeting in accordance with the provisions of article L.225-100 (III) paragraph 2 of the French Commercial Code.

These fixed, variable and extraordinary items within the total compensation and the benefits of any kind paid during the past financial year or awarded with respect to the same financial year to Steve King, member of the Management Board, are subject to the approval of the General Shareholders' Meeting of May 27, 2020 in its fifteenth resolution pursuant to article L. 225-100 (III) of the French Commercial Code.

/ Table – Items of compensation paid or awarded in 2019 to Steve King, member of the Management Board, subject to shareholder approval(1)

Items of compensation subject to approval	Amounts paid in respect of the past financial year	Amounts awarded in respect of the past financial year or accounting valuation	Presentation
Fixed compensation	1,026,324	1,026,324	Proportion of fixed compensation: 47.17% The rules for determining the fixed compensation of members of the Management Board can be found in Section 3.2.1.4 of this document.
Annual variable compensation	1,477,907	1,149,483	Proportion of variable compensation: 52.83% Variable compensation to be paid in 2020 for financial year 2019: After assessing the performance for each of the criteria indicated below during the 2019 financial year, the Supervisory Board set the variable part of Steve King's compensation at GBP 1,008,000 gross, *i.e.* euro 1,149,483, the payment of which will be submitted to the Annual General Shareholders' Meeting of May 27, 2020 in its fifteenth resolution in accordance with article L. 225-100 III of the French Commercial Code. This amount results from the following facts and assessments shown below and in the table below.
Multi-year variable compensation	-	-	N/A
Exceptional compensation	-	-	N/A
Stock options, performance shares or any other long-term benefit (warrants, etc.)	N/A	721,500	This amount represents the maximum annual valuation in the consolidated financial statements of the performance shares awarded in 2019 to Steve King under the LTIP 2019-2021 Directoire performance shares plan as described in Section 3.2.1.4. It was decided to award him 50,000 shares subject to continued presence and performance conditions covering the period 2019-2021 (*i.e.* 16,667 shares subject to continued presence and performance conditions per year).
Other benefits	-	-	N/A(2)

Items of compensation subject to approval	Amounts paid in respect of the past financial year	Amounts awarded in respect of the past financial year or accounting valuation	Presentation
Indemnities when taking or leaving a function	-	-	No sum was awarded with respect to the past financial year. The severance payment described in Section 3.2.1.4 that may be paid to Steve King equates to one year of total gross compensation (fixed and variable compensation paid) calculated from the average over the previous 24 months of compensation, subject to performance conditions, *i.e.* an estimated amount of euro 2,283,548.
Non-compete agreement	-	-	N/A
Supplementary pension plan	54,112	54,112	N/A
Collective health and welfare insurance and systems	-	-	N/A
Compensation by the company(ies) within the scope of consolidation as per L. 233-16 of the French Commercial Code	-	-	Steve King continues to benefit from an employment contract with one of the Groupe's subsidiaries. Compensation from positions in Groupe companies is excluded by Janus, the code of conduct of Publicis Groupe. Steve King does not receive compensation other than that detailed in this document.

(1) Compensation determined and paid in pounds sterling. The translation into euros is carried out at the average rate of 1 pound sterling = euro 1,14036.
(2) Benefits in kind relating to the use of a company-provided vehicle are not mentioned if they are for an immaterial amount.

Annual variable compensation to be paid in 2020 for financial year 2019

The variable compensation of Steve King, which, if targets are met, may represent up to 160% of his fixed compensation, without exceeding this percentage, is based on:

- two quantitative criteria linked to the Groupe's financial performance, each counting equally, for 20% of the variable compensation:
- organic growth, compared to a peer group. If Publicis Groupe posts the best growth, 100% of the variable compensation on this criterion will be attributed. If Publicis Groupe reports the second-best margin, 75% of the variable compensation will be attributed. If Publicis Groupe reports the third-best margin, 50% or 30% of the variable compensation will be attributed depending on the difference with the second-best performance: if the difference is low (< 10%), 50% of the variable compensation may be attributed and if the difference is high (> 15%), 30% will be attributed. For a difference between 10% and 15%, the Committee will decide the variable compensation percentage that may be attributed,
- operating margin, compared to a peer group. If Publicis Groupe posts the best margin, 100% of the variable compensation for this criterion will be attributed. If Publicis Groupe reports the second-best margin, 75% of the variable compensation will be attributed. If Publicis Groupe reports the third-best margin, 50% or 30% of the variable compensation will be attributed depending on the difference with the second-best performance: if the difference is low (< 10%), 50% of the variable compensation may be attributed and if the difference is high (> 15%), 30% will be attributed. For a difference between 10% and 15%, the Committee will decide the variable compensation percentage that may be attributed; and
- three quantitative criteria linked to the financial performance of Publicis Media in relation to the objectives, for 60% of the variable part, each being taken into account on an equal basis:
- organic growth,
- operating margin, and
- cash generation;
- two individual criteria consistent with his main areas of responsibility, for 20% of the variable part, each being taken into account on an equal basis:
- preparation for the successful implementation of five Marketing Transformation practices by January 2020, and
- the development of PeopleCloud and the training of teams capable of managing it in key countries.

/ Criteria linked to the financial performance of Publicis Groupe

Objectives	Results	Percentage of objective met	Amount of variable compensation[(1)]	Amount of variable compensation to be paid[(1)]
Organic growth	With organic growth of -2.3%, Publicis Groupe is at the bottom of the peer group	Not met	€164,212	-
Operating margin	With an operating margin of 17.3%, Publicis Groupe is number one in the peer group.	Met	€164,212	€164,212

/ Criteria linked to the performance of Publicis Media

Objectives	Results	Percentage of objective met	Amount of variable compensation[(1)]	Amount of variable compensation to be paid[(1)]
Organic growth	The organic growth of Publicis Media is below the target set by the Commitment	Not met	€328,424	-
Operating margin	The operating margin of Publicis Media is in line with the commitment	100% met	€328,424	€328,424
Cash generation	Cash flow targets were met and exceeded	100% met	€328,424	€328,424

/ Non-financial individual criteria

Objectives & Results	Percentage of objective met	Amount of variable compensation[(1)]	Amount of variable compensation to be paid[(1)]
Preparation for the successful implementation of five Marketing Transformation practices by January 2020 The five Marketing Transformation practices (Media, Commerce, Content, Production and Creativity) were successfully implemented at the end of December 2019, and their respective management teams have been formed.	100% met	€164,212	€164,212
Development of the PeopleCloud With regard to PeopleCloud, the acquisition of Epsilon has led to a transformation on an even greater scale than expected, to make Epsilon PeopleCloud.	100% met	€164,212	€164,212
Total (Financial and non-financial criteria)			**€1,149,483**

(1) Compensation determined and paid in pounds sterling. The translation into euros was carried out at the average rate of 1 pound sterling = euro 1.14036.

3.2.2.7 Comparison of the compensation of executive corporate officers with the Company's performance and the average and median compensation of employees

In accordance with article L. 225-37-3 (I) (6) and (7) of the French Commercial Code in the version emanating from Order no. 2019-1234 of November 27, 2019, the table below indicates the ratios of the level of compensation of the executive corporate officers to i) the average compensation on a full-time equivalent basis of employees who are not executive corporate officers and ii) the median compensation on a full-time equivalent basis of employees who are not executive corporate officers; as well as the annual evolution in the compensation of the executive corporate officers, the Company's performance, the average compensation on a full-time equivalent basis of employees who are not executive corporate officers and the aforementioned ratios, over the past five financial years.

The compensation of the executive corporate officers used for the purposes of the table below includes all items of compensation and benefits of any kind paid during the 2015 to 2019 financial years. The ratios presented below in accordance with Order no. 2019-1234 of November 27, 2019 were calculated on the basis of the median and average compensation paid to Company employees during the 2015 to 2019 financial years.

/ Changes in aggregates

	2015	2016	2017	2018	2019
Performance of the Company					
Company net income (in millions of euros)	992	1,015	1,037	1,082	1,188
(Evolution compared with the previous financial year)	*N/A*	*+2.32%*	*+2.17%*	*+4.34%*	*+9.80%*
Compensation of employees					
Average compensation of employees (full time equivalent basis - excluding executive corporate officers)	80,915	81,816	80,290	79,961	82,835
(Evolution compared with the previous financial year)	*N/A*	*+1.11%*	*-1.86%*	*-0.41%*	*+3.59%*
Median compensation of employees (full time equivalent basis - excluding executive corporate officers)	60,896	62,358	61,602	62,222	64,335
(Evolution compared with the previous financial year)	*N/A*	*+2.40%*	*-1.21%*	*+1.01%*	*+3.40%*
Chair of the Supervisory Board(1)					
Compensation of Elisabeth Badinter	310,000	295,000	300,000(2)	-	-
Compensation of Maurice Lévy	-	-	-	2,845,000	2,885,000
(Evolution compared with the previous financial year)	*N/A*	*-4.84%*	*+1.69%*	*N/A*	*+1.41%*
Ratio to average employee compensation	4	4	4(3)	36	35
(Evolution compared with the previous financial year)	*N/A*	*-5.89%*	*+3.63%*	*N/A*	*-2.11%*
Ratio to median employee compensation	5	5	5(3)	46	45
(Evolution compared with the previous financial year)	*N/A*	*-7.07%*	*+2.94%*	*N/A*	*-1.93%*
Chair of the Management Board(4)					
Compensation of Maurice Lévy	2,833,333	3,917,500	3,541,667	-	-
Compensation of Arthur Sadoun	-	-	2,276,106	2,749,511	2,400,000
(Evolution compared with the previous financial year)	*N/A*	*+38.26%*	*-15.31%(5)*	*-17.13%(5)*	*-12.71%*
Ratio to average employee compensation	35	48	41(5)	34	29
(Evolution compared with the previous financial year)	*N/A*	*+36.74%*	*-13.70%*	*-16.79%*	*-15.74%*
Ratio to median employee compensation	47	63	54(5)	44	37
(Evolution compared with the previous financial year)	*N/A*	*+35.02%*	*-14.27%*	*-17.95%*	*-16%*

	2015	2016	2017	2018	2019
Member of the Management Board (Jean-Michel Etienne)					
Compensation	4,068,247	2,560,284	2,296,252	2,338,252	1,512,000
(Evolution compared with the previous financial year)	*N/A*	*-37.07%*	*-10.31%*	*+1.83%*	*-35.34%*
Ratio to average employee compensation	50	31	29	29	18
(Evolution compared with the previous financial year)	*N/A*	*-37.76%*	*-8.61%*	*+2.25%*	*-37.58%*
Ratio to median employee compensation	67	41	37	38	24
(Evolution compared with the previous financial year)	*N/A*	*-38.54%*	*-9.21%*	*+0.82%*	*-37.46%*
Member of the Management Board (Anne-Gabrielle Heilbronner)					
Compensation	1,046,588	1,816,560	1,541,363	1,446,863	1,092,357
(Evolution compared with the previous financial year)	*N/A*	*+73.57%*	*-15.15%*	*-6.13%*	*-24.50%*
Ratio to average employee compensation	13	22	19	18	13
(Evolution compared with the previous financial year)	*N/A*	*+71.66%*	*-13.54%*	*-5.74%*	*-27.12%*
Ratio to median employee compensation	17	29	25	23	17
(Evolution compared with the previous financial year)	*N/A*	*+69.50%*	*-14.11%*	*-7.07%*	*-26.98%*
Member of the Management Board (Steve King[(6)])					
Compensation	4,674,251	4,123,293[(7)]	2,133,811[(8)]	3,017,105	2,731,562
(Evolution compared with the previous financial year)	*N/A*	*-11.79%*	*-48.25%*	*41.40%*	*-9.46%*
Ratio to average employee compensation	58	50	27	38	33
(Evolution compared with the previous financial year)	*N/A*	*-12.76%*	*-47.27%*	*+41.98%*	*-12.61%*
Ratio to median employee compensation	77	66	35	48	42
(Evolution compared with the previous financial year)	*N/A*	*-13.86%*	*-47.61%*	*+39.99%*	*-12.44%*

(1) Élisabeth Badinter's term of office as Chair of the Supervisory Board ended on May 31, 2017. Maurice Lévy took over as Chair of the Supervisory Board on June 1, 2017.
(2) In order to provide a valid financial comparison, the compensation paid to Élisabeth Badinter in 2017 was annualized (*i.e.* euro 300,000) for the purposes of calculating ratios and changes in compensation compared with the previous financial year.
(3) The 2017 ratios take into account the compensation paid to Élisabeth Badinter in 2017, the portion of the compensation of Maurice Lévy solely pertaining to the period from June 1 to December 31, 2017 having been paid in 2018.
(4) The term of office of Maurice Lévy as Chair of the Management Board ended on May 31, 2017. Arthur Sadoun took over as Chair of the Management Board as from June 1, 2017.
(5) In order to provide a valid financial comparison, the ratio for 2017 and the evolution of remuneration, compared with the previous financial year, were calculated on the basis of the following basis: firstly the remuneration paid in 2017 to the outgoing Chairman, Maurice Lévy, adjusted to reflect (1) the period compensated (namely 12 months in 2016 and the first five months in 2017, i.e. a total of 17 months) and (2) the effective term of the outgoing Chairman of the Management Board for 2017, i.e. 5 months, the remuneration thus calculated for 2017 amounts to €1,041,667; and secondly the remuneration paid in 2017 for the ingoing Chairman, Arthur Sadoun, i.e. €2,276,105, thus a total amount for 2017 of €3,317,772.
(6) The term of Kevin Roberts as a member of the Management Board ended on August 31, 2016. The term of office of Steve King as a member of the Management Board began on June 1, 2017.
(7) The compensation paid in respect of 2016 to Kevin Roberts was annualized (*i.e.* euro 4,123,293) for the purposes of calculating ratios.
(8) The compensation paid in respect of 2017 to Steve King was annualized (*i.e.* euro 2,133,811) for the purposes of calculating ratios.

Insofar as Publicis Groupe SA has a small number of employees compared with the overall headcount, Publicis Groupe decided to publish the ratios as provided for in the new version of article L. 225-37-3 (6) of the French Commercial Code on a scope representative of the Groupe's operations in France, adding the headcount of all Groupe companies in the United States and the United Kingdom. This scope enables a valid financial comparison insofar as it represents the bulk of the Groupe's payroll (64%) and Groupe revenue (70%), the remainder being spread across other countries worldwide. This scope was preferred to a scope limited to France, which only represents 7% of Groupe payroll and 6% of revenue, and is not representative of Groupe operations.

The above ratios were calculated on the basis of the fixed and variable compensation paid during the aforementioned financial years. Share-based compensation was considered at its actual amount in the year the shares vested for plans with an annual award. For plans with no annual award (LionLead and LTIP

Directoire, in particular), share-based compensation was taken into consideration at its actual amount for said plans' years of performance. These valuations make it possible to reflect the strict performance conditions of our plans and the specific details of the performance shares awarded to our executive corporate officers.

3.2.2.8 Standardized presentation of compensation (AMF and Afep)

The 2009-16 position-recommendation of the AMF and the Afep-Medef Code recommends a standardized presentation of the compensation of executive corporate officers of companies whose securities are traded on a regulated market.

/ Table 1 (AMF nomenclature) compensation summary table in respect of the compensation due and the options and shares granted to each executive corporate officer (in euros)

	2019	2018
Management Board		
Arthur Sadoun, Chair of the Management Board		
Compensation due for the financial year(1)	2,400,000	2,400,000
Valuation of options granted during the year	-	-
Maximum annual valuation of performance share granted during the financial year(3)	865,800	1,722,211
Total	**3,265,800**	**4,122,211**
Jean-Michel Etienne, Executive Vice President – Groupe Finance		
Compensation due for the financial year(1)	1,512,000	1,512,000
Valuation of options granted during the year	-	-
Maximum annual valuation of performance share granted during the financial year(3)	577,200	1,148,141
Total	**2,089,200**	**2,660,141**
Anne-Gabrielle Heilbronner, Secretary General		
Compensation due for the financial year(1)	1,080,000	1,080,000
Valuation of options granted during the year	-	-
Maximum annual valuation of performance share granted during the financial year(3)	288,600	1,148,141
Total	**1,368,600**	**2,228,141**
Steve King, member of the Management Board		
Compensation due for the financial year (1)(2)	2,175,807	2,482,200
Valuation of options granted during the year	-	-
Maximum annual valuation of performance share granted during the financial year(3)	721,500	1,435,167
Total	**2,897,307**	**3,917,367**

(1) See details in Table 2.
(2) Compensation determined and paid in pounds sterling. The translation into euros was carried out at the average rate of 1 pound sterling = euro 1.14036 in 2019.
(3) Annual maximum amount under the Sprint to the Future plan for 2018 and under the LTIP 2019-2021 Directoire plan for 2019. In the case of the Sprint to the Future plan, the condition regarding achieving Groupe revenue organic growth (2018-2020 average) targets are not achievable given the performances already posted for 2018 and 2019. Failure to satisfy this condition results in a loss of all entitlement to shares awarded at the outset of the plan. The LTIP 2019-2021 Directoire plan is a three-year plan subject to continued employment and performance conditions. As an illustration, the rates at which performance conditions were met under the preceding plans *i.e.* LionLead3 and 2016-2018 LTIP, were around 75% and 50%, respectively. The LTIP 2019-2021 Directoire plan covers the 2019, 2020 and 2021 financial years.

/ Table 2 (AMF nomenclature) summary table of the compensation for each executive corporate officer (in euros)

In general, the compensation paid corresponds to the fixed compensation for the specified year and the variable portion corresponds to that of the previous year.

No exceptional compensation was paid to the corporate officers.

	2019 – Amounts:		2018 – Amounts:	
	due	paid	Due	Paid
Management Board				
Arthur Sadoun, Chair of the Management Board(3)				
Fixed compensation	1,000,000	1,000,000	1,000,000	1,000,000
Variable compensation	1,400,000	1,400,000	1,400,000	729,499
Benefits in kind(1)	-	-	-	-
Total	**2,400,000**	**2,400,000**	**2,400,000**	**1,729,499**
Jean-Michel Etienne, Executive Vice President – Groupe Finance				
Fixed compensation	840,000	840,000	840,000	840,000
Variable compensation	672,000	672,000	672,000	672,000
Benefits in kind(1)	-	-	-	-
Total	**1,512,000**	**1,512,000**	**1,512,000**	**1,512,000**
Anne-Gabrielle Heilbronner, Secretary General				
Fixed compensation	600,000	600,000	600,000	600,000
Variable compensation	480,000	480,000	480,000	480,000
Benefits in kind(1)	-	-	-	-
Job-loss insurance(4)	12,357	12,357	12,357	12,357
Total	**1,092,357**	**1,092,357**	**1,092,357**	**1,092,357**
Steve King, member of the Management Board(2)				
Fixed compensation(5)	1,026,324	1,026,324	1,017,295	1,096,418
Variable compensation(5)	1,149,483	1,477,907	1,464,905	854,528
Supplementary pension plan	54,112	54,112	57,807	57,807
Benefits in kind(1)	-	-	-	-
Total(2)	**2,229,919**	**2,558,343**	**2,540,007**	**2,008,753**

(1) Benefits in kind relating to the use of a company-provided vehicle are not mentioned if they are for an immaterial amount.
(2) Compensation determined and paid in pounds sterling. The translation into euros was carried out at the average rate of 1 pound sterling = euro 1.1303 in 2018 and at the average rate of 1 pound sterling = euro 1.14036 in 2019.
(3) This amount does not include the compensation paid in 2018 to Arthur Sadoun for his salaried duties at Publicis Conseil for the period from January 1 to May 31, 2017 (*i.e.* euro 1,070,500).
(4) As the French unemployment office (Pôle Emploi) does not cover it, Publicis Groupe took out insurance for its corporate officers.
(5) The variable compensation paid in 2018 to Steve King does not include compensation owing for his salaried duties at ZenithOptimedia for the period from January 1 to May 31, 2017 (*i.e.* euro 670,743). The fixed compensation paid in 2018 includes an adjustment of GBP 80,000 (or euro 90,426) for 2017.

/ Table 3 (AMF nomenclature) shows compensation for membership of the Supervisory Board (in euros)

	Compensation solely related to membership of the Supervisory Board paid in 2019	Compensation solely related to membership of the Supervisory Board paid in 2018
Supervisory Board		
Maurice Lévy[(1)]	85,000	45,000
Élisabeth Badinter[(2)]	55,000	55,000
Simon Badinter	25,000	30,000
Claudine Bienaimé[(3)]	40,000	90,000
Jean Charest	70,000	80,000
Michel Cicurel[(3)]	35,000	75,000
Sophie Dulac	30,000	30,000
Thomas Glocer	65,000	65,000
Jerry Greenberg[(4)]	-	10,000
Marie-Josée Kravis	55,000	40,000
André Kudelski	75,000	60,000
Marie-Claude Mayer[(5)]	40,000	40,000
Véronique Morali[(5)]	65,000	85,000
Cherie Nursalim[(6)]	20,000	-
Pierre Pénicaud	17,500	5,000
Suzan LeVine[(7)]	-	-
Antonella Mei-Pochtler[(7)]	-	-
Enrico Letta[(7)]	-	-
Total	**677,500**	**710,000**

(1) Start of the term of office as Chair of the Supervisory Board, on June 1, 2017.
(2) Chair of the Supervisory Board until May 31, 2017, Vice-Chair of the Supervisory Board since June 1, 2017.
(3) End of term of office as a member of the Supervisory Board on May 30, 2018.
(4) Resigned on May 31, 2017.
(5) End of term of office as a member of the Supervisory Board on May 29, 2019.
(6) Start of term of office as a member of the Supervisory Board on May 30, 2018.
(7) Start of term of office as a member of the Supervisory Board on May 29, 2019.

/ Table 4 (AMF Nomenclature) stock options granted during the financial year to each executive corporate officer by the issuer and by any Groupe company

None, no stock options were granted in 2019.

/ Table 5 (AMF Nomenclature) stock options exercised during the financial year by each executive corporate officer (nominative list)

	Description and date to plan	Number of options exercised in 2019	Average exercise price (in euros)	Year granted
Management Board				
Arthur Sadoun, Chair		No exercise		
Jean-Michel Etienne		No exercise		
Anne-Gabrielle Heilbronner		No exercise		
Steve King		No exercise		

/ Table 6 (AMF nomenclature) performance shares granted to each executive corporate officer

				Number of performance shares awarded Position at December 31, 2019	
	Description of plan	Date of grant	Date vesting	Number maximum annual	O/w subject to performance condition
Management Board					
Arthur Sadoun, Chair	LTIP 2019-2021 Directoire	June 14, 2019	June 14, 2022	20,000	20,000
Jean-Michel Etienne	LTIP 2019-2021 Directoire	June 14, 2019	June 14, 2022	13,333	13,333
Anne-Gabrielle Heilbronner	LTIP 2019-2021 Directoire	June 14, 2019	June 14, 2022	6,667	6,667
Steve King	LTIP 2019-2021 Directoire	June 14, 2019	June 14, 2022	16,667	16,667

/ Table 7 (AMF nomenclature) performance shares vested for each executive corporate officer

	First plan		Second plan		Third plan		Number of performance shares vested in 2019
	Description	Date	Description	Date	Description	Date	Total Number
Management Board							
Arthur Sadoun, Chair	-	-	LionLead3 D/D+*	06/16/2016	LTIP 2016-2018*	06/23/2016	51,630
Jean-Michel Etienne	-	-	LionLead3 D/D+	06/16/2016	LTIP 2016-2018	06/23/2016	51,630
Anne-Gabrielle Heilbronner	-	-	LionLead3 D/D+	06/16/2016	LTIP 2016-2018	06/23/2016	22,152
Steve King	LTIP 2015[1]	04/14/2015	LionLead3 D/D+[1]	06/16/2016	LTIP 2016-2018[1]	06/23/2016	55,130

(1) Granted prior to appointment as a member of the Management Board.

/ Table 8 (AMF nomenclature) history of options granted over the last ten years

Date of authorization by the Extraordinary General Shareholders' Meeting (EGM)	2013 Co-investment plan (LionLead2)
Date of the Board of Directors or Management Board's Meeting	04/30/2013
Total number of share subscription options (S) or of share purchase options (A) granted	5,949,305(1) A
• of which corporate officers	198,687
• of which first ten beneficiary employees (excluding corporate officers)	653,299
Start date for exercise of the options	04/30/2016(2)/04/30/2017(3)
Expiry date	04/30/2023
Subscription or purchase price in euros	52.76
Total adjusted number of stock options granted as at 12/31/2019	5,949,305(1)
Total number of shares subscribed or purchased as at 12/31/2019	(825,531)
Total number of canceled stock options as at 12/31/2019	(4,031,837)
Number of outstanding stock options as at 12/31/2019	1,091,937

(1) Conditional options, the exercise of which is contingent on the achievement of objectives under the three-year plan. The achievement level of objectives in the LionLead2 plan was measured in 2016.
(2) Concerns French employees.
(3) Concerns non-French employees.

/ Table 9 (AMF nomenclature) Share subscription options or share purchase options granted to the first ten employees (non-corporate officers) and options exercised by the latter

	Plan	Number of options granted/ purchased	Weighted average price (in euros)
Stock options granted between January 1 and December 31, 2019, by the issuer and by any company included in the scope of option allocation to their ten respective employees, whose number of options thus granted is the highest (overall information).	-	-	-
Stock options held from the issuer and the aforementioned companies, exercised between January 1, and December 31, 2019, by the respective ten employees of the issuer and these companies, who bought or subscribed to the greatest number of options (overall information).	2013 Co-investment plan purchase options	0	52.76
Total		**0**	**52.76**

/ Table 10 – 1 (AMF nomenclature) history of shares granted over the last ten years

Date of authorization by the Extraordinary General Shareholders' Meeting (EGM)	"2009[1] Employees France"	2009[2] Co-investment	Plan Razorfish original plan[3]	LTIP 2010	LTIP 2010-2012	"2010[1] Employees United States"	LTIP 2011	2011[1] International employees
Date of the Board of Directors or Management Board's Meeting	05/20/2009	03/19/2009	12/01/2009	08/19/2010	09/22/2010	11/19/2010	04/19/2011	11/21/2011
Total Number of free shares awarded	210,125	3,544,176	493,832	667,600	252,000	658,400	674,650	533,700
• of which corporate officers	-	225,506	-	2,000	252,000	-	2,000	-
• of which the top ten recipient employees (excluding corporate officers)	500	447,890	-	54,000	-	500	62,000	500
Delivery date	05/20/2011	03/19/2012[4] 03/19/2013	Between 01/01/2010 and 12/2018	08/19/2013[4] 08/19/2014	09/22/2013[4] 09/22/2014	12/01/2014	04/19/2014[4] 04/19/2015	12/01/2013[7] 12/01/2015
Total number of free shares awarded adjusted at 12/31/2019	210,125	3,544,176	493,832	667,600	252,000	658,400	674,650	533,700
Total number of free shares delivered at 12/31/2019	(150,575)	(2,972,121)	(314,102)	(468,450)	(248,387)	(248,900)	(478,023)	(238,150)
Total number of free shares canceled at 12/31/2019	(59,550)	(572,055)	(179,730)	(199,150)	(3,613)	(409,500)	(196,627)	(295,550)
Number of free shares outstanding at 12/31/2019	-	-	-	-	-	-	-	-

(1) This is the plan awarding 50 free shares to all of the Groupe's employees.
(2) Co-investment plan offered to 160 key Groupe managers, of whom, 136 subscribed.
(3) Shares granted under the Microsoft option plans that existed when Razorfish was acquired in October 2009 were converted into purchase options on shares of Publicis Groupe using the existing ratio of the purchase share price established for Microsoft (restated in euros) and the market value of Publicis Groupe share on the date of the acquisition.
(4) Concerns French employees, who are, in addition, subject to a two-year lock-in period.
(5) Co-investment plan offered to 200 key Groupe managers.
(6) Under the LTIP 2012 plan, 11,965 free shares were granted by the Management Board on July 16, 2012.

(free share plans with no outstanding rights)

LTIP 2012	2013[1] International employees	LTIP 2013	Plan Co-investment 2013[5]	LTIP 2013-2015	LTIP 2014	Sapient Plan 2015[8]	LTIP 2016	LTIP 2016-2018	LIonLead3 Dir/Dir+
04/17/2012	02/01/2013	04/16/2013	04/30/2013	06/17/2013	03/20/2014	04/17/2015	06/23/2016	06/23/2016	06/16/2016 06/23/2019[9]
681,550[6]	320,475	636,550	846,288	105,000	639,750	422,970	770,300	120,000	1,007,721
2,000	-	1,500	28,263	105,000	-	-	-	45,000	243,243
54,000	500	44,000	92,931	-	44,000	197,680	40,400	75,000	764,478
04/17/2015[4]		4/16/2016[4]	04/30/2016[4]	06/17/2016[4]	03/20/2017[4]	04/17/2018[4]			
	02/01/2017						06/24/2019	06/24/2019	06/24/2019
681,550	320,475	636,550	846,288	105,000	639,750	422,970	770,300	120,000	1,007,721
(481,569)	(114,275)	(236,826)	(505,483)	(18,632)	(210,311)	(207,709)	(264,735)	(287,100)	(286,150)
(199,981)	(206,200)	(399,724)	(340,805)	(86,368)	(429,439)	(158,235)	(483,200)	(60,000)	(868,527)
-	-	-	-	-	-	-	-	-	-

(7) Concerns Italian and Spanish employees, who are, in addition, subject to a three-year lock-in period.

(8) The Sapient Plan 2015 consists of three different plans. Two of these plans were conditional upon continued employment only and, in the case of the first plan, gave rise to the delivery of one quarter per year at each of the anniversary date at which the shares were granted (*i.e.* in April 2016, 2017, 2018 and 2019) and, in the case of the second plan, to the delivery of all shares awarded, at the end of a four-year period, *i.e.* in April 2019. The third plan, in addition to the condition of continued employment, was subject to performance criteria, such that the total number of shares delivered depended on the level of achievement of targets in respect of 2015, 2016 and 2017. The shares ultimately awarded based on the level of achievement of these performance targets were delivered at the end of a three-year period, *i.e.* in April 2018.

(9) Allocation granted on June 16, 2016 and submitted to the Supervisory Board for approval on June 23, 2016.

/ Table 10 – 2 (AMF nomenclature) history of shares granted over the last ten years

Date of authorization by the Extraordinary General Shareholders' Meeting (EGM)	LTIP 2015	Sapient Plan 2016(2)	LIonLead3 France	LIonLead3 International	LTIP 2017
Date of the Board of Directors or Management Board's Meeting	04/17/2015	04/15/2016	06/16/2016	06/16/2016	05/18/2017
Total Number of free shares awarded	639,800	442,604	509,652	3,250,962.00	678,450
• of which corporate officers	-	-	-	-	-
• of which first ten beneficiary employees (excluding corporate officers)	52,000	189,177	289,575	613,899	-
	04/17/2018(1)	04/15/2017	06/17/2019	06/17/2020	05/19/2020
Delivery date	04/17/2018	04/15/2020			
Total number of free shares awarded adjusted at 12/31/2019	639,800	442,604	593,075	3,254,823	678,450
Total number of free shares delivered at 12/31/2019	(207,709)	(286,150)	(115,770)	-	-
Total number of free shares canceled at 12/31/2019	(429,591)	(96,644)	(454,910)	(2,686,159)	(399,175)
Number of free shares outstanding at 12/31/2019	2,500	59,810	22,395	568,664	279,275

(1) Concerns French employees, who are, in addition, subject to a two-year lock-in period.

(2) The Sapient Plan 2016 consists of two different plans. One plan is conditional only upon continued employment and gives rise to the delivery of one-quarter of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in April 2017, 2018, 2019 and 2020). The second plan, in addition to the condition of continued employment, was subject to performance criteria, such that the total number of shares delivered depended on the level of achievement of targets in respect of 2016, 2017 and 2018. The shares ultimately awarded based on the level of achievement of these performance targets were delivered at the end of a three-year period, *i.e.* in April 2019.

(3) The Sapient Plan 2017 consists of two different plans. One plan is conditional upon continued employment only and gives rise to the delivery of one-quarter of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in June 2018, 2019, 2020 and 2021). In addition to the condition of continued employment, the second plan is conditional upon performance criteria, such that the total number of shares delivered shall depend on the level of targets attained in respect of 2017, 2018 and 2019. The shares ultimately awarded in accordance with the level of achievement of these performance targets will be delivered at the end of a three-year period, *i.e.* in June 2020.

(4) The Sapient Plan 2018 consists of two different plans. One plan is conditional only upon continued employment and gives rise to the delivery of one-quarter of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in April 2019, 2020, 2021 and 2022). The second plan, in addition to the condition of continued employment, is subject to performance criteria, such that the total number of shares delivered shall depend on the level of achievement of targets in respect of 2018, 2019 and 2020. The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three- year period, *i.e.* in April 2021.

(free share plans with outstanding rights)

Sapient Plan 2017[3]	LTIP 2018	Sapient Plan 2018[4]	Sprint to the Future[5]	LTIP 2019	Special Plan 2019[6]	Sapient Plan 2019[7]	LTIP 2019-2021	Plan Epsilon replacement plan[8]	Special Retention Plan[9]
06/15/2017	04/17/2018	04/17/2018	05/18/2018	05/28/2019	05/28/2019	05/28/2019	06/14/2019	07/15/2019	11/15/2019
528,000	746,800	516,372	1,079,596	335,950	262,700	585,499	170,000	628,681	765,110
-	0	0	306,156	0	0	0	170,000	0	0
-	50,000	114,145	500,840	41,000	59,000	111,250	0	167,487	765,110
06/16/2018	04/17/2021	04/17/2019	06/01/2021	05/28/2022	05/28/2022	05/28/2020	05/28/2022	03/31/2022	03/31/2023
06/16/2021		04/17/2022				05/28/2023			
528,000	746,800	516,372	1,079,596	335,950	262,700	585,499	170,000	628,681	765,110
(111,574)	-	(60,701)	-	-	-	-	-	-	-
(143,565)	(419,900)	(119,973)	(1,031,256)	(8,500)	(11,500)	(17,125)	-	(31,546)	-
272,861	326,900	335,698	48,340	327,450	251,200	568,374	170,000	597,135	765,110

(5) The Sprint to the Future Plan is a one-off award of performance share covering the 2018-2020 period and offered to 20 key Groupe managers.

(6) The Special Plan is a retention plan conditional only upon continued employment and introduced for certain employees with a direct impact on growth.

(7) The Sapient Plan 2019 consists of two different plans. One plan is conditional upon continued employment only, and gives rise to the delivery of one-quarter of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in May 2020, 2021, 2022 and 2023). The second plan, in addition to the condition of continued employment, is subject to performance criteria, such that the total number of shares delivered shall depend on the level of achievement of targets in respect of 2019, 2020 and 2021. The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in May 2022.

(8) Awards consisting of replacements for awards made by the ADS Group in 2019 that had lapsed as a result of Epsilon's acquisition by Publicis Groupe. The share awards are subject to continued employment (20%) and performance conditions (80%). Shares vest in tranches over the three years of the plan (*i.e.* in March 2020, 2021 and 2022).

(9) Retention plan offered to ten Groupe managers. The shares are subject to individualised performance conditions for 2020 to 2022.

/ Table 11 (AMF nomenclature) Other information concerning the executive corporate officers

Executive corporate officers	Employment contract	Supplementary pension plan	Indemnities or benefits due or payable on cessation or change in functions	Indemnities under a non-compete clause
Management Board				
Arthur Sadoun, Chair	No	No	Yes(1)	Yes(1)
Jean-Michel Etienne	Yes	No	Yes(2)	No
Anne-Gabrielle Heilbronner	Yes	No	Yes(2)	Yes(2)
Steve King	Yes	Yes	Yes(2)	Yes(2)

(1) See Section 3.2.1.5 "Compensation policy for the Chair of the Management Board".
(2) See Section 3.2.1.4 "Compensation policy for members of the Management Board".

3.2.3 Share ownership

At December 31, 2019, no members of the Management Board and the Supervisory Board owned more than 1% of the Company's shares, with the exception of Élisabeth Badinter and her children (6.95%), and Maurice Lévy, who owns directly or indirectly 4,669,246 shares, *i.e.* 1.94% of the Company's capital, including 2,509,602 shares owned through a company belonging to Maurice Lévy and his family.

As of December 31, 2019, the members of the Management Board and the Supervisory Board (with the exception of Élisabeth Badinter and her children) directly and indirectly owned 6,773,889 shares, *i.e.* 2.82% of the share capital of the Company, including 1.94% controlled by Maurice Lévy.

As of December 31, 2019, the members of the Management Board also owned 90,947 stock options, all of which are exercisable. The weighted average exercise price of the options is euro 52.76 per share with these options expiring in 2023 (see Note 30 to the consolidated financial statements in Section 6.6).

The following table shows the interest of each corporate officer in the share capital of the Company at December 31, 2019 by the number of shares and voting rights, as well as the number of shares that each corporate officer has the right to acquire through the exercise of new stock subscription options and existing stock purchase options.

/ Shareholding and stock options of the corporate officers as of December 31, 2019

Corporate officer	Number of Publicis Groupe SA shares	Voting rights in Publicis Groupe SA(1)	Number of shares that may be acquired through the exercise of share subscription options	Shares that may be vested through the exercise of stock options		Weighted average price (in euros)
				Total Number	Of which conditional options(2)	
Member of the Management Board						
Arthur Sadoun	129,965	180,260		35,491	35,491	52.76
Jean-Michel Etienne	147,094	242,558		27,916	27,916	52.76
Anne-Gabrielle Heilbronner	29,016	35,880				
Steve King	44,188	44,188		27,540	27,540	52.76
Total Management Board	**350,263**	**502,886**		**90,947**	**90,947**	**52.76**
Member of the Supervisory Board						
Maurice Lévy(3)	4,669,246	6,628,890				
Élisabeth Badinter(4)	16,700,967	33,401,934				
Simon Badinter(5)	1,279	1,788				
Jean Charest	1,400	2,700				
Sophie Dulac	1,749,460	3,082,920				
Thomas H. Glocer	500	500				
Marie-Josée Kravis	500	500				
André Kudelski	500	500				
Enrico Letta	500	500				
Suzan LeVine	500	500				
Antonella Mei-Pochtler	500	500				
Cherie Nursalim	520	520				
Pierre Pénicaud(6)	-	-				
Total Supervisory Board	**23,125,872**	**43,121,752**				

(1) Shows the impact of possible double voting rights.
(2) The conditions were taken into account to determine the final number of options definitively granted.
(3) Maurice Lévy directly owns 2,159,644 shares, and indirectly owns 2,509,602 shares of the Company through a family-owned company, representing a total of 6,628,890 voting rights.
(4) Élisabeth Badinter fully owns 5,834,820 shares (representing 2.43% of the share capital and 4.49% of the voting rights) and is the beneficial owner of 10,866,147 shares, with her children having the bare ownership of the underlying shares (representing 4.52% of the share capital and 8.36% of voting rights).
(5) Excluding the 3,622,049 bare owner shares held by Simon Badinter.
(6) Pierre Pénicaud is Supervisory Board member representing employees.

Note: bylaws require members of the Supervisory Board to hold at least 500 shares. However, members representing employees are not obliged to hold a minimum number of shares during their term of office (article 13 of the Company bylaws).

3.2.4 Transactions performed on Publicis Groupe securities by corporate officers and persons related to them

The transactions performed by the corporate officers and the persons mentioned in article L. 621-18-2 of the French Monetary and Financial Code concerning Company stock during the 2019 financial year are as follows:

Name and surname	Position	Description of the financial instrument	Type of transaction	Number of transactions	Amount of the transactions (in euros)
Arthur Sadoun	Chair of the Management Board	Shares	Acquisition	1	1,006,930.19
		Shares	Acquisition of free shares	2	0
Jean-Michel Etienne	Member of the Management Board	Shares	Acquisition of free shares	2	0
Anne-Gabrielle Heilbronner	Member of the Management Board	Shares	Acquisition of free shares	2	0
Steve King	Member of the Management Board	Shares	Acquisition of free shares	3	0
		Shares	Disposal	3	1,238,544.75
Carla Serrano	Member of the Management Committee	Shares	Acquisition of free shares	2	0
		Shares	Disposal	2	44,444.17
Nigel Vaz	Member of the Management Committee	Shares	Acquisition of free shares	5	0
		Shares	Disposal	11	1,384,220.72
Véronique Weill	Member of the Management Committee	Shares	Acquisition of free shares	1	0
Alan Wexler(1)	Member of the Management Committee	Shares	Disposal	1	542,254.11

(1) Member leaving during financial year.

3.3 RELATED PARTY TRANSACTIONS

The following explanations summarize all transactions since 2017 between Publicis Groupe and related parties.

3.3.1 Terms and conditions of financial transactions carried out with related parties

In the second half of 2018, Publicis Groupe started a process to dispose of all the activities of Proximedia. Present in France, Belgium, the Netherlands and Spain, Proximedia assists micro-companies, SMEs, retailers and craftspeople with their digital communication. This process, conducted with the help of an independent bank, resulted in more than 60 potential candidates being approached. On December 19, 2018, the Group companies holding Proximedia's activities received a firm acquisition offer for all the companies forming Proximedia and the Spanish activity. In return, the companies in question signed an exclusivity agreement with Ycor SCA to negotiate the final terms and conditions of this operation. Maurice Lévy, Chair of the Publicis Groupe Supervisory Board, holds interests in Ycor SCA. Some 10 investors, out of the 60 approached, showed an interest in the full or partial takeover of Proximedia. Ycor SCA's offer, covering the entire scope, was the highest offer financially and was also the most compelling in terms of development prospects for the companies sold and support of the teams. The disposal was completed on April 30, 2019 (see Section 6 – Notes 6 & 31 to the consolidated financial statements in this document).

3

3.3.2 Related party transactions

During 2019, the following transactions were carried out by Publicis Groupe with related parties:

	Revenue from related parties	Expenses for related parties
Joint venture constituted between MSL France and Les Échos Solutions(2)	12	
Burell Communication Group		2

During the previous two financial years, the following transactions were carried out by Publicis Groupe with related parties:

	Revenue from related parties	
	2018 Financial year	2017 Financial year
Joint venture constituted between MSL France and Les Échos Solutions(2)	9	8

The outstanding amounts with related parties in the balance sheet as at December 31, 2019 were as follows (in millions of euros):

	Receivables/loans vis-à-vis related parties	Liabilities vis-à-vis related parties
OnPoint Consulting, Inc.(1)	14	1
Joint venture constituted between MSL France and Les Échos Solutions(2)	-	2
Zag Limited(3)	5	-
Sapient.i7 Limited(4)	2	-
Burrell(5)	-	1
Others	1	-

(1) Entity wholly-owned by Publicis Groupe.
(2) Entity 50% owned by Publicis Groupe, to organize the "Viva Technology" event.
(3) Entity 36.75% owned by Publicis Groupe.
(4) Entity 39% owned by Publicis Groupe.
(5) Entity 49% owned by Publicis Groupe.

3.4 STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS

This is a translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with French law and professional standards applicable in France.

To the Annual General Meeting of Publicis Groupe,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R.225-58 of the French Commercial Code (Code de commerce), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R.225-58 of the French Commercial Code (Code de commerce) of the continuation of the implementation, during the year ended December 31, 2019, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized and entered into during the year ended December 31, 2019 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-86 of the French Commercial Code (*Code de commerce*).

Agreements previously approved by the Annual General Meeting

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting, whose implementation continued during the year ended December 31, 2019.

Paris-La Défense, April 23, 2020

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Olivier Lenel	Ariane Mignon	Nicolas Pfeuty	Valérie Desclève

CHAPTER

CORPORATE SOCIAL RESPONSIBILITY – NON-FINANCIAL PERFORMANCE

4

This chapter achieves two common objectives: on the one hand, to meet the legal requirements in terms of the **declaration of non-financial performance (DNFP)**, and, on the other, to bring together a series of Corporate Social Responsibility (CSR) related issues, in accordance with current legislation and regulations, and in response to international standards with which the Group has voluntarily complied for a number of years now.

This chapter is the core of the Group's non-financial reporting and includes a number of quantitative and qualitative indicators presented under the comply or explain rule.

Examples of various actions carried out and initiatives implemented in the agencies to address social, cultural, ethical and environmental issues are given. More examples are featured on the Group's corporate website www.publicisgroupe.com (CSR Section). A CSR Smart Data table is also available on the corporate website (CSR Section).

The DNFP is made up of a number of factors included in this document, denoted by the following:

- background information on segment trends or the general outlook, as well as on the business model and value-creation components, are presented in the introduction with a summary of key financial and non-financial figures;
- the Group's strategy and activities are presented in more detail in Section 1;
- the risk factors are presented in order of priority in Chapter 2. Non-financial risks were submitted to stakeholders as part of a review of the materiality table and critical group issues. Human rights and environmental risks are presented in Section 4.4.1, with the aim of improving compliance with Duty of care requirements;
- the Group's governance is presented in Section 3;
- the consolidated financial statements in Section 5;
- a specific DNFP cross-referencing table can be found in Chapter 10.

Working methods and processes in place for CSR reporting, as well as governance of these issues, are explained in Section 4.7. In accordance with French and European regulations, the Bureau Véritas verification report of external audit can be found at the end of this chapter. The DNFP cross-referencing table can be found in Chapter 10.9 of this document.

Materiality of CSR challenges and stakeholder engagement in 2019

In 2019, the Supervisory Board conducted an in-depth review of the Group's CSR strategy. A working group, made up of six Board members, led by Anne-Gabrielle Heilbronner, Secretary General and member of the Management Board, reviewed the strategic guidelines and current action plans. In terms of the range of initiatives, the Board supported the Management Board's plan to develop the CSR strategy further by focusing on key priorities.

Key stakeholders were consulted once again, with the support of Salterbaxter, a Group subsidiary specializing in CSR, as part of a classic client assignment, using traditional working methods. This consultation, drawing on qualitative interviews (as in 2015) focused on a list of 25 major issues incorporating risk factors such as personal health and safety, diversity, data protection issues and transparency. These risk factors are presented in Chapter 2, and in Section 4.4.2 of the Duty of Care Plan. Individual interviews were held with more than 80 people, representing clients in seven different sectors, as well as American and European investors, and webinars were offered to employees (in the United States, France, the United Kingdom and India). Together with clients from seven different industries and European and US investors, over 80 people were questioned. This consultation brought the following points to light:

- there was a clear alignment between the priorities identified by both internal and external stakeholders;
- the Group's three current priorities – Diversity & Inclusion, Responsible Marketing and Data protection - are still at the heart of the expectations expressed, but with higher demands in relation to some issues such as equal pay, greater diversity in recruitment and more transparency on the Group's data use. The materiality table was expanded;
- environmental concerns became a top priority, so that the Group can limit its own impacts and take effective action against global warming.

The new materiality table can be found in the introduction to this document.

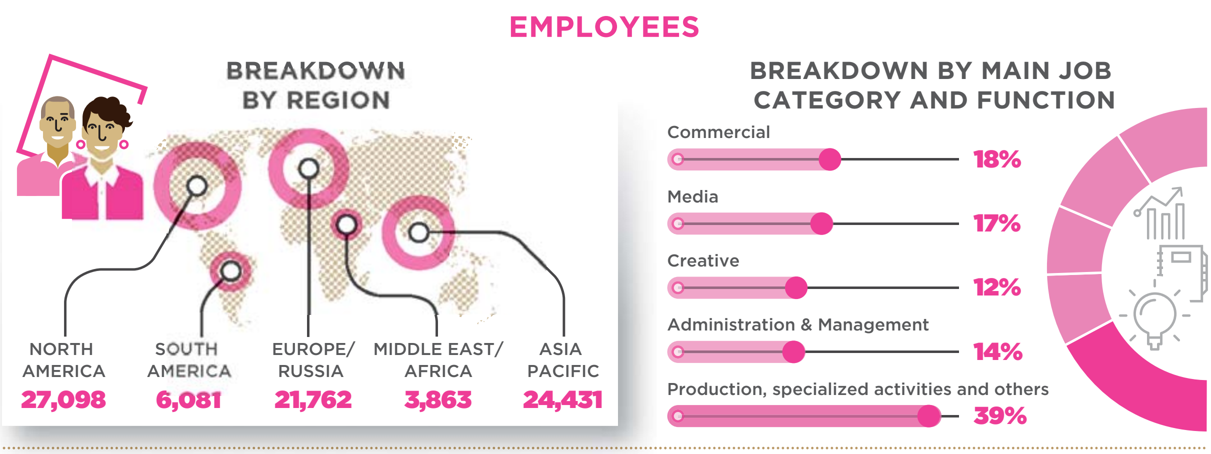
Dialog with stakeholders is also conducted on a continual basis with local agencies.

4.1 TALENT

2019 was crucial in terms of the Group's transformation, making it possible to promote a new generation of managers to strategic positions. Over the year, 100 million euros was invested in talent. Over 100 managers were promoted internally and 150 were recruited externally.

4.1.1 Key figures

Breakdown by region and main job category and function



a) Total headcount in 2019: 83,235 employees.

The net variation of employees is broken down as follows:

- arrivals: 31,245 in 2019;
- departures: 31,077 in 2019. These departures reflect the permanent adaptation of the workforce in line with the Group's profound transformation: both reorganizations during the implementation of the new "Power of One" organization by country (rather than by network), and the restructuring due to the loss of clients, particularly in the United States in the consumer goods business. Publicis Groupe is a company whose entities and agencies carry out regular adjustments and which always prioritizes internal solutions;
- turnover 2019: 24.0%.

The staff turnover rate is equal to the cumulative number of voluntary departures of employees with permanent contracts during the year, divided by the average annual number of employees with permanent contracts. The differences between agencies, or between countries in the same region, are narrowing. In 2019, the Group continued its transformation as an extension of the Sprint to the Future strategic plan.

b) The Group's employment **contracts** are drawn up in compliance with the framework of local laws and regulations for permanent contracts and temporary contracts. Depending on the local context and the temporary needs of certain projects, freelance service contracts are drawn up for independent workers.

Employee contracts can be broken down as follows:

- permanent contracts: 92.7% of total workforce; 91.1% of women and 94.3% of men are employed under a permanent contract;
- temporary contracts: 7.3% of total workforce; 8.9% of women and 5.7% of men are employed under a temporary, fixed-term contract.

  Work is organized around project management requirements and is tailored to meet client needs and the expectations of the employees themselves. Work time is managed locally on the basis of local legislation and regulations; timescales on some projects can be tight, requiring a certain amount of flexibility from employees. This leads to an organizational flexibility that must be shared by all, as clients are faced with the same challenges. In consideration of the expected flexibility on the part of employees, local agency management puts measures in place to compensate them for their efforts, giving them more time off over the summer (for example, Friday afternoons off in the summer in several US agencies) or during major holidays, as is the case in China, India and the United States.

  Working from home (WFH) is applicable to all employees (95%) including teleworking from clients premises or from

Group entities when possible. Flex management is in place in nearly all entities with variations linked to certain roles or the local legal framework.

c) The absenteeism rate within the Group is estimated at 2.02%[1].

4.1.2 Diversity and Inclusion (D&I)

Inclusion is vital; enabling each individual to have a place. Diversity and Inclusion is a priority for the Group's senior management. Respecting everybody for their individuality, both internally within the Group (the diversity of our employees) and externally (the cultural contexts in which the teams work with our clients) is at the heart of our corporate culture.

The Group's Diversity & Inclusion policy sets out the main founding principles that are underpinned by more local policies. The founding principles are updated on a regular basis and employees involved in implementing actions are informed of any changes. They are also shared with clients with whom we may conduct joint initiatives.

The Group's gender diversity – at December 31, 2019

Multi-year data trends are available on the Group website, in the CSR Smart Data section of the CSR page.

	% Women staff members(1)	% Women members of an agency EXCOM(2)	% Women CEOs of agencies(3)	% Women Heads of agency Creative Teams(4)	% Women Heads of Techno-logical Teams(5)	% Women Heads of agency Data Teams(6)	% Women in key management positions(7)
Total Publicis Groupe (with Epsilon)	**49.8%**	**43.3%**	**32.8%**	**24.2%**	**15%**	**25.4%**	**38.3%**
Africa and Middle East	54.1%	24.7%	14.3%	18.8%	0%	0%	N/A
Latin America	51.7%	49.5%	27.8%	18.8%	0%	50%	N/A
North America	52.2%	45.7%	27.8%	28.8%	18.9%	19.4%	N/A
Asia Pacific	42.6%	43.9%	41.4%	32.0%	27.3%	41.7%	N/A
Europe	53.6%	41.7%	33.6%	19.7%	8.9%	16.7%	N/A

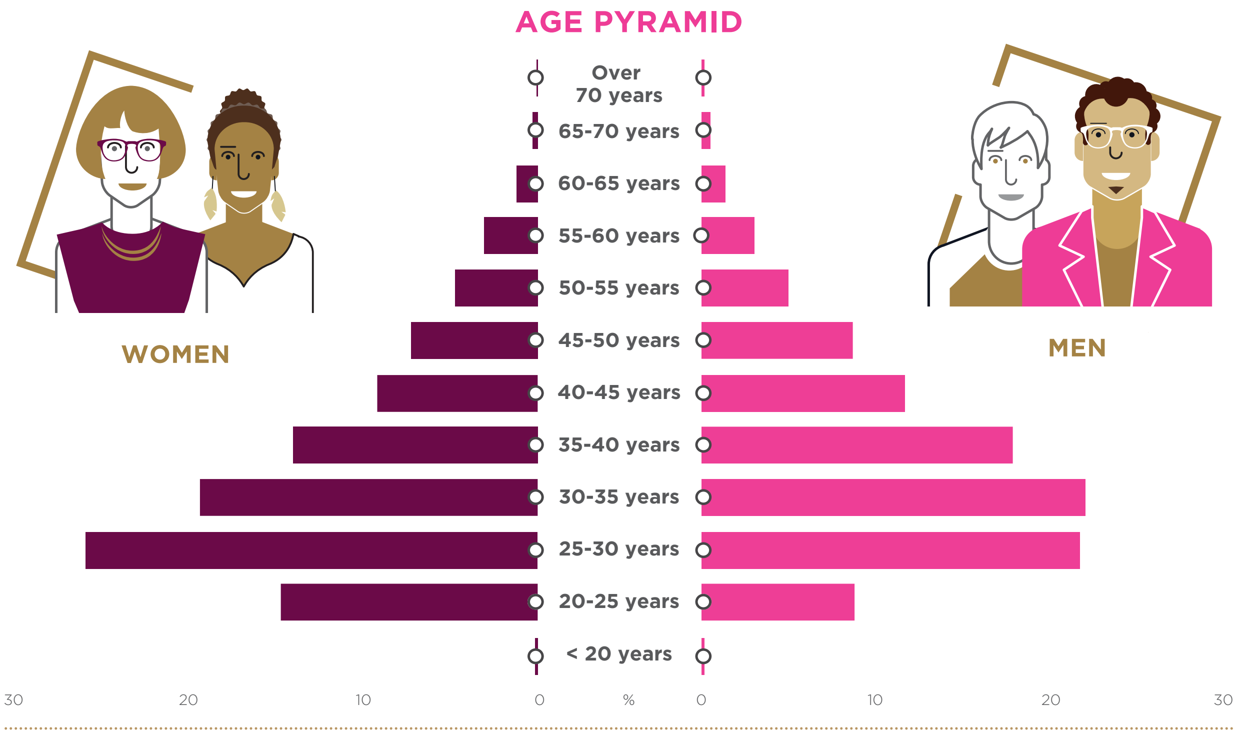
Description of the Group %:
(1) Breakdown of women by region;
(2) Agency Management Committees: calculated at agency or entity management level and by region;
(3) Agency CEOs: calculated at CEO level of each agency or entity and by region;
(4) Heads of Creative Team: calculated at the management level of creative teams of agencies or entities with this function, and by region;
(5) Heads of Technological Team: calculated at the management level of technological teams of agencies or entities with this function, and by region;
(6) Heads of Data Team: calculated at the management level of data teams of agencies or entities with this function, and by region;
(7) % Women among the key managers of the Group (including country Management Committees). This indicator is applicable only at the Group level.

- The Supervisory Board of Publicis Groupe chaired by Maurice Lévy comprises 13 members of whom six are women and includes one member representing the employees (50% female representation). See Section 3.1 of this document;
- The Management Board chaired by Arthur Sadoun comprises three men and one woman (25% female representation);
- The Management Committee chaired by Arthur Sadoun comprises 21 members of whom seven are women (37.5% female representation);
- A target of 40% female representation in key management positions by 2020 was set by the Group in 2018. Developments over the last few years have followed this trend;
- Age pyramid: calculated in 2019 on over 82% of the headcount (including Epsilon); This shows a good gender balance at Groupe level (49.8% women and 50.2% men). This as a simplified division is as follows;

	Women	Men
< 30 years	41%	30%
30-50	50%	60%
51 years and over	9%	10%
Total	**100%**	**100%**

- Average age of employees: 35 years old (36 for men – 34 for women);

(1) Definition: the absenteeism rate is equal to the total number of lost days, for absences other than paid leave or maternity/paternity leave, divided by the number of business days in the year.



The diversity and inclusion policy is based on four pillars:

a) The "zero tolerance" principle

This principle is intangible. It has always been applied in the fight against all forms of discrimination, on whatever grounds (gender, age, background, sexual orientation, religion, etc.). It is still valid and must be respected by all, employees and managers alike. This "Zero Tolerance" principle also applies to sexual harassment and inappropriate conduct. It is described as such in the Janus Code of Ethics (excerpts of which are accessible on the Group's corporate site at: www. publicisgroupe.com). A whistleblowing system is in operation: ethicsconcerns@publicisgroupe.com. Reported concerns are managed by the Secretary General and systematically followed up, with complete confidentiality and protection for whistleblowers (see details in Section 4.4.4 of this document).

b) Creating an inclusive culture

Managers receive training on the "Zero Tolerance" principle from local legal and human resources teams, on an annual basis, the objective being to create the conditions for an inclusive culture that is respectful to all. Training sessions on unconscious bias are delivered in the majority of countries in order to train female, and male, managers and employees in these issues and in best practices, leading to the creation of a culture of inclusivity. Unconscious bias is one of the topics covered in induction sessions for new arrivals.

The Group takes a proactive approach on the subject of the diversity of its employees. Among all of the criteria to be taken into account, the Group is pursuing its efforts in eight specific areas, namely: gender, age, disability, cultural and ethnic origins, educational background, sexual orientation, religion, and veterans (military). Monitoring of diversity indicators is subject to national legislative frameworks. At the Group level, only gender and age data can be consolidated and published.

c) Group commitments

Publicis Groupe reaffirmed its commitment to gender equality on an ongoing basis when the Group's CEO, Arthur Sadoun, signed the UN Women's Empowerment Principles (WEP). These seven key principles promote women's rights as fundamental human rights and encourage equality in all its forms. This corporate commitment is in addition to other initiatives such as the CEO Action for Diversity and Inclusion in the United States, which requested that hundreds of CEO signatories share their best practices and data concerning trends in female employment in their organizations. Publicis Groupe is one of the 20 or so corporate members of the Unstereotype Alliance which is placed under the aegis of UN Women and whose mission is to fight against gender stereotypes in communication campaigns. The Group has had a partnership with Catalyst for several years now and the agencies have built local partnerships with committed organizations.

d) Focus on the Women's Forum

In Paris, in November 2019, the Global Meeting of the Women's Forum for the Economy and the Society welcomed over 2,600 participants. After Mexico in May 2019, on the eve of the G7 in Osaka in Japan in June, the Women's Forum made a pledge to managers worldwide to call for action in the fight against climate change. The second meeting, held in September 2019 in Singapore, welcomed 1,000 participants. Attendance at the Women's Forum is growing every year, with women coming from 80 different countries and an increasing number of men in attendance. The Women's Forum is very strongly focused on action. This is reflected in the Group's own initiatives: Rising Talents which, every year, honors several talented women under 40, tomorrow's leaders; CEO Champions which commits managers to making progress together on diversity in their organizations (public or private sector); and the five Daring Circles, which brings partners together on the subjects of: Women & Climate, Women & AI, Women & STEM, Women & Access to Health, Women & Business. Daring Circles has resulted in the launch of a number of projects (see www.womensforum.com). The aim of the Women's Forum is to act on several fronts: to accelerate real gender equality and, in particular, equal pay; to value the essential contributions made by women to the economy and society; and, lastly, to continue the fight for the rights of women and girls.

The Women's Forum has been part of Publicis Groupe for 10 years. It is a community of 50,000 women (and men) that has been mobilized and has been a recognized force for proposals to the G7 and G20 since 2018.

4.1.2.1 Diversity and inclusion policies in a number of countries

a) Diversity policy in the United States

The team that oversees diversity and inclusion activities has completed its first 10-year cycle, demonstrating the progress made. This was reflected in the number of training programs followed, managers' receptiveness and the development of affinity groups. The Talent Engagement & Inclusion (TE&I) Council brings together managers responsible for Diversity in the United States. It sets the priorities for the year and tailors joint actions in relation to policies, good practices or experience sharing. It meets every quarter, in the presence of the Group's Secretary General or with the Group's CSR Department. The quarterly newsletter, TE&I Quarterly, reports on its activities. This newsletter is accessible under the Talent section of the CSR page on the Group's website.

The TE&I Council plays a supporting role for agencies' Talent or Human Resources teams in terms of recruitment or retention, with particular focus on the various internal options that enable Group employees to develop by way of attractive career paths. The TE&I Council is there to help managers and provide them with tools such as: Unconscious Bias, Inclusive Recruiting, Managing Inclusion and Straight Talk training, and more.

The Group's eleven BRGs (Business or Employee Resource Groups) have a presence in 21 US cities where the Group's main entities are located, and rely on volunteers to run them and determine their actions. These BRGs are, by definition, open to all. The aim is to build affinity groups to take joint action: VivaWomen! (women), Égalité (LGBT), VivaWomen! of Color (Women of Color), VivaMama (Mothers), <VivaTech> (women in Tech), MOCA (Men of Color Alliance), GenNext (Young Talents), Publicis Connects (for HR managers and to facilitate internal mobility), Cross Boundary (international mobility), Cool Grays (for the over fifties) and PubVets (Military veterans).

The TE&I Council coordinates the Group's participation in a selection of conferences. These initiatives enable employees to take part in theme-based day events and leave with concrete projects to take back to their agencies. It forms and coordinates delegations of employees attending conferences such as the 3% Conference, Adcolor, ColorComm, AfroTech, Black Enterprise Women of Power Summit and many others. Group agencies also took part in Times'Up Advertising activities.

In May 2017, Publicis Groupe joined CEO Action for Diversity & Inclusion, a US initiative with several hundred CEOs and Executive members of international companies highly committed to creating workplaces that are inclusive and inspirational. The focus of action is three-pronged: Management commitment – in its actions, the implementation of large-scale training programs to counter unconscious bias, and the public sharing of best practices. This approach relies on using leverage to prompt a change in behavior in the private sector.

In 2018, the Group's agencies also joined the Alliance for Inclusive Multicultural Marketing (AIMM) to welcome and support more interns from diverse backgrounds with a view to future recruitment. In this same spirit, the alumni network of the MAIP (Multicultural Advertising Intern Program) remains an interesting recruitment platform. Created by the US multi-industry organization, 4As, (American Association of Advertising Agencies), this program welcomes interns from minority or disadvantaged backgrounds throughout the summer and even offers some of them jobs.

Lastly, at the beginning of 2020, in recognition for their actions carried out upstream, nine Group agencies received a 100/100 score on the Corporate Equality Index organized by the Human Rights Campaign Foundation, within the framework of the Best Place to Work – for LGBT Equality ratings.

b) Diversity policy in India

With nearly 15,000 employees in India, the Group has a significant presence there.

Within the context of the induction program organized to welcome new employees into the Company, all female and male recruits take part in an Unconscious bias session designed to anchor the culture of diversity. Publicis Sapient has compiled a roadmap in which women have a central role. The agencies continued their mentoring programs and in-depth analyzes of potential to help women to envisage their professional career in an inclusive environment. The WLN (Women's Leadership Network) is overseen by women in leadership positions, encouraging women to take the floor at professional events such as TechGig Geek Goddess, NASSCOM (Indian trade association), Great International Developper Summit and Grace Hopper, in order to broaden their outlook. The WLN ran a number of activities in 2019, involving both women and men, such as the Howathon, which brought together 100 people for a coding hackathon where each team was managed by a woman.

With regard to parenthood, or facilitating family life, in addition to providing breastfeeding rooms and on-site creches on Publicis Sapient campuses, a partnership was signed with various childcare services to offer affordable childcare, thereby taking the pressure off parents in terms of finding reliable care for their children.

Internal network activities such as PRIDE (Potential Realized in Diverse Experience) give those affected by LGBTQ (Lesbian, Gay, Bisexual, Transgender, Queer) issues a dedicated space. The agency continued its managerial program on interactions with transgender people. With regard to people with disabilities, the agency launched the PwD (People with Disability) program to promote inclusion in the workplace. Agencies were recognized for their inclusion efforts relating to under-represented minorities via projects like TRANScend with The Humsafar Trust for LGBTQ people. Lastly, the agency strengthened its approach to diversity with its local suppliers.

c) Diversity policy in France

In France, the Group is continuing its long-term partnerships (*Associations Frateli*, *Nos quartiers ont des talents*, *Baissez les barrières*, *Jeunesse et Entreprises*, *C'Possible*, *Prométhée Education*, etc.) since, to be effective, support should be carried out over the long term.

In March 2018, in partnership with the C'Possible non-profit, the Group organized events for National Youth Day (JNDJ) as it had previously with another non-profit. The objective was to put young high school students living in underprivileged circumstances in touch with the world of business. On the strength of this success, an event was held in April 2019, during which two classes of penultimate-year high school students were given the opportunity to attend various presentations illustrating the wide range of jobs in advertising. The Group's Secretary General attended and spoke at this event.

With regard to the allocation of the apprenticeship tax, diversity is still a key priority for the Group (training, job profiles, etc.), which continues to back several pilot high schools for young people from disadvantaged districts. The Group remains committed to the fight against youth unemployment, to promoting the employability of young people and to fostering their integration with different partners, as it does within "The Alliance for YOUth" led by Nestlé, which this year, with the help of Alliance partners, expanded the initiative on a global level.

With regard to professional gender equality, in France, 15 Group entities with over 50 employees published their gender equality index with an average score of more than 95/100. This is now monitored each month by the France Executive Committee, led by Agathe Bousquet, CEO of Publicis Groupe in France. Group agencies are active in terms of professional development, promotion and compensation. The agencies also take part in the activities of the internal network, VivaWomen! which enables women to participate regularly in debates on leadership, mentoring and personal development. The Egalité (LGBT) network was also re-launched across Publicis France with a new program.

Disability

The percentage of disabled employees in France was 1.59%. The integration of disabled employees remains a priority (no global Group indicator due to legislation in different countries). Agencies welcomed 28 interns in 2019 under the AACC (trade) and Rectorat de Paris programs. A disability initiative was organized with the support of an internal network of 13 trained contacts.

The Group is keen to make its work and documents, particularly corporate publications, e-accessible, and to encourage video subtitling. Agencies routinely offer to make their clients' content e-accessible.

d) Diversity policy in the United Kingdom

Group agencies continued to work on reducing the gender pay gap via their respective action plans. They worked on agency-wide collaborative projects relating to recruitment, career development and equal pay. With a majority female Executive Committee, for Annette King, CEO of the Publicis Groupe in the United Kingdom, equality issues are a priority and are monitored monthly. Mandatory since 2017 for companies with more than 250 employees, i.e. eight Group entities, this Gender Pay Gap reporting is showing improvements but there are still disparities. Action plans have been bolstered as well as corrective measures. Legal teams continued their management and team training programs, particularly on Unconscious Bias for women and men.

VivaWomen! UK continued its work to support employees in the United Kingdom by organizing events and small work groups.

Égalité UK pursued its internal awareness raising 4 campaign designed to change attitudes with regard to LGBT related questions. These initiatives are run by employees for the benefit of other employees and are part of an inclusive internal culture.

e) Diversity policy in South Africa

In 2019, Group agencies that were accredited BBBEE ("Broad-Based Black Economic Empowerment") – level 1, following a voluntary appraisal carried out with external auditors, continued with their plan of action. This is the highest certification level and underscores the ambition of the South African agencies to take a business approach that has a positive internal impact vis-à-vis employees, a business-related impact on client expectations, and on society with regard to the resultant transformations. This is a long-term approach, in that it is not a straightforward compliance exercise, but rather a strategic decision. This means undertaking a proactive and long-term action plan, focusing on management and control, recruitment and training, as well as a purchasing policy that targets suppliers who have historically been disadvantaged. The objective is to forge partnerships with companies run by South Africans of color to actively combat apartheid.

4.1.2.2 The Group's internal affinity groups

The affinity networks turn the Group's new Power of One organizational structure into a reality. These internal groups or BRG (Business – Employee or Resource Group) are continuing their activities and evolving from country to country. These groups unite voluntary employees to enhance awareness and develop concrete solutions adapted to the day-to-day running of the agency (see their presentation on the CSR page of the corporate web site). BRGs also play a role at the external level, in that: they take part in different events and actions aiming to change behavior and practices. At the Group level, two affinity groups are active on the international stage, namely: VivaWomen! (women) and Égalité (LGBT).

VivaWomen! – Present in over 30 cities and 15 countries, VivaWomen! brings together around 6,000 motivated women and men volunteers to take action and support other women in the Group, regardless of their position or function within the Company. Coordinated by the Group's CSR Department, it is present in several large cities, including Los Angeles, Shanghai, Mumbai, Madrid, Paris, London, New York, Chicago, Sydney, Cotonou and Dubai. Its primary objective is to promote the professional and personal development of women within the Group in a working environment that promotes gender collaboration around a common goal. VivaWomen! USA has created two sub-groups; VivaMama, to more closely support future mothers and parents, and VivaTech, focused on women in the technological and digital sectors. The area of focus of VivaWomen! is two-fold: Career Development (with leadership training, Lunch & Learn sessions, coaching, etc.) and Work-Life Integration (with workshops on "motherhood and work," "time management," regular testimonials from women or men role models, etc.). The "Meetings With" inspiring people continues and the Mentoring program has been rolled out locally. In every city, priorities are adjusted to meet the expectations of local teams and the names of networks can be more specific (such as Leo Burnett and Publicis Sapient's Women's Leadership Network, and Women@Digitas). VivaWomen! works alongside women's networks in the Group's customers and other companies to carry out joint awareness raising and mobilization actions. Lastly, in accordance with its initial positioning, VivaWomen! commits to causes that defend the rights of women and girls.

Égalité – Launched in the United States, this network brings together employees from agencies mobilized in the defense of LGBTQ rights (Lesbian, Gay, Bisexual, Transgender and Queer communities), and is backed by the Group's CSR Department. All agencies have now joined this network, which exists in a number of major cities from Boston to Los Angeles, as well as many in between such as Philadelphia and Atlanta. Ten US agencies obtained a score of 100/100 in "the Human Rights Campaign Corporate Equality Index." This award was the result of an initiative launched in 2006. The focus of these evaluations is the policies in place and the activities to promote inclusion carried out in the agencies. The Égalité network is now present in London, Paris and Manila.

4.1.2.3 Attracting and recruiting talented individuals with varied profiles

The recruitment of future talent is key. The Group's key job profiles – Creation, Media, Data, Technology – are under great strain in most countries. The Group's agencies operate on several levels at the same time. It is not enough just to recruit staff, they have to be retained. The agility and potential gained through personal experiences are considered key, in order to create teams that are as diverse as possible. At the same time, forging close relationships with schools and universities is still an asset that agencies can leverage to keep students informed of the considerable changes in Group jobs. Relations between agencies and schools and universities are organized around:

1. employment forums, both virtual and physical: Job Fairs or Careers Fairs enable several agencies to act as one, promoting a well-rounded vision of the diversity of Group occupations. This has been the case for several years at the South by Southwest Conference (SXSW) in Austin, Texas;
2. internships: on-the-ground learning with actual business cases is still the best way of starting out with the Group. Most of the Group's agencies take interns (over 2,837 a year worldwide, with near-gender parity, but with differences from job to job or country to country), with internships opening the door to employment;
3. open days or discovery days in agencies: in various countries, open days have been organized to welcome students. These events are supported by local professional and trade organizations, including at the Group's headquarters in Paris, which welcomes delegations of students on study abroad;

4. teaching: some Group managers are involved in traditional teaching in schools or universities or, alternatively, in organizations that reach out to young people who have veered away from traditional educational paths. The objective is to enable them to find out about jobs in the industry and show them that they have a place with us. Pilot projects also involve technological cooperation.

In more than 90% of entities, agency management is, and remains, local. A key success factor of the Group's agency acquisition and integration policy is maintaining the local management team in place, not to mention the absolute necessity of gaining a strong cultural foothold so as to understand the markets in which we operate. The vast majority of entity employees are local, which is why it is essential to create teams with diverse profiles – career path, experience, culture, language, nationality, etc.

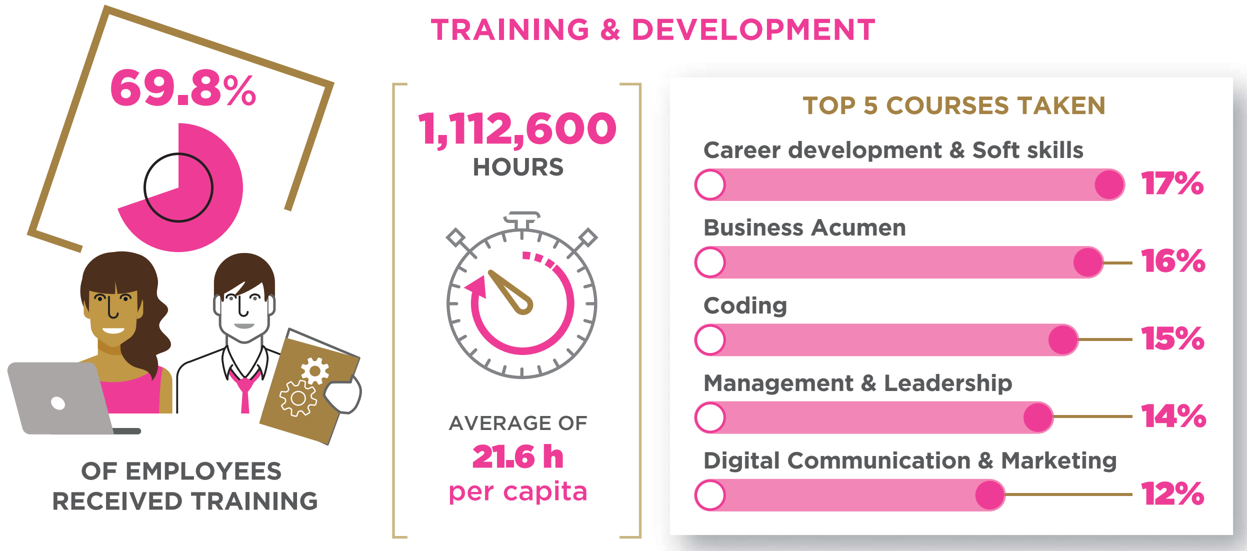
4.1.2.4 Relationships with academia, schools and universities

In 2019, around **920 programs** or activities were undertaken in some 50 countries. Some managers act as regular, or one-off, contacts in some disciplines and domains, and share their experience with future professionals. Our agencies take part in events designed to help young students find out about jobs in the industry. They also welcome students on open days or for *ad hoc* visits (see Section 4.1.3).

The Group has forged relationships with various schools, universities (see corporate website, CSR section) and organizations that are highly committed to diversity. Publicis Groupe is a member of "the Alliance for YOUth", created and led by Nestlé, whose mission is to combat youth unemployment and promote the employability of young people as well as their professional integration.

4.1.3 Development of skills, experience, careers

Since 2018, driven by Emmanuel André, Group Chief Talent Officer (CTO), a Group training plan has been rolled out, drawing on a number of factors. The objective is to make training work for all employees and to make it a part of the business's strategic plan so as to move towards a culture that is always learning. Each employee needs to be able to develop professionally and maintain their employability within a rapidly changing ecosystem.



- **69.8% of employees benefited from some form of training** or career development in 2019;
- over 1,112,600 training hours were dispensed during the year (i.e. 21.6 hours per person, based on the number of employees trained), via more than 10,000 training modules which can be broken down into the following:
  - 750,940 training hours on a classroom basis (67%),
  - 361,660 hours of e-learning or self learning were shared (33%).

Training is key to the Group's transformation strategy

The system is a collaborative one that is open to all and is based on three pillars:

- SPRINT: video learning supported by interactive content, enabling teams to be trained on subjects that are key to the Group's activities, ranging from Data, to Dynamic Creativity or Digital Business Transformation. Short-format, dynamic training, such as simple conversations with Group experts in these fields, in addition to online modules for a more in-depth analysis of each topic;

- Education On Demand in numerous fields. Very simple to use, the platform offers curricula tailored to the needs of our staff by business or level. Publicis Learning Platform is constantly updated with new modules, developed in-house or in partnership with digital partners. It can be accessed 24 hours a day in 13 languages. All these programs are business oriented and aim to equip individual employees with the best tools to service their clients in the most effective way that is most relevant to their needs;
- Immersive Leadership Learning LAB (for Live Action Boost) primarily delivered face-to-face.

LAB 1: this program is designed for young people with high potential and for future managers in business and operational roles. This is a career fast-track program, with 66% of participants being promoted within 6 months of the end of the course.

LAB 2: Every year, a group of 50 experienced managers benefit from a unique experience via two, three-day, sessions a year, and group work lasting for two months, ranging from client projects to work on the Group's internal transformation.

MARCEL

After operating as a pilot scheme for a year, the Marcel internal platform is now operational in the United Kingdom. This pilot scheme validated Marcel's data, technology and operation in a full-scale test. Feedback has been incorporated into the next version, which is being rolled out Group-wide from April 2020. With Marcel, employees have a central role to play in terms of their skills and experience. Marcel relies on information-sharing and collaboration to build the best team for each individual project, and to implement solutions that are appropriate both from a creative as well as a technological and data point of view, or even to rally support for a good cause. Developed thanks to the expertise of Publicis Sapient and in partnership with Microsoft, Marcel is transforming the way Group teams interact.

Internal mobility

One of the advantages of Marcel is the opportunity that it gives to individuals to access numerous possibilities. Whether this involves taking part in a brief on an entirely new subject or thinking about career development, Marcel makes things easier. During the pilot scheme in the United Kingdom, all opportunities in London agencies were, for the first time, brought together and made accessible via Marcel. In numerous cases, offers were exclusive to Marcel, and were presented in a less formal and more attractive style.

Other initiatives set up to facilitate mobility include the YouXplore program piloted by Publicis Media, which was rolled out more widely across the Group in 2019 – for the 8th year running – in 35 countries and 48 cities. 250 young talents had the opportunity to spend two weeks working alongside other Group teams in another country, in other business lines and different organizations. This program enables upskilling in a number of different ways and results in individual cultural enrichment. The program's participants then go on to be a force for transformation in their agency.

8,218 employees benefited from international mobility in 2019.

4.1.4 Employee health and well-being

4.1.4.1 Flexibility and new working methods

Most agencies have adopted flexible working to allow for teleworking (from home, from the client's site, or from another Group agency, etc.) particularly in major cities where travel times are significant. Employees are equipped with the tools required to facilitate their work. Flexible working methods (collaborative work, teleworking, variable hours and part time) are carried out within a strict framework within each agency in accordance with regulations. Each entity can determine specific conditions (based on workload, role in the team, task to be carried out for the client, performance, etc.) and employee eligibility criteria. Flexibility is suitable for numerous situations, and employees can benefit from it at different stages of their professional careers. With a view to being able to offer employees a variety of career paths, many entities have schemes such as sabbatical leave (eligibility criteria are defined locally) enabling employees to take a break and then return to work.

Parental leave

3,094 employees benefited from parental leave during 2019 (60% women, 40% men), with the knowledge that all employees are potentially eligible, depending on the local legal framework and, above all, on the local, and often more favorable, arrangements put in place by agencies. Agencies have reinforced their policies for maternity leave, not only with regard to the number of weeks of paid leave in countries with less favorable regulations, but also from a managerial point of view, in order to enable future mothers to better manage their return to work (with *ad hoc* support before, and after birth, and on return to work). Different initiatives are taken to facilitate family life: several large agencies (on all continents) have made breastfeeding rooms available and, on some main campuses, daycare is available too (e.g. Bangalore). Social benefit programs (via Employee Assistance Programs or EAPs) include provisions for childcare.

4.1.4.2 Employee well-being

The issue of employee health and well-being is handled not only by human resources' teams and talent managers, but also by entities' Top management. The Group ensures that these employee **healthcare schemes or services are accessible to all employees**, whether the services are provided internally or externally by third-party experts. Many agencies organize internal training or awareness-raising campaigns linked to seasonal issues or pathologies or health risks.

Teams mainly work sitting in front or one or more screens and employees are quite sedentary during the day, with intense visual activity. The key areas for occupational illness prevention are: stress management (and/or psychosocial risks: PSR) and the prevention of musculoskeletal disorders (MSD). Eye strain and the prevention of risks related to sedentary working (cardiovascular disease) are included in health prevention plans, which often include a module on nutrition. This prevention work is accompanied by ongoing discussion and action to improve working conditions and the way in which tasks are organized. For employees who are keen on sport, many agencies offer reduced price subscriptions to local leisure centers. Some entities are equipped with their own sports halls, like Sapient in India, and have an on-site trainer or coach, or like the Bastille Campus in Paris, have an indoor sports hall. Lastly, for the more active in their ranks, agencies encourage teams to take part in sports events (running and cycling events, marathons and half-marathons, team sports):

- **The United Kingdom** is a good example of a comprehensive approach, taken in conjunction with management, tailored to the needs of all employees, both male and female, and implemented in conjunction with raising client awareness (see below).

  Let's Talk Mental Health is a complete program. As regards major transformation of the Group on the scale of a country like the United Kingdom, and given the challenges set by our clients, Top management decided to implement a change of culture. With days that went on too long, yet never enough time to catch up, it was high time for a change of structure and mentality. With the express support of the UK's Executive Committee of Publicis Groupe UK and the CEO, Annette King, an in-depth audit on mental health (psychosocial risks) and on employees' expectations in this area was conducted, throwing light on current needs and existing solutions currently disregarded by employees. An ambitious project was launched to improve employees' experience in the United Kingdom, starting from the principle that it was the Company's duty to serve its employees. The internal Marcel app has played a key role in engaging teams in this program. With the help of a specialist firm, a one-year action plan was implemented, focusing on these six areas:

1. training managers in subjects relating to mental health and individual and collective consequences,
2. training 132 ambassadors, employee volunteers from different levels of the Company, with 97 trained more specifically in best practices for effective first aid (with Mental Health First Aid England),
3. updating a single policy enabling all employees to access the same services,
4. simplified access to the Employee Assistance Programme (EAP), and to different specialists: Yoga, meditation, massage, sports clubs (including running, cycling, etc.),
5. priority access to three 24-hour mobile resources apps,
6. for World Mental Health Day on October 10, 2019, the 5,000 employees in the United Kingdom were given the day off to devote to their mental health. Agency clients were informed beforehand so that workloads could be managed and so that this special day could be respected.

   This Let's Talk Mental Health program was given widespread coverage in the British media, being held up as an example to inspire other industries and businesses. The challenge now lies in maintaining this level of awareness so that a change in internal culture can be made in the long term and help can be given to any employees who may be in need;

- In **India**, the Health & Wellness scheme focuses on different activities. All employees have access to on-site health professionals and doctors, from gynecologists to physiotherapists and dieticians, the last two already being on hand all year round. Nutrition workshops are organized with professionals to answer any questions, including questions related to future maternity. Health prevention workshops are an opportunity to deal with other issues such as breast cancer screening, mindfulness, eye tests and dental appointments. Yoga and Zumba workshops throughout the year are just as successful.

  All employees can access a comprehensive social services program via an Employee Assistance Program (EAP), which offers easy access to medical consultations, a well-being portal offering virtual access to 24-hour doctors and various specialists, and a type of medical concierge service to offer short or long-term help (stress, anxiety, insomnia, etc.). The social welfare scheme continues to improve the coverage of specific healthcare costs due to an *ad hoc* governance system, particularly for employees suffering from chronic diseases (diabetes, HIV, etc.), or those facing major surgery or interventions (cancer, fertility, etc.). The family module continues to be the most popular module as it helps with work/life balance, offering access to child protection and childcare services, as well as services tailored to caring for elderly relatives;

- In **France**, individual agencies organize priority action plans tailored to their employees' needs.

  The measures implemented cover a wide range of needs, such as consultations with an ergonomist to help correct problematic seating postures; eye exercises demonstrated by a specialist (orthoptist, etc.) or via webinar sessions designed to raise awareness on how to rest the eyes; access to lunch-time fitness classes (gym, yoga, relaxation, meditation, pilates, etc.) at the agency; regular sessions with nutritionists or dieticians, and free supplies of fresh fruit, juice and even breakfast; on-site massages by professionals (physiotherapists, chiropractors, osteopaths, masseurs, foot reflexologists, etc.).

in France, issues relating to working conditions (including health, safety and security issues) are discussed in the entities' CSEs (Social and Economic Committees) as well as projects to improve well-being at work. A number of entities conducted surveys into team well-being in 2019, to improve existing measures and promote employee well-being.

Similar approaches adapted to meet employee expectations exist almost everywhere in Europe;

- In the **United States**, the program focuses on four components:

1. the Healthy Living Wellness Program, set up and run by Re:Sources is now operational in all agencies, offering employees and their families comprehensive health cover and other services. More than one-third of all employees have registered for the program. Each individual can access personal monitoring via Health Coaching which has been very well received because it has a tangible impact. The satisfaction rate is 94%, and 91% of the participants confirm the motivational impact of this on-line assistance which has sometimes even changed their lives,
2. Teladoc, the telemedicine service with free 24/7 year-round access to doctors for consultations from mobile phones or by video, whether the employee is at work, at home or on vacation. Feedback is still very positive: 60% of employees rated it as excellent,
3. the Employee Assistance Program (EAP), which has been in place for some years now, offers employees online preventive healthcare support that is highly individualized and confidential. It can be used by employees and their close family members. It offers access to a number of non-healthcare services, such as social and financial services, etc.;
4. Bright Horizons Back Up Care Program, is a system that enables families to better address the challenges of finding a balance between their professional and personal lives. For this, the Group has installed nurseries for employees' children and care facilities for their elderly or sick parents, and implemented home-help solutions, at very affordable prices, enabling employees to cope better with unexpected family events;

- In **South Africa**, on Wellness Days, workshops are regularly organized for all employees, on standard employee well-being issues with trial sessions on meditation (mindfulness) and other practices to help individuals find a better work/life balance. AIDS/HIV prevention and screening sessions are also held every year;
- In **Hong Kong**, Saatchi & Saatchi has implemented an internal Back u up at 6:45 scheme to encourage employees to leave their offices earlier so as to avoid extremely long working days. This initiative has served as inspiration to other businesses.

  Lastly, nearly 25 Group entities were among the agencies recognized as a Great Place to Work or the Best Place to Work in 2019.

Disease prevention

As employers, individual agencies support local and/or national screening initiatives and disease-specific or health warning campaigns (e.g. flu vaccination). Preventative health measures are occasionally subject to specific conditions in countries with collective or occupational agreements. All employees in these countries benefit from these collective or occupational agreements where such agreements exist. Based on the local health situation, agencies decide whether to promote screening campaigns for chronic pathologies (cardiovascular diseases, diabetes, cancer, etc.) in addition to traditional and annual schemes.

Health insurance

99% of employees (full and part-time permanent and temporary contracts) are covered by medical cover (social security or health insurance), irrespective of local social security provisions (government, government-company-employee or private company-employee contribution plans or self-funded). These covers factor in serious or chronic illnesses to enable employees to be properly cared for, and to receive appropriate follow-up. In several of the Group's regional markets, including the United States, Europe and India, employees can benefit from health insurance programs for themselves and their families.

The workplace accident rate(1) was 0.33%. The main causes of workplace accidents were related to transportation (home-work commuting and work-related travel).

The accident frequency(2) was 1.80.

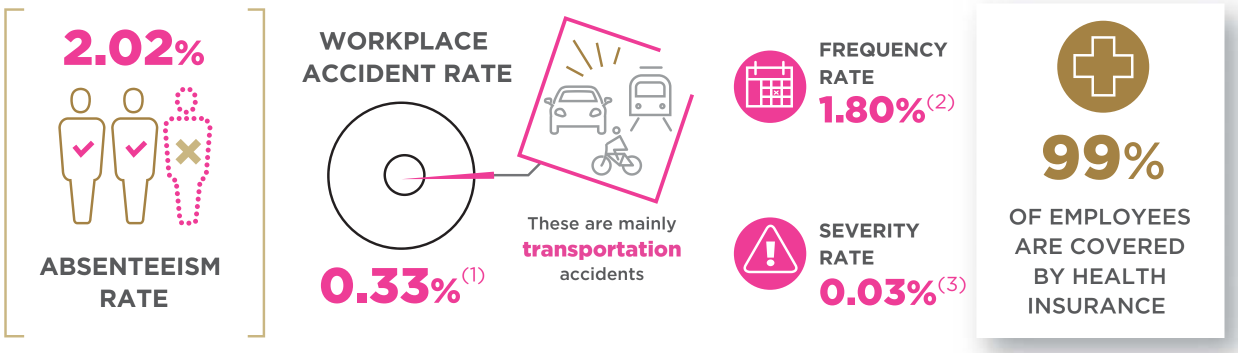
The severity(3) was 0.03.

(1) Workplace accident rate: (total number of accidents/total number of employees) x 100. 2019 Coverage rate: 96%

(2) Calculation of workplace accident frequency rate according to GRI standard 403-9: (total number of accidents/total number of hours worked) x 1,000,000. 2019 Coverage rate: 96%.

(3) Calculation of severity rate according to GRI standard 403-9: (number of days of work lost x 1,000)/number of hours worked. 2019 coverage rate of 96%.

ABSENTEEISM AND WORKPLACE ACCIDENT RATES



Health and safety

Most employees have sedentary jobs in offices, sitting in front of screens. Agencies apply current local regulations on personal security in the workplace and are responsible for implementing their prevention and action plans. **100% of the workforce** in Group agencies are covered by these prevention plans.

In the United States, federal law (Occupational Safety and Health Administration) may be supplemented by laws in each state, and possibly reinforced at the municipal level. In Europe, this mission is entrusted to dedicated local committees (Health and Safety Committee) and the new CSE (Social and Economic Committee) in France. Elected or volunteer employees receive training on safety and first aid. Evacuation drills (fire, earthquake, etc.) are regularly conducted at the facilities, with support from general services safety teams (Re:Sources) and building managers. There is a similar approach in Europe, where all agencies have safety officers (fire drills or emergency evacuations) who receive training on a yearly basis. Some of them volunteer to be trained in basic first aid. In India, Occupational Health and Safety regulations apply, and, as in many countries, small teams of employees are trained every year in all buildings and on all floors to assist others in the event of an emergency or evacuation. Publicis Sapient entities in India are ISO 45001 certified.

In some cities, as is the case in India or China, new devices monitor air pollution and inform employees so that measures can be taken for those who may be the most vulnerable in terms of health, as well as so that teleworking can be facilitated during peak pollution periods.

In many agencies, offices are protected by external security teams which check people entering and leaving. Suppliers of these services are the focus of particular attention to ensure that their staff comply with all current administrative requirements, are properly trained and meet our standards in terms of human rights and labor laws.

LionAlert is an internal tool designed to make it possible to contact employees in an emergency to make sure that they are safe; LionAlert is activated according to events and need. LionAlert is overseen by the Group's Secretary General.

From January 2020, with the coronavirus epidemic in China, the Group activated its international "Monitoring unit", overseen by the Group's Senior management and placed under the responsibility of the Secretary General, which draws on information from monitoring units in individual Countries or regions. This "Monitoring unit" took specific measures with regard to employees based in China, which were then extended to other countries and regions, switching to teleworking and prohibiting travel to at-risk destinations, in accordance with guidance from the World Health Organization (WHO) and local authorities. The deployment of similar measures is being studied and is envisaged in other countries as the epidemic spreads. By early March, 95% of the Group's employees had switched to remote working.

4.1.5 Listening to and engaging with employees

4.1.5.1 Employee satisfaction survey

A worldwide employee satisfaction survey took place in late 2016 – the only one of its kind, taking over from the existing local surveys. From 2017, action plans were rolled out in response to the expectations expressed. This highly centralized model also proved its limitations in a decentralized business like Publicis.

(1) Workplace accident rate: (total number of accidents/total number of employees) x 100. 2019 Coverage rate: 96%

(2) Calculation of workplace accident frequency rate according to GRI standard 403-9: (total number of accidents/total number of employees) x 1,000,000. 2019 Coverage rate: 96%.

(3) Calculation of severity rate according to GRI standard 403-9: (number of days of work lost x 1,000)/number of hours of worked. 2019 coverage rate of 96%.

Before being in a position to access Marcel to use different methods to track employee satisfaction on an ongoing basis, a number of agencies reactivated more traditional annual studies.

4.1.5.2 Individual annual appraisal

67% of employees underwent an annual appraisal ("talent review" or "performance review"). The principle of an annual internal performance review for all employees is an internal requirement and is in line with the human resources guidance set out in the Janus Code of Ethics. The advantage of the Fidello/Horizons tool is that it can be used at any time throughout the year. Other tools are also used mainly in the digital agencies, with a mindset of projects and performance monitoring carried out more frequently during the year.

4.1.5.3 Social dialog

Social dialog is included in the Janus Code of Ethics. The aim is to foster staff/management exchanges and ensure freedom of expression for employees as a basic human right. With regard to the Group's commitment to the UN Global Compact, and its adherence to the International Labour Organization (ILO) Convention, the Group is committed to respecting freedom of association, freedom of expression, and the right to collective bargaining in the countries where it operates and within its entities. Social dialog takes place at agency level. The average size of the Group's agencies worldwide is 100 employees, with the exception of a few large entities with a staff of over 1,000 people in the United States and India. Publicis Groupe remains very decentralized in 100 or so countries. The aim in each entity is to promote direct, frequent exchanges between managers and their teams regarding Company matters and current projects.

In **France**, where the concept of collective bargaining prevails (which does not exist in this form in other countries' communication industries), the Group engages in social dialog on a daily basis. Group negotiations with social partners in France led to agreements applicable to all employees in France. By way of example, the Group's collective agreement on workplace gender equality was renewed in 2019. It now provides, amongst other things, for financial support from the birth of a child until its third birthday, as well as for the introduction of paternity leave with full pay, for all Group employees in France. Previously signed agreements that are still in force include the agreement on healthcare costs incorporating the "responsible contract", to which has been added an optional supplementary scheme, and the Welfare Plan. In the same spirit of collaboration with representative trade unions, discussions on teleworking and the right to disconnect led to the renewal, in 2019, of the Teleworking charter, applicable to all Group agencies in France.

The rollout of a bicycle mileage allowance scheme, a benefit paid to employees who use a bicycle to travel between home and work, was also confirmed and introduced in some agencies in 2018 for its very positive environmental and CSR impact.

In accordance with current legislation, the new Social and Economic Committees (CSE) replaced all former employee representations bodies. The Group continued its commitment to "Zero Tolerance" of any form of harassment or discrimination within the Group, through training and awareness-raising programs for managers and HR/Talent teams. Sexual harassment officers were appointed by CSEs. The first training sessions began in November 2019 and continued into the first quarter of 2020.

Agencies have also implemented more specific measures focused on listening to employees, whether it be the Publicis Conseil "Good Ears" (*Bonnes Oreilles*) initiative in France where volunteer employees trained in how to listen provide this service, or Safe Conversation sessions in American agencies that are organized by members of the Talent Engagement & Inclusion Council, particularly in the aftermath of serious incidents in the United States, such as racist or homophobic attacks.

4.1.6 Compensation

4.1.6.1 Compensation and equal pay

Payroll and personnel expenses stood at 6,073 million euro in 2019. Trends are shown in Section 6.6, Note 3 of this document.

The Group does not have a consolidated indicator for the compensation of all employees: due to the significant disparities between countries, an overall approach is of little relevance. The approach remains local, and takes industry trends into account. Compensation must comply with the following three principles: on the one hand, the preservation of competitiveness and local appeal and the avoidance of disparities within the same market and, on the other hand, operating in line with Group practices, particularly in terms of equality based on individual and collective performance to ensure fair and balanced compensation; lastly, where appropriate, the strengthening of social security provisions.

All of the information pertaining to the compensation of Publicis Groupe senior executives is detailed in Section 3.2 of this document. The precise criteria are indicated for the different components of this compensation, including CSR criteria for members of the Management Board.

The ratios between the level of compensation of the Executive corporate officers and the average employee compensation (pay ratio) are set out in Section 3.2.2.7.

Publicis Groupe's different stock option plans and free share plans are detailed in this document in Section 6.6, Note 30.

The different pensions schemes and other long-term benefits are presented in this document, Section 6.6, Note 21.

The participation of employees in share capital through a range of profit-sharing and incentive plans is explained in Sections 6.6, Note 30, and 8.3.6 of this document.

Gender pay equality: Deployment of country by country "Job Grading" is now built into the new Human Resources Information System (HRIS) Group tool, allowing for a more uniform understanding of positions and functions. This project is headed up by the Secretary General, with support from the teams in charge of compensation (Compensation & Benefits) and the CTOs of countries. The Group is vigilant about gender equality issues. The local management of the agencies is responsible for resolving pay gaps. Some examples:

- in the United Kingdom, eight entities with over 250 employees published their comparative situation, Gender pay gap reporting (measuring the pay gap between men and women, and not equal pay). The issue is monitored by the UK Executive Committee;
- in France, 15 Group entities with over 50 employees published their gender equality index. In line with the targets set, entities obtained a rating of around 95/100. With the aim of continuous improvement, corrective measures were discussed and negotiated with social partners for the few agencies that are still lagging behind and, where applicable, to envisage scheduling, on an annual or multi-annual basis, specific measures to close any gaps recorded. The Executive Committee in France monitors this index on a monthly basis;
- in Australia, where the law also requires companies to report annually on gender equality, Group agencies have circulated reports on the actions put in place to improve the conditions for women in these organizations.

Employee profit-sharing: Despite the optional nature of this system, in France, the Group has continued its economic performance-related employee profit-sharing policy, which is dependent on the Group's annual organic growth in France and worldwide. This is one of the Group's long-standing commitments to its French employees. The profit-sharing agreement signed with social partners in March 2019 (in force for three years) resulted in the payment of a 620 euro bonus in 2019 to all Group employees in France, for fiscal year 2018. This new agreement is more favorable for employees, with an increase of around 10% in profit-sharing potential. This scheme is a way of raising employees' awareness of global performance rather than just performance in France.

Employee savings scheme: In France, the Group continued to promote employee savings, maintaining its policy of 300% matching by Group entities that have introduced a company savings scheme.

/ Summary table of social indicators

Multi-year data trends are available on the Group site on the CSR Smart Data section of the CSR page

Indicators	Unit	2009**	2017	2018	2019
Group headcount		45,000	77,767	75,588	83,235[1]
Employees on fixed term or permanent contracts	%	-	-	91.9	92,7[1]
% Women	%	-	-	90.7	91,1[1]
Turnover	%	26	24.0	26.5	24[1]
% Women	%	52	50	50.2	49,8[1]
% Men	%	48	50	49.8	50,2[1]
Average age Women	years	32	34	34	34[1]
Average age Men	years	34	36	36	36[1]
Average age Men and Women	years	33	35	35	35[1]
% Women CEOs of agencies*	%	-	30.1	30.8	32,8[1]
% Women managing the Creative Department*	%	-	19	18.7	24,2[1]
% Women managing the Technology/Data Department*	%	-	12.5	15.5	-
% Women managing the Data Department*	%	-	-	-	25,4[1]
% Women managing the Technology Department*	%	-	-	-	15[1]
% Women on agency Executive Committees*	%	42	39.3	40.2	43,3[1]
% Women in key management positions*	%	N/A	36.4	37	38,3[1]
Trained employees (% of employees)	%	47	69.1	67.6%	69,8[2]
Number of training hours – total	hours	-	1,414,000	1,350,000	1,112,600[2]
Number of training hours per capita (divided by the number of employees trained)	hours	-	27	26.5	21,6[2]
Number of face-to-face hours	hours	-	896,000	785,000	750,940[2]
Number of hours in e-learning	hours	-	518,000	565,000	361,660 [2]
Training fees (external)	in millions of euros	-	19	16.2	15,6[1]
Employees trained in internal Janus Code of Ethics	%	-	83	88	85,5[2]
Number of employees benefiting from parental leave***		-	3,106	2,947	3,094[2]
% Women	%	-	-	69	60[2]
Employee assessments (% of employees)	%	67	67.3	67.6	67[2]
Employees benefiting from international mobility	%	-	-	-	8,218[2]
Employees benefiting from health cover	%	99	99	99	99[2]
Absenteeism rate (% of employees)	%	-	2.14	2.15	2,02[2]
Workplace accident[a]	%	-	0.3	0.4	0,33[2]
Workplace accident frequency rate[b]		-	1.81	2.15	1,80[2]
Workplace accident severity rate[c]		-	0.02	0.02	0,03[2]

Epsilon was integrated on July 1, 2019; a limited number of social indicators include Epsilon data [1]. Other indicators are for Publicis Groupe without Epsilon [2].

* Male/female breakdown: Calculation and scope (see details by region in Section 4.1.2)
- Agency Management Committees: calculated at agency or entity management level;
- Agency CEOs: calculated at CEO level of each agency or entity;
- Creative Team Directors: calculated at the management level of creative teams of agencies or entities with this function;
- Data Team Directors: calculated at the management level of data teams of agencies or entities with this function;
- Technological Team Directors: calculated at the management level of Tech teams of agencies or entities with this function;
- % Women among the key Group managers (including country Management Committees).

** 2009 is the benchmark year with Group consolidated figures.

*** Parental leave including maternity leave, paternity leave and parental leave.

a. Calculation of workplace accident rate: (Number of recordable workplace accidents/total number of employees) X 100
b. Calculation of recordable workplace accident frequency rate: (Number of recordable workplace accidents/Number of hours worked) x 1,000,000 (GRI 403-9 Standard)
c. Calculation of workplace accident severity rate: (Number of days of work lost x 1,000)/Number of hours worked (GRI 403-9 Standard).

4.2 CLIENTS AND PARTNERS

4.2.1 The Group's clients

In 2019, based on 3,216 clients representing 87% of the Group's net revenue (see Section 1.3.4 of this Registration Document), the breakdown of client business sectors/industries remained relatively in line with past year trends with no major changes.

Agencies conducted more than 10,000 client surveys, a stable number. These surveys are conducted either as questionnaires administered by agencies or as annual interviews or performance appraisals. Several key international clients also administer these customer satisfaction surveys themselves. A portion of client surveys therefore fails to come to the attention of agencies. Assessment criteria include five main themes that are monitored closely: campaign performance or digital systems introduced, the creativity/innovation provided, team competence, the effectiveness of the service offered and the quality of the relationship.

The Group has long-standing relationships with certain clients: the average duration with the ten main clients is 36 years. See also Section 6.6, Note 28 "Risk management" Section "Disclosures regarding major clients".

4.2.2 Responsible communication and marketing

The basic responsible marketing principles are founded on: truth, decency, respect, honesty, and societal responsibility. As such, this must be translated into the form and the substance of the messages, while preserving a maximum amount of creativity. Group agencies participate in the emergence of new forms of transparent, efficient and direct communication with the end consumer and with clients and promote new, more sustainable forms of consumer behavior.

Creativity & Technology for Good illustrates the Group philosophy and professional practices that underpin responsible marketing. Examples of campaigns can be found in the CSR section of the Group's website.

The communication sector is a regulated industry that is sometimes governed by laws. The profession has always promoted professional self-regulatory mechanisms to ensure that the ethics of advertising content are respected. The Group and its agencies work hand in hand with various national bodies such as ASRC (Advertising and Self-Regulation Council) in the United States, ASA (Advertising Standards Authority) in the United Kingdom, ARPP (Autorité de régulation professionnelle de la publicité) in France, and EASA (European Advertising Standards Alliance) in Europe, or the ASC (Advertising Standards Council) in India.

In the field of digital communication, Group agencies attach particular importance to the fact that digital advertising should not be intrusive, irrespective of the type of channel used; otherwise it could cause user-rejection, and promote the use of "Adblockers" (advertising blocking devices). This principle of responsibility has long been defended by the Group, and is now widely shared by industry professionals, making it possible to establish industry standards banning certain types of formats. The Group has always defended people's right to have control over their data. This principle guides technology choices and solutions offered to clients who need to have control over their data, just like end users who need to be able to access, correct or delete their own data. It is also part of the work carried out by an organization such as the IAB (International Advertising Bureau) of which the Group is a member (See Section 4.4.2).

Consideration of audiences and their individual peculiarities, particularly when these are children or so-called vulnerable audiences, is key since responsible communication is also reflected by the methods chosen. In France, for example, creative agencies such as Publicis Conseil, with Prodigious, have chosen to systematically subtitle films and videos for all mediums. This approach is an extension of the French Advertising initiative – AACC – to promote the universal subtitling of advertising films, www.soustitronsnospublicites.aacc.fr. This form of best practice was applied by other teams worldwide, particularly in Europe.

For digital campaigns, whatever the country, creative teams use best practices when choosing, optimizing and/or compressing images, and even select ink-saving fonts. For their part, technical teams find hybrid solutions in terms of the languages used i.e., Java, JavaScript or C++ so that the website or application uses less energy but offers users the same service quality. As a result of the Low-Tech Web Design approach taken by engineers and developers, it is possible to cut energy consumption by a factor of five, in the knowledge that final consumption always depends on the final medium (screen type, age of computer, tablet, smartphone, etc.) and the generation of electronic processors that it contains.

Focus on the CSR strategy deployed by Publicis Conseil in France

In 2018, Publicis Conseil was awarded the "RSE Active" label, certified by the French standards organization, AFNOR. It was awarded the maximum three stars, thereby validating the agency's level of maturity in the fields of sustainable development and CSR for two years. This is the pay-off for the policy followed by teams and management for the last four years, as also demonstrated by its first Positive Study: "Digital conversations on CSR". Publicis Conseil is the flagship Group agency based in Paris. The Lead the Positive Change philosophy was built together with three main stakeholders: employees, agency clients and NGOs, with whom the path to conversion has been solidly built. For employees, internal culture incorporates CSR issues, with teams regularly trained in Positive Agency: employee listening groups, Code of Conduct, sports lessons, osteopathy, medical campaigns, waste sorting, zero plastics, responsible printing, etc. With regard to business line and client responsibility, the eco-communication process (eco-design, eco-production, eco-end for campaigns, carbon footprint and carbon offsetting with *Cœur de Forêt*), has proved to be a comprehensive approach. The launch of Garnier Bio using eco-communication guidelines, which showed a clear reduction in impacts, made it easy to convince teams of the effectiveness of the initiative. With the Positive Business plan, the teams can support the agency's clients in terms of sustainable development, upstream in their projects via specific expertise (training in eco-communication, Nudge workshop, etc.), research or discussion (Positive mornings, Positive talks, etc.), through their multi-channel communication strategies and by creating responsible campaigns.

Focus on CSR projects within Publicis Health in the United States

Publicis Health has a CSR and D&I program aligned with the United Nations Sustainable Development Goals and covering a number of aspects – responsible marketing, public information campaigns, *pro bono* work, volunteering, fundraising – and involving key stakeholders: employees, clients, NGOs and students on internships. Efforts were directed at the American Heart Association (AHA), the partnership with the National Alliance on Mental Illness (NAMI), and another with the Multiple Sclerosis Association of America (MSAA). In 2019, Publicis Health welcomed more than 65 female and male interns in the United States, who followed a tailor-made program designed to enable them to find out about different jobs, and take part in some work with agency teams. Publicis Health US is also taking part in two effective inclusion programs: SHIFT to reintegrate former military personnel into companies, and Year Up aimed at young students who are disconnected from large corporations, via teams that volunteer to encourage these young people in their career plans.

Focus on the Salterbaxter CSR strategy consultancy in the United Kingdom

Salterbaxter is a unique consulting firm that is part of Publicis Groupe. Its aim is to deliver positive growth by working with its clients on creative, tangible and realistic sustainable development, so as to remain competitive whilst engaging in profound and long-lasting change. Its approach is based on three different areas: transformation strategies, transparent reporting and creative communication. The agency is closely involved in determining sustainability drivers to respond to short, medium and long-term expectations. The teams bring together profiles and expertise from across a wide spectrum, uniting sustainability experts, communication strategists and committed creatives. All employees are closely involved in contributing to positive changes in how business is conducted, to thinking about business and the role that it has to play in society. This is at the heart of the agency's Manifesto and values.

4.2.3 Ethical principles applying to all Group agencies

The ethical principles applying to all Group agencies involve two main aspects. On the one hand, compliance with the internal Code of Ethics, Janus, which applies to all employees, and which sets out a clear framework for managers on how to operate in a number of areas (see Section 3.1.5) whatever the agency's business. On the other, there are ethical principles that apply to specific businesses or activities. One classic example of this is compliance issues in health agencies. Communication in this sector is regulated in many countries. This means that the teams in our agencies receive training in the local regulatory framework, as well training from their clients who may have more specific communication frameworks.

For all output, whatever the client's business sector, the compliance review carried out with legal managers is part of the internal validation process. Compliance teams on both the agency side and the client-side work closely upstream of campaigns.

Over the past ten years or so, the Group has installed dedicated policies and procedures, such as Publicis Groupe Verified, for digital technologies, in its media agencies. This concerns brand safety, *i.e.*, the environment in terms of media content in which advertising is broadcast. Given the volumes involved, it is essential that Group clients know in which environments their ads will appear, and if the traffic volumes are exact (data). A team is in charge of carrying out daily checks of the sites that might be proposed to customers. This is a gauge of quality and responsibility, and effectively works as a certification. This team also works with specialized and certified third-party companies that perform the same type of control (see press release of January 13, 2020).

4.2.3.1 Lobbying practices

Some assignments may involve lobbying and strategies to influence decision makers on behalf of clients. Lobbying teams must comply with transparency criteria in relation to their clients, in such a way that their work, the objectives targeted, and the actions carried out are done so with integrity, in accordance with best practices in this area and in line with the Group's internal procedures. In accordance with legal obligations and best practices, the teams involved are clearly identified (mainly within Publicis Consultants or MSLGROUP, or its subsidiary, Qorvis), both in terms of the Transparency Register of the European Parliament and the European Commission, or on a country-wide basis, listed in the digital repertoire of representatives of interests managed by the High Authority for the Transparency of Public Life in France (HATVP), and in the United States where the rules of the Lobbying Disclosure Act apply or where this relates to the Foreign Agent Registration Act, with registration in compliance with the subjects and organizations concerned.

Publicis Groupe did not do any lobbying on its own behalf in 2019.

4.2.3.2 Confidentiality

The culture within the Group and its agencies has historically placed a high value on respect for the confidentiality of client data and projects. Teams may have access to sensitive information so it is usual to ask employees to sign more specific confidentiality agreements (NDA – non disclosure agreement). Intellectual property, whatever the type of creation or output, is also protected. Experts in trademarks or copyright or data base rights, provide input in the very early stages of a project, in all countries. Data protection specialists are involved in all projects to ensure that these issues are properly understood. (See also Section 4.3.1).

4.2.4 Technological innovations and partnerships

As the preferred partners of major digital platforms, Publicis Groupe has also formed technological partnerships with numerous businesses whether established companies or promising start-ups. The aim is to better understand the technical possibilities and work together to find new, intelligent solutions, and to meet client and consumer expectations.

On the basis of their expertise, Group entities have also developed different analysis and research methodologies, in particular for consumer behavior and sociological developments, and have developed software tools and specific systems to assist in serving clients. Most of the tools concern media planning activities.

Relationships with start-ups

In partnership with the Les Échos group, Publicis Groupe organized the 4th annual Viva Technology event in Paris. This global event has become an unmissable event for all digital transformation players. The objective is two-fold: to promote innovation by encouraging dialog between large groups and start-ups or project leaders and to foster growth by pooling ideas, resources and technologies.

In May 2019, over a three-day period, Viva Technology welcomed 124,000 visitors from 125 countries, including hundreds of managers (3 Heads of State and 23 ministers) and opinion leaders, thousands of professionals and students, 13,000 start-ups and 3,300 investors, to discuss and get involved in transforming the economic, social, technological, human and organizational aspects of companies. The third day was open to the general public who were able to visit 21 Open Innovation Labs, to learn more about the ecosystem and discuss it with professionals, as well as the hundreds of conferences and workshops on offer.

Some of the Group's digital agencies have internal "Labs" which aim to create the optimal testing conditions for multi-disciplinary teams, particularly, with regard to augmented reality, virtual reality, artificial intelligence and everything relating to the Internet of Things (IoT). Technical partners have joined forces to co-develop innovative solutions.

Since 2012, Publicis Groupe has been a partner of the Iris Capital fund. This fund supports 50 or so companies with an overall revenue totaling 2.3 billion euro and a total headcount of 10,800 people. Iris Capital focuses on firms with strong potential to radically transform their sector, specializing in Industry 4.0, the Internet of Things, Cyber Security, 5G networks, as well as Artificial Intelligence, Big Data and the Cloud, etc. (see www.iriscapital.com).

4.2.5 Responsible procurement

The Group's Procurement and CSR Departments continued their program of work to develop the supplier monitoring system, based on the following:

1. Policy: CSR Business Guidelines (replacing the CSR Procurement Guidelines) were clarified in order to make them more explicit and more demanding in three areas relating to the application of the Duty of Care Law: human rights and fundamental freedoms, personal health and safety and environmental impacts.

   This policy is a formal appendix to all contracts signed by Publicis Groupe and its suppliers. The new version (available to the public in CSR Smart Data – https://publicisgroupe-csr-smart-data.com/fr/) is sent to suppliers when contracts are renewed. Non-compliance with any one of these 12 guidelines is a non-selection criterion.

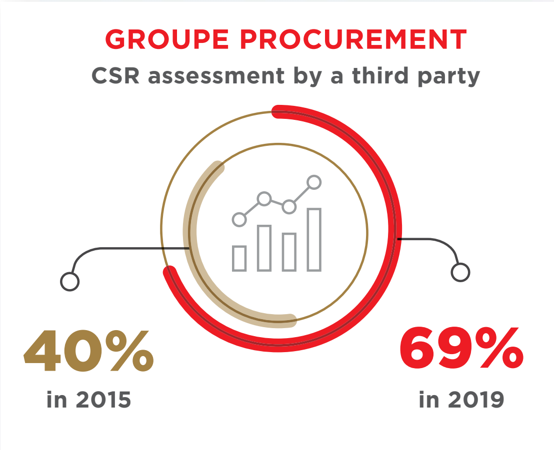
   For certain activities, such as security and cleaning, which are carried out by small local businesses, the Group makes sure that it regularly assesses its local suppliers regarding their respect of human rights, and all social and societal criteria;

2. Supplier CSR self-assessment via PASS (Publicis Groupe Platform for Providers' Assessment for a Sustainable Supply chain). The proprietary Group platform replaces the current questionnaire in use since 2010 and will enable Group and agency purchasers to ask suppliers to conduct a free of charge CSR self evaluation. This platform was created for SMEs that are less familiar with the process of third-party CSR assessment;

   This transparent self-assessment based on around 40 key questions, is reviewed by the CSR Department to confirm whether or not the supplier actually meets the criteria and priorities set by the Group;

3. Third-party CSR assessment: in 2015, the Group's Procurement Department introduced a systematic CSR assessment for all strategic suppliers. Publicis Groupe works with the Ecovadis platform and invites its strategic partners to be assessed by an external third party.

   In 2015, these assessments were done for 40% of the volume of purchases from strategic suppliers; in 2019, they were done for more than 69% of the volume (33% of global providers assessed); the objective being to conduct assessments for 100% of central purchasing volume.



The CSR assessment is worth 20% of the final rating awarded to tenders submitted by suppliers.

Suppliers must comply with Group standards on various issues that are subject to additional assessment:

- data protection: under the European GDPR (General Data Protection Regulation) Directive, suppliers are now obliged to comply with the Group's DPA (Data Processing Addendum). Critical reviews are carried out by the Global Data Privacy Office (GDPO) on data protection and the processes put in place;
- security of information systems: Group Security Office (GSO) teams conduct a technical review combined with tests (due diligence) on the security of suppliers' systems in order to validate their compliance and security. They validate proposed business continuity plans;
- environmental impacts: as the Group decided in early 2020 to follow the Science Based Target Initiative (SBTi) in respect of the 1.5° scenario, suppliers will be questioned about their actions and objectives in terms of reducing environmental impacts. Refusal to engage with an environmental action plan will constitute a non-selection criterion.

The Group and agencies' procurement policy is proactive in terms of eco-responsible, eco-designed products from the circular economy or that have been responsibly sourced or have a recognized environmental certification.

In recent years the Group's agencies in the United Kingdom have made voluntary commitments to combat modern slavery (2015 Modern Slavery Act) and all forms of human trafficking.

Supplier Diversity

Challenges relating to diversity issues in the supply chain are monitored internally with specialist Procurement Department teams. In Chicago in the United States, Leo Burnett has spent decades working with a portfolio of around 400 suppliers who are accredited as diverse suppliers, 50% of which are women-owned and 20% minority-owned. Other agencies rely on external experts who are specialists in Supplier diversity.

This proactive approach has also been taken in the United Kingdom, India and South Africa, to name but a few of the countries involved. In France, the Group is working with social and solidarity economy companies or sheltered-workshop organizations and companies (ESAT and EA).

Within the context of the Women's Forum and Daring Circle Women & Business, the Group continued its specific work to promote female entrepreneurs, with the aim of increasing their access to markets and new clients, enabling them to grow their businesses. This commitment is reliant on supplier monitoring so that companies headed up by women can be used, in partnership with WEConnect International, and UN Women via the We Empower program in G7 countries.

In terms of subcontracting, the agencies endeavor to anticipate as best they can their clients' major constraints, notably concerning the time needed to carry out certain projects during peak activity periods.

Finally, in all the countries where it operates, the Group ensures that suppliers and partners are paid promptly.

4.3 CITIZEN-CONSUMERS AND SOCIETY

4.3.1 Consumer protection measures

Janus, the Group's Code of Ethics, sets the key principles and behaviors applicable to all employees when performing their job, such as respect for others, confidentiality and avoiding conflicts of interest.

Since its creation, the Group has always refused to participate in partisan campaigns (no political campaigns), a stance that is quite rare in the communications sector. These rules apply to all Group employees and are a fundamental part of the Janus Code of Ethics (accessible on the CSR page of the Group's website).

Publicis Groupe conducts business-to-business communications operations. The Group's direct challenges are linked to systems made available to Group clients (for their brand name/ trademark, products, services, etc.).

With regard to data protection, Group experts take part in different multiparty working groups at both the national and international levels to examine best practices, existing and future standards and the consequences of the latest and forthcoming regulatory developments. The shared goal is to improve the transparency of the new modes of communication and interaction with end users. The Group is indeed firmly committed to the ideas of trust; free will and free choice of citizen-consumers (see Section 4.3.2 below).

In terms of inter-professional activities, Publicis Groupe has for several years been a member of the Coalition for Better Ads, which brings together all key players in the ecosystem (companies and trade organizations) around the common goal of improving online advertising standards. While it is clear that this finances many digital activities, it also has to better meet the expectations of consumers. One of its important areas of focus concerns the non-intrusive nature of advertising and the technical standards to be respected, notably regarding data protection.

(Also, see CSR Reports since 2009 and commitments given for example, concerning OBA – Online Behavioral Advertising, or AOD – Audience on Demand).

4.3.1.1 Focus on the role of Global Chief Data Privacy Officer (GDPO)

Governance, organization and mission

The Global Data Privacy Office (GDPO) is overseen by the Chief Data Protection Officer, whose role is to check and improve the Privacy program, a private data protection program, on an ongoing basis, in a world that is subject to constant change. The founding principles of this program are monitored by a Privacy Steering Committee, combining functional and operational roles. The appointment of Privacy Leads as well as Data Privacy Stewards in individual countries makes it possible to comply with different regulations such as the General Data Protection Regulation (GDPR) or the new Californian framework (CCPA).

On an operational level, the Group's agencies comply with data protection laws. With the support of the GDPO, the teams have to design their plan on the basis of the privacy by design principle, which requires close cooperation with project teams from an early stage, building in personal data protection and system security issues, via the review and assessment of technical solutions, liaising with the corresponding client-side teams, as well as cooperating with external partners. The GDPO works closely with the Global Security Office (GSO, see below). He or she is the first port of call for any internal (employee) or external (clients, suppliers, partners, etc.) or any stakeholder query regarding data protection matters (privacyofficer@publicisgroupe.com).

In 2019, the acquisition of Epsilon and the final stages of bringing the Company into compliance with the Californian regulation (CCPA) allowed for a new change of scale. Epsilon's Privacy team was incorporated very rapidly, whilst ensuring business continuity and with the same level of responsiveness as the project teams.

Data usage is central to the communications systems put in place for all Group clients. While various aspects require specific expertise, every employee must have a good grasp of certain fundamental knowledge on this matter.

The GDPO is the guarantor of the application of and respect for procedures, the updating of internal training on these matters, and participation in global industry bodies. The GDPO is part of the Group's Legal Department, reporting to the Secretary General (the Global Data Disclosure Policy can be found at www.publicisgroupe.com CSR section).

With suppliers and subcontractors

The Data Processing Addendum (DPA) has been systematically distributed to suppliers, partners and publishers. Together with the legal teams, due diligence is then done with the suppliers on two aspects: personal data protection by the GDPO and security checks by the GSO.

Operating procedures have been tailored to each industry's constraints and enable the Group to be highly responsive if corrective measures have to be taken to bring suppliers into line with Group standards.

4.3.1.2 Spotlight on the role of the Group Security Office (GSO)

Governance, role and mission

Information security is everybody's responsibility. It involves protecting the Group's sensitive information and that of its clients. The entire security program is overseen by a central, dedicated team within the Global Security Office (GSO), which brings together highly experienced professionals, whose expertise is certified by international standards including CISSP, CISA, CISM and CRISC to mention but a few. The GSO is responsible for the policies, guidelines and standards applied across the Group, with governance in direct contact with the Company's Top management for the validation of guidelines and action plans.

The information security program takes an approach that is based on continuous risk assessment and monitoring of the rules applied.

The GSO oversees a number of programs such as compliance, risk management, security testing, technical reviews, service continuity plans and educating employees about these risks. Particular attention is paid to training all teams using different methods (blogs, articles, videos, etc.) in six languages (French, English, Spanish, Chinese, Portuguese, German) to build a culture of security across the entire Group.

One team is dedicated to monitoring the risks of cybercrime (ransom malware, phishing, etc.), and the Security Office Center (SOC) is operational 24/7 and ready to intervene to safeguard infrastructures, systems, information and data. Response time is key to guaranteeing fluid continuity of service for users. The GSO is responsible for business continuity planning (business continuity plan) and disaster recovery planning (disaster recovery plan).

Vulnerability testing by teams takes place regularly and is subjet to annual audits by an independent third party.

GSO teams work closely with agency project teams to ensure compliance with client expectations. This means following external certifications such as ISO 27001 or more specific standards such as the Payment Card Industry Data Security Standard (PCI DSS) or the Health Insurance Portability Accounting Act (HIPAA). The Group's Information Securities Policies are aligned with ISO 27001 standards and several Group entities in India and the United Kingdom are ISO 27001 certified. The GSO monitors these certifications.

With the integration of Epsilon, specialist teams joined the GSO enabling compliance programs to be extended, with close third-party monitoring of other certifications: ISO 27001, ISO 22301, PCI DSS, HIPAA, Service Organization Control (SOC) 1 and 2, GDPR/CCPA (European General Data Protection Regulation/ California Consumer Protection Act).

The GSO works closely with the GDPO (see above section) on various compliance issues. The work of the GSO is monitored by the Group's Senior management.

With suppliers and subcontractors

The GSO oversees and monitors the partner and supplier evaluation program, in partnership with the Procurement Department. Formal security assessments have to be carried out to identify and anticipate possible risks (see Section 2 of this document).

4.3.2 Responsible consumption

Environmental awareness has grown sharply in recent times and studies carried out by our agencies on consumer expectations clearly highlight aspirations towards more responsible consumption.

We need to encourage new sustainable and responsible methods of consumption amongst our clients. Advertising and communication are still vital when it comes to raising the profile of companies' products and services and developing their client (citizen-consumer) business and jobs over the long-term. At the same time, there has never been a time when so many products and services have been on offer. The end customer is highly volatile and demanding, always searching for the best quality/ price ratio at any given time, sometimes resulting in a number of contradictions.

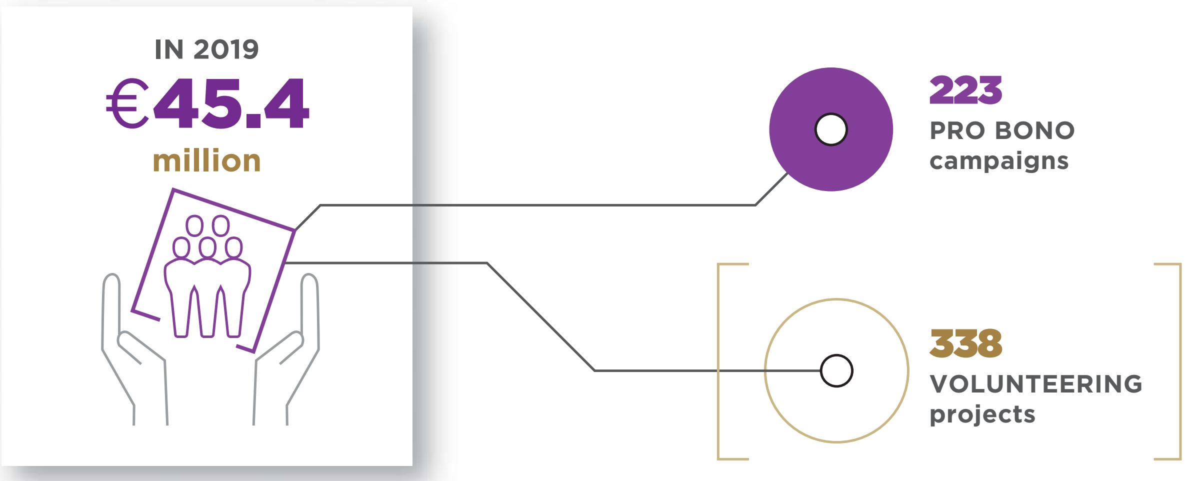
It is important to Group agencies that citizen-consumers are always able to exercise their free will and make informed choices. In light of the challenges facing our society today (reducing inequality, climate change, etc.), many people want to change consumption patterns, but this is a process that involves the opinions and desires of everyone. Agencies aim to act both as supporters and facilitators of behavioral change, and support their clients with their complex transformation projects. The Group's commitment to responsible marketing is to be applied at all times.

4.3.3 Commitments given by the Group, agencies and employees to local communities: Create & Impact 2019

For over 10 years now, Create & Impact has been the umbrella program that pools the Group's actions carried out internally (Give Back Days, Wellness Days, Green Day and Green Week, etc.) and undertaken with communities and society in general, including *pro bono* campaigns, as well as volunteering and charitable activities. Create & Impact is the combination of all Group commitments having a societal impact, representing an **estimated total of 45.4 million euro in 2019**. The nature of the contributions made by agencies has moved towards conducting an increasing number of charitable activities involving more volunteer employees but with a lower financial value than the *pro bono* campaigns. All activities carried out within the context of Create & Impact have a direct impact on populations, on local and neighboring communities, and on regional economic, social and environmental development since there is a strong proximity between the agencies and the causes they support. All of the activities included in Create & Impact have been monitored for the last four years, in line with United Nations' SDGs, in order to better assess their direct impact (see the CSR section of the Group's website).

Common Ground: in 2016, Publicis Groupe, together with five other communications groups, committed to back the Secretary General of the United Nations by lending their expertise to promote the Sustainable Development Goals (SDGs) of the United Nations. As part of this unique industry approach, Publicis Groupe has continued to work on SDG no. 2: Zero Hunger. Since 2016, 200 projects have received support from the teams, either via pro bono, volunteering or charity work.

COMMUNITY ENGAGEMENT



Group agencies took part in over **561 projects** in 2019.

The value of these contributions has dropped in the last few years, for three reasons. Some entities have limited their commitments, reducing the number of organizations to which aid is given and the total value of that aid. The number of projects supported by volunteering or skills-based sponsorship is growing, but their financial value is more modest. Lastly, media buying volumes are down by value but have grown in efficacy due to the use of social network platforms.

***Pro bono* campaigns (223)** are carried out free of charge by the Group's various agencies, in addition to all the skills-based sponsorship provided. Agencies concentrate on a limited number of causes. The teams are very proud of the actual efficacy of the campaigns, and of the awards that they have won in recognition of their creative freedom.

In regard to volunteering (338), one or more teams are made available for a limited period of time to provide operational support for specific initiatives run by non-profit organizations in the name of general interest causes. In some countries, this may also be regarded as skills-based sponsorship.

You will find a presentation of select projects in the CSR, social aspects, section of our website.

Donations and charity work: emergency aid is ongoing. To a greater or lesser extent, natural disasters and tragic accidents arouse spontaneous acts of generosity that bring employees and management together. Under these extraordinary circumstances, local presence is a key factor for success. This is why the Group gives priority to a decentralized approach and local initiatives.

Contribution to SDGs: the Group monitors the way in which the causes chosen and supported contribute to United Nations Sustainable Development Goals (SDGs).

4.3.4 Stakeholder relations

Stakeholders other than employees, clients and citizen-consumers (society) previously detailed in Sections 4.1, 4.2 and 4.3 are cited here. Stakeholders are invited to send comments or questions to the Group's CSR Department at csr@publicisgroupe.com.

4.3.4.1 Shareholder relations

The Company has been listed on the Paris Stock Exchange since 1970. It is one of the companies selected for the CAC 40 index. Detailed information on shareholders is provided in Section 8.2 of this document.

4.3.4.2 Investor relations

The Investor Relations Department (see Section 8.4.2 of this document) oversees everyday relations with investors and shareholders via numerous meetings and exchanges in various countries. The Investor Relations Department and the CSR Department work closely together with respect to ESG (Environmental-Social-Governance) requirements coming from shareholders, investors, management companies or ratings agencies.

The press releases and presentations circulated throughout the year are accessible on the Group's corporate website: investor relations' section.

4.3.4.3 Media relations

The media and the platforms are key Group partners: they are the suppliers that agencies deal with on a daily basis in different countries. Publicis Groupe has always been very committed to media pluralism and is often engaged in supporting media diversity and respect for media neutrality.

In a totally separate manner, the Group Communications Department supports the Company's official corporate publication schedule. Agency communications focus on projects that they have completed for clients and on campaigns and awards. The Group's Communications Department also keeps all stakeholders informed. Employees, shareholders, the general public and institutional investors are informed via different communication tools (media, website, social networks, newsletter, etc.).

4.3.4.4 Relations with consumer and environmental protection associations

In every country where the Group operates, these associations are key stakeholders in the local ecosystem. The agencies work with them as part of industry projects, to listen and meet, and discuss the role of communications professionals. The climate emergency has favored more regular discussions with environmental or biodiversity (fauna and flora) protection associations so as to reach agreements to cooperate with certain clients and industrial or service companies.

Our agencies sometimes also help certain organizations with their projects (*pro bono* or volunteerism).

4.3.4.5 Relations with regulatory authorities, self-regulated authorities and inter-professional organizations

In most countries in which the Group operates, regular cooperation takes place with the different industry regulatory bodies and/or industry self-regulation is organized, through inter-industry channels, and work carried out within the industry on common issues. The challenges related to the protection of personal data are an illustration: advertising is just one of the players. Long-term collaboration with all stakeholders is therefore indispensable (see Section 4.4.2).

4.3.4.6 Relations with governments and local authorities

Publicis Groupe is a responsible taxpayer that complies with its tax obligations (payment of taxes). This means that we:

- respect the tax laws applicable in each country;
- prepare and file tax returns in an accurate and timely manner and retain all necessary documentation to support the tax filing;
- understand how and where value is created and ensure that transfer pricing reflects this;
- employ appropriately qualified and trained tax professionals with the right levels of tax expertise and understanding of the business.

The Group's fiscal policy is based on these four principles:

1) Compliance: We act at all times in accordance with all applicable laws and relevant international standards; Publicis Groupe does not practice tax evasion and does not resort to any practice that is contrary to regulations;
2) Transparency: We comply with all relevant legal disclosure and approval requirements and all information is clearly presented to the tax authorities. Openness and honesty are paramount in all dealings with the tax authorities;
3) Tax risk management strategy: To the extent the Group undertakes tax planning, it takes place where there is a business purpose or commercial rationale. The Group manages tax risks on the back of an analysis of the risks;
4) Accountability & governance: We ensure that as a business we have the mechanism in place to adhere to the above principles as outlined in the Group's annual report. The tax strategy is monitored by the Finance Department, in tandem with senior management (see Chapter 6.6, Notes 1 and 8 in this document).

4.4 BUSINESS ETHICS

Since its creation, Publicis Groupe has focused on operating in accordance with high standards of ethics and ensures that this requirement is shared by all employees and managers.

4.4.1 Ethical principles in the conduct of business

Janus is the Group's Code of Ethics and applies to all managers and their teams. It consists of a Code of Conduct and detailed operating rules. The Code of Conduct applies to all employees (see Section 3.1.5 of this document). **85.5% of the Group's workforce has received training** in the **Janus Code and its contents**. The majority of new employees, whatever their position, follow an induction program comprising a presentation of the Group and its businesses and a presentation on Janus and its key principles. This includes elements related to team and manager standards of behavior, and the operating rules to be respected in terms of fair trade. These include: the "Zero tolerance" principle in terms of discrimination, harassment, and violence at work, rules regarding conflicts of interest, fraud, anti-corruption, data protection, compliance, key points of the HR policy, and a reminder of the major principles adhered to by the Group, such as the United Nations Global Compact.

In terms of business, one of the Group's historical principles is its refusal to take part in partisan communications campaigns of any kind. The Group refuses to work for political parties, sects or ideological propaganda organizations. Several Janus excerpts are available on the Group's website, in the CSR section.

4.4.2 Duty of Care Plan

In accordance with Article L.225-102-4 of the French Commercial Code, Publicis Groupe has drafted and implemented a Duty of Care plan comprising reasonable duty of care measures for the identification of risks and prevention of serious infringements in the areas of human rights and fundamental freedoms, health, personal safety and the environment, resulting from the Company's activities and those of the companies it directly or indirectly controls, within the meaning of Article L.233-16 of the French Commercial Code, as well as the activities of sub-contractors or suppliers with which it has an established business relationship.

Every year since 2003, the Group has recommitted to the 10 principles of the United Nations Global Compact – principles which apply to the Group's employees and those of its subsidiaries, as well as to its suppliers. These principles are based on:

- the Universal Declaration of Human Rights, endorsing its article 1: all human beings are born free and equal in dignity and rights. This fundamental principle is incorporated into the Diversity, Inclusion and Anti-discrimination policy;
- the International Labor Organization (ILO) Declaration on fundamental principles and rights at work – with scrupulous concern for freedom of expression, freedom of association, and combating child and forced labor. These principles are incorporated into Talent and Human Resources, Health and Safety at work and Data protection policies;
- the Rio declaration on environment and development, always aiming, since 2009, to reduce the impacts of the Group and its subsidiaries on the environment, and offsetting irreducible impacts. The Consume less & better environmental policy has the same objective and is in line with the Paris Agreement;
- the United Nations Convention against Corruption, with the Group-wide application over the last few years of the requirements of the French "Sapin 2" Law, aimed at combating corruption as described in the Anti-corruption policy.

The principles of the United Nations Global Compact are incorporated into several sections of the Janus Code of Ethics, in particular, Talent and Human Resources, CSR – Corporate Social Responsibility and CSR Guidelines for Business (previously CSR Procurement Guidelines).

4.4.2.1 Governance and scope

A dedicated Steering Committee on Duty of Care was set up in 2017, comprising members of the Internal Audit and Risk Management Department, as well as the CSR, Procurement, Human Resources and Legal Departments. Reporting to the Group's Secretary General, this committee is tasked with introducing, and ensuring the implementation of a Duty of Care Plan in relation to the Company's activities and those of all its subsidiaries or companies that it controls. This plan comprises reasonable duty of care measures for the identification of risks and prevention of serious infringements in the areas of human rights, fundamental freedoms, health, personal safety and the environment, resulting from the Company's activities and those of the companies it directly, or indirectly, controls, within the meaning of article L. 223-16 of the French Commercial Code, as well as the activities of sub-contractors or suppliers with which it has an established business relationship, where these activities relate to that relationship.

The findings of its work are presented to the Supervisory Board's Strategy and Risk Committee.

Internal Audit covers labor-related issues during its regular reviews (HR procedures, employee protection and information, whistleblowing system, etc.).

4.4.2.2 Systems in place for the application and monitoring of the Duty of Care Plan

The Group's Duty of Care Plan is forwarded to all subsidiaries. It is incorporated into the Group's "Janus" Code of Ethics which applies to all employees and managers. Agency CEOs are responsible to implementing local measures and for monitoring indicators.

Measures are implemented with the involvement of Shared Service Centers (Re:Sources). Procedures for the regular assessment, in terms of risk mapping, of subsidiaries, subcontractors or suppliers with which the Company has an established business relationship, have been put in place.

All other aspects relating to the Group's employees are monitored by agency and country Talent and Human Resources teams via the indicators mentioned, supplemented, where necessary.

Aspects relating to the Group's suppliers are monitored by the Group's Procurement Department, in conjunction with the Group's CSR Department. 2019 was spent reviewing and improving procedures so as to prevent and mitigate risks, and any possible damage. The "CSR Procurement Guidelines" now accessible under "CSR for Business" were reviewed with more stringent requirements for a number of criteria. This document is a mandatory appendix to any contract signed by the Group and its suppliers. Publicis Groupe uses the Ecovadis platform and invites its suppliers to be assessed on this platform. Other assessments by neutral and independent third parties, dating back less than 12 months, are recognized by the Procurement Department.

From 2020, a CSR self-assessment process on the Group's proprietary platform "PASS" will be rolled out for local suppliers, i.e. a large number of small and medium-sized enterprises. (see Section 4.2.6 Responsible procurement).

The whistleblowing system, (see 4.4.4 below) in place within the Group was expanded to cover legal provisions relating to duty of care and was consolidated around a single address ethicsconcerns@publicisgroupe.com, designed to receive and handle internal or external claims.

4.4.2.3 Risks monitored under the Duty of Care Plan

Within the context of the single risk mapping preferred by the Group, presented to the Supervisory Board's Strategy and Risk Committee, the following risks, included in the Duty of Care Plan, were examined in greater depth:

a) Risks in relation to Human rights and fundamental freedoms

Human rights and fundamental freedoms must never be violated. They must be protected and respected whether in relation to employees, clients and partners, or suppliers.

b) Risks associated with personal health and safety

Health: Our employees are the Group's main assets and difficult working and health and safety conditions represent a risk that may significantly affect our business.

Safety: With a presence in over 100 countries and operations involving a high level of employee mobility, the Group constantly monitors changes in the security or medical situation in the cities in which our offices are located.

c) Environmental risks and risks associated with climate change

Group environmental impacts: With over 83,000 employees in more than 100 countries, the Group's operations impact on the environment, particularly as a result of travel, energy consumption and waste.

Impacts associated with climate change: Climate events (floods, storms, tsunamis, etc.) may disrupt or interrupt the services delivered by agencies and teams to their clients.

4.4.2.4 Human rights and fundamental freedoms

Publicis Groupe has put systems in place to prevent serious violations of human rights and fundamental freedoms.

- The abolition of child labor:

Publicis Groupe only hires adult employees. Short-term job shadowing (lasting a maximum of one to three weeks) may, however, be offered to minors as part of their school career or professional apprenticeship, subject to obtaining authorization from parents and in agreement with the educational institution;

- The elimination of all forms of forced labor or modern slavery, and combating discrimination:

The Group applies a Zero Tolerance policy with regard to forced labor or modern slavery, and discrimination in all its forms, against both women and men. The Group's employees may receive legal support in the performance of their duties, in countries with low levels of legal protection;

- Freedom of expression and freedom of association

Freedom of movement, association and expression are some of the key principles recognized by the Group with regard to employees, both women and men. The only possible restrictions being associated with confidentiality and the safety of people, data and property, and legal requirements;

- Combating physical, sexual or moral harassment:

The Group has a Zero Tolerance policy with regard to all forms of harassment. Behaviors or actions that may be contrary to our policy result in disciplinary measures for employees that include termination of their employment contract or potential legal action.

In 2018, Publicis Groupe signed up to the Women Empowerment Principles (WEP), seven fundamental principles listed by the United Nations to act tangibly to promote women's rights worldwide and at all levels. This commitment, along with the United Nations Global Compact, requires signatories to be transparent in their actions and results. The Group has also chosen to follow the United Nations' Sustainable Development Goals (SDGs – see Section 4.8) since 2015, concentrating on 10 of these to measure its contribution and positive impacts.

On these various points, the Group asks its suppliers to comply with these standards. These issues form part of the CSR Guidelines for Business (previously CSR Procurement Guidelines), which is an appendix to contracts signed by the Group and its suppliers.

Pro bono campaigns, like volunteering (see Section 4.3.1) in support of organizations or general interest causes promoting human rights (of women, men and children) and opposing all forms of exclusion and discrimination, demonstrate the long-term commitment of the Group, as well as its agencies and employees, to defending human rights.

Action plan and Key Indicators

The main elements of the action plan are presented in Section 4.3.3. In 2020, the focus will be on a critical review of advance procedures so that they can be simplified and improved, and on training the teams in these new approaches:

- specific team training in ethical principles on human rights and fundamental freedoms;
- *pro bono* campaigns and volunteering initiatives, in numbers;
- number of suppliers not selected due to failure to respect human rights and fundamental freedoms.

4.4.2.5 Personal health and safety

Publicis Groupe is a people business where the Company's women and men are its main asset. Almost all the Group's operations require employees to work in front of screens and, as with all service activities led by client satisfaction, projects may sometimes be carried out under time constraints. The policies applied, and the action plans implemented during the year are overseen and monitored by local human resources managers and Talent Officers.

The Group is particularly concerned about the following issues:

- Stress prevention

The agencies are responsible for taking measures to prevent psychosocial risks (RPS) whether relating to work organization or team management. The Group acknowledges that it is necessary to compensate for times when the workload is very heavy. The agencies put *ad hoc* support systems in place to support employees who feel that they are experiencing difficulties, whether using internal medical services, where these exist, or with the help of external healthcare partners;

- Prevention of Musculoskeletal Disorders (MSD)

Employees are encouraged to make their requirements known when it comes to work equipment, so that they can be supplied with the right tools for their job. Agencies must put activities in place to combat sedentary behavior and encourage good posture. Specialist employee interventions (ergonomists, occupational therapists, etc.) in the workplace are organized on a regular basis;

- Safety at work

All employees are trained, on an annual basis, in office evacuation via simulations and are informed of what to do in the event of extraordinary events (earthquakes in at-risk locations). Volunteer employees are trained in first aid.

Employee safety has always been the Group's number one priority. Employees work in offices with manned entries and exits.

The Group has introduced a very strict travel policy, under which countries are classified into three risk categories. Some high-risk countries are simply banned while other countries are only permitted after assessment and verification of travel conditions and, when appropriate, the implementation of additional security measures. All travelers are provided with advance information and advice on the situation in the country to which they are traveling.

The crisis occurring in early 2020 as a result of the Covid-19 pandemic has enabled the operational measures in place within the Group since the SARS crisis in 2015 to be validated. These measures are based, in particular, on monitoring employees' health and on a healthcare provision capable of dealing with major challenges. They also include arrangements enabling employees to switch rapidly to teleworking with appropriate equipment (computers equipped with VPN, cell phones, etc.), and an adapted work structure ensuring continuity of service to the Groupe's clients across all countries.

A crisis plan has been put in place by the Group to ensure that in the event of a major crisis (health, climate or political), all employees, whether at home or abroad, can be traced and assisted where required. The roll-out of LionAlert within the Group is designed to make it possible to contact employees and ensure their safety.

Publicis Groupe expects its suppliers to provide the same level of care to their own employees. These three issues form part of the CSR Guidelines for Business (previously "CSR Procurement Guidelines"), which is an appendix to contracts that the Group signs with its suppliers.

Action plan and Key Indicators

The main elements of the action plan are presented in Section 4.1.4.

In 2020, the focus will be on improving prevention within agencies and in partnership with healthcare partners:

- absenteeism rate;
- workplace accident rate;
- social protection and access to prevention activities;
- number of suppliers not selected for reasons related to the health and safety of people (indicator piloted in 2019; rolled out more widely in 2020).

4.4.2.6 Environmental impacts

For the last 15 years or so, Publicis Groupe has implemented its "Consume less & better" environmental policy which is based on five pillars – each backed by a performance indicator (see Section 4.5 Environment):

1. reducing forms of transport that produce high levels of CO_2;
2. reducing energy consumption and sourcing 100% renewable energy;
3. reducing the consumption of raw materials: water, paper, plastics;
4. reducing waste in all its forms so as to achieve 100% recovery and recycling;
5. Group carbon neutrality by 2030.

Employees in all entities have come together to reach these targets, to find local solutions enabling them to better manage "irreducible" impacts.

At the beginning of 2020, the Group launched a Science Based Targets initiative (SBTi) to raise its requirements and commitment to alignment with the Paris Agreement, based on the 1.5° by 2030 scenario (see Section 4.1.5).

Specific measures and a number of collaborative tools in place in agencies mean that more than 95% of Group employees can work remotely in the event of severe weather conditions.

Audits are carried out throughout the year to analyze the resistance of the IT systems and to confirm the effectiveness of backup security systems to ensure service continuity.

Publicis Groupe expects its suppliers to make a serious commitment to combating climate change. Suppliers' failure to commit to combating climate change will be grounds for non-selection during tenders launched with Group suppliers (global, regional, country, agency).

Action plan and key indicators

The main elements of the action plan are presented in Section 4.5.

In 2020, the focus will be on raising awareness and motivating suppliers to reduce their greenhouse gas emissions and join in the 1.5° scenario target:

- reduction in carbon intensity *per capita* in line with SBTi targets for 2030;
- carbon neutrality by 2030 (scopes 1+2+3);
- number of suppliers not selected due to failure to take environmental issues into consideration.

4.4.3 Anti-corruption plan

The Group has complied with the provisions of the Sapin II law, Article 17 II.1°; the Group has put in place the pillars of a plan for prevention, as provided for by the law, namely a Code of Conduct (Janus), which includes the anti-corruption policy, illustrating prohibited behaviors involving corruption or influence peddling. Risk mapping incorporates the risks of the Company's exposure to corruption, and takes into account the geographical areas in which the Group operates.

In France, the anti-corruption policy is incorporated into the internal rules and, for this reason, has been the subject of the employee representative consultation procedure provided for in article L. 1321-4 of the French Employment Code.

Policy

The Group's anti-corruption policy is updated on a regular basis. It forms part of the Janus Code of Ethics. It can be accessed by the general public in the CSR Smart Data section of the Group's website (see www.publicisgroupe.com). It provides for the principle of zero tolerance of any form of corruption or bribery, specifying contexts or at-risk areas and any prohibitions with which individual employees and managers must comply.

Training and monitoring

More specific training was developed for managers and individuals with particular exposure to corruption risk. Janus addresses the issues of gifts, conflicts of interest and inappropriate or unethical behavior – either with clients or suppliers – competition and unfair practices. The Group's legal experts play an important role in terms of awareness and the application of laws and regulations concerning corruption, fraud and money laundering. Based in the shared services centers (Re:Sources) and functioning under the Group's Legal Department, these legal experts keep a constant eye on laws and regulations dealing with corruption. They work on prevention and lay down compliance procedures adapted to local markets. The aim is to maintain extremely strict standards that comply with current applicable regulations.

Suppliers are assessed and verified in this regard before contracts are signed.

Assessment

As part of their regular tasks in the agencies, the internal audit teams spend time reminding everybody about the Group's rules regarding the fight against corruption and verify compliance on site. Conflicts of interest and gifts have also been reviewed.

Internal or external accounting audits are in place. They are designed to ensure that books, records and accounts are not used to conceal acts of corruption or influence peddling. Checks are carried out by internal control teams or with the help of external auditors as part of the account certification audits provided for by article L. 823-9 of the French Commercial Code.

The internal audit team reports on its anti-corruption work to senior management and a report is presented to the Supervisory Board's Audit Committee (see Sections 2.2.2 and 2.2.3).

Whistleblowing

Employees, suppliers and any third parties may report issues via a centralized system, ethicsconcerns@publicisgroupe.com. Individual issues are dealt with by the internal audit teams, reporting to the Secretary General's office. Confidentiality is guaranteed as well as protection from the risk of reprisal.

Sanctions

A disciplinary system means that employees can be sanctioned by the Company if they breach the Code of Conduct.

Immediate measures may be taken should suppliers contravene this anti-corruption policy

4.4.4 Whistleblowing

This single, centralized system, ethicsconcerns@publicisgroupe.com, is now fully operational. It enables us to respond simply and effectively to different alerts. All alerts received (post, email, etc.) are dealt with, whether they come from employees, clients, partners, suppliers or any other stakeholders. Investigations are carried out by the Internal Audit Department using the appropriate means in relation to the subject in question and ensuring strict confidentiality. Whistleblowers are protected by confidentiality and any form of retaliation is prohibited. The Internal Audit Director reports the findings of the investigations carried out to senior management and a report is presented at each meeting of the Supervisory Board's Audit Committee.

In 2019, 66 reports were handled, 40% of which were reported from within the Company. Half of these cases were HR issues. 100% of reports were processed and went on to be investigated by internal audit with the support of internal legal experts.

The Internal Audit Director reports the findings of the investigations carried out to senior management and a report is presented at each meeting of the Supervisory Board's Audit Committee.

4.4.5 Professional ethics and ethics within business lines

Ethics is a cross-functional issue, some aspects of which are covered in Section 4.2.4, relating to clients (responsible communication, personal data protection). The following are examples of some initiatives in this area carried out and monitored by the Group over the last few years:

Regarding professional self-regulation, on an international scale, the Group is still very much involved, and works with professionals and all the competent authorities of the ecosystem to advance standards and best practices. For some 80 years, the communications sector has been governed internationally by the ICC's (International Chamber of Commerce www.iccwbo.org) Marketing Code. This ICC Code (Advertising and Marketing Communication Practice – ICC Code) sets the standard in terms of self-regulation and best practice in advertising and marketing. It covers digital communication and mobile apps. The 2018 version reiterates the founding principles: all communication must be legal, decent, honest, truthful and socially responsible. This Code sets out to be neutral in terms of technology and media and so no players are exempt. This Code sets out a clear framework for advertising aimed at children (under 12) and adolescents (between 13 and 18), takes vulnerable people into consideration and incorporates challenges associated with data collection and protection and the right to privacy:

- Group agencies play an active role in **national and international professional organizations**. Worthy of note is the work carried out with the IAB (Interactive Advertising Bureau) and the MRC (Media Rating Council) on the visibility of digital advertising, and how this can be quantified (viewability). Publicis Media was the first agency to be Gold standard certified in 2018, and then again in 2019. This work is done in close cooperation with other professional organizations such as the 4As (American Association for Advertising Agencies), particularly the 4A's Privacy Committee, the ASRC (Advertising Self Regulatory Council) in the United States, as well as the EASA (European Advertising Standards Alliance). The Group took part in the launch of the Global Alliance for Responsible Media in Cannes in 2019, at the behest of clients belonging to the World Federation of Advertisers (WFA). These projects require the Group's commitment, in the same way as the work done collectively on Online Behavioral Advertising and Native Advertising, both in the United States and in Europe;
- **The Trustworthy Accountability Group** (TAG) is the first cross-industry initiative of its kind dedicated to the fight against criminality in the digital advertising supply chain.

Its work focuses on four areas: eradicating illicit trafficking, combating malware, fighting against online piracy and promoting transparency (TAG Anti-Piracy Pledge). The goal is to ensure brand safety; that is to say to ensure against brands appearing on inappropriate sites or environments. The TAG Registry was the second part of the Verified by TAG program, whose two-fold aim is to combat fraud and crime related to the online advertising sector, and to promote best practice; Publicis Groupe is one of the companies integrated in the TAG Registry. Publicis Media was the first group to be awarded "TAG Platinum" status in 2019, having been approved in the following areas: TAG Certified Against Fraud, TAG Certified Against Piracy, TAG Certified Against Malware, and being fully compliant with the TAG Inventory Guidelines;

- **Digital Ad Trust:** this French initiative, launched in 2017, has been fully operational for two years now and brings together all ecosystem players, including the Media agencies. The goal of this approach coordinated by IAB France (International Advertising Bureau) is to assess and promote responsible sites based on the quality of their content and the advertising practices used (cookie and browsing preference policies).

Regarding education Publicis Groupe has, for 10 years now, participated in "MediaSmart", a European program ("PubMalin" in France, www.pubmalin.fr) designed to help primary school teachers teach 8-11 years old critical thinking skills relative to advertising, as part of a joint initiative with media representatives, teachers, consumer associations and regulatory authorities. The Group also participates in the MediaSmart Plus program aimed at high-school students and their teachers;

Professional organizations (at the national and regional levels); agencies are also becoming increasing involved in cross-sector work with other stakeholders and in many topics related to the Group's activities. Agency managers and experts are involved in these organizations, and monitor the application of constantly improving best practices by their agencies.

4.4.6 Audits and Certifications

Communications industries are subject to different formal frameworks. The Group's agencies are sometimes audited by clients on different issues. In the United States, in response to a request from the Association of National Advertisers (ANA) focusing on issues of audience reliability, all the audits conducted at Publicis Media failed to show any anomalies, thus making the media solutions offered to clients even more credible.

The main certifications in place in agencies are:

- ISO certifications; 23% of headcount is covered by the various ISO certifications; the majority of these cover agencies in India and the United States;

ISO certifications	Nbr of agencies certified
ISO 9001	19
ISO 14001	16
ISO 27001	10
ISO 22301	1
ISO 17100	2
ISO 20121	3
ISO 45001	2

- professional certifications; in some countries, these are required for certain activities, for example, with the CENP in Brazil or the CAANR in New Zealand;
- technological certifications, which are widespread and cover different types of technical standards.

As well as:

- industry qualifications related to certain tightly controlled business sectors, such as healthcare for Publicis Health agencies, in the United States, France and the United Kingdom: employees are trained in local regulatory frameworks and every campaign undergoes a Compliance Review;
- professional accreditations enable checks and audits to be conducted on behalf of clients, as is the case with Publicis Communications in the United States which conducts audits requested by clients on different aspects such as supplier diversity.

4.4.7 Compliance

All compliance matters are monitored by the Group's Legal Department under the responsibility of the Secretary General, with the support of the local teams in all countries.

In relation to the GRI guidelines:

- Publicis Groupe does not receive any State aid or public financing;
- Publicis Groupe, whose core activities involve the provision of intellectual services, has not recorded any incidents involving child labor or forced or compulsory labor, nor incidents relating to the violation of the rights of native populations, nor human rights grievances;
- Publicis Groupe has not experienced any incidents of non-compliance with voluntary rules and codes concerning: impacts on consumer health and safety; information about its products and services; the provision and use of its services;
- Publicis Groupe has had no complaints filed against it for invasion of privacy or loss of client-related data;
- as happens every year, a very small number of agencies (fewer than ten) recorded incidents of non-compliance with regulations and voluntary codes relating to communications,

more often than not in the form of notices or notifications issued by regulatory or self-regulated bodies, on each occasion giving rise to immediate modifications;

- Publicis Groupe has not had to fight any legal actions for infringement of anti-trust laws, anti-competitive behavior or monopolistic practices, or corruption.

Regarding article R. 225-105 II, and supplementary information required by other French legal texts, the environmental impacts are dealt with in the section below. However, some indicators do not apply to Publicis Groupe, given the nature of the service-based and intellectual activities, namely:

- the resources dedicated to preventing environmental risks and pollution. Given the insignificant level of these types of risk, the Group does not envisage writing any provisions and guarantees for environmental risks or risks associated with climate change;
- the consideration of noise pollution and other forms of activity-specific pollution;
- measures taken to prevent, reduce or repair air, water and soil pollution (including land use) affecting the environment.

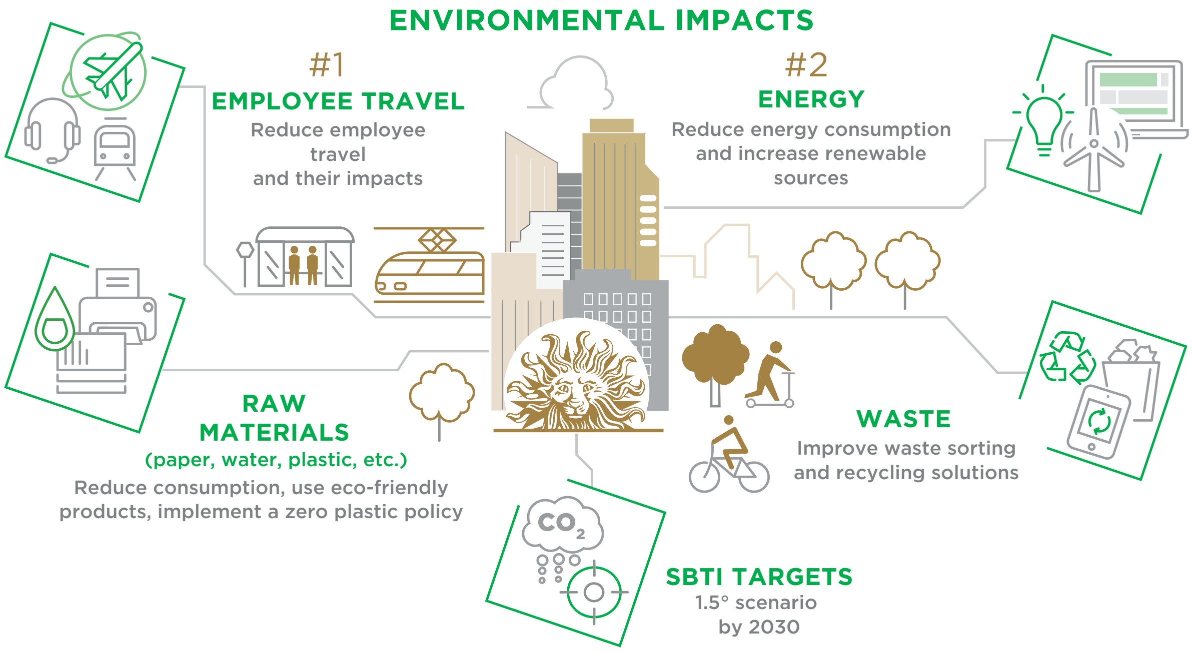
4.5 ENVIRONMENT AND CLIMATE CHANGE

By signing up to the United Nations Global Compact in 2003 and the Caring for Climate pledge in 2007, the Company has taken a proactive approach to implementing non-resource intensive solutions and improving the monitoring of its environmental impacts. 2019 will mark a turning point, with a change of scale in terms of combating climate change.

Eco-friendly design is now at the heart of client campaigns in more and more agencies. Teams are looking for partnerships to make projects more sustainable using new approaches such as the circular economy or sharing economy. Eco-friendly design and assessment approaches have been trialed and the results are convincing. These voluntary initiatives make it possible to associate customers, suppliers and partners.

Lastly, employees are very much involved in internal initiatives, especially daily eco-friendly actions, to limit environmental impacts, the two most significant of which are due to travel and transportation, and energy use.

/ Environmental policy and impacts



4.5.1 Adapting to climate change

In view of the challenges facing society in the face of the climate emergency, Publicis Groupe has committed to the Science Based Targets Initiative (SBTi) in order to set its targets for 2030, by following the Paris Agreement commitments and the 1.5° scenario. These targets will be set in the course of the year 2020.

The action plan will be based on three pillars:

I. **Reducing all direct agency impacts by more than 40% by 2030:** primarily energy and travel, including waste reduction (100% recycled) & motivating employees to implement solutions to reduce all impacts of everyday operations;

II. **Achieving 100% of the energy consumed generated directly from renewable sources by 2030:** with 37.1% renewables in 2019, the plan calls for a 6% improvement in total renewables per year by 2030;

III. **Covering 100% of irreducible impacts through offsetting mechanisms by 2030**; carbon offsetting being considered as a last resort;

This action plan requires centralized investment. It is overseen and monitored by the CSR Department. It has been adopted by the Management Board and presented to the Supervisory Board which has approved it.

4.5.2 Environmental policy

From the outset, the Group's new environmental policy, "Consume less & better", was developed around the EU 2030 Climate and Energy strategy. In 2019, regarding the urgency in climate-related matters, the Group reviewed its goals.

Publicis Groupe has voluntarily chosen to follow Task Force on Climate-related Financial Disclosure (TCFD) recommendations, and has committed to using a Science Based Target Initiative (SBTi) process to set its new targets for 2030.

The environmental policy continues to be structured around the following areas, in order to achieve and maintain carbon neutrality as soon as possible:

1. reducing employee travel (particularly air travel) and its impact through the introduction of teleconference and conference call systems, etc., encouraging lower-emission modes of transport (such as public transport, "Green cabs", electric, hybrid or smaller cars, etc.) or alternative mobility solutions (bicycles);
2. reducing energy consumption and improving energy efficiency (by seeking to limit the impact relating to electricity, heating and air conditioning);
3. reducing consumption of natural resources and raw materials (mainly paper, water, plastics). At the beginning of 2020, a global plan was launched to eliminate single-use plastics (Zero Single Use Plastic) from all agencies in order to rapidly comply with the ambitious objectives of the plan voted by the European Parliament.
4. systematically installing recycling and organized (non-hazardous) waste management systems.

The summary table at the end of this section shows the changes under way.

Publicis Groupe is a signatory of the French Climate Business Pledge, restating the commitment of French business to the Paris Agreement targets, energy transition and the fight against climate change within the context of the 1.5° scenario.

5. achieve carbon neutrality for the entire Group as soon as possible and by 2030.

Focus on real estate

Environmental issues are taken into consideration by the Group's Real Estate Department right from the early stages of a project, whether in the course of refurbishment work for the agencies or when looking for new premises. The goal is to favor spaces that meet the energy and environmental criteria. Every year, examples of good practice are exchanged by Real Estate managers in different countries so as to anticipate requirements for the future premises:

- building certification (LEED, BREEAM, HQE, Energy Star, etc.); such as in Boston, New York, Chicago, Los Angeles, Gurgaon, Bangalore, Shanghai, Paris and London;
- selection of energy supplier and energy mixes that include renewable energies. Certain agencies have already reached 100% renewable energies;
- energy-saving electrical installations and regulated management of heating and air conditioning;
- monitoring of the consumption of water and other fluids used (air conditioning);
- biosourced materials for interiors and decoration;
- effective (proven) waste sorting and recycling systems.

Over the last two years, the Group reduced the area occupied by 20%, with spectacular mergers like in New York where 10 addresses fell to three, in London where 11 address fell to five, or the bringing together of all Boston entities into a single fully refurbished building. Epsilon teams were incorporated in the second half of 2019 and this has already resulted in significant synergies. Sixteen agencies are ISO 14001 certified.

Protection of biodiversity

This issue is dealt with on a local level, according to the immediate environment of each agency and its ability to have a real influence. In Costa Rica, Re:Sources is a model of the volunteer approach with an action plan involving employees in a carbon offsetting program designed to promote local biodiversity by preserving tropical flora and fauna in protected forests. In France, the Group has installed several beehives on the roofs of four of its buildings in Paris, including the Champs-Élysées, Bastille, Gambetta and Saint Denis, and gives employees training in how to care for them. In addition to supporting the French bee-keeping sector, a partnership has been entered into with the Apiflordev association which fights against poverty in Africa. Honey from Paris beehives is now financing the installation of beehives in Senegal, which are crucial for biodiversity as well as from a social perspective. In China, agencies have come together in a program to plant trees in the fight against local deforestation. *Pro bono* campaigns and volunteering focused on protecting nature and the planet were carried out for associations that protect the environment and natural resources (namely flora and fauna) in many countries.

4.5.3 Eco-friendly campaign and project design for clients

The main objective is to reduce all the impacts of activities and output. Following the example of Publicis Conseil in France, a number of agencies have now put in place processes designed to assess eco-friendly design options during the early stages of a project. If these parameters are duly considered, campaigns or digital solutions that consume less energy or raw materials, or that involve less travel or waste, can be achieved. These rules make it easier to anticipate impacts and find alternative solutions. Consolidated project data is still largely irrelevant. In fact, because the Group has access to an *ad hoc* calculation tool, set up and monitored by Bureau Veritas, analysis is most relevant on a project by project basis, so as to assess the drop in negative impacts and the increase in positive impacts as a result of the solutions finally adopted by agencies and clients.

The tool is now operational. It makes it possible to assess options, with the largest interested clients, to significantly reduce impacts and it has guided offsetting operations for irreducible impacts. This tool will be trialed in several countries in 2020.

Providing employees with information and training on environmental issues

Employees are informed and trained locally on these issues within each agency during Green Week, an internal week of action and events, and Cleaning Days, which are held several times a year. Depending on the issue, billboards or internal notifications make it possible to keep awareness high and monitor progress (in terms of reductions in electricity and paper consumption, improved waste-recovery management, etc.). The aim is to make environmentally-friendly behaviors more widespread, both in and out of the workplace, so as to reduce negative impacts.

4.5.4 Consumption and impacts

The negative impacts of the Group that are taken into consideration when calculating greenhouse gas emissions come, in order of importance, from:

1. travel (calculation: business trips + employee commutes) estimated at 990,000 km. The Group has continued to deploy teleconferencing rooms and collaborative distance working tools (video and voice) to avoid travel as much as possible. For its company car fleet, the Group has adopted European objectives, i.e. CO_2 emissions lower than 130 g (European objective being to reduce this to 95 g by 2021). Finally, individual habits are starting to shift significantly with requests for hybrid and even electric vehicles;
2. energy consumption is estimated at **146,340,000 kWh**. **Renewable energy accounts for 37.1%** of total consumption (based on the certifications given by electricity suppliers). Efforts continue to improve energy efficiency and best practices (switch-off policy for computers and machines such as printers, as well as night and weekend lighting);
   a. **data centers**: work to optimize and rationalize servers is ongoing, as well as the consolidation of applications, including digital products and services created for clients. This work is being conducted with the Group's partners so that the results can be uniformly monitored. Efforts have been ongoing in all countries since 2016. Savings of 12% are made annually on server consumption in North America and 10% in Europe. An ambitious multi-year plan has enabled the number of machines to be reducedand all employees to be equipped with a range of powerful and energy-saving virtual tools,
   b. **energy audits**: pursuant to the application of the Directive 2012/27/EU, the agencies in Europe carried out energy audits which enabled progress plans to be drafted for the coming years (for example, improvements to systems or the strengthening of individual and collective eco-friendly practices). In 2017, savings of 15% were recorded on electricity and heating at the head office in Paris. In the United Kingdom where the efficiency plan is beginning to reap rewards in London, the renewable energy targets were met (30%);
3. fixed assets (buildings, office materials such as IT equipment and servers, etc.); the Group seeks to use Green IT solutions in order to be able to work on more energy-saving computers and use more virtuous software packages and programs;
4. paper consumption: 610 metric tons were consumed, of which 80% was certified and/or standard-compliant paper (FSC, PEFC or other labels); as well as consumables (ink cartridges, office supplies, etc.). For several years now, the "zero paper" policy has been encouraged everywhere. The rollout of applications such as Follow Me makes it possible to select printers according to the type of document to be printed and to use a badge to launch the printing, reducing paper consumption by 50% in just a few weeks;
5. water consumption is estimated at 727,200 m^3 – approximately 8.8 m^3 *per capita*. Agencies rent premises in serviced buildings; the main improvements concern washroom facilities (sensors) and prompt response once a water leak is detected. Water is supplied from municipal distribution systems or private operators, under long-term contracts with the managers of the buildings in which the Group's agencies are located. The aim is to reduce water consumption in all agencies;
6. the volume of non-hazardous waste recycled is estimated at 2,211 metric tons. Most of this waste is paper and cardboard. It is recycled with traceability (some agencies have traceability

in place for 100% of these volumes). Given that the Group provides services, it does not manage any hazardous or toxic waste. Electronic waste is treated in WEEE recycling systems, within the framework of materials recycling contracts;

a. concerning **the circular economy**, for a decade now agencies have been voluntarily committed to promoting documents from recycled paper, plastic, fabric and other materials for paper publications or regular and one-time events, by working with suppliers who guarantee these recycled raw materials,

b. the issue of **food waste** has been monitored for a number of years now. In all agencies, employees must reduce waste day-to-day and support sharing initiatives to tackle food insecurity. For example, in the late afternoon, employees can go to the cafeteria (or kitchen or coffee room) to collect untouched food left over from meetings. In France, Sodexo, which is the Group's partner, including for the Champs-Élysées and Bastille sites, is extremely proactive both in its own production chain (from upstream to downstream) and in its communications campaigns designed to raise the awareness of its employees and clients to food waste issues in corporate canteens.

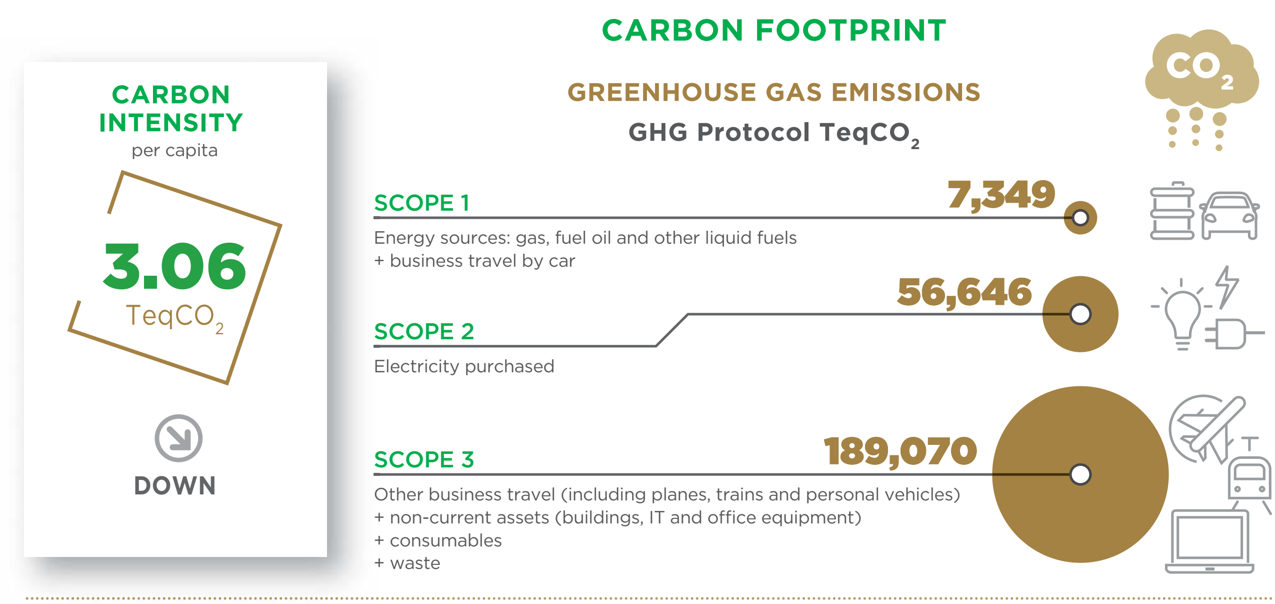
The Group defends responsible, fair and sustainable food that is mindful of animal welfare, as evidenced by several projects carried out with various clients (see publicis groupe.com, CSR section).

4.5.5 Review of greenhouse gas emissions

For the 10th edition, the greenhouse gas emissions review based on the GHG protocol method was calculated with the assistance of Bureau Veritas based on data collected by all Group entities (98% of headcount).

2019 data take into account new emission factors updated in January 2019 from the Base Carbone® database managed by the French Environment & Energy Management Agency (ADEME, accessible at www.basecarbone.fr); these emission factors are required by the French Ministry for the Ecological and Inclusive Transition for the GHG emissions assessment.

The total of scopes 1 +2 +3 in 2019 was 253,218 TeqCO_2, which makes for a carbon intensity of 3.06 TeqCO_2 *per capita*, down 43% in 10 years.



Note from Bureau Veritas: The method used to calculate the Greenhouse Gas (GHG) Protocol is based on average emission factors and as such includes a certain degree of uncertainty. It therefore provides estimates in order of magnitude with the aim of promoting actions to reduce greenhouse gas emissions and measure the progress made. The degree of uncertainty in the Publicis Groupe GHG emissions assessment for 2019 is estimated at 16%.

/ Summary table of environmental indicators

Multi-year data trends are available on the Group website, in the CSR section of the CSR Smart Data page.

Indicators	Unit	2009**	2017	2018	2019	Objectives Eur. 2030*
Group headcount		45,000	77,767	75,588	83,235	
Scope 1	$TeqCO^2$	27,749	13,118	5,586	7,349(1)	-
Scope 2	$TeqCO^2$	74,287	65,702	60,744	56,646(1)	-
Scope 3	$TeqCO^2$	143,734	266,344	217,418	189,223(1)	-
Scope 1+2+3	$TeqCO^2$	245,770	345,165	283,748	253,218(1)	-
Carbon intensity *per capita*	$TeqCO^2$	5.46	4.44	3.78	3.06(1)	3.28
Electricity consumption	MWh	136,397	158,132	147,407	146,340(1)	-
Energy intensity per capita	MWh	3.03	2.1	1.95	1.8(1)	2.19
Renewables as a percentage of total consumption	%		33.5	33.5	37.1(2)	100
Water consumption	m^3	232,000	750,122	724,401	727,200(1)	-
Water per capita	m^3	5.15	9.7	9.7	8.8(1)	-
Total volume of waste recycled	metric tons	4,660	4,438	3,810	2,211(1)	-
Waste per capita	metric tons	0.10	0.05	0.04	0.02(1)	-
Paper consumption	metric tons	1,770	1,100	703	610(1)	-
Of which paper per capita	metric tons	0.03	0.01	0.009	0.007(1)	-
Total kilometers traveled (business trips and commuting between home and work)	thousand km	403,113	1,200,429	1,138,298	990,000(1)	-
Travel per capita	thousand km	8.9	15.4	15.2	11.9(1)	-
Business trips Commute	thousand km	230,862	688,527	636,087	507,780(1)	-
Daily commute	thousand km	172,251	512,132	502,210	482,220(1)	-

(1) Publicis Groupe + estimate of +10% for Epsilon (based on headcount).
(2) Publicis Group only, excluding Epsilon.
* Letter of intent sent to SBTi in February 2020. 1.5° scenario used for the three scopes.
The new objectives will be known during 2020 and will replace those aligned with the European Climate-Energy Framework followed for 10 years.
Data available at CSR Smart Data.
** 2009 is the benchmark year with Group consolidated figures.

4.6 NON-FINANCIAL PERFORMANCE AND ASSESSMENTS

Publicis Groupe's non-financial performance has improved year on year, illustrating the progress accomplished in the different registers. The reporting structure, processes and results are audited by the external auditors, Bureau Veritas.

The entire approach is also monitored by financial analysts, management companies and investors within the context of their ESG analysis, as well as by current and prospective Group clients (CSR questionnaires, site audits, etc.) and by various sustainable development players whose assessments may be published (public organizations, ratings agencies, students and teachers, etc.).

Publicis Groupe is in several indices, including: FTSE4Good, Euronext Vigeo Eiris, Ethibel Sustainability Index Excellence Europe, ECPI Index and is assessed annually in specific areas by RobecoSAM (DJSI), MSCI, Sustainalytics, Standard Ethics, ISS-Oekom, CDP, Trucost, Ecovadis, Ethics & Boards, amongst others (details on CSR Smart Data).

4.7 CSR REPORTING METHODOLOGY

Scope and process

CSR reporting is based on social, societal and environmental indicators collected within the Group's 815 entities and, since 2009, with a rate of coverage of the Group's workforce of 98% (the exclusions being entities acquired within the last six months). Since Epsilon was only consolidated from July 1, 2019, the entities were not yet prepared for CSR reporting. Environmental data were therefore estimated on the basis of 10% of headcount, an approach that was validated by the external auditors. This scope is aligned with that of the financial reporting including all subsidiaries held by the Group at more than 50%. Four indicators are subject to lower coverage rates, and exclusions are due to the lack of data on these topics from our subsidiaries.

Absenteeism: Coverage rate of 96% of headcount

Training: Coverage rate of 96% of headcount

Water: Coverage rate of 97% of headcount

Waste: Coverage rate of 94% of headcount

2019 CSR reporting focuses on the period from January 1 to December 31, 2019 and is based on one year.

Quantitative, social, societal and environmental data is collected in accordance with financial reporting rules and processes *via* a dedicated module (HFMCSRGRI) incorporated into the financial information system and specific verification, control and validation processes. This data is under the responsibility of the agency and country Financial Directors.

Qualitative, social, societal and environmental information is collected *via* a dedicated internal platform (NAXOS) which is accessible to all agencies. Qualitative information is placed under the responsibility of the agency and country Chief Talent Officers (CTOs or HRD), who sign off on the content shared.

Both of these tools are linked in order to ensure consistency and run materiality tests. The definitions and calculation methods are aligned with the GRI and are presented in the CSR Smart Data section.

The scope of impacts includes the Company and all its subsidiaries (98%), as well as some third-parties associated with digital activities for clients (e.g. servers), and those relating to employee personal travel and integrates a part of the supply chain and some suppliers (those assessed by EcoVadis).

Work on the project to develop a model designed to accurately assess the impact of the work done by the agencies (campaigns, websites or applications, digital strategies, etc.) continued in 2019 with Bureau Veritas Exploitation. Testing validated this approach and the calculation methods used; the tool will be tested on a larger scale by the agencies in 2020.

CSR governance and reporting process

CSR is under the responsibility of the Secretary General, who sits on the Management Board. CSR issues are reviewed by the Management Board and monitored by the Strategy and Risk Committee, so that members of the Supervisory Board can be updated with changes in progress. Certain matters pertaining to talent and diversity are regularly discussed at Supervisory Board Meetings.

A summary of key indicators is presented to the General Shareholders' Meeting annually.

The CSR Department coordinates an internal CSR Steering Committee that brings together the Group's main corporate functions (finances, HR, audit, legal, procurement, risk management, etc.). The CSR Steering Committee plays a role in the detailed work done on integrated reporting. The CSR Department works in project mode with various teams worldwide. Using a dual approach: "push" to help internal initiatives take hold and to push forward certain issues, and "pull", with the comprehensive steering of non-financial reporting.

The Internal Control and Internal Audit teams verify, during the course of their work carried out throughout the year, that the agencies correctly implement the CSR reporting processes and have access to historical tracking of data and information.

CSR reporting is done within each Group entity (815 in 2019) with the assistance of the CSR Champions in the agency and the support of the teams in the shared services centers (Re:Sources) who are closely involved from the earliest stages of the reporting. The internal guide entitled 2019 CSR Guidelines defines the collection and validation processes at the different levels required, as well as the content and definitions of the various indicators (over 90 quantitative and qualitative indicators). This manual was distributed to a cross-functional working group of roughly 100 people and 1,000 contributors during preparatory webinars held from October 2019 to January 2020. In the course of its data checking and verification process (of each indicator per agency), the CSR Department at HQ was in direct contact with all the teams during the final consolidation phase.

All of the quantitative data and qualitative information is checked and analyzed by the Group CSR Department, who compiles the consolidated reporting for the whole Group. The Bureau Veritas auditors carried out 56 on-site audits in agencies: United States, Colombia, United Kingdom, France, South Africa, India and China, and 23 off-site audits (Germany, Brazil, Canada, etc.), making a total of 79 agencies, accounting for 47% of employees including Epsilon and 52.8% excluding Epsilon. All Epsilon entities will be in the 2020 scope. The whole CSR report is checked by the external auditors (see opinion at the end of this section) in accordance with regulatory requirements: they check the consolidated quantitative and qualitative data, processes and hence the consistency of the whole financial year by conducting random checks in all Group entities.

Guidelines

Non-financial reporting was prepared in accordance with article L.225-102-1 of the French Commercial Code and with reference to articles L.205-101-1 and R.225-105 and R.225-105-1 on corporate social and environmental transparency obligations and auditing methods. This reporting includes information arising from more recent laws on energy transition and green growth, or on the fight against food waste, as well as on modernizing social dialog and safeguarding career paths. This also integrates the law regarding Duty of Care and the Sapin 2 Law (anti-corruption), as well as the European General Data Protection Regulation (GDPR).

The other guidelines that the Group voluntarily follows are:

- the Global Reporting Initiative (GRI) standard, which is the main structure that the Group has followed since 2009. Publicis Groupe follows the GRI's sustainable development reporting by applying its 10 principles (GRI 101). The 2019 reporting was prepared in accordance with GRI standards: Core option. A GRI content index provides an overview of the significant sustainable development information and is available at: https://publicisgroupe-csr-smart-data.com/fr/;
- the 10 Principles of the UN Global Compact, to which Publicis Groupe has been a signatory since 2003; now supplemented by the UN Women's seven Women's Empowerment Principles (WEPs);
- the 17 United Nations Sustainable Development Goals – SDGs (see Section 4.8);
- the ISO 26000 guidelines, which the Group has followed since 2011 in order to better accommodate the views of stakeholders;
- the American SASB (Sustainability Accounting Standards Board) guidelines, drafted in 2014 for the technology and communications sector;
- the OECD guidelines for multinational enterprises (Recommendations for responsible business conduct in a global context) are also used as a reference;
- the United Nations Caring for Climate pledge signed by Publicis Groupe in 2007, as well as the pledges signed by the companies at the COP 21 in 2015 (Paris Agreement);
- the Carbon Disclosure Project (CDP) endorsed by the Group on a voluntary basis since 2009 in order to contribute to the general effort to achieve transparency concerning the reduction in greenhouse gas emissions. Environmental data are published using the location-based rule for scope 2;
- the Task Force on Climate-related Financial Disclosure (TCFD) which defines environmental governance and disclosure rules in order to reduce greenhouse gas emissions;
- the Science Based Targets Initiative (SBTi), designed to validate companies' objectives in terms of reducing environmental impacts and carbon emissions, an approach which is in line with the Paris Agreement 1.5° scenario. The Group's new objectives for 2030 will be published in 2020.

The cross-reference table with all of the guidelines used can be accessed by the general public, and the CSR indicators, grouped together according to the GRI grid, or the SDGs, are shown in the CSR Smart data https://publicisgroupe-csr-smart-data.com/en/.

4.8 SUSTAINABLE DEVELOPMENT GOALS

The Group measures its contribution against 10 of the United Nations' Sustainable Development Goals (in solid color) that are aligned with the Company's strategy.

SDG	Amongst the goals followed	Actions taken and indicators	Trends and initiatives
SDG 2 – Zero Hunger	• Combat food waste; • Improve nutrition and promote sustainable agriculture.	Encouraging employees to mobilize in favor of SDG 2, as part of Common Ground, and to cooperate with customers, partners and suppliers to achieve greater impact. 30 local projects were started in 2019. See www.publicisgroupeonetable.com	Skills-sharing with some 220 NGOs since 2016.
SDG 3 – Good Health and Well-being	• Provide medical coverage for employees; • Monitoring the well-being of staff in their agency workplace.	99% of Group employees benefit from medical and healthcare cover, with the possibility of extending it to their spouse and children. A number of Group agencies, including the whole of the United Kingdom, have launched a far-reaching mental health prevention plan.	Improved healthcare provision.
SDG 4 – Quality education	• Ensure equitable access to training; • Enhance the employability of employees; • Improve skills and expertise.	69.8% of employees trained. Over 1,112,600 training program hours took place (21.6 hours per capita). Various measures are in place to recruit more diverse people in terms of backgrounds and professional experience.	*The Publicis Learning* Platform, accessible to all employees 24/24, in 13 languages.
SDG 5 – Gender equality	• Proactive approach to team diversity; • Commitment to gender equality; • Continue to combat all forms of discrimination.	Target: 40% women in key management positions. Monitor equal pay: publication of Gender Pay Gap *Reporting in the United Kingdom* (eight agencies); Publication of Gender Equality Index in France (15 agencies). Continuation of a raft of internal programs to encourage diversity. Reaffirmation of the "Zero Tolerance" policy on all forms of discrimination, sexual harassment and inappropriate conduct.	38.3% women in key management positions. Measures to be continued for female *Head of Creation* and *Head of Data*, and *Head of Tech*, all with under 30% female representation.
SDG 8 – Decent work and economic growth	• Help generate direct employment; • Ensure real equal opportunity.	The Group directly employs 83,235 employees worldwide (representing a total payroll of euro 6.073 million). The principle of equal opportunity – *Equality of chance* (or *Rooney Rule*) was strengthened with action plans to encourage diversity (recruitment, promotion, succession, etc.).	Sustained effort in terms of equal opportunity to hire and promote the most diverse people.
SDG 10 – Reduced inequalities	• Fighting against forced labor, child labor and human trafficking by joining forces with suppliers.	Signatory of the UN Global Compact since 2003, and the seven WEPs (UN Women) since 2018. Reaffirmed commitment to fighting forced labor, child labor, human trafficking and modern slavery. Committed vigilance plan to improve supplier monitoring on these issues.	Greater supplier CSR monitoring with new *CSR for Business Guidelines.*
SDG 12 – Responsible consumption and production	• Play a role in raising awareness regarding sustainable development issues; • Help move behavior towards more sustainable consumption.	Supporting our clients in their sustainable development projects is an integral part of our service offer, in order to inform and encourage changes in consumer behavior, as citizens-consumers are increasingly aware of these issues. Raising employee awareness regarding best practices and eco-friendly behavior to reduce all our direct impacts	Use of eco-friendly design methods. 2030 targets undergoing assessment via SBTi (1.5° scenario).

SDG	Amongst the goals followed	Actions taken and indicators	Trends and initiatives
SDG 13 – Measures to combat climate change	• Reduce consumption and direct impact; • Help preserve natural resources.	The Group's environmental policy of "Consume less and better", which has been in place for 10 years, has led to a 43% reduction in carbon intensity per capita. By joining SBTi (Science Based Target Inititaive), the Group will define as soon as possible its new objectives for the next 10 years following the 1.5° scenario.	Target of 100% renewables by 2030. Carbon neutrality as soon as possible and by 2030.
SDG 16 – Peace, justice and strong institutions	• Promote the rule of law; • Combat corruption.	The Group is a defender of human rights and fundamental individual freedoms. The Group's ethical principles, which include combating corruption, fraud and conflicts of interests, have always been key, such as the principle of "Zero Tolerance" of any form of discrimination, harassment or violence. Training the teams in statutory changes is key. The Duty of Care Plan makes it possible to expand CSR monitoring to Group suppliers and agencies.	Introduction of PASS for CSR self-assessment for all suppliers.
SDG 17 – Partnerships for the SDGs	• Continue cooperating with the various organizations by making our expertise available to them; • Showcase projects with positive impacts.	As part of *the Common* Ground, which brings together the six largest communications groups worldwide to further six SDGs. Publicis Groupe established a program focused on SDG 2 (*Zero Hunger*), entitled *"One Table"*. The Group is involved in various cross-company initiatives such as the Daring *Circles organized* by *the Women's* Forum, which target the SDGs.	Skills-based sponsorship, *pro bono* and volunteering for 220 SDG 2-related projects since 2016.

4.9 VERIFICATION REPORT OF THE DECLARATION OF NON-FINANCIAL PERFORMANCE

The declaration of non-financial performance examined relates to the financial year ended December 31, 2019.

Request, Responsibilities and Independence

Following the request made to us by Publicis Groupe and pursuant to the provisions of article L. 225-102-1 of the French Commercial Code, we have verified the declaration of non-financial performance (DNFP) relating to the financial year ended 12/31/2020 published in the Universal Registration Document of Publicis Groupe, as an independent third party accredited by the Cofrac under no. 3-1341 (list of locations and scope available on www.cofrac.fr).

It is the responsibility of the Management Board of Publicis Groupe to prepare and publish a DNFP with reference to articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code. The DNFP was prepared in accordance with Publicis Groupe's reporting procedures, hereinafter referred to as "the reporting procedures". The DNFP will be available on the Company's website together with a summary of the "reporting procedures".

It is our responsibility to audit the DNFP so that we can formulate a reasoned opinion regarding:

- compliance of the DNFP with the provisions of article R. 225-105 of the French Commercial Code;
- the true nature of the information provided in accordance with paragraph 3° of I and II of article R. 225-105;

We conducted the DNFP audit work in an impartial and independent manner, in accordance with the professional practices of the independent third party, based notably on the principles of AA1000 and in application of the Code of Ethics applied by all parties involved in Bureau Veritas' work.

Nature and scope of the audit work

In order to issue a reasoned opinion on the compliance of the DNFP and a reasoned opinion on the fairness of the information provided, we performed our audit work in accordance with articles A. 225-1 to A. 225-4 of the French Commercial Code and with our internal methodology, for the verification of the DNFP, in particular:

- we have taken note of the scope of consolidation to be considered for the preparation of the DNFP, as specified in article L. 233-16 of the French Commercial Code. We checked that the DNFP covers all the companies included in the scope of consolidation specified in the DNFP;
- we gathered items to assist understanding of the Company's activities, the context in which the Company operates, and the social and environmental consequences of its activities and the effects of these activities on respect for human rights and combating corruption and tax evasion;
- we have read the content of the DNFP and verified that it incorporates the elements of article R. 225-105 of the French Commercial Code:
  - presentation of the Company's business model,
  - the description of the main risks related to the Company's activity, for each category of information mentioned in III of article L. 225-102-1, including, where relevant and proportionate, the risks created by its business relationships, products or services, as well as the policies applied by the Company, where applicable, the due diligence procedures implemented to prevent, identify and mitigate the occurrence of the risks identified,
  - the outcome of these policies, including key performance indicators.

In detail, our audit work was as follows:

- we examined the Company's system for reviewing the consequences of its activities as listed in III of article L. 225-102-1, identifying and prioritizing the related risks;
- we ensured that the DNFP covers all the categories of information provided for in this article or includes a clear and reasoned explanation of the reasons justifying the absence of a policy concerning one or more of these risks;
- we verified that the DNFP presents, where relevant with regard to the main risks or policies presented, the information provided for in II of article R. 225-105;

- we ensured that the Company has put in place collection processes aimed at ensuring the comprehensiveness and consistency of the information mentioned in the DNFP. we examined the "reporting procedures" with regard to their relevance, reliability, understandability, completeness and neutrality and, where applicable, taking into account good professional practices derived from industry guidelines;
- we identified the persons within the Company who are in charge of all or part of the reporting process and we conducted interviews with some of these persons;
- we inquired about the existence of internal control and risk management procedures set up by the Company;
- we assessed, on a sample basis, the implementation of the "reporting procedures", in particular the processes for collecting, compiling, processing and auditing information;
- for the quantitative data(1) that we considered to be the most important, we:
- selected a sample of contributing entities within the scope of consolidation, based on their activity, their contribution to the Company's consolidated data, their location and the results of work carried out in previous years,
- conducted on-site audits for 56 agencies(2) and off-site audits for 23 agencies,
- carried out detailed tests on a sample basis checking the correct application of "reporting procedures", reconciling data with supporting documents, checking calculations and the consistency of results;
- the sample of our audit work represents:
  - 52.8% excluding Epsilon (or 47% including Epsilon) for all agencies selected for on-site and off-site audits, of which,
  - 41.3% of employees excluding Epsilon (or 36.8% including Epsilon) for the sample of 56 agencies audited on site,
  - 11.5% of employees excluding Epsilon (or 10.2% including Epsilon) for the sample of 23 agencies audited off site;
- we completed our work by carrying out consistency checks, accompanied by requests for evidence to be sent by the agencies in the event of any inconsistencies detected, on a panel(3) of indicators that were not audited. The most representative indicators of this panel were tested on 51 agencies;
- we also tested the robustness of the data verification process carried out by the team in charge of consolidation, in particular by performing sample checks on the verification of various data, by ensuring the proper application of the verification process in place and the traceability of these internal verifications and the action taken in the event of discrepancies being detected;
- performed an analytical review of the data and verified, on a sample basis, the calculations and compilation of this information at the head office and entity levels;
- for the qualitative information that we considered most important, we consulted documentary sources and conducted interviews with the people in charge of writing them;
- we examined the consistency of the information mentioned in the DNFP;

(1) **Social information**: Total headcount – diversity: % of women members of an agency Executive Committee,% of women CEOs of agencies,% of women managers of creative teams,% of women managers of technology teams, employee assessment (% of headcount), total number of hours of training, number of hours of face-to-face training, number of hours of e-training and qualitative information on well-being at work.
Environmental information: Electricity consumption, renewables as a percentage of total consumption, recyclable waste (recycled IT equipment, recycled foodstuffs, recycled paper, recycled cartridges), distance traveled by employees on their daily commute
Societal information: number of employees trained in Janus, number of employees participating in pro bono campaigns, financial value of pro bono campaigns, financial value of volunteer projects, review of greenhouse gas emissions.

(2) **South Africa** (Publicis Creative South Africa – Publicis Commerce South Africa) **China** (Publicis Shanghai agency – MSL Shanghai – Zenith China – Zenith Trading China – Starcom China – S&S Shanghai); **Colombia** (Prodigious Offshore center Colombia – SMG Colombia – Leo Burnett **Colombia**); **United States** (Publicis Health Media – Digitas Health – Razorfish Health – Digitas Agencies – PS US Shared Capabilities – PS HQ US – PS US GS Public Sector – S&S New York – Mediavest USA – Publicis_New York agency – MSL USA_Heartbeat – Re:Sources USA_IT – Re:Sources USA BS – Zenith USA – S&S Wellness – Blue 449 Inc. – Rokkan); **France** (Prodigious France – Publicis Conseil – Base Agency – ETO – Marcel – Publicis Media France – PS FR Shared Capabilities – Soft Computing); **India** (PS HQ India – PS IN Shared Capabilities – Re:Sources India Gurgaon Sapient IT – Re:Sources India Gurgaon BS – Publicis Ambience Advertising Pvt – Indigo Systems and Technology Consulting Pvt Ltd – LB Bombay – Performics.Convonix – Hanmer MSL – Starcom India Offline – LBI Technologies India PvT Ltd – L&K S&S India); **United Kingdom** (LB London Agency – BBH Partners LLP – PS GB Shared Capabilities – Blue 449 UK – Digitas LBi Limited).

(3) **Social information**: employees benefiting from medical cover; absenteeism rate; frequency rate and severity rate, number of employees benefiting from parental leave
Environmental information: quantities of waste produced
Societal information: client satisfaction surveys

- our work was carried out between October 14, 2019 and the signature of our report over a period of approximately 14 weeks. The assignment was carried out by a team of 10 auditors who conducted interviews with the people in charge of reporting at head office level and at each of the audited agencies.

Observations on reporting procedures or the content of certain information

Without calling into question the conclusions below, we make the following observations:

- we noted disparities in the traceability of certain indicators, mainly concerning: employee assessment and training in the Janus Code of Ethics. Improvements still need to be made to make these two indicators more reliable within the agencies;
- the subsidiary Epsilon was included in the scope of consolidation in July 2019; we noted that certain social data for this Company have been integrated into the DNFP. It should be noted that the environmental data are estimated (as indicated in the DNFP). This subsidiary represents 11% of the total consolidated headcount.

Conclusion on DNFP compliance and fairness of data

On the basis of our work, we have not identified any significant anomaly likely to call into question the compliance of the declaration with the provisions of article R. 225-105 and the fairness of the information provided;

Reasonable assurance report on published data

Following the request made to us by Publicis Groupe and in our capacity as an independent third party, we believe that the work performed enables us to express reasonable assurance on the non-financial information relating to the financial year ended December 31, 2019 published in the management report of Publicis Groupe.

Conclusion

In our opinion, the information selected by the Company has, in all material respects, been prepared in accordance with the guidelines.

Puteaux, April 2, 2020
For Bureau Veritas

Laurent Mallet
Agency Manager

CHAPTER

COMMENTARY ON THE FINANCIAL YEAR

5

The following developments are the main elements of the management report mentioned in article L. 451-1-2 of the French Monetary and Financial Code and in article 222-3 of the General Regulation of the AMF which must include the information mentioned in articles L. 225-100, L. 225-100-2, L. 225-100-3 and in the second paragraph of article L. 225-211 of the French Commercial Code.

Other information corresponding to required elements of the management report is to be found in Section 10.7 "Cross-reference table for the management report".

The following discussion should be read in conjunction with the consolidated financial statements and related notes. They contain information concerning the Group's future objectives which imply risks and uncertainties, including, in particular, those described in Chapter 2 "Risks and risk management".

5.1 INTRODUCTION

Global economic growth eased slightly to +3.2% in 2019 according to the FactSet consensus of economists, 0.3 basis points shy of the 2018 level (+3.5%). However the picture remains very mixed: American growth remained the highest of the developed countries (+2.3%, down from the +2.9% recorded in 2018) thanks to the virtuous circle of consumption – employment – growth and accommodative monetary policy, despite the end of the favorable impact of tax cuts. Japan saw further weak growth (+0.9% in 2019, vs. +0.8% in 2018). The euro zone slowed further: +1.2% in 2019, following +1.9% in 2018. The British economy has stabilized at a low level (+1.3% in 2019, following +1.4% in 2018). Growth in the Chinese economy slowed by a further 0.4 basis points to +6.1% in 2019, following +6.5% in 2018 and +6.9% in 2017. The more conservative policy in the US and uncertainty surrounding Brexit were once again major political factors influencing economic trends. U-turns in US and European monetary policies also played a significant and positive role, particularly in the fourth quarter. The oil price trended up following a sharp fall in the fourth quarter of 2018. Sovereign interest rates fell until the month of August but have recovered somewhat since.

In the United States, economic growth eased to +2.3% in 2019, following +2.9% in 2018. This small cyclical deterioration is attributable to the end of the very favorable impact of the Trump administration's 2017 tax cuts, plus the effects of trade spats with the country's main trading partners. Across the Atlantic, the economy is still in a virtuous cycle of consumption – employment – growth. Job creation, although down on 2018, have remained high (1,977,000 over the year) and have enabled the unemployment rate to remain very low. The monetary policy of the Central Bank, which dropped its key rates in 2019 compared with 2018, helped to limit the extent of the economic downturn.

Growth slowed further to +1.2% in the **euro zone**, after +1.9% in 2018, according to the European Commission. 2017 saw the top of the cycle. The slowdown in global trade, international trade tensions and uncertainty surrounding Brexit took a heavy toll on the German economy, with GDP set to grow by just +0.5% in 2019. The German industry is very close to recession, owing to difficulties in the automotive sector in particular. There were stark contrasts between countries within the zone: while France posted growth of +1.3%, Italy was on the edge of recession, with token growth of +0.2%, going by FactSet consensus estimates. Headline inflation has eased significantly: it is expected to be limited to +1.3%, vs. +1.8% in 2018, according to the European Commission.

In **the United Kingdom**, economic growth has stabilized at a low level. British GDP increased by +1.3% in 2019, virtually the same pace as in 2018 (+1.4%). The difficult Brexit negotiations continued to undermine business investment and household consumption. Inflation (+1.8%) reduced consumer purchasing power, but was down slightly on the previous year (2.5%).

The **Japanese** economy continued to experience sluggish growth: GDP grew by +0.9% in 2019, after growth of just +0.8% in 2018 according to the IMF. As in 2019, the downturn in international trade and the strength of the yen's external exchange rate affected Japanese exports, which fell in absolute terms.

In **China**, the rate of growth of the economy is slowly and steadily declining. The economy was set to grow by 6.1 % in 2019, after 6.5% in 2018 and 6.9% in 2017. The authorities have succeeded in managing this economic downturn through proactive measures to support business. Tensions with the USA have had a significant impact on exports.

Oil prices trended up moderately throughout 2019. As such, it offset the significant fall in late 2018. The stepping up of US production of oil and shale gas is less aggressive, whilst the global economic downturn has limited increases in demand. Geopolitical parameters continue to influence short-term price trends.

When reviewing its forecasts in December 2019, Zenith maintained its estimate of relatively sustained growth of +4.2% in advertising media investments in 2019.

By geography, North America is set to see growth of +5.4%, after growth of roughly 8% per annum in 2017 and 2018. Advertising expenditure is being driven mainly by countless small and medium-sized businesses that use Facebook and Google for their first ads to launch their brand.

Europe and the West is expecting growth of 1.5%, down on the 2014 to 2018 period when growth was between 3% and 5%. Economic growth was slower in 2019 than in other years, although the resilience of consumption helped avoid recession. Growth is expected to be +4.8% in France, +3.2% in the United Kingdom and +0.1% in Spain, with declines of -0.7% in Germany and -0.1% in Italy.

The Asia-Pacific zone is forecast to grow +3.9%, with in particular, +5.0% growth in China. Latin America is set to post growth of +3.3%, with Brazil seen up +2.8% and Mexico up +11.7%.

In December 2019, Zenith estimated that media advertising investment would grow by 4.3% in 2020, with significant positive impacts from the Summer Olympics, Euro UEFA 2020 and the US presidential elections. However, the covid-19 epidemic, which began in Wuhan (China) in December 2019 before spreading worldwide during the first quarter of 2020, could have a significant effect on growth forecasts for both advertising and media investments and the broader economy. A number of global events have already been postponed, including two of the three mentioned above. This means that the Zenith forecasts will inevitably require updating.

The digital revolution has substantially changed relationships with the media and consumers, but also brings numerous growth opportunities to Publicis Groupe and its clients. This is the context in which Publicis Groupe is accelerating its transformation and intends to be the vital partner clients need to transform their marketing and operations. In this difficult context, the Group has taken the necessary steps to boost organic growth, whilst maintaining a robust operating margin and its capacity to generate cash flow. In 2019, a four-stage plan to restore organic growth was introduced to accompany the reorganization announced in December 2015, which was designed to bring about a more efficient cost structure. As such, the Group acquired and consolidated Epsilon, overhauled the management and repositioned the operations of Publicis Sapient to focus on business transformation, through the expertise of business lines, and finalized its country model to facilitate cross-fertilization across its various areas of expertise. At the same time, the Group is continuing to promote a new generation of leaders to strategic positions.

The net revenue of Publicis Groupe, including Epsilon from July 1, 2019, was euro 9,800 million in 2019, compared with euro 8,969 million in 2018, a 9.3% increase. Growth at constant exchange rates was +5.9%. Organic growth was -2.3% in 2019.

Excluding transaction costs related to Epsilon, the operating margin was euro 1,699 million, an increase of 11.6%, or a rate of 17.3%, up 30 basis points compared with 2018.

In 2019, the Group's net income stood at euro 841 million compared with euro 919 million in 2018.

Headline net income (as defined in note 9 of the annual consolidated financial statements) stood at euro 1,188 million compared with euro 1,082 million in 2018. Diluted headline net income per share stood at euro 5.02, up 8.9% on 2018 (8.2% at constant exchange rate and excluding BEAT tax).

The balance sheet at December 31, 2019 showed net financial debt of euro 2,713 million compared with a net cash position of euro 288 million at December 31, 2018. Average net financial debt stood at euro 2,375 million in 2019; it amounted to euro 1,323 million in 2018.

The dividend was initially set at 2.30 euro and planned to be submitted to the General Shareholders' Meeting on May 27, 2020, with a payment date on July 9, 2020. That announcement had been made when the Groupe published its 2019 full year results on February 6, 2020, before the global spread of the COVID-19 pandemic and before the consequences it has today on the economy.

On April 10, 2020, the Supervisory Board endorsed the decision of the Directoire to ask shareholders for solidarity with the Company, by cutting the proposed dividend by 50% from 2.30 euro to 1.15 euro, to be paid exceptionally on September 28, and encouraging shareholders to reinvest the dividend in the Company by choosing the option of payment in shares. The dividend will be submitted to shareholders' vote at the next AGM on May 27, 2020.

5.2 ORGANIC GROWTH

When comparing its annual performances, Publicis Groupe measures the impact on reported net revenue of changes in foreign currency exchange rates, acquisitions and disposals, and organic growth. Organic growth, which represents the increase in like-for-like revenue at constant exchange rates, is calculated as follows:

- net revenue of the previous year is recalculated applying the current year average exchange rate;
- net revenue from acquisitions (net of revenue from any divested activities) is subtracted from the current year net revenue, in order to neutralize the impact on growth of changes in Group scope.

The difference between the net revenue for the current year, after subtraction of the net revenue from acquisitions (net of that of divested activities) and the net revenue of the previous year (translated at the current exchange rate) is compared with the net revenue generated in the prior period to determine the percentage of organic growth.

The Group's management believes that the analysis of organic net revenue growth provides a better understanding of its net revenue performance and trends than reported net revenue because it allows for more meaningful comparisons of current period revenue to that of prior periods. Also, like-for-like revenue is generally used in the industry as a key performance indicator.

Organic growth is unaudited and is not a measurement of performance under IFRS. It may not be comparable with similarly titled financial data of other companies.

(in millions of euros)	Total
2018 net revenue	**8,969**
Impact of exchange rates	282
2018 net revenue at 2019 exchange rate [a]	**9,251**
2019 net revenue before impact of acquisitions[1] [b]	**9,040**
Net revenue from acquisitions[1]	760
2019 Net revenue	**9,800**
Organic growth (b - a)/a	**-2.3%**

(1) Net of disposals.

Organic growth was negative at -2.3% in 2019. This includes a) 18% growth in net revenue from Strategic Game Changers, namely an organic contribution to net revenue of close to euro 200 million compared with 2018 and b) an attrition impact of circa 200 basis points.

Organic growth for each quarter in 2019 was:

- first quarter: -1.8%;
- second quarter: +0.1%;
- third quarter: -2.7%;
- fourth quarter: -4.5%.

5.3 ANALYSIS OF CONSOLIDATED INCOME STATEMENT

It should be noted that, unless otherwise specified, the following comments are based on Income Statement and balance sheet data before application of IFRS 16.

Publicis Groupe disposed of Publicis Health Services (PHS) in early 2019. For this reason, the organic growth rates are also presented excluding the impact of PHS on Group growth.

5.3.1 Net revenue

In 2019, the net revenue of Publicis Groupe was euro 9,800 million, compared with euro 8,969 million in 2018, a 9.3% increase. At constant exchange rate, growth was 5.9% and exchange rate variations had a positive effect of euro 282 million (3.1% impact). Acquisitions (net of disposals) contributed net revenue of euro 760 million in 2019, reflecting the contribution of Epsilon from July 2019, and from other acquisitions, such as Xebia, Soft Computing and Rauxa, partially offset by the disposal of PHS at the end of January 2019 and of Proximedia at the end of April 2019.

Organic growth was negative at -2.3% in 2019. This performance reflects three clearly identified negative factors. Firstly, the impact of attrition of around 200 basis points; then the effect of the loss of media contracts in 2018; finally, the repositioning of Publicis Sapient in the United States. These negative effects were partially offset by the continued excellent performance of Strategic Game Changers, which saw their net revenue increase by 18%, and by the positive effect of new accounts in 2019.

Breakdown of 2019 net revenue by geographic region

The following table shows the changes in the breakdown of net revenue in Publicis Groupe's major markets.

	Net revenue		Growth	
(in millions of euros)	2019	2018	Reported	Organic
Europe	2,630	2,622	+0.3%	-2.0%
% of total	27%	29%		
North America	5,516	4,795	+15.0%	-3.5%
% of total	57%	54%		
Asia-Pacific	1,006	924	+8.9%	+0.8%
% of total	10%	10%		
Latin America	326	347	-6.1%	-4.9%
% of total	3%	4%		
Africa and Middle East	322	281	+14.6%	+10.0%
% of total	3%	3%		
Total	**9,800**	**8,969**	**+9.3%**	**-2.3%**

Europe posted growth of 0.3%. With acquisitions and exchange rates factored out, organic growth was negative at -2.0%. Performance comparables were high, particularly in the three main countries of the region, and in the second part of the year. France and the United Kingdom recorded slightly negative economic growth of -0.8% and -0.2% respectively. In Germany, on an organic basis, net revenue fell by -10.0%, as a result, in particular, of media losses in 2018.

In North America, net revenue was up 15.0% compared with 2018, affected by the positive impact of the consolidation of Epsilon in the last six months of the year. On an organic basis, the region's net revenue was down by -3.5% in 2019. The negative factors set out above are largely attributable to the United States where growth stood at -4.1% over the year. Canada recorded an 8.3% increase in net revenue on an organic basis.

Asia-Pacific saw net revenue rise by 8.9% and organic growth rise by 0.8% over the period. Australia recorded a decline in its net revenue of -7.0% on an organic basis and China a decline of -1.8%, whilst Singapore and India recorded double-digit growth (16.5% and 10.4% respectively).

In Latin America net revenue was down -6.1%, affected by the negative impact of exchange rate fluctuations. On an organic basis, the decline in net revenue was -4.9% over the year, with a surplus in the fourth quarter. The region's performance reflects high comparables and a difficult economic context in certain countries. In Brazil, revenue was down -10.7% on an organic basis over the year. Mexico saw its net revenue fall by -6.1% on an organic basis over the year.

In the Middle East and Africa, net revenue increased by 14.6% due to the stronger euro, underpinned by organic growth of 10.0% driven by the United Arab Emirates (16.6%).

5.3.2 Operating margin and operating income

Operating margin

The operating margin before depreciation and amortization was euro 2,245 million in 2019, compared to euro 2,049 million in 2018, a 9.6% increase, incorporating the contribution of Epsilon in the second half. The operating margin rate was 22.9% of net revenue (22.8% in 2018). Excluding transaction costs related to the acquisition of Epsilon, the operating margin before depreciation and amortization amounted to euro 2,285 million in 2019, a margin of 23.3%.

- Personnel expenses totaled euro 6,073 million at December 31, 2019, up 5.7% from euro 5,747 million in 2018. This increase is due to a number of factors: the consolidation of Epsilon in the second part of the year, investments in talent for our Game Changers and our creative and media services, totaling around euro 100 million, only partially offset by the adjustment of variable compensation linked to the organic growth target not having been met. As a percentage of net revenue, personnel expenses amounted to 62.0%, compared with 64.1% in 2018, reflecting in part the structure of Epsilon's Income Statement, with personnel expenses accounting for a smaller share of revenue. Fixed personnel expenses amounted to euro 5,353 million, *i.e.* 54.6% of net revenue versus 55.4% in 2018. Freelance costs were euro 348 million in 2019, after euro 367 million in 2018. Restructuring costs totaled euro 116 million in 2019 (up from euro 104 million in 2018) as the Group continued to reorganize around The Power of One, which increasingly integrated structures and activities at country level.
- Other operating expenses (excluding depreciation and amortization) amounted to euro 2,683 million, compared with euro 2,155 million in 2018. This line item accounts for 27.4% of net revenue, compared with 24.0% in 2018. Excluding transaction costs related to Epsilon for an amount of euro 40 million, operating expenses in 2019 amounted to euro 2,643 million, *i.e.* 27% of net revenue. Once again, the increase in this ratio was due to the structure of the Epsilon Income Statement.

The depreciation and amortization expense for the period amounted to euro 586 million in 2019, up 11.4% in comparison with 2018. The increase is mainly attributable to the consolidation of Epsilon in the second part of the year.

The operating margin totaled euro 1,659 million, *i.e.* an 8.9% increase from euro 1,523 million in 2018. Excluding transaction costs related to the acquisition of Epsilon, the operating margin amounted to euro 1,699 million, or a rate of 17.3%, up 30 basis points on 2018. This improvement is mainly due to lower personnel expenses as a percentage of revenue, the disposal of PHS and the positive effect of translation, partially offset by an increase in the line item "other operating expenses". These factors have helped to generate the necessary resources to invest in talent, whether for Game Changers or creative and media services.

Operating margin rates by major geographic region, excluding Epsilon-related transaction costs, were 13.7% for Europe, 19.6% for North America, 17.7% for Asia-Pacific, 13.8% for Latin America and 10.9% for the Africa/Middle East region.

Operating income

Depreciation and amortization of intangible assets arising on acquisitions totaled euro 204 million in 2019, versus euro 69 million in 2018. This increase is mainly due to the depreciation and amortization of Epsilon's intangible assets, and the implementation of our country organization which has resulted in a change in accounting policy relating to how tradenames are valued upon acquisition. Since July 1, 2019, these tradenames have been subject to depreciation and amortization. Impairment losses amounted to euro 209 million, of which 82 million in impairment mainly of intangible assets and 127 million linked to the All-in-One real estate consolidation which resulted in a reduction in the number of sites, whilst promoting improved collaboration among teams. In 2018, impairment loss amounted to euro 131 million (of which euro 114 million linked to the All in One plan). Other non-current financial income and expenses netted out at income of euro 21 million resulting from disposals of subsidiaries, compared with an expense of euro 20 million in 2018.

Operating income for 2019 amounted to euro 1,267 million, versus euro 1,303 million in 2018.

5.3.3 Other income statement items

Net financial income, made up of net borrowing costs and other financial income and expenses, amounted to euro 91 million at December 31, 2019 compared with an expense of euro 71 million in 2018. The cost of net financial debt, was euro 25 million in 2019, including euro 58 million in interest on the Epsilon acquisition liability. The cost of net financial debt totaled euro 11 million in 2018. Other financial income and expenses represented an expense of euro 66 million, including in particular euro 70 million in interest on lease liabilities. Other financial income and expenses represented an expense of euro 60 million in 2018, including euro 58 million of interest on lease liabilities.

The cost of revaluation of earn-outs totaled euro 22 million (versus an expense of euro 13 million in 2018).

The income tax expense was euro 305 million, representing an effective tax rate of 25.0% in 2019, compared with euro 285 million in 2018, which represented an effective tax rate of 24.0%.

The share of profit of associates was minus euro 5 million compared with minus euro 4 million the previous year. Minority interests were euro 3 million in 2019, compared with euro 11 million in 2018.

Overall, Group net income amounted to euro 841 million at end-December 2019, versus euro 919 million at December 31, 2018.

5.4 FINANCIAL POSITION AND CASH

5.4.1 Cash flow

Net cash flow from operating activities amounted to an inflow of euro 2,342 million in 2019, versus euro 1,942 million the previous year (following reclassification of interest to cash flows from financing activities). Income tax paid totaled euro 349 million in 2019 compared with euro 328 million for the same period the previous year. There was an improvement in working capital requirements, rising from euro 153 million in 2018 to euro 394 million in 2019.

Net cash flow from investments includes acquisitions and disposals of tangible and intangible fixed assets, net acquisitions of financial assets and acquisitions and disposals of subsidiaries. Net cash flows from investment activities was a net use of euro 4,260 million in 2018, following the use of euro 448 million in 2018. Net investments in property, plant and equipment and intangible assets amounted to euro 225 million (including investments relating to the All in One real estate plan) compared with euro 196 million in 2018. Net investments in the acquisition of subsidiaries amounted to euro 4,055 million, including mainly the acquisition of Epsilon for dollars 4,451 million (euro 3,912 million) compared with euro 241 million in 2018.

Financing activities resulted in a surplus of euro 2,129 million in 2019, after a requirement of euro 815 million the previous year. The surplus in 2019 is mainly due to new loans totaling euro 3,413 million, partially offset by the repayment of borrowings (euro 485 million), lease liabilities (euro 403 million) and the payment of cash dividends (euro 285 million). Requirements in 2018, were mainly due to the repayment of borrowings (euro 159 million) and lease liabilities (euro 374 million) as well as the payment of cash dividends (euro 210 million). Interest received (excluding interest on lease liabilities), net of interest paid, totaled euro 11 million in 2019, compared with euro -3 million in 2018. Interest on lease liabilities stood at euro 77 million in 2019, compared with euro 58 million in 2018.

Overall, the Group's cash position net of positive bank balances increased by euro 215 million during the financial year, compared with a euro 812 million increase the previous year.

Free Cash Flow

The Group's free cash flow, before the change in working capital requirements, was up 8.2% on 2018, to euro 1,253 million. This increase was mainly due to the increase in operating margin before depreciation and amortization. The increase in net investments in non-current assets is mainly due to the consolidation of Epsilon in the second half. Income tax paid increased from euro 328 million in 2018 to euro 349 million in 2019.

The change in working capital requirements was euro 394 million in 2019, compared with euro 153 million in 2018. This increase is due to the continuation of the Group's policy on the management of cash and cash equivalents, particularly in terms of recovering overdue receivables. It has also benefited from the positive contribution of the change in working capital requirements of Epsilon.

The Group's free cash flow after the change in working capital requirements was euro 1,647 million, up 25.6% on the previous year.

The table below shows the calculation of the Group's free cash flow:

(in millions of euros)	2019	2018
Operating margin before Depreciation and Amortization	**2,245**	**2,049**
Financial interest paid (net)	11	(3)
Refunding of lease commitments and associated interest	(480)	(432)
Taxes paid	(349)	(328)
Others	51	68
Cash flow from operations before changes in WCR	**1,478**	**1,354**
Investments in fixed assets (net)	(225)	(196)
Free cash flow before variations in WCR	**1,253**	**1,158**
Change in working capital requirements	394	153
Free Cash Flow	**1,647**	**1,311**

5.4.2 Group share capital and debt (long- and short-term)

Consolidated equity attributable to holders of the parent company rose from euro 6,853 million at December 31, 2018 to euro 7,392 million at December 31, 2019.

Net financial debt

(in millions of euros)	12/31/2019	12/31/2018
Financial debt (long- and short-term)	5,888	2,874
Fair value of derivative hedging on the 2021 and 2024 Eurobonds(1)	112	46
Fair value of derivative hedging on the 2025, 2028 and 2031 Eurobonds(1)	87	0
Fair value of hedging derivatives on medium-term syndicated loan(1)	0	(3)
Fair value of derivatives hedging intra-group loans and borrowings(1)	39	1
Total financial debt including market value of the associated derivatives	**6,126**	**2,918**
Cash and cash equivalents	(3,413)	(3,206)
Net financial debt	**2,713**	**(288)**
Net debt/equity (including minority interests)	**0.37**	**n/a (positive net cash)**

(1) Carried under “Other receivables and current assets” and/or under “Other debts and current liabilities” on the consolidated balance sheet.

Net debt totaled euro 2,713 million at December 31, 2019, after a net cash position of euro 288 million at December 31, 2018.

The Group’s average net debt in 2019 was euro 2,375 million, versus euro 1,323 million in 2018. The increase in the Group’s net debt is a result of the acquisition of Epsilon, largely financed by a bond issued in three tranches for a total amount of euro 2.25 billion.

The Group’s gross debt was euro 6,126 million as at December 31, 2019, compared with euro 2,918 million as at December 31, 2018. This debt consisted of 91% long-term borrowings (see Note 22 to the consolidated financial statements in Chapter 6 for a detailed maturity schedule of Group debt).

The financial liabilities, after taking into account the interest rate swaps on the Eurobond and the medium-term syndicated loan, are essentially made up of fixed-rate borrowings (79% of the gross debt excluding debt related to long-term equity investments and commitments to buy-out non-controlling interests as at December 31, 2018) with an average rate recorded for 2019 of 3.1%.

Debt breakdown by currency (after currency swaps) as at December 31, 2019 was as follows: euro 4,354 million denominated in euros, euro 1,430 million denominated or swapped in US dollars, and euro 104 million denominated in other currencies.

In December 2005, the Group established financial ratio targets meant to direct the Group’s financial policy on such matters as acquisitions and dividends. These ratios were updated in 2019 to reflect the impact of IFRS 16 applied early by the Group from 2018. The table below presents calculations for these ratios for 2018 and 2019 with the reminder of the optimal ratios as defined above:

	Optimal ratio post-IFRS 16	December 31, 2019	December 31, 2018
(Average net financial debt + average lease liabilities)/operating margin before depreciation and amortization	< 2.2	2.1	1.6
(Net financial debt + lease liabilities)/equity	< 0.80	0.71	0.26
Interest coverage: operating margin before depreciation and amortization/(cost of net financial debt + interest on lease liabilities)	> 7	24	30

5.4.3 Terms of borrowings and financing structure of the Group

In order to manage its liquidity risk, Publicis has substantial cash and cash equivalents amounting to euro 3,413 million and confirmed unused credit lines amounting to euro 2,632 million as of December 31, 2019. The main component of these credit lines is a multi-currency syndicated facility in the amount of euro 2,000 million, renegotiated on June 28, 2019, maturing in 2024.

These immediately available or almost immediately available amounts allow the Group to pay its financial debt maturing in less than one year (including non-controlling interests buyout commitments).

Group cash management continued to benefit from the introduction of local centralized cash-pooling centers in the Group's main markets. Since 2006, an international cash pooling structure has been implemented with the goal of pooling all cash for the Group as a whole.

Two financial companies established in Dublin since 2014 have been added to the Group to manage financial transactions and the short-term investing of subsidiaries' liquidity. In 2017, one of these two companies, MMS Multi Euro Services DAC, became the lynchpin of the centralization of international cash pooling for the entire Group. The other company, MMS Ireland DAC, whose functional currency is the dollar, became the lynchpin of the centralization of cash pooling for most of the Group's US entities.

The Group's cash resources are, for the most part, centralized in Ireland. Cash resources not centralized in Ireland are, for the most part, held by subsidiaries in countries where funds can be freely transferred and centralized.

On April 16, 2019, S&P gave a rating of BBB+, stable outlook, given the negative implications of the Epsilon acquisition announcement.

On October 16, 2019, S&P downgraded Publicis' rating from BBB+ to BBB with a stable outlook.

On April 17, 2019, Moody's confirmed the Baa2 rating but changed the outlook from neutral to negative.

See also Notes 22 and 28 to the consolidated financial statements (Section 6.6 "Notes to the consolidated financial statements").

5.4.4 Restrictions on use of capital

As of December 31, 2019, and the date of the closing of accounts, there were no rating triggers or financial covenants for short-term bank credit lines, syndicated loans, confirmed medium-term bilateral bank credit lines or bond debt likely to restrict the Group's liquidity.

There are no legal or economic restrictions likely to limit or significantly restrict any transfers of funds to the parent company in the near future.

5.4.5 Sources of financing

Given its cash position and its confirmed unused credit lines amounting to euro 6,045 million at December 31, 2019, the Group has the necessary liquidity to meet its operating requirements and investment plan over the next 12 months.

Please note that, as a preventive measure, in light of the COVID-19-related health crisis, on March 20, 2020, Publicis Groupe SA drew 2,200 million dollars on its syndicated credit line, using the entire credit facility signed on June 28, 2019 with a pool of international banks.

5.5 PUBLICIS GROUPE SA (PARENT COMPANY)

Operating income totaled euro 54 million in 2019, compared with euro 45 million in 2018. It includes revenue, and comprises exclusively real estate rent and fees for assistance services contracted by Group subsidiaries, totaling euro 27 million (compared with euro 20 million in 2018) and rebilling and other income totaling euro 27 million (compared with euro 25 million in 2018).

Financial income amounted to euro 277 million at December 31, 2019 compared to euro 166 million the previous year; this increase is largely due to dividends received (euro 203 million in 2019 and euro 54 million in 2018).

Operating expenses for the financial year amounted to euro 53 million in 2019 compared with euro 50 million the previous year.

Financial expenses totaled euro 104 million in 2019, compared with euro 148 million the previous year.

Pre-tax profit was a positive euro 174 million in 2019, compared with a positive euro 13 million the previous year.

After inclusion of a euro 14 million (euro 30 million in 2018) income tax credit resulting from tax consolidation in France, Publicis Groupe, the Group's parent company, posted a profit of euro 188 million at December 31, 2019 after euro 43 million at December 31, 2018.

/ Information on client payment terms referred to in article D. 441-4

	Invoices issued and not settled on the reporting date that are past due					
	0 days	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Late payment tranches						
Number of invoices involved	0					1
Total amount of invoices involved, inc. tax	0	11,647	0	0	0	11,647
Percentage of billings, inc. tax, for the financial year	0	0.02%	0	0	0	0.02%
(B) Invoices not included in (A) relating to bad debts and receivables or not recognized						
Number of invoices not included						0
Amount of invoices not included						0
(C) Reference payment periods used (contractual or legal – article L. 441-6 or article L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payments:	Contractual payment periods, *i.e.* payment at 60 days for clients outside the Group and at 30 days for Group clients.					

/ Information on supplier payment periods (article 441-6-1 of the French Commercial Code)

	Invoices received and not settled on the reporting date that are past due					
	0 days	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
(A) Late payment tranches						
Number of invoices involved	0					8
Total amount of invoices involved, inc. tax	0	19,677	24	248	28,175	48,124
Percentage of total amount of purchases, inc. tax for the year	0.00%	0.23%	0.00%	0.00%	0.32%	0.55%
(B) Invoices not included in (A) relating to bad debts and receivables or not recognized						
Number of invoices not included						25
Amount of invoices not included						131,945
(C) Reference payment periods used (contractual or legal – article L. 441-6 or article L. 443-1 of the French Commercial Code)						
Payment periods used to calculate late payments:	Contractual payment periods, namely those indicated on our purchase orders, range from cash on delivery to 60 days, in line with statutory maximums.					

/ Allocation of 2019 net income and setting the dividend

The General Shareholders' Meeting called to approve the 2019 financial statements on May 27, 2020, will be asked to appropriate distributable earnings, which consist of:

- net income (loss) for 2019: euro 187,925,853.62;
- less increase to the statutory reserve: euro 207,490.40;
- plus earnings brought forward at December 31, 2019: euro 5,944,801.95.

I.e. Total **distributable earnings of** **euro 193,663,165.17**

To which is added an amount **taken from issue premiums** **euro 82,839,454.98**

I.e. **a total of euro 276,502,620.15 distributed** to shareholders (based on a **dividend** of **euro 1.15** per share and 240,437,061 shares, including treasury shares, as at December 31, 2019).

5.6 DIVIDEND DISTRIBUTION POLICY

Dividend paid for year	Number of shares that received dividends(1)	Dividend per unit (in euros)	Total payout (millions of euros)	Share price at December 31 (in euros)	Yield
2015	222,234,679	1.60	355.6	61.38	2.61%
2016	223,642,509	1.85	413.7	65.55	2.82%
2017	227,064,967	2.00	454.1	56.65	3.53%
2018	232,480,960	2.12	492.9	50.08	4.23%
2019	**240,437,061(1)**	**1.15(2)**	**276.5**	**40.36**	**2.85%**

(1) Number of dividend-bearing shares after deducting treasury shares, except for the 2019 appropriation, which includes treasury shares existing as at December 31, 2019.

(2) The Supervisory Board has decided, on the recommendation of the Management Board, to reduce the proposed dividend to be paid for financial year 2019 from €2.30 to €1.15 per share, as part of an exceptional measure related to the Covid-19 pandemic. It should be noted that the consolidated financial statements, approved by the Management Board on February 3 and reviewed by the Supervisory Board on February 5, show a proposed dividend of €2.30 per share (6.6 note 19), corresponding to the dividend initially proposed and therefore do not reflect the 50% reduction decided by the Group's Supervisory Board on April 10, 2020.

The dividends will be time-barred after five years. They are then paid to the French state. In 2014, the Company raised its medium-term payout ratio commitment, set at 35% until that point, to 42%, reflecting its determination to reach the average payout ratio for its industry. In order to honor this commitment, the dividend in respect of 2014, 2015 and 2016 was euro 1.20, 1.60 and then 1.85 per share, which represents a payout ratio of 33.0%, 36.4% and 41.5% respectively of diluted earnings per share. With the aim of further increasing the payout ratio in line with competitor practices, a proposal was made to increase the dividend to euro 2.00 per share for 2017, which represents a payout ratio of 44.4% of diluted headline earnings per share and an increase of 8.1% over the previous year. As part of the "Sprint to the Future" plan, the Groupe undertook to maintain a payout ratio of around 45%. The proposed dividend of euro 2.12 per share for the year 2018 reflects this. Up 6%, it represents 44.9% of diluted headline EPS. In 2019, it was initially planned to propose a dividend of euro 2.30 per share, representing a payout ratio of 45.8% of diluted headline earnings per share. However, in view of the global crisis caused by the Covid-19 pandemic, it was decided to reduce the dividend planned for 2019 to euro 1.15 per share. Subject to the approval of the General Shareholders' Meeting of May 27, 2020 and in line with the proposals for the six previous years, the dividend will be paid in cash or in shares, as the shareholder chooses.

5.7 OUTLOOK

The trends described below do not constitute forecasts or profit estimates as defined by modified European Regulation no. 809/2004 of April 29, 2004 used in application of directive 2003/71/00 of the European Parliament and Council of November 4, 2003.

The Groupe issued its outlook for 2020 when it presented its annual results on February 6, 2020. The financial targets presented at that time confirmed the outlook issued in October 2019, namely organic growth between -2% and +1%, with an operating margin of around 17%.

At that date, the coronavirus (or COVID-19) pandemic, which began in Wuhan (China) in December, did not have the importance it has taken on since then. The pandemic has caused real human tragedies, lockdown arrangements subjecting a half the global population to restrictions on their movements, including for professional reasons, and has generated an uncertain, volatile and unprecedented economic climate. As media companies have noted, it is difficult to predict reliably how advertisers' marketing investments will react in this environment. As such, on March 27, 2020, Publicis Groupe indicated that it would not make any comments on its guidance until further notice, while signaling that the revenue figures in the two months to end-February were in line with its 2020 business plan. It is therefore possible that the COVID-19 epidemic could have a significant effect on the activity of Publicis Groupe and its commercial partners, as well as on its operations, its main markets and as such its financial performance in 2020.

In response to the COVID-19 crisis, the Chair of the Management Board instructed the Groupe Secretary General, a member of the Management Board, to set up a dedicated management unit, which has implemented strong measures aimed at preserving the health of Groupe employees by making extensive use of telework, suspending travel in favor of videoconferencing wherever possible and encouraging employees to work from home, including in regions where the covid-19 pandemic has not really taken hold. Since the Groupe is largely endowed with the necessary tools, these measures allow continuity of service for our clients, without putting the health of our employees at risk.

At the same time, the teams have organized themselves to offer unfailing availability to our customers to help them overcome the consequences of this crisis by providing them with strategic, creative, technological and commercial support in all areas, at all times and by imagining as-needed solutions to preserve their top lines where possible.

The Group has taken steps to rigorously manage operating expenses, notably by postponing certain expenses in order to make it through the current situation.

This unit meets daily, interacts daily with the Groupe's major countries and communicates daily with local units for each of the countries in which the Groupe is present.

The Groupe published its First Quarter 2020 revenue on April 13. With organic growth of −2.9%, the first quarter was in line with expectations established prior to the COVID-19 pandemic. Despite encouraging numbers in the US in the first quarter, the Groupe confirmed that it would not provide any indication on its guidance, as this would be random and volatile by nature. The health crisis facing the world will result in a severe recession, the consequences of which are difficult to reliably predict. We could experience rebound situations but also more difficult moments. The Groupe is organized and ready for such events.

CHAPTER

CONSOLIDATED FINANCIAL STATEMENTS 2019 YEAR

6

6.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	2019	2018
Net revenue[1]		**9,800**	**8,969**
Pass-through revenue		1,201	982
Revenue		**11,001**	**9,951**
Personnel costs	3	(6,073)	(5,747)
Other operating costs	4	(2,683)	(2,155)
Operating margin before depreciation and amortization		**2,245**	**2,049**
Depreciation (excluding acquired intangible assets)	5	(586)	(526)
Operating Margin		**1,659**	**1,523**
Amortization of intangibles from acquisitions	5	(204)	(69)
Impairment loss	5	(209)	(131)
Non-current income and expenses	6	21	(20)
Operating income		**1,267**	**1,303**
Financial expense	7	(137)	(81)
Financial income	7	112	70
Cost of net financial debt	**7**	**(25)**	**(11)**
Revaluation of earn-out payments	7	(22)	(13)
Other financial income and expenses	7	(66)	(60)
Pre-tax income of consolidated companies		**1,154**	**1,219**
Income taxes	8	(305)	(285)
Net income of consolidated companies		**849**	**934**
Share of profit of associates	13	(5)	(4)
Net income		**844**	**930**
Of which:			
• Net income attributable to non-controlling interests		3	11
• Net income attributable to equity holders of the parent company		841	919

Per-share data (in euros) **– Net income attributable to equity holders of the parent company**	**9**		
Number of shares		*234,293,034*	*229,231,677*
Earnings per share		3.59	4.01
Number of diluted shares		*236,608,597*	*234,564,382*
Diluted earnings per share		3.55	3.92

(1) Net revenue: Revenue less pass-through costs. Those costs are mainly production & media costs and out-of-pocket expenses. As these items that can be passed on to clients are not included in the scope of analysis of transactions, the net revenue indicator is the most appropriate for measuring the Group's operational performance.

6.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	2019	2018
Net income for the period (a)	**844**	**930**
Comprehensive income that will not be reclassified to income statement		
• Actuarial gains (and losses) on defined benefit plans	(29)	22
• Deferred taxes on comprehensive income that will not be reclassified to income statement	5	(2)
Comprehensive income that may be reclassified to income statement		
• Remeasurement of hedging instruments	(84)	6
• Consolidation translation adjustments	78	73
Total other comprehensive income (b)	**(30)**	**99**
Total comprehensive income for the period (a) + (b)	**814**	**1,029**
Of which:		
• Total comprehensive income for the period attributable to non-controlling interests	3	10
• Total comprehensive income for the period attributable to equity holders of the parent company	811	1,019

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6.3 CONSOLIDATED BALANCE SHEET

(in millions of euros)	Notes	December 31, 2019	December 31, 2018
Assets			
Goodwill, net	10	11,629	8,751
Intangible assets, net	11	1,979	1,125
Right-of-use assets related to leases	23	2,122	1,732
Property, plant and equipment, net	12	720	611
Deferred tax assets	8	143	150
Investments in associates	13	32	62
Other financial assets	14	218	215
Non-current assets		**16,843**	**12,646**
Inventories and work-in-progress	15	411	367
Trade receivables	16	10,233	9,115
Assets on contracts	25	1,002	874
Other current receivables and assets	17	757	689
Cash and cash equivalents	18	3,413	3,206
Assets held for sale	2	-	183
Current assets		**15,816**	**14,434**
Total assets		**32,659**	**27,080**
Equity and Liabilities			
Share capital		96	94
Additional paid-in capital and retained earnings, Group share		7,305	6,759
Equity attributable to holders of the parent company	**19**	**7,401**	**6,853**
Non-controlling interests		(9)	0
Total equity		**7,392**	**6,853**
Long-term borrowings	22	4,286	2,425
Long-term lease liabilities	23	2,196	1,648
Deferred tax liabilities	8	413	446
Long-term provisions	20	426	384
Non-current liabilities		**7,321**	**4,903**
Trade payables		13,411	12,176
Liabilities on contracts	25	353	284
Short-term borrowings	22	1,602	449
Short-term lease liabilities	23	336	393
Income taxes payable		351	365
Short-term provisions	20	170	125
Other creditors and current liabilities	24	1,723	1,432
Liabilities held for sale	2	-	100
Current liabilities		**17,946**	**15,324**
Total equity and liabilities		**32,659**	**27,080**

6.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	2019	2018
Cash flow from operating activities		
Net income	844	930
Neutralization of non-cash income and expenses:		
Income taxes	305	285
Cost of net financial debt	25	11
Capital losses (gains) on disposal of assets (before tax)	(20)	20
Depreciation, amortization and impairment loss	999	726
Share-based compensation	49	63
Other non-cash income and expenses	88	76
Share of profit of associates	5	4
Dividends received from associates	2	2
Taxes paid	(349)	(328)
Change in working capital requirements[1]	394	153
Net cash flows generated by (used in) operating activities (I)	**2,342**	**1,942**
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets	(232)	(207)
Disposals of property, plant and equipment and intangible assets	7	11
Purchases of investments and other financial assets, net	20	(11)
Acquisitions of subsidiaries	(4,143)	(260)
Disposals of subsidiaries	88	19
Net cash flows generated by (used in) investing activities (II)	**(4,260)**	**(448)**
Cash flow from financing activities		
Dividends paid to holders of the parent company	(285)	(210)
Dividends paid to non-controlling interests	(12)	(10)
Proceeds from borrowings	3,413	11
Repayment of borrowings	(485)	(159)
Repayment of lease liabilities	(403)	(374)
Interest paid on lease liabilities	(77)	(58)
Interest paid	(96)	(69)
Interest received	107	66
Buyouts of non-controlling interests	(40)	(21)
Net (buybacks)/sales of treasury shares and warrant	7	9
Net cash flows generated by (used in) financing activities (III)	**2,129**	**(815)**
Impact of exchange rate fluctuations (IV)	**4**	**133**
Change in consolidated cash and cash equivalents (I + II + III + IV)	**215**	**812**
Cash and cash equivalents on January 1	3,206	2,407
Bank overdrafts on January 1	(14)	(27)
Net cash and cash equivalents at beginning of year (V)	**3,192**	**2,380**
Cash and cash equivalents at closing date	3,413	3,206
Bank overdrafts at closing date	(6)	(14)
Net cash and cash equivalents at end of the year (VI)	**3,407**	**3,192**
Change in consolidated cash and cash equivalents (VI – V)	**215**	**812**

(1) Breakdown of change in working capital requirements		
Change in inventory and work in progress	(14)	42
Change in trade receivables and other receivables	(529)	(274)
Change in accounts payable, other payables and provisions	937	385
Change in working capital requirements	**394**	**153**

6.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
231,240,308	**December 31, 2018**	**94**	**3,926**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the year		
4,481,915	Dividends	2	206
522,277	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
183,068	Equity warrant exercise	0	5
529,259	(Buybacks)/sales of treasury shares		
236,956,827	**December 31, 2019**	**96**	**4,137**
226,295,805	**January 1, 2018**	**92**	**3,680**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the year		
4,323,480	Dividends	2	243
210,612	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
87,984	Equity warrant exercise	0	3
322,427	(Buybacks)/sales of treasury shares		
231,240,308	**December 31, 2018**	**94**	**3,926**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Minority interests	Total equity
2,875	**(263)**	**221**	**6,853**	**-**	**6,853**
841			841	3	844
	78	(108)	(31)	(0)	(31)
841	**78**	**(108)**	**811**	**3**	**814**
(493)			(285)	(12)	(297)
48			48		48
(40)			(40)		(40)
			5		5
9			9		9
3,240	**(185)**	**113**	**7,401**	**(9)**	**7,392**
2,336	**(337)**	**195**	**5,966**	**2**	**5,968**
919			919	11	930
	74	26	100	(1)	99
919	**74**	**26**	**1,019**	**10**	**1,029**
(455)			(210)	(10)	(220)
63			63		63
(1)			(1)	(2)	(3)
			3		3
13			13		13
2,875	**(263)**	**221**	**6,853**	**-**	**6,853**

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6.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

Note 1 Accounting policies and methods

Pursuant to Regulation (EC) 1606/2002 of July 19, 2002, the Publicis Groupe 2019 consolidated financial statements were prepared in accordance with the IAS/IFRS international accounting standards approved by the European Union as of the reporting date and that were mandatory at that date.

The 2019 consolidated financial statements and the accompanying notes were approved by the Management Board at its February 3, 2020 meeting and reviewed by the Supervisory Board at its February 5, 2020 meeting. They will be submitted for approval by the shareholders at the General Shareholders' Meeting on May 27, 2020.

1.1 New applicable standards and interpretations

Compliance with IFRS standards as adopted by the European Union

The accounting principles applied to prepare the annual consolidated financial statements for the financial year ended December 31, 2019 are consistent with the IFRS standards and IFRIC interpretations as adopted by the European Union as at December 31, 2019.

Application of new standards and interpretations

As a reminder, the Group decided to early apply IFRS 16 "Leases" and IFRIC 23 "Uncertainty over income tax treatments" from January 1, 2018.

Early application

As of December 31, 2019, the Group has not adopted any new standards or interpretations in advance.

Standards published by the IASB for which application is not mandatory

The principles applied by the Group do not differ from IFRS standards as published by the IASB, since the application of the following standard is not mandatory in financial years beginning on or after January 1, 2019:

- IFRS 17 "Insurance Contracts." This standard has not yet been adopted by the European Union. The Group does not expect the application of this standard to have a material impact.

1.2 Consolidation principles and policies

Reporting currency of the consolidated financial statements

Publicis prepares and publishes its consolidated financial statements in euros.

Investments in subsidiaries

The consolidated financial statements include the financial statements of Publicis Groupe SA and of its subsidiaries as at December 31 of each year. Subsidiaries are consolidated as of the time that the Group obtains control until the date on which control is transferred to an entity outside the Group.

Control is exercised when the Group is exposed or entitled to the variable returns and provided that it can exercise its power to influence such returns.

Investments in associates

The Group's investments in associates are accounted for under the equity method. An associate is a company over which the Group has significant influence but not control, this generally implies an ownership percentage of between 20% and 50% of the voting rights.

Investments in associates are recognized in the balance sheet at their acquisition cost and adjusted to reflect subsequent changes to the Group's share in the net assets of the associate, in accordance with the equity method. The Group's investment includes the amount of any goodwill, which is treated in accordance with the Group's accounting policy in this area, as presented in Section 1.3 below. The income statement reflects the Group's share of the associate's net income after taxes for the period.

Joint arrangements

Partnerships recognized as joint ventures are recognized under the equity method to the extent that they only give rights to the net assets of the entity.

Foreign currency transactions

Transactions in foreign currencies are recognized at the exchange rate applicable on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable at the reporting date. All differences arising are recognized in the income statement, except for differences on loans and borrowings that, in substance, form part of the net investment in a foreign entity. These differences are recognized in equity until such time as the net investment is disposed of, at which time they are recorded in the income statement.

Translation of financial statements prepared in foreign currencies

The functional currency of each Group entity is the currency of the economic environment in which it operates. The financial statements of subsidiaries located outside the euro zone presented in local currencies are translated into euros, the reporting currency of the consolidated financial statements, in the following manner:

- assets and liabilities are translated at year-end exchange rates;

- the income statement is translated at the average exchange rate over the year;
- translation adjustments resulting from the application of these rates are recognized in "Other comprehensive income items – Consolidation translation adjustments" for the Group share, with the remainder being recorded as "Non-controlling interests (minority interests)".

Goodwill and fair value adjustments of assets and liabilities recognized in the context of the acquisition of a foreign entity are expressed in the functional currency of the acquired company and translated at the exchange rate applying at the reporting date.

Elimination of intra-group transactions

Transactions between consolidated subsidiaries are fully eliminated, as are the corresponding receivables and payables. Similarly, intercompany gains or losses on sales, internal dividends and provisions relating to subsidiaries are eliminated from consolidated results, except in the case of impairment loss.

1.3 Accounting principles and methods

Business combinations

Business combinations are treated in the following manner:

- identifiable assets acquired and liabilities assumed are recognized at their fair value on the acquisition date;
- non-controlling interests in the acquired business (minority interests) are recognized either at fair value or at the proportionate share of recognized identifiable net assets in the acquired business. This option is available on a case-by-case basis for each business combination.

Acquisition costs are recognized as an expense when incurred and are recorded under "Other operating expenses" in the consolidated income statement.

Any earn-out payments on business combinations are recognized at fair value on the acquisition date. After the acquisition date, earn-out payments are recognized at their fair value on the balance sheet date. As of the end of the period for allocating the acquisition price, which comes one year following the acquisition date at the latest, any change in this fair value is recorded in income. Within this allocation period, any changes in this fair value explicitly linked to events subsequent to the acquisition date are also recognized in income. Other changes are recognized as an offset to goodwill.

At the acquisition date, goodwill represents the difference between:

- the fair value of the transferred asset, including earn-out payments, plus the amount of non-controlling interests in the acquired company and, where a business combination occurs in several stages, the fair value at the acquisition date of the interest previously held by the buyer in the acquired company, which is adjusted through income; and
- the net residual value of identifiable assets acquired and liabilities assumed at the acquisition date and recorded at fair value.

Although deferred tax assets were not recognized at the acquisition date because their recoverability was uncertain, any subsequent recognition or utilization of these deferred taxes after the allocation period will be recorded as an offset to income (*i.e.* with no impact on the amount recorded as goodwill).

Commitments to buy-out non-controlling interests made at the time of a business combination

Pending an IFRIC interpretation or a specific IFRS standard on this matter, the following accounting treatment has been adopted in accordance with currently applicable IFRS standards and the AMF recommendation:

- initially, these commitments are recognized in borrowings at the present value of the buyout amount, with a double entry booked in diminution of equity;
- subsequent changes in the value of the commitment (including the effect of discounting) are recognized by adjusting equity on the grounds that it is a transaction between shareholders.

Additional acquisition of securities with the exclusive takeover of an entity previously under significant influence

The exclusive takeover leads to the recognition of a disposal gain or loss calculated on the entire interest at the transaction date. The previously held interest is thus remeasured at fair value through the income statement at the time of the exclusive takeover.

Additional acquisition of securities after the exclusive takeover

When additional securities are acquired in an entity that is already exclusively controlled, the difference between the acquisition price of these securities and the proportion of additional consolidated equity acquired is recognized as equity attributable to shareholders of the parent company of the Group. The consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, is thus left unchanged.

In the statement of cash flows, the acquisition of additional securities in an entity already controlled is presented as net cash flow relating to financing activities.

Sale of securities without loss of exclusive control

In the event of a partial sale of securities in an exclusively controlled entity that does not modify control of this entity, the difference between the fair value of the sale price of the securities and the proportion of consolidated equity capital that these securities represent at the date of sale is recognized as equity attributable to shareholders in the parent company of the Group. The consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, is thus left unchanged.

In the statement of cash flows, the sale of securities without loss of exclusive control is presented as net cash flow relating to financing activities.

Sale of securities with loss of exclusive control but retention of an equity interest

The loss of exclusive control leads to the recognition of a disposal gain or loss calculated on the entire interest held at the transaction date.

Any residual interest is therefore remeasured at fair value through the income statement at the time of the exclusive loss of control.

Planned disposals

In application of IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of controlled entities held for sale are presented separately on the balance sheet.

Reclassified non-current assets are no longer depreciated from the date on which they are reclassified.

Research and study costs

Publicis recognizes expenditures for studies and research as expenses attributable to the financial year in which they are incurred. This expenditure primarily relates to the following items: studies and tests relating to advertising campaigns, research programs into consumer behavior and clients' needs in various areas, and studies and modeling to optimize media buying for the Group's clients.

Development expenditures incurred for an individual project are capitalized once they are considered to be reasonably certain of being recovered in the future. Any capitalized expense is amortized over the future period during which the project is expected to generate income.

Goodwill

When a takeover takes place in a single transaction, goodwill is equal to the fair value of the consideration paid to acquire the securities (including any earn-out payments which are recorded at fair value at the takeover date), plus the value of non-controlling interests (these items are valued for each business combination either at fair value or at the proportionate share of the fair value of the net assets of the acquired business and minus the fair value of assets, liabilities and contingent liabilities identified at the acquisition date.)

Goodwill recorded in the balance sheet is not amortized but is instead subject to impairment tests on at least an annual basis. Impairment tests are performed for the cash-generating unit(s) to which goodwill has been allocated by comparing the recoverable amount and the carrying amount of the cash-generating unit(s). The Group considers each agency or group of agencies to be a cash-generating unit.

The recoverable amount of a cash-generating unit is the greater of its fair value (generally its market value), net of disposal costs, and its value in use. Value in use is determined on the basis of discounted future cash flows. Calculations are based on five-year cash flow forecasts, a terminal growth rate for subsequent cash flows and the application of a discount rate to all future flows. The discount rate used reflects the time current market assessments of value of money and the specific risks to which the cash-generating unit is exposed.

If the carrying amount of a cash-generating unit is higher than its recoverable amount, the assets of the cash-generating unit are written down to their recoverable amount. Impairment losses are allocated, firstly, to goodwill and are recognized through the income statement and then against other assets.

Intangible assets

Separately acquired intangible assets are recognized at acquisition cost. Intangible assets acquired in the context of a business combination are recognized at their fair value on the acquisition date, separately from goodwill, if they are identifiable, *i.e.* if they meet one of the following two conditions:

- the intangible assets arise from legal or contractual rights; or
- the intangible assets can be separated from the acquired entity.

Intangible assets primarily consist of trade names, client relationships, technologies, e-mail address databases and software.

As from July 1, 2019, the useful life of brands, which was previously indefinite, has been re-estimated and a useful life of eight years applied (see Note 5). They are also subject to impairment tests if there are any indicators that they may have been impaired.

Client relationships with a finite useful life are amortized over such useful lives, which are generally between 10 and 15 years. They are also subject to impairment tests if there are any indicators that they may have been impaired.

Technology assets result from the Group's engagement in digital activities. They are amortized over a three- to seven-year period.

E-mail address databases are used in direct e-mailing campaigns. These databases are amortized over two years.

The method used to identify any impairment of intangible assets is based on discounted future cash flows. The Group uses the "royalty savings" method for trade names, which takes into account the future cash flows that the trade name would generate in royalties if a third party were to pay for the use of said trade name. For client contracts, the method involves discounting future cash flows generated by the client. Valuations are carried out by independent appraisers. The parameters used are consistent with those used to measure goodwill.

Capitalized software include in-house applications as well as commercial packages; they are measured either at their acquisition cost (if purchased externally) or at their production cost (if developed internally). They are amortized over their useful life:

- ERP: eight years;
- other: three years maximum.

Property, plant and equipment

Items of property, plant and equipment are measured at acquisition cost minus accumulated depreciation and impairment loss.

When appropriate, the total cost of an asset is broken down into its various components that have distinct useful lives. Each component is then recognized separately and depreciated over a distinct term.

Items of property, plant and equipment are depreciated on a straight-line basis over each asset's estimated useful life. The useful life of property, plant and equipment is generally assumed to be as follows (straight-line method):

- buildings: 20 to 70 years;
- fixtures, fittings and general installations: 10 years;
- office equipment and furniture: 5 to 10 years;
- vehicles: 4 years;
- IT equipment: 2 to 4 years.

If any indicators suggesting impairment loss exist, the recoverable amount of the property, plant and equipment or the cash-generating unit(s) to which such assets belong is compared to their carrying amount. Any impairment loss is recorded in the income statement.

Lease contracts

Leases are recognized on the balance sheet at the outset of the lease at the present value of future payments. These leases are recognized under "Lease liabilities" on the liabilities side, offset by "Rights-of-use under leases" on the assets side. They are amortized over the term of the lease, which is typically the fixed period of the lease unless there is a stated intention to renew or terminate. In the income statement, depreciation and amortization expenses are recognized in the operating margin and interest expenses under net financial income (expenses). The tax effect of this restatement for consolidation purposes is accounted for through the recognition of deferred tax assets or liabilities.

The discount rates applied to determine the lease liability are based on the Group's incremental borrowing rate plus a spread to take into account the specific economic environment of each country. These discount rates are determined having regard to the terms of the leases.

Leases of low-value assets or short-term leases are immediately expensed in profit or loss.

Other financial assets

All investments are initially recognized at fair value, which corresponds either to the price paid or the value of assets given in payment, plus any transaction costs.

After the initial recognition, investments are assessed at fair value as of the reporting date. Gains and losses on investments held for trading are recognized in income. Profits and losses on other financial assets are accounted for optionally for securities representing equity instruments, either in profit and loss or in other comprehensive income or equity.

Other long-term investments held for maturity and whose sole contractual cash flow characteristics are the payment of the principal and interest, such as bonds, are then assessed at amortized cost using the effective interest rate method. For investments recognized at amortized cost, gains and losses are recognized in the income statement if they are sold or impaired, as well as through the process of amortization.

For investments that are actively traded on organized financial markets, fair value is determined by reference to the published market price at the reporting date. For investments that are not listed on an active market, fair value is determined with reference to the current market price of another substantially similar instrument, or calculated based on the cash flows that are expected from the investment.

Loans and receivables due from associates and non-consolidated companies

This includes financial receivables from associates or unconsolidated companies held by the Group.

Impairment is recognized whenever there is a risk of non-payment as a result of the financial position of the entity in question.

Inventories and work-in-progress

This line item mainly includes work-in-progress for the advertising business when we act as "Agent". This involves creative and production technical work (graphics, TV, radio, publishing, etc.) that can be directly passed on to the client but has not yet been invoiced. They are recognized on the basis of costs incurred and a provision is recorded when their net realizable amount is lower than cost. Non-billable work or costs incurred relating to new client development activities are not recognized as assets, except for tendering expenses which may be re-invoiced to the client under the terms of the contract. In order to assess the net realizable amount, inventory and work-in-progress are reviewed on a case-by-case basis and written down, if appropriate, on the basis of criteria such as the existence of commercial disputes with the client.

It also includes, to a lesser extent, media inventories bought on own-account and not resold at the end of the reporting period.

Trade receivables

Receivables are recognized at the initial amount of the invoice. Receivables presenting a risk of non-recovery are subject to impairment. Such allowances are determined, on a case-by-case basis, using various criteria such as difficulties in recovering the receivables, the existence of any disputes and claims, or the financial position of the debtor. Impairment of trade receivables also takes into account expected losses on receivables under the simplified approach permitted by IFRS 9.

Due to the nature of the Group's activities, trade receivables are of a short-term nature. Nevertheless, any trade receivables of a longer-term nature will be recognized at their discounted value.

Contract assets

Contract assets consist of revenue recorded when a performance obligation has been satisfied but not yet invoiced. Contract assets are transferred to Trade receivables when the right to consideration becomes unconditional and the service is invoiced to the client in accordance with the terms of the contract.

Derivative financial instruments

The Group uses derivatives such as foreign currency and interest rate hedges to hedge its current or future positions against foreign exchange rate risks or interest rate risks. These derivatives are measured at fair value, determined either by reference to observable market prices at the reporting date or by the use of valuation models based on market parameters at the reporting date. Including counterparty risk in the valuation of derivatives did not have a material impact.

Whenever these financial instruments are involved in an arrangement treated as a hedge for accounting purposes, the following should be distinguished:

- fair value hedges, which are used to hedge against changes in the fair value of a recognized asset or liability;
- cash flow hedges, which are used to hedge against exposure to changes in future cash flows.

For fair value hedges related to a recognized asset or liability, all gains and losses resulting from the remeasurement of the hedging instrument at fair value are recognized immediately in the income statement. At the same time, any gain or loss on the hedged item will change the carrying amount of this item as an offset to its effect on the income statement.

For hedges used to hedge firm or highly probable future commitments and that meet the conditions for recognition as hedge accounting (future cash flow hedge), the portion of gain or loss realized on the hedging instrument deemed to be an effective hedge is recognized in other comprehensive income. The ineffective portion is recognized immediately in profit and loss. Gains and losses recognized in other comprehensive income are reported in the income statement for the period in which the hedged risk affects income; for example, when a planned sale actually occurs.

As for derivatives that do not qualify for hedge accounting, any gain or loss resulting from changes in their fair value is recognized directly in the net income for the year.

Changes in the fair value of derivatives that qualify as fair value hedges are recognized in other financial income and expenses, as are changes in the value of the underlying items. The fair value of derivative instruments is recognized in other receivables and other current assets and in other creditors and current liabilities.

Cash and cash equivalents

Cash and cash equivalents include sight deposits, cash, short-term deposits with an initial maturity of less than three months and UCITS and money market funds with a negligible risk of a change in value, *i.e.* that meet the following criteria: sensitivity to interest rate risk less than or equal to 0.25 and 12-month historical volatility of close to zero.

For the purposes of the statement of cash flows, "cash" includes cash and cash equivalents as defined above, net of bank overdrafts.

Treasury shares

Irrespective of their intended use, all treasury shares are recognized at their acquisition price by the Group as a deduction from equity.

Bonds

- Bonds redeemable in cash:

  The bonds are initially recognized at their fair value, which corresponds to the amount of cash received, net of issuance costs.

  Subsequent to initial recognition, bonds are recognized at their amortized cost, using the effective interest rate method, which takes into account all issuance costs and any redemption premium or discount.

- Convertible bonds and debentures redeemable for stock:

  For convertible bonds (Océanes) or debentures (Oranes), or debentures with warrants (OBSAs), the liability and equity components are initially recognized separately. The fair value of the debt component at issuance is determined by discounting the future contractual cash flows at market rates that the Company would have had to pay on a bond instrument offering the same terms but without a conversion option.

  The equity component is measured on issuance by deducting the fair value of the debt component from the fair value of the bond as a whole. The value of the conversion option is not revised during subsequent financial years.

  Issuance costs are divided between the debt and equity components based on their respective carrying amounts at issuance.

  The debt component is subsequently measured at amortized cost.

Provisions

Provisions are funded when:

- the Group has a present obligation (legal or constructive) resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the outflow can be estimated reliably. Where the effect of the time value of money is material, provisions are discounted to present value. Increases in the amount of provisions resulting from the unwinding of the discount are recognized as financial expenses.

Contingent liabilities are not recognized but, if material, are disclosed in the notes to the financial statements, except in the case of business combinations where they constitute identifiable items for recognition.

Provisions for litigation and claims

These concern identified risks related to litigation or claims of any kind: commercial, regulatory, tax (other than income taxes) or labor. The Group establishes a provision if it is likely that outflow will be necessary to eliminate this risk and it is possible to reliably estimate the cost related to this risk. In such cases, the amount of the provision (including any related penalties) is determined by the agencies and their experts, under the supervision of the Group's head office teams, on the basis of their best estimate of the probable costs related to the litigation or the claim.

Restructuring provisions

The total cost of restructuring is recognized in the financial year when these actions have been approved and announced.

In the context of an acquisition, restructuring plans that do not constitute liabilities for the acquired company on the date of the acquisition are recognized as expenses.

These costs consist primarily of severance and early retirement payments and notice periods that have not been worked, which are recognized in employee benefits expenses, and, in some cases, of write-downs of property, plant and equipment and other assets.

Vacant property provisions

Vacant property provision valuations are made by discounting the rent payable, less income expected from sub-leasing and additionally include lease expenses and any taxes on vacant premises, where the premises are not intended for use as part of its main activities. Since January 1, 2018, in accordance with IFRS 16, only lease expenses and any taxes are included in the vacant property provisions.

In the context of business combinations, provisions are also recorded when the acquired company has property rental contracts with less favorable terms than those prevailing on the market as of the acquisition date.

Pensions and other post-employment benefits

The Group recognizes obligations relating to pensions and other post-employment benefits based on the type of plan in question:

- defined contribution plans: the amount of the Group's contribution to the plan is recognized as an expense for the year;
- defined benefit plans: the commitment in respect of defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses relating to post-employment plans and arising during the year are recorded directly in other comprehensive income. The effect of the unwinding of discounts on pensions net of the expected return on plan assets is recorded in "Other financial income and expenses". Various plan administrative expenses are, when directly invoiced to the Group, recognized under operating income.

Trade payables

This line item includes all operating payables (including notes payable and accrued supplier invoices) related to the purchase of goods and services including those related to media buying where the Company acts as agent. These payables are generally due within less than one year.

Liabilities on contracts

Liabilities on contracts correspond to deferred income. These are considerations received or invoiced to clients for which the Group has an obligation to provide goods or services.

Contract liabilities do not include client advances for external costs incurred on behalf of clients and that are directly passed through to the clients when the Group acts as "Agent". Such advances are recorded under Trade payables.

Revenue

Group revenue mainly stems from creative and production services, direct and digital marketing, CRM (Customer Relationship Management), sales promotion and point of sale marketing, public relations, event management, institutional and financial communication, strategic media planning and media buying as well as digital business transformation consulting.

Client contracts are mainly compensated by fees, commission, performance-based bonuses and reimbursement of third-party costs incurred on behalf of the clients or a combination of the four.

The fees agreed with clients are for the most part calculated on the basis of an hourly rate plus overheads and a margin.

Commission-based contracts are calculated on the basis of a percentage of the total sum of costs paid to third parties (repaid by the client) to carry out the contract. Commission-based contracts mainly involve: media services on the basis of media space bought on behalf of the clients and supervision of productions done by third parties.

Virtually all our contracts are short-term, generally under one year, and the Group typically has right to payment to the end of the contract or at least for the work performed to date.

The Group recognizes revenue when (or as) the control of the promised goods or services (identified as performance obligations) is transferred to the client, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

▶ Performance obligations

For each contract, the promised services (called performance obligations) are distinct only if the client can benefit from the services on its own and if the agency's promise to transfer these services is separately identifiable from other promises in the contract.

Outside of media services, performance obligations generally correspond to the various compensation set out in the contracts. In creative advertising, the Group typically considers two performance obligations, one for creative advisory services and the second for productions, which generally corresponds to the various compensation set out in the contracts.

In media services, the transaction price generally covers strategic media planning services as well as media buying. In these contracts, we consider that these two groups of services are separate and the transaction price is allocated on the basis of the employees assigned to these services.

▶ Variable considerations of the transaction price

Some contracts include incentives that are subject to qualitative or quantitative performance criteria. These variable components are only included in the transaction price when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Performance-based incentives are typically only recognized when they are confirmed by the client.

The Group also receives volume rebates from suppliers on transactions carried out on behalf of clients. These rebates are either remitted to clients based on contractual terms or local laws, or retained by the Group. The portion paid back to clients is recognized under liabilities and the portion retained is typically recognized under revenue when the media is broadcast, if a contract exists with the media vendor and we anticipate exceeding volume criteria.

▶ "Agent" vs. "Principal" considerations

When third party suppliers are involved in providing services to clients, the Group considers that it is acting as "Principal" if at least one of the following criteria is satisfied:

- the agency obtains control of the asset or service before transferring it to the client;
- the agency has the ability to direct the supplier(s);
- the agency incorporates or combines the work of suppliers to deliver the promised goods or services to the client.

The Group acts as "Principal" in most of its activities except for media buying services performed on behalf of clients and supervision of productions done by third parties.

With respect to productions, the Group acts as "Agent" only on contracts for which it only performs production supervision that is wholly done by an external third party. If the agency incorporates or significantly transforms the work done by a third party, the Group considers that this involves a single performance obligation for which it acts as "Principal".

When the Group acts as "Principal", the revenue is recognized for the gross amount invoiced to the client. When the Group acts as "Agent", revenue is recognized net of the costs pass-through to clients, which means that revenue recorded is solely comprised of fees or commission.

In any case, travel expenses reimbursed by clients (transport, hotels, meals, etc.) are always recognized in revenue.

▶ Revenue recognition period

Almost all Group's revenue is recognized overtime because the client directly receives or consumes the benefit of our services or our performance generates an asset with no alternative use and for which we are entitled to payment for the work done to date.

For fixed-price projects, revenue is recognized overtime based on internal measurement which best describes the level of effort spent on the project, usually calculated on the basis of hours worked and direct external costs incurred on the project.

For retainer arrangements with a dedicated team, generally involving annual contracts, the Group considers that its performance obligation is to be ready at all times to make resources available to our client. In this instance, revenue is recognized on a straight-line basis over the term of the contract.

For commission-based media contracts, we recognize revenue when the media is broadcast.

- Contract modifications

On occasion, the client may ask for changes to the scope of the services in the course of the contract. These changes are generally negotiated as new contracts encompassing the additional needs with the related compensation.

- Disaggregation of revenue

The Group supplies a range of integrated communication services for its clients, that combine all the Group's areas of expertise. The Group enhanced its geographic approach, which best presents the manner in which revenue is affected by economic factors.

The breakdown of revenue by geographic region is similar to previous financial years and is presented in the segment information (see Note 29).

- Practical expedients

The Group decided to apply practical expedients regarding outstanding performance obligations and not to disclose information when the performance obligation is part of a contract that has an original expected duration of one year or less and those for which the Group is entitled to payment for the hours worked to date.

The amounts on the remaining performance obligations on other types of contracts than those listed above are not material and are not presented in the notes.

Net revenue

Net revenue is calculated as revenue less pass-through costs which are the amounts paid to external suppliers engaged to perform a project and charged directly to clients.

Whether the Group acts as "Agent" or "Principal", the Group incurs third party costs on behalf of clients, directly re-invoiced to the clients. These costs mainly relate to production and media activities, as well as out-of-pocket expenses (especially travel costs) and are recorded into operational costs. As these items can be re-invoiced to clients, they are not included in the scope of assessment of operations, then the "net revenue" indicator used to measure the Group's operational performance excludes the re-invoicing of such costs.

Publicis Groupe share subscription or purchase option plans

The fair value of the options granted is recognized in employee benefits expense over the vesting period of the options. This is determined by an independent expert, generally using the Black-Scholes model. By way of exception, where the plan contains market objectives, the Monte-Carlo method is used.

For plans containing non-market performance objectives, the Group evaluates the probability that the objectives will be achieved and takes account of this estimate in its calculation of the number of shares to be delivered.

Publicis Groupe free share plans

The fair value of the free shares granted is recognized in employee benefits expense over the vesting period of the rights. This value is determined by an independent expert and is equal to the market price per share on the date of the award, adjusted to reflect the expected loss of dividend(s) during the vesting period. By way of exception, where the plan contains market objectives, the Monte-Carlo method is used.

For plans containing non-market performance objectives, the Group evaluates the probability that the objectives will be achieved and takes account of this estimate in its calculation of the number of shares to be delivered.

Non-current income and expenses

In order to facilitate the analysis of the Group's operational performance, Publicis records exceptional income and expenses under "Non-current income and expenses". This line item mainly includes gains and losses on the disposal of assets.

Operating margin before depreciation & amortization

The operating margin is equal to revenue after deducting personnel expenses and other operating expenses (excluding other non-current income and expenses as defined above).

Operating margin

The operating margin is equal to revenue after deducting personnel expenses, other operating expenses (excluding other non-current income and expenses described above) and depreciation and amortization expense (excluding intangibles from acquisitions). The operating margin, which represents operating income expressed as a percentage of revenue, is an indicator used by the Group to measure the performance of cash-generating units and of the Group as a whole.

Cost of net financial debt and other financial income and expenses

The cost of net financial debt includes financial expenses on borrowings and interest income on cash and cash equivalents.

Other financial income and expenses mainly include interest expenses on lease liabilities, the effects of discounting long-term provisions for vacant properties and pension provisions (net of return on plan assets), the effect of revaluation of earn-out payments on acquisitions, changes in the fair value of financial assets and foreign exchange gains and losses.

Income tax

Net income for the period is taxed based on the tax laws and regulations in force in the respective countries where the income is reported. Deferred taxes are reported using the balance sheet liability method for temporary differences between the tax value and the carrying amount of assets and liabilities at the reporting date.

Deferred tax assets are recognized for deductible temporary differences, tax loss carryforwards and unused tax credits to the extent that it is probable that there will be taxable income for the period (either from the reversal of the temporary differences or generated by the entity) against which such items can be charged in future years.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that there will be sufficient taxable income for the period to take advantage of all or part of this deferred tax asset. Deferred tax assets that are unrecognized are measured on every reporting date and recognized if it is likely that they will be usable against future taxable income for the period.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to be applicable in the year in which the asset is realized or the liability settled. The tax rates used are those that have been enacted, or virtually enacted, at the reporting date.

Uncertain income tax liabilities are recognized under income tax payable.

Earnings per share and diluted earnings per share (EPS and diluted EPS)

The basic earnings per share is calculated by dividing the net income for the financial year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing net income for the financial year attributable to ordinary shares, after cancellation of interest on bonds redeemable for, or convertible into, ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year adjusted to reflect the effect of options, free shares granted, outstanding warrants and the conversion of bonds convertible into shares (Océanes). The calculation of diluted earnings per share reflects only instruments that are dilutive, *i.e.* that reduce earnings per share.

For Publicis Groupe stock options, free shares and warrants, the method applied is set forth below.

For the calculation of diluted earnings per share, all dilutive options and warrants are assumed to have been exercised and the free shares actually received.

The proceeds from the exercise of these instruments are deemed to have been received with the issue of ordinary shares at the average market price for ordinary shares during the period. That issue, which is presumed to be measured at fair value, is neither dilutive nor accretive and is not included in the calculation of diluted earnings per share. The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at average market price must be treated as an issue of ordinary shares without proceeds and therefore as dilutive. This number is added to the denominator in the diluted earnings per share ratio.

Hence, options and warrants are dilutive only when the average price per share of ordinary shares during the period exceeds the options' or warrants' strike price (*i.e.* when they are "in the money").

In addition to these earnings per share (base and diluted), the Group calculates and regularly releases a "current" base and diluted EPS, similar to the one described above, except with respect to the earnings figure used, which excludes:

- the items "Impairment loss" and "Amortization of intangibles from acquisitions";
- the effect of the revaluation of earn-out payments on acquisitions and the change in fair value of financial assets recorded under "Other financial income and expenses";
- certain specifically designated items of exceptional income and expense generally recorded as "Non-current income and expenses".

1.4 Principal sources of uncertainty arising from the use of estimates

The Group's financial position and earnings depend on the accounting methods applied and the assumptions, estimates and judgements made when the consolidated financial statements are prepared. The Group bases its estimates on its past experience and on a series of other assumptions considered reasonable under the circumstances to measure the amounts to be used for the Group's assets and liabilities. Actual outcomes may, however, vary significantly from these estimates.

The characteristics of the main accounting policies, judgments and other uncertainties affecting the application of these accounting policies, together with the sensitivity of the results to changes in circumstances and assumptions associated with them are factors to be taken into consideration. The Group makes estimates and assumptions regarding the future. The accounting estimates will, by definition, rarely be exactly the same as the related actual outcomes.

The main assumptions concerning future events and other sources of uncertainty relate to the use of estimates on the reporting date, when there is a significant risk that the estimates of the net carrying amount of the assets and liabilities will be modified in future years, *i.e.*:

- the fair value allocated to assets and liabilities obtained through business combinations;
- the calculation of the recoverable amount of goodwill and intangible assets used for impairment tests;

- provisions for liabilities and charges, particularly for defined benefit pension liabilities and post-employment medical care;
- impairment of doubtful debt;
- the fair value measurement of stock options awarded under Publicis Groupe SA's stock option plans;
- the term of leases in relation to optional lease periods as well as the determination of discount rates;
- uncertain tax positions.

Detailed disclosures concerning these matters are provided in Notes 5, 20, 21, 28 and 30.

Note 2 Changes to consolidation scope

2.1 Acquisitions in 2019

2.1.1 Acquisition of Epsilon

On July 1, 2019, Publicis Groupe completed the full acquisition of Espilon Data Management, LLC, in fulfilment of the April 2019 agreement with Alliance Data Systems Corporation, for USD 4,451 million.

Headquartered in the US, Epsilon is a unique technology and platform company focusing on maximizing the value of its clients' data. The integration of Epsilon will allow Publicis Groupe to position itself as a leader in personalized client experiences at scale. This acquisition will accelerate the implementation of Publicis' strategy to become the preferred transformation partner for its clients.

This acquisition was mainly financed by (i) the issue on June 5, 2019 of a euro 2.25 billion bond in three tranches, and (ii) a medium-term loan established on June 28, 2019 (draw-down effective July 1, 2019) in three tranches (one for USD 900 million and two for euro 150 million each).

The provisional allocation of the consideration transferred broke down as follows at December 31, 2019:

(in millions of euros)	Epsilon
Consideration transferred (A)	**3,912**
Non-current assets	318
Current assets excluding cash and cash equivalents	482
Cash and cash equivalents	37
Total assets (B)	**837**
Non-current liabilities	153
Current liabilities	161
Total liabilities (C)	**314**
Net assets acquired before fair value adjustment[1] (D = B - C)	**523**
Client relationships	499
Technological applications	499
Total intangible assets	**998**
Total fair value adjustments (E)	**998**
Net assets acquired after fair value adjustments (F = D + E)	**1,520**
Goodwill (G = A - F)	**2,392**

(1) Excluding goodwill and intangible assets from prior acquisitions.

The euro 2,392 million in provisional residual goodwill includes:

- employee know;
- the ability to maintain and develop existing assets.

Epsilon's revenue since the date of the acquisition has contributed euro 977 million to Groupe consolidated net revenue for the 2019 financial year. The contribution to net income attributable to equity holders of the parent company for the 2019 financial year was euro 166 million. Groupe revenue would have been euro 11,894 million and net income attributable to equity holders of the parent company euro 868 million had the acquisition been finalized as of January 1, 2019.

The Epsilon acquisition costs were recognized under other operating expenses and totaled euro 40 million at December 31, 2019 (see Note 4).

2.1.2 Other acquisitions

The other acquisitions during the period were not material (either individually or taken as a whole). The main ones were:

- in February 2019, the acquisition of 100% of Soft computing (France);
- in August 2019, the acquisition of 100% of Rauxa (United States).

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) for all consolidated entities taken as a whole (notably including those detailed above, as well as smaller acquisitions) with an exclusive takeover during the year, totaled EUR 4,245 million. This amount mainly includes:

- euro 4,076 million paid out during the period;
- euro 166 million in earn-out payment commitments;
- euro 3 million in commitments to buy-out non-controlling interests.

The amount paid in 2019 for acquisitions (net of cash and cash equivalents acquired) totaled euro 4,144 million and included:

- euro 4,076 million paid out during the period;
- euro -55 million in net cash acquired;
- euro 123 million in earn-out payments relating to prior acquisitions paid out during the period.

The acquisitions over the period, excluding Epsilon, represented less than 2% of consolidated net revenue in fiscal year 2019 and less than 3% of net income attributable to equity holders of the parent.

2.2 Acquisitions in 2018

There was no significant takeover (individually or taken together) during the period.

The main acquisitions in the year were as follows:

- in July 2018, the Group acquired 100% of Payer Sciences (USA) and 100% of One Digital (Brazil);
- in September 2018, the Group acquired 100% of Kindred (Czech Republic);
- in November 2018, the Group acquired 100% of Xebia (France).

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) of all entities that were fully consolidated (notably including the ones detailed above, as well as smaller acquisitions) with an exclusive takeover during the period, totaled euro 236 million. This amount mainly includes:

- euro 136 million paid out during the period;
- euro 97 million in earn-out payment commitments;
- euro 3 million in commitments to buy-out non-controlling interests.

The amount paid out in 2018 for acquisitions (net of cash and cash equivalents acquired) totaled euro 260 million and includes:

- euro 136 million paid out during the period;
- euro -6 million in acquired net cash and cash equivalents;
- euro 130 million in earn-out payments paid out during the period.

Taken as a whole, all acquisitions made over the period represented less than 1% of consolidated revenue and less than 1% of net income attributable to equity holders of the parent company.

2.3 Disposals in 2019 and 2018

The Group completed the disposal of Relaxnews as of December 31, 2019, retaining a small 12.5% interest in Financière Relaxnews. The disposals of Publicis Health Solutions and the Proximedia operations were completed in first half 2019 (see Note 6).

The companies disposed of in 2019 contributed less than 0.4% to 2019 consolidated net revenue and 0.8% to 2019 net income attributable to equity holders of the parent.

There was no major disposal in 2018. Companies sold contributed no more than 1% of revenue and 1% of consolidated net income attributable to equity holders of the parent company in 2018.

Note 3 Personnel expenses and headcount

Personnel expenses include salaries, commissions, employee profit-sharing, vacation pay and bonus estimation. They also include expenses related to share-based payments (stock option and free share plans) and expenses related to pensions (excluding the net effect of unwinding the discount on benefit obligations, which is included in other financial income and expenses).

(in millions of euros)	2019	2018
Compensation	(4,789)	(4,501)
Social security charges, including post-employment benefits	(887)	(816)
Share-based payments	(49)	(63)
Temporary employees and freelancers	(348)	(367)
Maturity	**(6,073)**	**(5,747)**

/ Breakdown of headcount at December 31 by geographic region

	2019	2018
Europe	21,762	22,285
North America	27,098	22,494
Latin America	6,081	5,945
Asia Pacific	24,431	20,750
Middle East & Africa	3,863	4,114
Maturity	**83,235**	**75,588**

/ Breakdown of headcount at December 31 by function (in%)

	2019	2018
Account planning & management	18%	21%
Creative	12%	14%
Media and research	17%	18%
Specialized production activities and others	39%	33%
Administration and management	14%	14%
Maturity	**100%**	**100%**

Note 4 Other operating costs

Other operating expenses include all external expenses other than production and media buying when the Group acts as an agent. This includes pass-through costs amounting to EUR 1,097 million in 2018, versus euro 877 million in 2018; it also includes taxes other than income taxes and increases and reversals of provisions.

This line item also includes euro 40 million in Epsilon acquisition costs.

Note 5 Depreciation, amortization and impairment loss

(in millions of euros)	2019	2018
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(39)	(22)
Depreciation of property, plant and equipment	(143)	(125)
Amortization of right-of-use assets	(404)	(379)
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	**(586)**	**(526)**
Amortization of intangibles from acquisitions	**(204)**	**(69)**
Impairment loss on right-of-use assets	(127)	(114)
Impairment loss on intangible assets and intangibles arising from acquisitions	(42)	-
Impairment loss on investments in associates	(25)	-
Impairment losses on assets held for sale	(15)	(14)
Impairment losses on property, plant and equipment	-	(3)
Impairment losses	**(209)**	**(131)**
Total depreciation, amortization and impairment	**(999)**	**(726)**

Amortization of intangibles arising from acquisitions

As part of its strategic development, Publicis Groupe launched the country model in 2017 to bring together all Group expertise under one roof and provide clients with a single offering. This model was extended to all territories in which the Group operates and has been fully operational from January 1, 2020. As a result, the pertinence of the assumption retained, in which brands have indefinite lives, has been reassessed. This review has led to the use of a finite useful life instead of the indefinite useful life applied previously. From July 1, 2019, brands are amortized over a period of eight years, coresponding to their estimated term of use.

The brand amortization expense was euro 83 million for fiscal year 2019, including a euro 33 million accelerated amortization expense recognized following an impairment test to bring carrying amounts into line with recoverable amounts.

The amortization expense for Epsilon intangible assets was euro 66 million.

Other acquisition-related intangible assets with a finite useful life were also amortized for euro 55 million.

Impairment losses on right-of-use assets

In early 2018, the Group launched a program to optimize premises aiming to group agencies at one or more sites in the main countries.

This program required vacating leased spaces, to best use the existing space at other sites, and consequently right-of-use assets concerning the empty spaces were subject to total or partial impairment losses, and likewise concerning the fixtures in these spaces.

Euro 127 million in impairment losses were recognized in 2019 (euro 95 million net of tax), including euro 56 million for right-of-use assets and euro 15 million for fixtures. Expenses such as lease expenses and any taxes on vacant properties in the amount of euro 56 million are included in property provisions; they also include early departure penalties.

Impairment losses in 2018 reached euro 114 million, of which euro 30 million for right-of-use assets and euro 28 million for fixtures. Expenses such as lease expenses and any taxes on vacant properties in the amount of euro 56 million are included in vacant property provisions; they also include early departure penalties.

Impairment losses on intangible assets and intangible assets arising from acquisitions

Following the acquisition of Epsilon, a review of intangible assets relating to data management showed indications of impairment loss, in particular the duplication of certain applications, resulting in the recognition of a euro 22 million expense.

Moreover, client relationships acquired were tested for impairment. All valuations required for these tests were conducted by an independent expert.

At December 31, 2019, the after-tax discount rates used in the valuations ranged from 9.5% to 11%. They are determined on the basis of the specific characteristics belonging to each asset undergoing impairment testing. At December 31, 2019, a euro 20 million impairment loss was recognized following these tests for Digitas client relationships.

At December 31, 2018, the after-tax discount rates used in the valuations ranged from 8.5% to 14.5%. No impairment losses were recognized in 2018.

Impairment of equity investments

The impairment loss recognized in 2019 relates to long-term equity investments in Matomy Media Group for euro 12 million and Jana Mobile for euro 13 million. The main assets of these two entities are currently being sold or liquidated (see Note 13).

Impairment losses on assets held for sale

The value of the assets and liabilities held for sale was written down to their realizable value less disposal costs. This led the Group to recognize the following impairment loss at December 31, 2019:

- euro 15 million for the Relaxnews entity to reduce assets to fair value. The planned disposal was completed at December 31, 2019 and did not result in any further impairment losses for the Groupe. The Groupe retains a 12.5% interest, measured at fair value;
- at December 31, 2018, an impairment loss of euro 14 million was recognized on Proximedia's entire assets, mainly located in Belgium and France, for which disposal was finalized in 2019 (see Notes 6 and 31).

Goodwill impairment

Impairment tests were performed on the cash-generating units, which consist of agencies or combinations of agencies.

The valuations required for the impairment tests on the most significant goodwill were conducted by an independent expert. The goodwill impairment tests were carried out on the basis of the value in use of the cash-generating units, which was determined based on five-year financial forecasts (2020-2024). Forecasts for 2020 are taken directly from the annual budget approved by management. These tests did not lead to any impairment being recognized in 2019.

The after-tax discount rates used range between 9% (13% before tax) and 14% (18.5% before tax). The terminal growth rate used in the forecasts ranges from 0.5% to 3.5%.

The main assumptions used in these tests are presented in the table below:

	2019			2018		
(in millions of euros)	Carrying amount of goodwill	After-tax discount rate	Terminal growth rate	Carrying amount of goodwill	After-tax discount rate	Terminal growth rate
Publicis Communications	3,562	9.5%	0.5%	3,428	9.5%	1.0%
Epsilon	2,381	10%	3%	-	-	-
Publicis Media	2,508	10%	1.5%	2,244	9.0%	1.5%
Publicis Sapient	2,073	11%	3%	2,043	11.0%	3.0%(1)
Publicis Health	581	10.5%	2.5%	541	10.5%	2%
Former Publicis One	518	9.5% to 14%	3% to 3.5%	490	10% to 14.5%	3% to 4%
Other goodwill	6	9%	2%	5	10%	2%
Total goodwill after impairment loss	**11,629**			**8,751**		

(1) As historical performance and market research forecasts have shown, growth in advertising expenditure in the United States' digital sector is particularly strong (annual growth is generally between 10% and 20% depending on the year). Consequently, it was assumed that the market will not yet be fully mature at the end of the forecast period.

The method used in the calculation of discount rates and terminal growth rates is unchanged.

The sensitivity tests performed show that there is no impact on the impairment charge of the Group's cash-generating units (CGUs).

At December 31, 2018, the after-tax discount rates used ranged from 9% (11.6% before tax) to 14.5% (18.8% before tax). The terminal growth rate used in the forecasts ranges from 1% to 4%. The Group did not recognize any impairment losses in 2018 as a result of these tests.

Note 6 Non-current income and expenses

This covers non-recurring income and expenses. This line item mainly includes gains and losses on the disposal of assets.

(in millions of euros)	2019	2018
Capital gains (losses) on disposal of assets	20	(20)
Non-current income and (expenses)	1	-
Total non-current income and (expenses)	**21**	**(20)**

At December 31, 2019, capital gains and losses on disposals of assets were related to price adjustments on the sale of Genedigi and the gains and losses on the sales of Publicis Health Solutions and Proximedia. The sale of Proximedia resulted in a capital loss of euro 9 million in 2019 (see Note 31).

In 2018, the disposal of Genedigi in China accounted for most of the losses.

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Note 7 Financial income and expenses

Net financial income (expense) excluding revaluation of earn-out payments

(in millions of euros)	2019	2018
Interest expenses on loans and bank overdrafts(1)	(137)	(81)
Interest expenses on finance leases	-	-
Financial expense	**(137)**	**(81)**
Financial income	112	70
The Cost of net financial debt(2)	**(25)**	**(11)**
Foreign exchange gains (losses) and change in the fair value of currency derivatives	(2)	(4)
Net financial expense related to the discounting of pension provisions	(8)	(7)
Interest expense on lease liabilities	(70)	(58)
Change in fair value of financial assets	14	9
Others	-	-
Net financial income (expense) excluding revaluation of earn-out payments(2)	**(91)**	**(71)**

(1) Including the revaluation of interest rate swaps and bonds in respect of fair value hedges.
(2) The cost of net financial debt includes financial expenses related to the financing of Epsilon for a total of euro 58 million.

/ Revaluation of earn-out payments

(in millions of euros)	2019	2018
Revaluation of earn-out payments on acquisitions	**(22)**	**(13)**

Note 8 Income taxes

Analysis of income tax expense

(in millions of euros)	2019	2018
Current income tax expense for the period	(336)	(292)
Current tax income for previous years	11	2
Total tax income/(expense)	**(325)**	**(290)**
Deferred tax income/(expense)	27	(27)
Changes in unrecognized deferred tax assets	(7)	32
Total net deferred tax income/(expense)	**20**	**5**
Income taxes	**(305)**	**(285)**

Effective tax rate

The effective tax rate is obtained as follows:

(in millions of euros)		2019	2018
Pre-tax income of consolidated companies		**1,154**	**1,219**
Impairment losses		27	14
Revaluation of earn-out payments		22	13
(Gains)/losses on disposals		16	18
Restated pre-tax income of consolidated companies	**A**	**1,219**	**1,264**
French tax rate applicable to the parent company		34.43%	34.43%
Expected tax expense on pre-tax income of consolidated companies		**(420)**	**(435)**
Impact of:			
• the difference between the French tax rate and foreign tax rates		184	161
• changes in unrecognized deferred tax assets		(7)	32
• other impacts(1)		(62)	(43)
Income tax in the income statement		**(305)**	**(285)**
• Current tax on reserves accumulated abroad		-	(18)
Income tax in the restated income statement	**B**	**(305)**	**(303)**
Effective tax rate	**B/A**	**25.0%**	**24.0%**

(1) Other impacts mainly include those related to permanent differences, income taxed at reduced rates, adjustments to previous financial years.

Tax effect on other comprehensive income

	December 31, 2019			December 31, 2018		
(in millions of euros)	Gross	Tax	Net	Gross	Tax	Net
Fair value adjustments to available-for-sale investments	-	-	-	-	-	-
Actuarial gains (and losses) on defined benefit plans	(29)	5	(24)	22	(6)	16
Effect of translation and other	(6)	0	(6)	79	4	83
Maturity	**(35)**	**5**	**(30)**	**101**	**(2)**	**99**

Schedule of deferred taxes recognized in the balance sheet

(in millions of euros)	December 31, 2019	December 31, 2018
Short-term (less than one year)	(48)	(69)
Long-term (over one year)	(222)	(227)
Net deferred tax assets (liabilities)	**(270)**	**(296)**

Source of deferred taxes

(in millions of euros)	December 31, 2019	December 31, 2018
Deferred tax on adjustment of asset and liability valuations due to acquisitions	(133)	(185)
Deferred tax arising on the restatement of the Champs-Élysées building	(42)	(43)
Deferred tax on pensions and other post-employment benefits	55	51
Deferred tax arising on tax loss carryforwards	281	277
Deferred tax on other temporary differences	(169)	(130)
Gross deferred tax assets (liabilities)	**(8)**	**(30)**
Unrecognized deferred tax assets	(262)	(266)
Net deferred tax assets (liabilities)	**(270)**	**(296)**

As of December 31, 2019, deferred tax liabilities included the tax on the revaluation of intangible assets made at the time of the acquisition of Zenith (euro 12 million), Bcom3 (euro 88 million), Digitas (euro 27 million) and Sapient (euro 81 million), as well as the deferred tax linked to the fair value being deemed as the cost of the Champs-Élysées land and building on the date of transition to IFRS.

Tax loss carryforwards

The Group also had tax loss carryforwards that had not been recognized as deferred tax assets in the consolidated balance sheet because of uncertainty as to their availability for use:

(in millions of euros)	December 31, 2019	December 31, 2018
Amount in unrecognized tax loss carryforwards	**876**	**889**
Of which carried forward indefinitely	*311*	*340*

Uncertain tax positions

The Group's tax positions are based on its interpretations of tax regulations and past experience. Each position is assessed individually without offsetting or aggregation with other positions and gives rise to the recognition of a liability when an outflow of resources is deemed probable. The assessment of these tax liabilities corresponds to the best estimate of risk at the reporting date and, where appropriate, includes late-payment interest and any penalties.

Liabilities relating to tax risks and litigation are recognized as tax liabilities for the companies for euro 223 million at December 31, 2019, versus euro 200 million at December 31, 2018.

Note 9 Earnings per share

Earnings per share (basic and diluted)

(in millions of euros, except for share data)		2019	2018
Net income used for the calculation of earnings per share			
Group net income	**A**	**841**	**919**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Group net income – diluted	**B**	**841**	**919**
Number of shares used to calculate earnings per share			
Number of shares at January 1		235,249,801	230,627,725
Shares created over the year		2,457,867	2,426,498
Treasury shares to be deducted (average for the year)		(3,414,634)	(3,822,546)
Average number of shares used for the calculation	**C**	**234,293,034**	**229,231,677**
Impact of dilutive instruments:			
• Free shares and dilutive stock options[1]		1,951,354	4,815,491
• Equity warrants[1]		364,209	517,214
Number of diluted shares	**D**	**236,608,597**	**234,564,382**
(in euros)			
Earnings per share	**A/C**	**3.59**	**4.01**
Diluted earnings per share	**B/D**	**3.55**	**3.92**

(1) Only stock options and warrants with a dilutive impact, *i.e.* whose strike price is lower than the average strike price, are included in the calculation. At December 31, 2019, unexercised stock-options were not taken into account because they were earnings accretive.

Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		2019	2018
Net income used to calculate headline earnings per share*			
Group net income		841	919
Items excluded:			
• Amortization of intangibles from acquisitions, net of tax		153	55
• Impairment loss[2], net of tax		163	103
• Main capital gains and losses on disposal of assets and fair value adjustment of financial assets, net of tax		(21)	10
• Epsilon acquisition - related costs, net of tax		30	
• Net effect of the tax reform in the United States			(18)
• Revaluation of earn-out payments		22	13
Headline Group net income	**E**	**1,188**	**1,082**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Headline Group net income, diluted	**F**	**1,188**	**1,082**
Number of shares used to calculate earnings per share			
Number of shares at January 1		235,249,801	230,627,725
Shares created over the year		2,457,867	2,426,498
Treasury shares to be deducted (average for the year)		(3,414,634)	(3,822,546)
Average number of shares used for the calculation	**C**	**234,293,034**	**229,231,677**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		1,951,354	4,815,491
• Equity warrants		364,209	517,214
Number of diluted shares	**D**	**236,608,597**	**234,564,382**
(in euros)			
Headline earnings per share[1]	**E/C**	**5.07**	**4.72**
Headline earnings per share – diluted[1]	**F/D**	**5.02**	**4.61**

(1) EPS after elimination of the impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal of assets, the fair value adjustment of financial assets, the revaluation of earn-out payments and the cost of the Epsilon acquisition.
(2) This amount includes impairment losses on right-of-use assets related to leases for euro 95 million in 2019 and euro 114 million in 2018.

Note 10 Goodwill

Changes in goodwill

(in millions of euros)	Gross value	Impairment losses[2]	Net amount
January 1, 2018	**9,868**	**(1,418)**	**8,450**
Acquisitions	237	-	237
Impairment	-	-	-
Changes related to the recognition of commitments to buy-out non-controlling interests[1]	(36)	-	(36)
Disposals and planned disposals	(67)	-	(67)
Change	222	(55)	167
December 31, 2018	**10,224**	**(1,473)**	**8,751**
Acquisitions[3]	2,689	-	2,689
Impairment	-	(9)	(9)
Changes related to the recognition of commitments to buy-out non-controlling interests[1]	56	-	56
Disposals and planned disposals	(52)	49	(3)
Change	172	(27)	145
December 31, 2019	**13,089**	**(1,460)**	**11,629**

(1) See Note 1.3 on the accounting treatment of commitments to buy-out non-controlling interests.
(2) See Note 5.
(3) The increase in goodwill corresponds mainly to Epsilon for euro 2,392 million.

Goodwill by geographic region is described in Note 29, and by Solution hub in Note 5.

Note 11 Intangible assets, net

Changes in intangible assets

(in millions of euros)	Intangible assets with a finite useful life			
	Client relationships	Software, technology and other	Brands[(1)]	Total intangible assets
Gross value at January 1, 2018	**1,079**	**331**	**922**	**2,332**
Acquisitions	-	49	-	49
Disposals	-	(9)	-	(9)
Translation adjustments and other	36	9	42	87
Gross value at December 31, 2018	**1,115**	**380**	**964**	**2,459**
Acquisitions	499	577		1,076
Change in scope		85		85
Disposals		(10)		(10)
Translation adjustments and other	23	14	20	57
Gross value at December 31, 2019	**1637**	**1046**	**984**	**3,667**
Accumulated amortization on December 31, 2018	**(868)**	**(273)**	**(193)**	**(1,334)**
Depreciation & amortization	(72)	(87)	(82)	(244)
Change in scope		(60)		(60)
Impairment	(20)	(22)		(42)
Disposals		10		10
Translation adjustments and other	(12)	(5)	(4)	(21)
Accumulated amortization at December 31, 2019	**(972)**	**(437)**	**(279)**	**(1,688)**
Net value at December 31, 2019	**665**	**609**	**705**	**1,979**

(1) From July 1, 2019, the useful of life of brands, which had been indefinite until then, was reestimated and an amortization term of 8 years was retained (see Note 1).

Valuation of intangible assets

Valuation tests carried out by an independent expert at the end of the 2019 financial year resulted in the Group recognizing impairment losses of euro 42 million in 2019 (see Note 5).

Valuation tests carried out by an independent expert at the end of the 2018 financial year resulted in the Group recognizing no impairment losses in 2018 (see Note 5).

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Note 12 Property, plant and equipment, net

(in millions of euros)	Land and buildings	Fixtures and fittings	IT equipment	Others	Maturity
Gross value at January 1, 2018	**268**	**508**	**376**	**486**	**1,638**
First-time application of IFRS 16	(90)	-	-	-	(90)
Reclassification		119		(119)	-
Increases	-	146	38	36	220
Decreases	(11)	(67)	(35)	(35)	(148)
Changes to consolidation scope	-	(1)	(1)	-	(2)
Translation adjustments and other	1	10	4	2	17
Gross value at December 31, 2018	**168**	**715**	**382**	**370**	**1,635**
Increases	-	82	24	48	154
Decreases	(1)	(111)	(38)	(55)	(205)
Changes to consolidation scope	(1)	60	128	109	296
Translation adjustments and other	-	17	8	7	32
Gross value at December 31, 2019	**166**	**763**	**504**	**479**	**1,912**
Accumulated depreciation on December 31, 2018	**(17)**	**(423)**	**(306)**	**(278)**	**(1,024)**
Increases	-	(59)	(38)	(40)	(137)
Impairment	-	(15)	-	-	(15)
Decreases	-	110	37	51	198
Changes to consolidation scope	-	(29)	(120)	(47)	(196)
Translation adjustments and other	(1)	(8)	(6)	(4)	(19)
Accumulated depreciation at December 31, 2019	**(18)**	**(424)**	**(433)**	**(318)**	**(1,193)**
Net value at December 31, 2019	**148**	**339**	**71**	**161**	**719**

Land and buildings

At December 31, 2019, the net amount of the property assets directly owned by Publicis listed on the balance sheet was euro 150 million.

The Group's main property asset is its corporate headquarters located at 133, avenue des Champs-Élysées, in Paris, France. This seven-story building includes around 12,000 sq.m. of office space occupied by Group companies, and 1,500 sq.m. of commercial space, occupied by Publicis Drugstore and two public movie theaters.

Fixtures and fittings

The euro 15 million impairment loss in 2019 corresponds to fittings for leased properties (see Note 5).

Other property, plant and equipment

The Group owns a considerable array of IT equipment used for the creation and production of advertising, the management of media buying and administrative work.

Note 13 Investments in associates

Investments accounted for using the equity method amounted to euro 32 million on December 31, 2019 (versus euro 62 million on December 31, 2018).

(in millions of euros)	Value in balance sheet
Amount at January 1, 2018	**64**
Changes to consolidation scope	1
Share of profit of associates	(4)
Dividends paid	(2)
Effect of translation and other	3
Amount at December 31, 2018	**62**
Changes to consolidation scope	-
Share of profit of associates	(5)
Dividends paid	(2)
Impairment loss	(25)
Effect of translation and other	2
Amount at December 31, 2019	**32**

The impairment loss recognized in 2019 relates to long-term equity investments in Matomy Media Group for euro 12 million and Jana Mobile for euro 13 million. The main assets of these two entities are currently being sold or liquidated.

At December 31, 2019, the value of investments in associates amounted to euro 32 million and included mainly On Point (euro 9 million), Burrell Communications (euro 7 million), Viva Tech (euro 4 million), Somupi (euro 4 million) and Insight Redefini (euro 3 million).

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Note 14 Other financial assets

(in millions of euros)	December 31, 2019	December 31, 2018
Other financial assets at fair value through profit and loss:		
• Venture Capital Funds[1]	87	88
• Other	20	20
Security deposits	33	32
Loans to associates and non-consolidated companies	21	28
Sub-lease receivables	22	19
Others	50	43
Gross value	**233**	**230**
Impairment	(15)	(15)
Net amount	**218**	**215**

(1) These Venture Capital Funds are dedicated to investments in companies that belong to the digital economy.

Note 15 Inventories and work-in-progress

(in millions of euros)	December 31, 2019	December 31, 2018
Gross value	**413**	**368**
Impairment of inventories and work-in-progress	(2)	(1)
Net amount	**411**	**367**

Note 16 Trade receivables

(in millions of euros)	December 31, 2019	December 31, 2018
Trade receivables[(1)]	10,337	9,185
Notes receivable	8	10
Gross value	**10,345**	**9,195**
Opening impairment	(80)	(91)
Impairment over the year	(32)	(13)
Reversals during the year	7	11
Changes to consolidation scope	(6)	11
Translation adjustments and other	(1)	2
Closing impairment	**(112)**	**(80)**
Net amount	**10,233**	**9,115**

(1) Including invoiced trade receivables of euro 8,004 million as of December 31, 2019 and euro 6,954 million as of December 31, 2018.

Note 17 Other current receivables and current assets

(in millions of euros)	December 31, 2019	December 31, 2018
Taxes and levies	366	264
Advances to suppliers	178	172
Prepayments	99	75
Derivatives hedging current assets and liabilities	10	12
Derivatives on intercompany loans and borrowings	28	18
Other receivables and other current assets	83	154
Gross value	**764**	**695**
Impairment	(7)	(6)
Net amount	**757**	**689**

Note 18 Cash and cash equivalents

(in millions of euros)	December 31, 2019	December 31, 2018
Cash and bank balances	1,145	933
Short-term liquid investments	2,268	2,273
Total	**3,413**	**3,206**

Short-term liquid investments included UCITS (French Undertakings for Collective Investment in Transferable Securities) funds classified by the AMF as *monétaire court terme*, subject to a very low risk of a change in value, and short-term deposits.

Note 19 Equity

Share capital of the parent company

(in shares)	December 31, 2019	December 31, 2018
Share capital at January 1rst	235,249,801	230,627,725
Capital increase	5,187,260	4,622,076
Shares comprising the share capital at the end of the period	**240,437,061**	**235,249,801**
Treasury shares at the end of the period	(3,480,234)	(4,009,493)
Shares outstanding at the end of the period	**236,956,827**	**231,240,308**

Publicis Groupe SA's share capital increased by euro 2,074,904 in 2019, corresponding to 5,187,260 shares with a par value of euro 0.40 each:

- 183,068 shares issued following the exercise of stock warrants by certain holders;
- 522,277 shares issued as part of free share plans;
- 4,481,915 shares issued following the exercise of options for dividend payment in shares by certain shareholders.

As of December 31, 2019, the share capital of Publicis Groupe SA totaled euro 96,174,824, divided into 240,437,061 shares each with a par value of euro 0.40.

Neutralization of the treasury shares existing on December 31, 2019

Treasury shares held at the end of the year, including those owned under the liquidity contract, are deducted from the share capital.

The portfolio of treasury shares showed the following movements in 2018 and 2019:

	Number of shares
Treasury shares held on January 1, 2018(1)	**4,331,920**
Disposals (exercise of stock options) and deliveries of free shares	(343,427)
Movements as part of the liquidity contract	21,000
Treasury shares held on December 31, 2018(1)	**4,009,493**
Disposals (exercise of stock options) and deliveries of free shares	(526,509)
Buyback of treasury shares	0
Movements as part of the liquidity contract	(2,750)
Treasury shares held on December 31, 2019(1)	**3,480,234**

(1) Including 283,250 shares held as part of the liquidity contract on December 31, 2019, and 286,000 on December 31, 2018.

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Dividends proposed and voted

	Per share (in euros)	Total (in millions of euros)
Dividends paid in 2019 (for the 2018 financial year)	2.12	493[(1)]
Dividends proposed to the General Shareholders' Meeting (for the 2019 financial year)	2.30	553[(2)]

(1) Amount paid, depending on shareholder option, in cash or shares. Dividends paid in shares amounted to euro 208 million, resulting in the creation of 4,481,915 shares.
(2) Amount for all shares outstanding on December 31, 2019, including treasury shares.

Capital management and buyback of treasury shares

The Group's policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market and to support future activity development. The Group's management pays particular attention to the debt-to-equity ratio, which is defined as net debt (financial debt less cash and cash equivalents) divided by equity (including non-controlling interests) and has calculated that the ideal debt-to-equity ratio is less than 0.8. As at December 31, 2019 the debt-to-equity ratio, taking lease liabilities into account, was 0.71. At December 31, 2018, it was 0.26.

Management also monitors the dividend payout ratio, defined as the fraction of the per share dividend to diluted headline earnings per share. Given the dividend amount (euro 2.30 per share) to be put to the upcoming General Shareholders' Meeting, the ratio will thus be 45.8% for 2019 compared with 44.9% for 2018.

Note 20 Provisions for liabilities and charges

(in millions of euros)	Restructuring	Vacant property commitments	Pensions and other long-term benefits	Risks and litigation	Others provisions	Total
January 1, 2018	**38**	**16**	**294**	**84**	**81**	**513**
Reclassification[(1)]	-	(15)	-	-	-	(15)
Increases	50	56	30	14	21	171
Releases with usage	(38)	(24)	(28)	(14)	(14)	(118)
Other releases	(3)	(1)	-	(5)	(11)	(20)
Changes to consolidation scope	-	-	(2)	-	(2)	(4)
Actuarial losses (gains)	-	-	(22)	-	-	(22)
Translation adjustments and other	-	-	4	-	-	4
December 31, 2018	**47**	**32**	**276**	**79**	**75**	**509**
Increases	34	61	27	30	30	182
Releases with usage	(45)	(51)	(23)	(9)	(5)	(133)
Other releases	(3)	-	-	(4)	(2)	(9)
Changes to consolidation scope	-	1	1	4	1	7
Actuarial losses (gains)	-	-	29	-	-	29
Translation adjustments and other	2	1	1	3	4	11
December 31, 2019	**35**	**44**	**311**	**103**	**103**	**596**
Of which short-term	30	28	34	44	34	170
Of which long-term	5	16	277	59	69	426

(1) Following the first-time application of IFRS 16, provisions for real estate leases have been reclassified as a deduction from right-of-use assets.

Restructuring provisions

These include an estimate of the closure or restructuring costs of certain activities resulting from plans that were announced but not yet executed at the end of 2019 (mainly severance pay). The plans are detailed by project and by type, and are approved in advance by senior management. They are managed centrally to ensure that the provision is applied based on the actual costs incurred and to justify the remaining balance at the year-end on the basis of the outstanding cost to be incurred.

Vacant property provisions

Vacant property provision valuations are made by discounting the rent payable, less income expected from sub-leasing and additionally include lease expenses and any taxes on vacant premises, where the premises are not intended for use as part of their main activities. Since January 1, 2018, in accordance with IFRS 16, only lease expenses and any taxes are included in the vacant property provisions.

Provisions for risks and litigation

Provisions for risks and litigation (euro 103 million) include a short-term component (euro 44 million) and a long-term component (euro 59 million). They relate to litigation of any type with third parties, including commercial and tax litigation but excluding risks relating to uncertain tax positions.

Obligations in respect of employee benefits

The obligations for employee benefits (see Note 21) include:

- defined benefit pension plans;
- post-employment health benefits;
- long-term benefits such as deferred compensation and long-service rewards.

Note 21 Pensions and other long-term benefits

Defined benefit pension plans

The Group has obligations for a number of defined benefit pension plans, mainly split between:

- pension funds (73% of the Group's obligations): these are rights to which employees have earned entitlement, with external pre-funding requirements predominantly in the US and the UK;
- other mandatory and statutory pension schemes, such as retirement indemnities (24% of the Group's obligations), particularly in France: rights have not vested so payment is uncertain and notably linked to employees still being with the Company upon retirement;
- medical coverage plans for retirees (3% of the Group's obligations) consisting of an effective liability vis-à-vis current pensioners and a provision for current workers (future pensioners), in particular in the US and the UK.

The largest plans are therefore the pension funds in the United Kingdom (34% of the Group's obligations) and in the United States (27% of the Group's obligations).

- In the United Kingdom, the Group's obligations are managed through six pension funds administered by independent Boards of trustees. These independent Boards are made up of representatives of the Group, employees and retirees and in some instances an independent expert. These Boards are required by regulation to act in the best interests of plan beneficiaries, notably by ensuring that the pension funds are financially stable, as well as by monitoring their investment policy and management.

  Four of the six pension funds are closed and frozen. All existing entitlements (based on salary and number of years of service to the Group) were frozen: beneficiaries still working will not earn any further entitlement under these defined benefit plans.

  The pension fund obligations in the United Kingdom relate to retirees (71%), beneficiaries with deferred entitlement who have not yet drawn down their pension entitlements (23%) and employees still working (6%).
- In the United States, the Group's obligations are basically limited to a closed and frozen pension fund. The obligations relate to beneficiaries with deferred entitlement who have not yet drawn down their pension entitlements (40% of obligations), retirees (30% of obligations) and employees still working (30%).

Defined benefit pension plan valuations were carried out by independent experts. The main countries concerned are the United States, the United Kingdom, Germany, France, Switzerland, Belgium, the United Arab Emirates, Saudi Arabia, South Korea, the Philippines, Japan and India.

No material events occurred during the financial year to affect the value of the Group's liabilities under these plans (significant plan change).

Surplus (deficit)

Publicis Groupe sets aside financial assets to cover these liabilities, primarily in the United Kingdom and the United States, in order to comply with its legal and/or contractual obligations and to limit its exposure to an increase in these liabilities (interest and inflation rate volatility, longer life expectancy, etc.).

The policy to cover the Group's liabilities is based on regular asset-liability management reviews to ensure optimal asset allocation, designed both to limit exposure to market risks by diversifying asset classes on the basis of their risk profile and to better reflect the payment of benefits to beneficiaries, having regard to plan maturity. These reviews are performed by independent advisers and submitted to the Trustees for approval. Investments are made in compliance with legal constraints and the criteria governing the deductibility of such covering assets in each country. Funding requirements are generally determined on a plan-by-plan basis and as a result a surplus of assets in over-funded plans cannot be used to cover under-funded plans.

Risk exposure

The principal risks to which the Group is exposed through its pension funds in the United Kingdom and the United States are as follows:

- volatility of financial assets: the financial assets in the plans (shares, bonds, etc.) often have a return higher than the discount rate over the long term, but are more volatile in the short term, especially since they are measured at their fair value for the Group's annual accounting needs. The asset allocation is determined so as to ensure the financial viability of the plan over the long term;
- variation of bond rates: a decrease in private bond rates leads to an increase in obligations under the plans as recognized by the Group, even where this increase is partially reduced by a growth in value of the financial assets in the plans (for the portion of first category private bonds);
- longevity: the largest part of benefits guaranteed by the plans is retirement benefits. An extended life expectancy therefore leads to an increase in these plans;
- inflation: a significant portion of the benefits guaranteed by the pension funds in the United Kingdom is indexed to inflation. A rise in inflation leads to an increase in the obligation (even when thresholds have been set for most of them in order to protect the plan from hyper-inflation). Most of the financial assets are either not impacted by inflation or linked very little with inflation, therefore inferring that a rise in inflation would lead to an increase of the plan's deficit from an accounting perspective. The American pension funds do not expose the Group to a significant inflation risk as the benefits are not indexed to inflation.

Actuarial gains and losses

Actuarial gains and losses reflect unforeseen increases or reductions in the present value of a defined benefit obligation or of the fair value of the corresponding plan assets. Actuarial gains and losses resulting from changes in the present value of liabilities under a defined benefit plan stem, firstly, from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and, secondly, from the effect of changes in actuarial assumptions.

Other long-term benefits

Publicis Groupe also recognizes various long-term benefits, primarily seniority payments, long-service awards, in France in particular, and certain multi-year plans for which the deferred compensation is linked to continued employment.

Change in the actuarial benefit obligation

	December 31, 2019			December 31, 2018		
(in millions of euros)	Pension plans	Medical cover	Total	Pension plans	Medical cover	Total
Opening actuarial benefit obligation	**(668)**	**(21)**	**(689)**	**(701)**	**(24)**	**(725)**
Cost of services rendered during the year	(25)		(25)	(24)	-	(24)
Benefits paid	64	2	66	42	2	44
Interest expense on benefit obligation	(21)	(1)	(22)	(19)	(1)	(20)
Effect of remeasurement	(81)	(2)	(83)	40	4	44
Experience gains (losses)	*(1)*		*(1)*	*11*	*2*	*13*
Gains (losses) arising from a change in economic assumptions	*(85)*	*(2)*	*(87)*	*28*	*2*	*30*
Gains (losses) arising from other changes in demographic assumptions	*5*		*5*	*1*	*-*	*1*
Acquisitions, disposals	(1)		(1)	2	-	2
Foreign exchange differences	(19)		(19)	(8)	(2)	(10)
Actuarial benefit obligation at year-end	**(752)**	**(22)**	**(774)**	**(668)**	**(21)**	**(689)**

Change in the fair value of plan assets

(in millions of euros)	December 31, 2019 Pension plans	Medical cover	Total	December 31, 2018 Pension plans	Medical cover	Total
Fair value of plan assets at start of year	**474**	**-**	**474**	**491**	**-**	**491**
Actuarial return on plan assets	70	-	70	(15)	-	(15)
Employer contributions	29	2	31	24	2	26
Administrative fees	(2)	1	(1)	(1)	-	(1)
Acquisitions, disposals	-	-	-	-	-	-
Benefits paid	(62)	(2)	(64)	(41)	(2)	(43)
Changes to consolidation scope	-	-	-	1	-	1
Foreign exchange differences	19	-	19	16	-	16
Fair value of plan assets at year-end	**528**	**1**	**529**	**475**	**-**	**475**
Surplus (deficit)	**(223)**	**(23)**	**(246)**	**(193)**	**(21)**	**(214)**
Effect of ceiling on value of assets	(56)	-	(56)	(49)	-	(49)
Effect of minimum financing requirement	-	-	-	-	-	-
Net provision for defined benefit pension liabilities and post-employment medical care	**(279)**	**(23)**	**(302)**	**(242)**	**(21)**	**(263)**
Provision for other long-term benefits	**(11)**	**-**	**(11)**	**(13)**	**-**	**(13)**
Total provisions for retirement benefit obligations, other post-employment and long-term benefits	**(290)**	**(23)**	**(313)**	**(255)**	**(21)**	**(276)**

Pension expenses and other post-employment benefits

(in millions of euros)	December 31, 2019 Pension plans	Medical cover	Total	December 31, 2018 Pension plans	Medical cover	Total
Cost of services rendered during the year	(25)	-	(25)	(24)	-	(24)
Financial expenses	(7)	(1)	(8)	(6)	(1)	(7)
Defined benefit plan expense	**(32)**	**(1)**	**(33)**	**(30)**	**(1)**	**(31)**
Cost of other plans (including defined contribution plans) and other benefits	(119)	-	(119)	(109)	-	(109)
Administrative fees excluding plan management fees	(1)	-	(1)	(1)	-	(1)
Total retirement costs recognized in the income statement	**(152)**	**(1)**	**(153)**	**(140)**	**(1)**	**(141)**

Breakdown of plan assets

The table below provides a breakdown of plans by asset type and by fair value hierarchy. The various fair value hierarchy levels are defined in Note 27.

	December 31, 2019				December 31, 2018			
(in millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Shares	87	-	-	87	81	-	-	81
Bonds	-	146	-	146	-	140	-	140
Treasury bonds	-	237	-	237	-	198	-	198
Real Estate	-	-	12	12	-	-	11	11
Other	9	-	38	47	16	-	29	45
Total	**96**	**383**	**50**	**529**	**97**	**338**	**40**	**475**

Estimate of employer contributions and of future benefits payable

(in millions of euros)	Pension plans	Medical cover	Total
Estimated employer contribution for 2020	**24**	**2**	**26**

(in millions of euros)	Pension plans	Medical cover	Total
Estimated future benefits payable			
2020	51	2	53
2021	44	2	46
2022	43	2	45
2023	41	2	43
2024	42	2	44
Financial years 2025 to 2029	205	8	213
Total over the next 10 financial years	**426**	**18**	**444**

The average duration of plans at end-December 2019 was 13 years.

Actuarial assumptions (weighted average rates)

Discount rates are calculated using the rates of long-term investment grade corporate bonds (minimum AA rating) with maturities equivalent to the length of the plans assessed. They were determined based on external indexes commonly considered to be benchmarks, namely the iBoxx in Europe and the Aon AA-AAA Bond Universe in the United States.

	Pension plans				Post-employment medical cover	
December 31, 2019	**United States**	**United Kingdom**	**Euro zone**	**Other countries**	**United States**	**United Kingdom**
Discount rate	2.84%	1.75%-1.85%	0.80%	(0,05)% 6.30%	2.84%	1.75%-1.85%
Future wage increases	n/a	4.10%-3.85%	2.25%[1]	1.25%-8%	5%	n/a
Future pension increases	n/a	1.80%-3.40%	1.70%[1]	n/a	n/a	n/a

	Pension plans				Post-employment medical cover	
December 31, 2018	**United States**	**United Kingdom**	**Euro zone**	**Other countries**	**United States**	**United Kingdom**
Discount rate	3.98%	2.80%-2.90%	1.55%	0.40%-7.30%	3.98%	2.80%-2.90%
Future wage increases	n/a	3.95%-4.20%	2.25%[1]	1.00%-8.00%	5.00%	n/a
Future pension increases	n/a	1.90%-3.60%	1.70%[1]	n/a	n/a	n/a

(1) For Germany only.

The rate of increase in medical expenses used for 2019 is 6.4% with a gradual decrease to 4.2%.

Sensitivity analysis

	0.5% increase				
Pension plans (in millions of euros)	**United States**	**United Kingdom**	**Euro zone**	**Other countries**	**Total**
Total Change in discount rate Effect on actuarial benefit obligation at year-end	(10)	(18)	(7)	(10)	(45)
Change in the increase rate of salaries Effect on actuarial benefit obligation at year-end	-	1	5	5	11

	0.5% decrease				
Pension plans (in millions of euros)	**United States**	**United Kingdom**	**Euro zone**	**Other countries**	**Total**
Total Change in discount rate Effect on actuarial benefit obligation at year-end	11	20	8	10	49
Change in the increase rate of salaries Effect on actuarial benefit obligation at year-end	-	-	(5)	(6)	(11)

	0.5% increase			0.5% decrease		
Post-employment medical cover (in millions of euros)	**United States**	**United Kingdom**	**Total**	**United States**	**United Kingdom**	**Total**
Total Change in discount rate Effect on actuarial benefit obligation at year-end	(1)	-	(1)	1	-	1
Change in the increase rate of salaries Effect on actuarial benefit obligation at year-end	-	-	-	-	-	-

Note 22 Borrowings and other financial liabilities

(in millions of euros)	December 31, 2019	December 31, 2018
Bonds (excl. accrued interest)	4,027	1,794
Other debt	1,861	1,080
Total borrowings and other financial liabilities	**5,888**	**2,874**
Of which short-term	**1,602**	**449**
Of which long-term	**4,286**	**2,425**

Change in financial liabilities

(in millions of euros)	December 31, 2018	Cash flow	Changes excl. cash and cash equivalents: Acquisitions	Changes excl. cash and cash equivalents: Exchange rate fluctuations	Changes excl. cash and cash equivalents: Changes in fair value	Reclassification[3]	December 31 2019
Eurobond 1.125% – December 2021 (EIR 1.261%)[1]	697	-	-	-	1	-	698
Eurobond 0.5% – November 2023 (EIR 0.741%)[1]	494	-	-	-	1	-	495
Eurobond 1.625% – December 2024 (EIR 1.732%)[1]	603	-	-	-	-	-	603
Eurobond 0.625% – June 2025 (EIR 0.781%)[1]	-	750	-	-	-	(6)	744
Eurobond 1.25% – June 2028 (EIR 1.329%)[1]	-	750	-	-	-	(5)	745
Eurobond 1.75% – June 2031 (EIR 1.855%)[1]	-	750	-	-	-	(8)	742
Bonds (excl. accrued interest)	**1,794**	**2,250**	**-**	**-**	**2**	**(19)**	**4,027**
Medium-term loan (financing of Epsilon acquisition)	**-**	**1,092**	**-**	**8**	**-**	**-**	**1,100**
Medium-term syndicated loan	**782**	**(465)**	**-**	**10**	**-**	**-**	**327**
Debt related to acquisitions of shareholdings	**218**	**(124)**	**166**	**4**	**83**	**-**	**347**
Debt related to commitments to buy-out non-controlling interests	**32**	**(2)**	**3**	**2**	**1**	**-**	**36**
Accrued interest	9	-	-	-	16	-	25
Other borrowings and credit lines	25	(5)	-	-	-	-	20
Bank overdrafts	14	(8)	-	-	-	-	6
Debt related to finance leases	0	-	-	-	-	-	0
Other financial liabilities	**48**	**(13)**	**-**	**-**	**16**	**-**	**51**
Total borrowings and other financial liabilities	**2,874**	**2,738**	**169**	**24**	**102**	**(19)**	**5,888**
Fair value of derivative hedging on the 2021 and 2024 Eurobonds[2]	46	-	-	-	66	-	112
Fair value of derivative hedging on the 2025, 2028 and 2031 Eurobonds[2]		-	-	-	87	-	87
Fair value of derivative hedging on medium-term syndicated loans[2]	(3)	-	-	-	3	-	0
Fair value of derivatives on intra-group loans and borrowings[2]	1	-	-	-	38	-	39
Total liabilities related to financing activities	**2,918**	**2,738**	**169**	**24**	**296**	**(20)**	**6,126**

(1) Net of issuance costs. The number of securities at December 31, 2019 was 7,000 for the Eurobonds maturing in 2021, 5,000 for the Eurobonds maturing in 2023, 6,000 for the Eurobonds maturing in 2024, 7,500 for the Eurobonds maturing in 2025, 7,500 for the Eurobonds maturing in 2028 and 7,500 for the Eurobonds maturing in 2031. The Effective Interest Rate (EIR) is given for each Eurobond.
(2) Carried under “Other receivables and other current assets” and/or under “Other creditors and current liabilities” on the consolidated balance sheet.
(3) Issue premiums were recognized in interest paid.

(in millions of euros)	December 31, 2017	Cash flow	Changes excl. cash and cash equivalents: Acquisitions	Changes excl. cash and cash equivalents: Exchange rate fluctuations	Changes excl. cash and cash equivalents: Changes in fair value	Reclassification	December 31, 2018
Eurobond 1.125% – December 2021 (EIR 1.261%)	696	-	-	-	1	-	697
Eurobond 0.5% – November 2023 (EIR 0.741%)(1)	493	-	-	-	1	-	494
Eurobond 1.625% – December 2024 (EIR 1.732%)(1)	603	-	-	-	-	-	603
Bonds (excl. accrued interest)	**1,792**	**-**	**-**	**-**	**2**	**-**	**1,794**
Medium-term syndicated loan	**909**	**(149)**	**-**	**22**	**-**	**-**	**782**
Debt related to acquisitions of shareholdings	**247**	**(129)**	**97**	**3**	**-**	**-**	**218**
Debt related to commitments to purchase non-controlling interests	**39**	**(10)**	**3**	**-**	**-**	**-**	**32**
Accrued interest	6	-	-	-	3	-	9
Other borrowings and credit lines	21	4	-	-	-	-	25
Bank overdrafts	27	(12)	-	(1)	-	-	14
Debt related to finance leases	89	-	-	3	-	(92)	0
Other financial liabilities	**143**	**(8)**	**-**	**2**	**3**	**(92)**	**48**
Total borrowings and other financial liabilities	**3,130**	**(296)**	**100**	**27**	**5**	**(92)**	**2,874**
Fair value of derivative hedging on the 2021 and 2024 Eurobonds(2)	(10)	-	-	-	56	-	46
Fair value of derivative hedging on medium-term syndicated loans(2)	(3)	-	-	-	-	-	(3)
Fair value of derivatives on intra-group loans and borrowings(2)	17	-	-	-	(16)	-	1
Total liabilities related to financing activities	**3,134**	**(296)**	**100**	**27**	**45**	**(92)**	**2,918**

(1) Net of issuance costs. The number of securities at December 31, 2018 was 7,000 for the Eurobonds maturing in 2021, 5,000 for those maturing in 2023 and 6,000 for those maturing in 2024. The Effective Interest Rate (EIR) is given for each Eurobond.
(2) Carried under "Other receivables and current assets" and/or under "Other debts and current liabilities" on the consolidated balance sheet.

Bonds and medium-term loan to finance the Epsilon acquisition

To finance the Epsilon acquisition, on June 5, 2019 the Group issued a euro 2.25 billion bond in three tranches:

- a first tranche of euro 750 million maturing in June 2025, with an annual coupon of 0.625%;
- a second tranche of euro 750 million maturing in June 2028, with an annual coupon of 1.25%;
- a third tranche of euro 750 million maturing in June 2031, with an annual coupon of 1.75%.

Each of the three euro 750 million tranches were swapped into US dollars at a fixed rate.

The swaps were classified as cash flow hedges insofar as the swaps were created for the same amounts and maturities as the bonds and safeguard against exposure to fluctuations in future US dollar cash flows. The fair value of these swaps is recognized in the balance sheet under “Other current receivables and current assets” and/or “Other creditors and current liabilities”. The change in the fair value of these instruments is booked in “Other comprehensive income” and transferred to the income statement as interests on debt are recognized and the asset value changed in US dollars. At December 31, 2019, the fair value of these derivative instruments was recorded on the consolidated balance sheet at EUR 87 million.

The Epsilon financing also came from a medium-term loan arranged on June 28, 2019, with the draw-down effective from July 1, 2019. This loan was arranged in three tranches (a USD 900 million tranche with a 3-year maturity; a euro 150 million tranche with a 4-year maturity; and a euro 150 million). The effective aggregate interest rate for this loan is 2.79%.

Medium-term syndicated loan

In 2017, Publicis Groupe introduced an interest rate swap to hedge itself against interest rate fluctuations in the US dollar component (USD 367 million at December 31, 2019) of the variable-rate medium-term syndicated loan.

Other bonds

The other Publicis Groupe SA bonds are issued at a fixed rate and denominated in euros.

The tranche of euro 700 million maturing in December 2021 (Eurobond 2021) and the tranche of euro 600 million maturing in December 2024 (Eurobond 2024) were swapped into US dollars, at a fixed rate, for the purposes of financing the acquisition of Sapient Corporation.

The swaps were qualified as cash flow hedges for intercompany US dollar financing. The fair value of these swaps was booked in the balance sheet under “Other creditors and current liabilities” in the amount of euro 112 million as at December 31, 2019 (euro 46 million as at December 31, 2018). The change in the fair value of these instruments is booked in “Other comprehensive income” and transferred to the income statement as interests on debt are paid and the asset value changed in US dollars.

These financial instruments were recognized at fair value according to the level 2 measurement method that corresponds to observable data other than quoted prices for identical assets or liabilities in active markets. This observable data corresponds primarily to exchange rates and interest rates.

Analysis by date of maturity

	December 31, 2019						
		Maturity					
(in millions of euros)	Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	4,027	-	698	-	495	603	2,231
Medium-term loan (financing of Epsilon acquisition)	1,100	-	-	800	150	150	-
Medium-term syndicated loan	327	327	-	-	-	-	-
Debt related to acquisitions of shareholdings	347	111	84	71	30	51	-
Debt related to commitments to purchase non-controlling interests	36	22	8	3	2	1	-
Other financial liabilities	51	51	-	-	-	-	-
Total borrowings and other financial liabilities	**5,888**	**511**	**790**	**874**	**677**	**805**	**2,231**
Fair value of derivatives	238	40	70			41	87
Total liabilities related to financing activities	**6,126**	**551**	**860**	**874**	**677**	**846**	**2,318**

	December 31, 2018						
		Maturity					
(in millions of euros)	Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	1,794	-	-	-	696	494	603
Medium-term syndicated loan	782	313	469	-	-	-	-
Debt related to acquisitions of shareholdings	218	87	55	43	30	3	-
Debt related to commitments to purchase non-controlling interests	32	11	12	7	2	-	-
Other financial liabilities	48	38	10	-	-	-	-
Total borrowings and other financial liabilities	**2,874**	**449**	**546**	**747**	**32**	**497**	**603**
Fair value of derivatives	44	(2)	-	37	-	-	9
Total liabilities related to financing activities	**2,918**	**447**	**546**	**784**	**32**	**497**	**612**

Analysis by currency

(in millions of euros)	December 31, 2019	December 31, 2018
Euros(1)	4,354	2,134
US dollars	1,430	625
Other currencies	104	115
Total	**5,888**	**2,874**

(1) Including euro 3,550 million in Eurobonds swapped to USD as of December 31, 2019 including euro 2,250 million subscribed in 2019 (euro 1,300 million at December 31, 2018).

Analysis by interest rate type

See Note 28 “Risk management – Exposure to interest rate risk”.

Exposure to liquidity risk

Future payments related to financial debt before the impact of discounting (excluding debt linked to finance leases) are as follows:

	December 31, 2019						
		Maturity					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	4,394	48	748	40	538	636	2,384
Medium-term loan (financing of Epsilon acquisition)	1,100	-	-	800	150	150	-
Medium-term syndicated loan	327	327	-	-	-	-	-
Debt related to acquisitions of shareholdings	347	111	84	71	30	51	-
Debt related to commitments to buy-out non-controlling interests	36	22	8	3	2	1	-
Other financial liabilities	51	51	-	-	-	-	-
Total borrowings and other financial liabilities	**6,255**	**559**	**840**	**914**	**720**	**838**	**2,384**
Fair value of derivatives	238	40	70	-	-	41	87
Total liabilities related to financing activities	**6,493**	**599**	**910**	**914**	**720**	**879**	**2,471**

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	December 31, 2018						
		Maturity					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	1,894	21	21	719	11	512	610
Medium-term syndicated loan	782	313	469	-	-	-	-
Debt related to acquisitions of shareholdings	218	87	55	43	30	3	-
Debt related to commitments to buy-out non-controlling interests	32	11	12	7	2	-	-
Other financial liabilities	48	38	10	-	-	-	-
Total borrowings and other financial liabilities	**2,974**	**470**	**567**	**769**	**43**	**515**	**610**
Fair value of derivatives	44	(2)	-	37	-	-	9
Total liabilities related to financing activities	**3,018**	**468**	**567**	**806**	**43**	**515**	**619**

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents) for a total of euro 3,413 million as of December 31, 2019 and undrawn confirmed credit lines representing a total of euro 2,632 million as of December 31, 2019. The main component of these credit lines is a euro 2,000 million multi-currency syndicated facility, maturing in 2020. These immediately or almost immediately available sums allow the Group to meet its general funding requirements.

Apart from bank overdrafts, most of the Group's debt is comprised of bonds and the medium-term loans, none of which are subject to financial covenants. They only include standard credit default event clauses (liquidation, cessation of payment, default on the debt itself or on the repayment of another debt above a given threshold) which are generally applicable above a threshold of euro 25 million.

The Group has not established any credit derivatives to date.

Note 23 Leases

Analysis of right-of-use assets by category of underlying assets

(in millions of euros)	Real Estate	Concession agreements	Other assets	Total
Gross value at January 1, 2019	**1,816**	**246**	**23**	**2,086**
Addition of assets	543[(1)]	64	-	607
Terminations or end of contracts	(130)	(5)	(8)	(143)
Changes to consolidation scope	215	-	29	244
Translation adjustments and other	45	-	1	46
Gross value at December 31, 2019	**2,489**	**305**	**45**	**2,839**
Accumulated Depreciation & Amortization at January 1, 2019	**(242)**	**(103)**	**(8)**	**(354)**
Depreciation & Amortization	(288)	(104)	(12)	(404)
Impairment loss	(56)	-	-	(56)
Terminations or end of contracts	88	10	3	101
Changes to consolidation scope	0	-	-	0
Translation adjustments and other	(5)	-	-	(5)
Accumulated Depreciation & Amortization at December 31, 2019	**(503)**	**(197)**	**(17)**	**(717)**
Net value at December 31, 2019	**1,986**	**108**	**28**	**2,122**

(1) Additions to assets included, in particular, euro 327 million under the real estate program in New York.

Analysis of maturities of lease liabilities

/ At December 31, 2019

		Maturity				
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	+4 years
Lease obligations	**2,532**	**391**	**344**	**307**	**264**	**1,226**

For 2019, the interest expense for lease liabilities was euro 70 million.

For 2018, the interest expense on lease liabilities was euro 58 million.

Note 24 Other creditors and current liabilities

(in millions of euros)	December 31, 2019	December 31, 2018
Advances and deposits received	336	350
Liabilities to employees	665	614
Tax liabilities (excl. income tax)	348	250
Derivatives backed by current assets or liabilities	12	16
Eurobond derivatives	199	46
Derivatives on intercompany loans and borrowings	67	20
Other current liabilities	96	136
Total	**1,723**	**1,432**

Note 25 Contract assets and liabiities

Contract assets

Contract assets relating to work carried out but not yet invoiced. The performance obligation was satisfied at the reporting date thereby permitting revenue recognition.

Contract liabilities

(in millions of euros)	2019	2018
Total contract liabilities at January 1,	**284**	**423**
Amount recognized in revenue over the period	(284)	(423)
Amount to be recognized in subsequent periods	346	284
Foreign exchange	7	-
Total contract liabilities at December 31,	**353**	**284**

Note 26 Commitments

Other commitments

(in millions of euros)	December 31, 2019 Total	Maturity -1 year	1-5 years	+5 years
Commitments given				
Guarantees[1]	215	50	65	100
Total	**215**	**50**	**65**	**100**
Commitments received				
Undrawn confirmed credit lines	2,632	165	2,467	-
Undrawn unconfirmed credit lines	209	209	-	-
Other commitments	15	6	8	1
Total	**2,856**	**380**	**2,475**	**1**

(1) At December 31, 2019, guarantees included undertakings to pay euro 43 million into innovation mutual funds by 2027. They also included guarantees of approximately euro 15 million relating to media-buying operations.

(in millions of euros)	December 31, 2018 Total	Maturity -1 year	1-5 years	+5 years
Commitments given				
Guarantees[1]	187	52	25	110
Other commitments	10	10	-	-
Total	**197**	**62**	**25**	**110**
Commitments received				
Undrawn confirmed credit lines	2,681	215	2,466	-
Undrawn unconfirmed credit lines	241	241	-	-
Other commitments	18	7	8	3
Total	**2,940**	**463**	**2,474**	**3**

(1) At December 31, 2018, guarantees included undertakings to pay euro 61 million into innovation mutual funds by 2027. They also included guarantees of approximately euro 13 million relating to media-buying operations.

Obligations related to warrants

The exercise of warrants, which can occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted by a factor of 1.068 so as to reflect those distributions drawn from the Company's reserves and premiums. Following the cancellation of the warrants acquired in previous years or exercised since September 24, 2013, Publicis Groupe was, as of December 31, 2019, committed to issuing (in the event that the 896,829 outstanding stock warrants are exercised) 957,813 shares with a euro 0.40 par value and a euro 30.10 premium.

Other commitments

As of December 31, 2019, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments, in accordance with currently applicable accounting standards.

Note 27 Financial instruments

Category of financial instruments

/ At December 31, 2019

(in millions of euros)	Value in balance sheet	Fair value through profit and loss	Fair value through OCI	Amortized cost
Other financial assets				
• Venture Capital Funds	87	87		
• other securities	13	13		
• loans to associates and non-consolidated companies	21		21	
• other	97		97	
Trade receivables	10,233		10,233	
Other current receivables and assets(1)				
• derivatives hedging current assets and liabilities	10	10		
• derivatives on intercompany loans and borrowings	28	28		
• other	75		75	
Assets	**10,564**	**138**	**10,426**	**-**
Long-term borrowings	4,286		4,286	
Trade payables	13,411		13,411	
Short-term borrowings	1,602		1,602	
Other creditors and current liabilities(2)				
• derivatives hedging current assets and liabilities	12	12		
• derivatives on intercompany loans and borrowings	67	67		
• Eurobond 2021 and 2024 derivatives	112			112
• Eurobond 2025, 2028 and 2031 derivatives	87			87
• other	110		110	
Equity and Liabilities	**19,687**	**79**	**19,409**	**199**

(1) Excluding tax claims, advances to suppliers and prepayments (see Note 17).
(2) Excluding advances and deposits received, liabilities to employees and tax liabilities (see Note 24).

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/ At December 31, 2018

(in millions of euros)	Value in balance sheet	Fair value through profit and loss	Amortized cost	Fair value through OCI
Other financial assets				
• innovation mutual funds	88	88		
• other securities	13	13	-	-
• loans to associates and non-consolidated companies	29	-	29	-
• other	85	-	85	-
Trade receivables	9,115	-	9,115	-
Other current receivables and current assets(1)				
• derivatives hedging current assets and liabilities	12	12	-	-
• derivatives on intercompany loans and borrowings	18	18	-	-
• other	148	-	148	-
Assets	**9,508**	**131**	**9,377**	**-**
Long-term borrowings	2,425	-	2,425	-
Trade payables	12,176	-	12,176	-
Short-term borrowings	449	-	449	-
Other creditors and current liabilities(2)				
• derivatives hedging current assets and liabilities	16	16	-	-
• derivatives on intercompany loans and borrowings	20	20	-	-
• Eurobond 2021 and 2024 derivatives	46	-	-	46
• other	137	-	137	-
Equity and Liabilities	**15,269**	**36**	**15,187**	**46**

(1) Excluding tax claims, advances to suppliers and prepayments (see Note 17).
(2) Excluding advances and deposits received, liabilities to employees and tax liabilities (see Note 24).

Financial instruments – assets

(in millions of euros)	December 31, 2019	December 31, 2018
Derivatives qualified as hedging instruments		
• derivatives hedging current assets and liabilities	10	12
• derivatives on intercompany loans and borrowings	28	18
Instruments at fair value through profit and loss		
• innovation mutual funds	87	88
• unconsolidated securities	13	13
Instruments at amortized cost		
• other financial assets, receivables and other receivables	10,405	9,348
• loans to associates and non-consolidated companies	21	29
Total financial instruments – assets	**10,564**	**9,508**

Financial instruments – liabilities

(in millions of euros)	December 31, 2019	December 31, 2018
Derivatives qualified as hedging instruments		
• derivatives hedging current assets and liabilities	12	16
• derivatives on intercompany loans and borrowings	67	20
• Eurobond derivatives	199	46
Instruments at amortized cost		
• trade and other payables	13,521	12,315
• short-term borrowings	1,602	449
Total financial instruments – current liabilities	**15,401**	**12,846**
Instruments at amortized cost		
• long-term borrowings	4,286	2,425
Total financial instruments – non-current liabilities	**4,286**	**2,425**

Fair value

The carrying amount of financial assets and liabilities recognized at amortized cost approximates fair value, except for financial liabilities, which had a fair value of euro 6,004 million at December 31, 2019 (versus a carrying amount of euro 5.88 million). At December 31, 2018, the fair value of financial liabilities was euro 2,979 million (versus a carrying amount of euro 2,874 million).

The fair value of Eurobonds, bonds with a convertible option on the debt portion, has been calculated by discounting the expected future cash flows at market interest rates (fair value Level 2).

Fair value hierarchy

The table below breaks down financial instruments recognized at fair value according to the measurement method used. The different levels of fair value have been defined as follows:

- level 1: quoted prices in active markets for identical instruments;
- level 2: observable data other than quoted prices for identical instruments in active markets;
- level 3: significant unobservable data.

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December 31, 2019 (in millions of euros)	Level 1	Level 2	Level 3	Total
Short-term liquid investments	2,268	-	-	2,268
Innovation mutual funds and other securities	87	-	13	100
Derivative instruments – assets	-	38	-	38
	2,355	**38**	**13**	**2,406**
Derivative instruments – liabilities	-	(278)	-	(278)
Total	**2,355**	**(240)**	**13**	**2,128**

December 31, 2018 (in millions of euros)	Level 1	Level 2	Level 3	Total
Short-term liquid investments	2,273	-	-	2,273
Innovation mutual funds and other securities	88	-	20	108
Derivative instruments – assets	-	30	-	30
	2,361	**30**	**20**	**2,411**
Derivative instruments – liabilities	-	(82)	-	(82)
Total	**2,361**	**(52)**	**20**	**2,329**

Note 28 Risk management

Exposure to interest rate risk

Group management determines the allocation of debt between fixed- and variable-rate debt, which is periodically reviewed in terms of interest rate trend forecasts.

At the end of 2019, the Group's gross borrowings, excluding debt related to earn-out payments and debt relating to commitments to buy-out non-controlling interests (minority interests), consisted of:

- 79% in fixed-rate loans with an average interest rate for 2019 of 3.1%;
- 21% in variable-rate loans.

The table below sets out the carrying amount by maturity at December 31, 2019 of the Group's financial instruments exposed to interest rate risk:

(in millions of euros)	Total at December 31, 2019	Maturities -1 year	1-5 years	+5 years
Fixed rate				
Eurobond 2021[(2)(3)]	698	-	698	-
Eurobond 2023[(3)]	495	-	495	-
Eurobond 2024[(1)(3)]	603	-	603	-
Eurobond 2025[(4)(3)]	744	-	-	744
Eurobond 2028[(4)(3)]	745	-	-	745
Eurobond 2031[(4)(3)]	742	-	-	742
Medium-term syndicated loan[(5)]	327	327	-	-
Net fixed-rate liabilities (assets)	**4,354**	**327**	**1,796**	**2,231**
Variable rate				
Epsilon medium-term loan[(6)]	1,101	-	1,101	-
Bank borrowings	20	11	9	-
Bank overdrafts	6	6	-	-
Cash and cash equivalents	(3,413)	(3,413)	-	-
Other financial assets	(646)	(646)	-	-
Net variable-rate liabilities (assets)	**(2,932)**	**(4,042)**	**1,110**	**-**

(1) The Eurobond 2024 swaps have the following characteristics:
- euro 300 million equivalent, 10-year, fixed rate at 2,994%;
- euro 300 million equivalent, 10-year, fixed rate at 2.965%.

(2) The Eurobond 2021 swaps have the following characteristics:
- euro 350 million equivalent, 7-year, fixed rate at 2,921%;
- euro 350 million equivalent, 7-year, fixed rate at 2.918%.

(3) Net of issuance costs.

(4) The Eurobond 2025, 2028 and 2031 swaps have the following characteristics:
- 2025: euro 750 million equivalent, 6-year, at 3.1386% weighted average fixed rate;
- 2028: euro 750 million equivalent, 9-year, at 3.5963% weighted average fixed rate;
- 2031: euro 750 million equivalent, 12-year, at 4.1079% weighted average fixed rate.

(5) Variable-rate to fixed-rate interest rate swaps purchased in 2017 on the US dollar component (USD 555 million) (see Note 24).

(6) The medium-term loan (Epsilon acquisition financing) has three tranches (USD 900 million plus two euro 150 million tranches) at variable LIBOR (for the USD tranche) and EURIBOR (for the euro tranches) plus credit spread.

Exposure to exchange rate risk

Net assets

The table below shows the Group's net assets at December 31, 2019 broken down by principal currencies:

(in millions of euros)	Total at December 31, 2019	Euro(1)	US dollar	Pound Sterling	Brazilian Real	Yuan	Other
Assets	32,659	3,976	19,895	1,959	463	1,309	5,057
Equity and Liabilities	25,267	4,457	15,237	1,241	208	826	3,298
Net assets	**7,392**	**(481)**	**4,658**	**718**	**255**	**483**	**1,759**
Effect of foreign exchange hedges(2)	**-**	**5,782**	**(6,083)**	**289**	**-**	**2**	**10**
Net assets after hedging	**7,392**	**5,301**	**(1,425)**	**1,007**	**255**	**485**	**1,769**

(1) Reporting currency of consolidated financial statements.
(2) The financial instruments used to hedge foreign exchange risk are mainly currency swaps.

In addition, changes in exchange rates against the euro, the reporting currency used in the Group's financial statements, can have an impact on the Group's consolidated balance sheet and consolidated income statement.

Revenue and operating margin

The breakdown of Group revenue by the currency in which it is earned is as follows:

	2019	2018
Euro	15%	17%
US dollar	52%	50%
Pound Sterling	9%	10%
Other	23%	24%
Total revenue	**100%**	**100%**

The impact of a drop of 1% in the euro exchange rate against the US dollar and the pound sterling would be (favorable impact):

- euro 68 million on 2019 consolidated revenue;
- euro 12 million on the 2019 operating margin.

The majority of our commercial dealings are done in the local currencies of the countries in which they are transacted. As a result, exchange rate risk relating to such transactions is not very significant and is occasionally hedged through currency hedging agreements.

As regards intercompany loans/borrowings, these are subject to appropriate hedges if they present a significant net exposure to exchange rate risk.

Derivatives used are generally forward currency contracts or currency swaps.

Exposure to client counterparty risk

The Group analyzes its trade receivables, focusing in particular on improving the time taken to recover such receivables, in the context of the management of its working capital requirements. The Group Treasury Department monitors overdue receivables for the entire Group. In addition, the Group periodically reviews the list of its main clients in order to determine exposure to client counterparty risk at Group level and, if necessary, it puts in place specific monitoring in the form of a weekly summary of the Group's exposure to certain clients.

Any impairments required are assessed on an individual basis and take into account different criteria such as the client's situation and delays in payment. No general provisions are recorded on an overall basis.

The following table shows the period overdue of trade receivables invoiced over the last two financial years:

(in millions of euros)	2019	2018
Amounts not yet due	**7,204**	**6,390**
Overdue receivables:		
• Up to 30 days	397	323
• 31 to 60 days	138	118
• 61 to 90 days	64	36
• 91 to 120 days	30	24
• More than 120 days	163	121
Total overdue receivables	**792**	**622**
Invoiced trade receivables	**7,996**	**7,012**
Impairment	(107)	(86)
Invoiced trade receivables net	**7,889**	**6,926**

Disclosures regarding major clients

% of revenue	2019	2018
Five largest clients	12%	12%
Ten largest clients	19%	18%
Twenty largest clients	29%	28%
Thirty largest clients	35%	34%
Fifty largest clients	42%	42%
One hundred largest clients	53%	53%

Exposure to bank counterparty risk

Publicis has established a group-wide policy for selecting authorized banks as counterparties for all its subsidiaries. This policy requires that deposits be made in authorized banks and that in general all banking services be provided exclusively by these banks. The list of authorized banks is reviewed periodically by the Group Treasury Department. Exceptions to this policy are handled centrally for the entire Group by the Treasury Office.

Additionally, studies are carried out in order to ensure that almost all cash and cash equivalents are deposited in authorized banks.

Note 29 Operating segment information

Information by business sector

The Publicis Groupe structure has been developed to provide the Group's clients with comprehensive, holistic communication services involving all disciplines.

The Group has, therefore, identified operating segments which correspond to hubs and which may be categorized together since they share similar economic features (similar margins across the various operating segments) and provide similar services (a full range of advertising and communications services) and do so for similar types of clients (the vast majority of the Group's top 50 clients are clients of several operating segments). The operating segments are thus pooled into a single sector, in accordance with IFRS 8.

Reporting by region

Given the importance of geographic location in the analysis of the business, detailed information is provided by geographic region.

Data are established on the basis of the location of the agency.

/ 2019 Financial Year

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue(1)	**2,630**	**5,516**	**1,006**	**326**	**322**	**9,800**
Revenue(1)	3,123	5,972	1,152	335	419	11,001
Depreciation and amortization expense (excluding intangibles arising from acquisitions and right-of-use assets)	(251)	(228)	(75)	(17)	(15)	(586)
Operating margin	**360**	**1,041**	**178**	**45**	**35**	**1,659**
Epsilon transaction costs		(40)				(40)
Operating margin excluding Epsilon transaction costs	**360**	**1,081**	**178**	**45**	**35**	**1,699**
Amortization of intangibles from acquisitions	(11)	(191)	(1)	(1)	-	(204)
Impairment loss	(38)	(156)	-	(1)	(14)	(209)
Non-current income and expenses	(30)	38	12	0	1	21
Operating income after impairment	**281**	**732**	**189**	**43**	**22**	**1,267**
Balance sheet items						
Goodwill, net	1,126	9,082	321	220	880	11,629
Intangible assets, net	1,026	942	4	5	2	1,979
Right-of-use assets related to leases	666	1,269	135	31	38	2,140
Property, plant and equipment, net	325	317	52	13	12	719
Other financial assets	124	56	29	6	3	218
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(68)	(143)	(15)	(3)	(3)	(232)
Purchases of investments and other financial assets, net	19	1	1	(1)	-	20
Acquisitions of subsidiaries	(378)	(3,764)	1	(2)	-	(4,143)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.

See Note 28 for information by currency on the exposure to exchange rate risk presented by liabilities.

/ 2018 Financial year

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[1]	**2,622**	**4,795**	**924**	**347**	**281**	**8,969**
Revenue[1]	3,065	5,132	1,024	353	377	9,951
Amortization expense (excluding intangibles arising from acquisitions)	(255)	(179)	(65)	(15)	(12)	(526)
Operating margin	**429**	**847**	**165**	**54**	**28**	**1,523**
Amortization of intangibles from acquisitions	(10)	(57)	(1)	(1)	0	(69)
Impairment loss	(45)	(75)	(9)	(1)	(1)	(131)
Non-current income and expenses	(1)	0	(19)	0	0	(20)
Operating income after impairment	**371**	**698**	**136**	**50**	**26**	**1,281**
Balance sheet items						
Goodwill, net	2,475	4,630	1,094	362	190	8,751
Intangible assets, net	94	1,020	2	7	2	1,125
Right-of-use assets related to leases	717	822	139	31	23	1,732
Property, plant and equipment, net	306	229	49	14	13	611
Other financial assets	122	56	29	5	3	215
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(47)	(126)	(21)	(5)	(8)	(207)
Purchases of investments and other financial assets, net	(6)	(4)	-	-	(1)	(11)
Acquisitions of subsidiaries	(100)	(94)	(36)	(22)	(8)	(260)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.

Note 30 Publicis Groupe SA stock option and free share plans

Six free share plans were created during 2019, with the following features:

- Long Term Incentive Plan "LTIP 2019" (May 2019)

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions:

  - employment must continue throughout the three-year vesting period;
  - the free shares are subject to performance criteria and the total number of shares delivered will depend on the overall growth and profitability targets attained in 2019.

  The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in May 2022.

- Long Term Incentive Plan "LTIP 2019-2021" (June 2019)

  Under this plan, the members of the Management Board were awarded free shares, subject to three conditions:

  - employment must continue throughout the three-year vesting period;
  - growth and profitability targets must be achieved for the years 2019, 2020 and 2021;

- a CSR (Corporate Social Responsibility) criterion must be met. The condition will be considered to be met if, at the end of the third year of the performance period, at least 40% of the members of the Group's Executive Committees in the Solution Hubs and main countries are women.

  The shares ultimately awarded in accordance with the level of attainment of these conditions will be deliverable at the end of a three-year period, *i.e.* in June 2022.

▶ Long Term Incentive Plan "Sapient 2019 Plan" (May 2019)

In parallel with the LTIP 2019 and for the fifth consecutive year following the acquisition of Sapient, a plan with two tranches was put in place in 2019 exclusively for managers and employees of Publicis Sapient:

- the first tranche is conditional only upon continued employment and gives rise to the delivery of one-fourth of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in May 2020, 2021, 2022 and 2023);
- in addition to the condition of continued employment, the second tranche is conditional upon performance criteria, and the total number of shares delivered shall depend on the level of targets achieved for 2019, 2020 and 2021. Delivery will take place at the end of a three-year period, in May 2022.

▶ Special "Star Growth Performers" 2019 plan (May 2019)

To retain Group players that have a direct impact on growth, some of the Group's employees were awarded free shares subject only to a continued employment condition. The shares will be deliverable at the end of a three-year period, in May 2022.

▶ Epsilon Replacement Plan (July 2019)

Certain awards by ADS Group in 2019 to Epsilon employees lapsed as a result of Epsilon's acquisition by Publicis Groupe. To replace these awards, the beneficiaries were granted Publicis Groupe shares, 20% being subject to continued employment and 80% to performance conditions, split into three tranches:

- a first tranche awarded by the Management Board in July 2019, subject to targets set for 2019, deliverable in March 2020;
- a second tranche that will actually be awarded by the Management Board in March 2020, subject to targets set for 2020, and deliverable in March 2021;
- a third tranche that will actually be awarded by the Management Board in March 2021, subject to targets set for 2021 and deliverable in March 2022.

▶ Special Retention Plan 2019-2022 (November 2019)

- A new 3-year retention plan was established for certain Groupe managers. This plan is subject, in addition to the condition of continued employment, to personal performance conditions for 2020 to 2022. It will be deliverable in March 2023, at the end of a 3-year period.

In addition, the performance of the following plans was assessed in 2019:

- LTIP 2018: the performance targets set for 2018 were 50% achieved;
- LTIP 2016-2018 "*Directoire*" and "*Directoire +*": the performance targets set for 2018 were 50% achieved;
- Lionlead3 (excluding "*Directoire*" and "*Directoire +*"): the performance targets set for 2018 were 75% achieved;
- Lionlead3 "*Directoire*" and "*Directoire +*": the performance targets set for 2016-2018 were 75% achieved;
- Sapient 2016, 2017 and 2018 plans: the performance targets set for 2018 were 60% achieved.

6

Publicis Groupe share subscription or purchase option plans

/ Characteristics of the Publicis Groupe stock option plans as at December 31, 2019

Plans	Type(1)	Date of grant	Option exercise price (in euros)	Options outstanding at January 1, 2019	Options canceled, lapsed or transferred(2) in 2019	Options exercised in 2019	Options outstanding at December 31, 2019	Of which exercisable at December 31, 2019	Deadline for exercise	Remaining contract life (in years)
Co-investment 2013 options (France and Outside France)	A	04/30/2013	52.76	1,206,242	(114,305)		1,091,937	1,091,937	04/30/2023	3.33
Total of all tranches				**1,206,242**	**(114,305)**		**1,091,937**	**1,091,937**		

(1) A = stock options; S = share subscription options.
(2) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.

The vesting period for the above plans has been completed, but the exercise of options remains subject to a continued presence condition until the date of exercise of the options.

/ Movements in Publicis Groupe stock option plans over the last two financial years

	2019		2018	
	Number of options	Average exercise price (in euros)	Number of options	Average exercise price (in euros)
Options at January 1rst	1,206,242	52.76	1,387,537	52.76
Options exercised[(1)]	-		(99,689)	52.76
Cancelled or lapsed options	(114,305)	52.76	(81,606)	52.76
Options outstanding at December 31	**1,091,937**	**52.76**	**1,206,242**	**52.76**
Of which exercisable	1,091,937	52.76	1,206,242	52.76
(1) Average share price on exercise (in euros).		n/a		55.78

Publicis Groupe free share plans

/ Characteristics of Publicis Groupe free share plans outstanding at December 31, 2019

Plans	Date of grant initial	Shares yet to vest as of January 1, 2019 or shares granted in 2019	Shares canceled[(1)], lapsed or transferred[(2)] in 2019	Shares vesting in 2019[(3)]	Shares yet to vest at December 31, 2019	Vesting date of shares	Remaining contract life (in years)
LTIP 2015 Plan – Outside France	04/17/2015	184,947	(7,270)	(175,177)	2,500	04/17/2019[(4)]	-
Sapient 2015 Plan (4 years)	04/17/2015	53,791	13,666	(67,457)	-	04/17/2019	-
LTIP 2016 Plan	06/23/2016	299,900	(12,800)	(287,100)	-	06/23/2019	-
LTIP 2016-2018 Plan “Directoire” and “Directoire +”	06/23/2016	120,000	(60,000)	(60,000)	-	06/23/2019	-
LionLead3 2016-2018 Plan – France	06/16/2016	520,319	(382,154)	(115,770)	22,395	06/16/2019[(4)]	-
LionLead3 2016-2018 Plan – Outside France	06/16/2016	2,429,775	(1,861,111)	-	568,664	06/16/2020	0.46
LionLead3 2016-2018 Plan – “Directoire” and “Directoire +”	06/16/2016	660,231	(521,037)	(139,194)	-	06/23/2019	-
Sapient 2016 Plan (4 years)	04/15/2016	135,801	(6,918)	(69,073)	59,810	04/15/2020	0.29
Sapient 2016 Plan (3 years)	04/15/2016	7,980	3,990	(11,970)	-	04/15/2019	-
LTIP 2017 Plan	05/18/2017	306,100	(26,825)	-	279,275	05/18/2020	0.38
Sapient 2017 Plan (4 years)	06/15/2017	156,607	(22,073)	(53,049)	81,485	06/15/2021	1.46
Sapient 2017 Plan (3 years)	06/15/2017	241,233	(43,561)	(6,296)	191,376	06/15/2020	0.46
LTIP 2018 Plan	04/17/2018	715,500	(388,600)	-	326,900	04/17/2021	1.30
Sapient 2018 Plan (4 years)	04/17/2018	217,527	(22,747)	(60,701)	134,079	04/17/2022	2.30
Sapient 2018 Plan (3 years)	04/17/2018	269,704	(68,085)	-	201,619	04/17/2021	1.30
Sprint to the Future 2018-2020 – Excluding “Directoire”[(5)]	05/18/2018	773,440	(725,100)	-	48,340	06/01/2021	1.42

Plans	Date of grant initial	Shares yet to vest as of January 1, 2019 or shares granted in 2019	Shares canceled[1], lapsed or transferred[2] in 2019	Shares vesting in 2019[3]	Shares yet to vest at December 31, 2019	Vesting date of shares	Remaining contract life (in years)
Sprint to the Future 2018-2020 – "Directoire"[5]	06/01/2018	306,156	(306,156)	-	-	06/01/2021	1.42
LTIP 2019 Plan	05/28/2019	335,950	(8,500)	-	327,450	05/28/2022	2.41
Sapient 2019 Plan (4 years)	05/28/2019	240,210	(6,850)	-	233,360	05/28/2023	3.41
Sapient 2019 Plan (3 years)	05/28/2019	345,289	(10,275)	-	335,014	05/28/2022	2.41
LTIP 2019-2021 "Directoire" Plan	06/14/2019	170,000	-	-	170,000	05/28/2022	2.45
Star Growth Performers Plan/Special 2019 Plan	05/28/2019	262,700	(11,500)	-	251,200	05/28/2022	2.41
Epsilon Replacement Plan 2019	07/15/2019	628,681	(31,546)	-	597,135	03/31/2022	2.17
Special Retention Plan 2019	11/15/2019	765,110	-	-	765,110	03/31/2023	3.25
Total free share plans		**10,146,951**	**(4,505,452)**	**(1,045,787)**	**4,595,712**		

(1) Corrections pertaining to prior cancellations were made in 2019 for the Sapient plans, potentially leading to a positive net cancellation balance.
(2) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.
(3) In exceptional cases, as described in the plan regulations, shares may be delivered prior to the end of the vesting period.
(4) The delivery of shares not yet delivered at December 31, 2019 will begin in early 2020.
(5) Although the performance measurement period is not yet ended, the performances recorded for 2018 and 2019 mean that the plan objectives will not even be partly achieved. The shares initially granted are thus considered canceled, except for one participant for whom these shares will be delivered at the planned maturity date, subject solely to continued employment.

The vesting of free shares under the above plans is conditional on continued employment throughout the vesting period. Vesting is also subject to non-market performance conditions for plans LTIP 2017 to 2019, LTIP 2019-2021 Directoire, and Sapient 2016 to 2019 with a three-year vesting period, for the Epsilon Replacement Plan 2019 and the Special Retention Plan 2019.

/ Movements in Publicis Groupe free share plans over the last two financial years

	2019	2018
Share grants at January 1	**7,399,011**	**6,446,245**
Grants during the year	2,747,940	2,342,768
Deliveries	(1,045,787)	(432,718)
Grants lapsed	(4,505,452)	(957,284)
Share grants at December 31	**4,595,712**	**7,399,011**

/ Fair value of free Publicis Groupe shares granted during financial year 2019

Free shares	LTIP 2019(1)	Sapient 2019 (3 years)(2)	Sapient 2019 (4 years)	LTIP 2021-2021 "Directoire"(2)	Star Growth Performers/ Special 2019 Plan	Epsilon Replacement Plan 2019(2)(3)	Special Retention Plan 2019(2)
Date of Management Board meeting	05/28/2019	05/28/2019	05/28/2019	06/14/2019	05/28/2019	07/15/2019(3)	11/15/2019
Number of shares originally granted	335,950	345,289	240,210	170,000	262,700	628,681	765,110
Initial valuation of shares granted (weighted average, in euros)	42.81	42.81	43.95	43.29	42.81	45.67	31.85
Share price on the grant date (in euros)	49.66	49.66	49.66	50.14	49.66	48.03	39.21
Vesting period (in years)	3	3	1 to 4	3	3	1, 2 et 3	3

(1) Conditional shares whose vesting is subject to the achievement of targets set for the year 2019.
(2) Conditional shares whose vesting is subject to the achievement of targets set for the years 2019 to 2021 or, in the case of the Special Retention Plan, for the years 2020 to 2022.
(3) The Management Board meeting of July 15, 2019 only granted the first third of plan shares, namely 207,461 shares. Two other tranches comprising 207,461 and 213,759 shares, respectively, will be granted by the Management Board at its meetings in March 2020 and March 2021.

Effect of share subscription or stock option plans and free share plans on profit (loss)

The total impact of these plans on the 2019 income statement was euro 49 million (excluding taxes and social security charges), compared to euro 63 million in 2018 (see Note 3 "Personnel expenses").

With regard to the free share plans granted subject to non-market performance conditions, and for which performances have not yet been definitively measured as of December 31, 2019, the probability of meeting the targets set in respect of the calculation of the 2019 expense has been estimated as follows:

- Sprint to the Future Plan – Performance for the 2018-2020 period: 0%.

The condition for achieving the organic growth target (2018-2020 average) cannot be satisfied given the performance levels already recorded for 2018 and 2019. Failure to satisfy this condition results in a loss of all entitlement to shares awarded at the outset of the plan (save any contractual provision to the contrary).

- LTIP 2019 Plan – Performance for 2019: 50%.
- Sapient 2017, 2018 and 2019 performance plans – Performance for 2019: 50%.
- LTIP "*Directoire*" 2019-2021 Plan – Performance for the 2019-2021 period: 100%.
- Epsilon Replacement Plan 2019-2021 – Performance for the years 2019, 2020 and 2021: 100%.
- Special Retention Plan 2019-2022 – Performance for the years 2020, 2021 and 2022: 100%.

Note 31 Related-party disclosures

Transactions with associates

	December 31, 2019		December 31, 2018	
	Revenue	Expenses	Revenue	Expenses
Viva Tech[1]	12	-	9	-
Burrell Communications Group	-	2	-	3
Total	**12**	**2**	**9**	**3**

(1) Joint-venture between Publicis and Les Échos Solutions.

	December 31, 2019		December 31, 2018	
	Receivables	Liabilities	Receivables	Liabilities
On Point	14	1	12	-
Viva Tech[1]	-	2	1	5
ZAG	5	-	6	-
I7 Sapient	2	-	1	-
Étoile Restauration	-	-	1	-
Burrell	-	1		
Other	1	-	1	-
Total	**22**	**4**	**22**	**5**

(1) Joint-venture between Publicis and Les Echos Solutions.

Finalization of Proximedia sale

On February 14, 2019, Publicis Groupe announced that, following a competitive sale process conducted with the help of a major bank, its subsidiaries that own Proximedia had entered into exclusive negotiations with Ycor, in which Mr. Maurice Lévy, Chairman of the Supervisory Board of Publicis Groupe, has interests, for the sale of all of Proximedia. The sale was finalized in the first half of 2019 (see Note 6).

Compensation of managers

Managers include individuals who were members of the Supervisory Board or Management Board, at the reporting date or during the year ended.

(in millions of euros)	2019	2018
Total gross compensation[1]	(12)	(11)
Post-employment benefits[2]	-	-
Other long-term benefits[3]	-	-
Share-based payment[4]	(1)	(6)

(1) Compensation, bonuses, indemnities, attendance fees and benefits in kind paid during the year.
(2) Change in pension provisions (net impact on income statement).
(3) Increase/release of provisions for deferred compensation and contingent bonuses.
(4) Expense recognized in the income statement under the Publicis Groupe stock option and free share plans.

In addition, the total accounting provision as of December 31, 2019 for post-employment benefits and other long-term benefits for Senior management amounted to euro 1 million. This figure was euro 1 million at December 31, 2018.

Note 32 Subsequent events

None.

Note 33 Fees of the statutory auditors and members of their network

The fees paid by the Group for each of the statutory auditors of Publicis Groupe SA for the 2019 and 2018 financial years were:

	Ernst & Young				Mazars				Total			
	Amount (excl. taxes)		%		Amount (excl. taxes)		%		Amount (excl. taxes)		%	
(in millions of euros)	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Statutory auditors												
Publicis Groupe SA (parent company)	0.8	0.8	12%	13%	0.4	0.4	9%	9%	1.2	1.2	11%	11%
Account certification	0.7	0.7			0.4	0.4			1.1	1.1		
Other services	0.1	0.1			0	0			0.1	0.1		
Subsidiaries	0.3	0.7	4%	11%	0.6	0.7	14%	15%	0.9	1.4	8%	13%
Account certification	0.2	0.5			0.6	0.7			0.8	1.2		
Other services	0.1	0.2			0	0			0.1	0.2		
Subtotal	**1.1**	**1.5**	**16%**	**24%**	**1.0**	**1.1**	**23%**	**24%**	**2.1**	**2.6**	**19%**	**24%**
Network												
Account certification	4.3	4.1	64%	66%	3.2	3.4	75%	74%	7.5	7.5	68%	69%
Other services	1.3	0.6	20%	10%	0.1	0.1	2%	2%	1.4	0.7	13%	7%
Subtotal	**5.6**	**4.7**	**84%**	**76%**	**3.3**	**3.5**	**77%**	**76%**	**8.9**	**8.2**	**81%**	**76%**
Total	**6.7**	**6.2**	**100%**	**100%**	**4.3**	**4.6**	**100%**	**100%**	**11.0**	**10.8**	**100%**	**100%**

Note 34 List of the main consolidated companies at December 31, 2019

A) Fully consolidated companies

The companies listed below are our operating companies with 2019 revenue of at least euro 10 million.

Name	Voting rights	Shareholding	Country
Metrobus Publicité SA	67.00%	67.00%	France
Mediagare SNC	100.00%	67.00%	France
MediaRail SNC	100.00%	67.00%	France
Drugstore Champs-Élysées SNC	100.00%	100.00%	France
Publicis Conseil SA	99.99%	99.99%	France
Publicis Consultants France SARL	99.99%	99.99%	France
Publicis Activ France SA	100.00%	99.98%	France
Saatchi & Saatchi SAS	100.00%	100.00%	France
Publicis Media France SA	100.00%	100.00%	France
Publicis Sapient	100.00%	100.00%	France
Publicis Xebia IT Architects SAS(1)	100.00%	100.00%	France
Epsilon Paris SAS(1)	100.00%	100.00%	France
Marcel SAS	99.99%	99.99%	France
Independence Media SAS	100.00%	100.00%	France
Advance Marketing SAS	100.00%	100.00%	France
Publicis ETO SAS	100.00%	100.00%	France
Prodigious France SARL	100.00%	100.00%	France
The Creative Counsel Pty Ltd	100.00%	70.35%	South Africa
MMS Communication South Africa Pty Ltd	100.00%	70.35%	South Africa
Performics Germany GmbH(1)	100.00%	100.00%	Germany
MetaDesign GmbH	100.00%	100.00%	Germany
CNC AG	100.00%	100.00%	Germany
Zenithmedia Dusseldorf GmbH	100.00%	100.00%	Germany
Saatchi & Saatchi GmbH	100.00%	100.00%	Germany
Starcom MediaVest Group Germany GmbH	100.00%	100.00%	Germany
FUEL at Publicis Media Solutions GmbH*	100.00%	100.00%	Germany
Sapient GmbH	100.00%	100.00%	Germany
Publicis Pixelpark GmbH	100.00%	100.00%	Germany
Publicis Media GmbH	100.00%	100.00%	Germany
Pixelpark GmbH	100.00%	100.00%	Germany
Abdulkader Suleiman El Khereiji & Brothers Advertising Company	100.00%	100.00%	Saudi Arabia
MMS Comunicaciones Argentina SRL	100.00%	100.00%	Argentina
Saatchi & Saatchi Australia Pty Ltd	100.00%	100.00%	Australia

(1) Companies on the 2019 list but not on the 2018 list.

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Name	Voting rights	Shareholding	Country
Starcom MediaVest Group Pty Ltd	100.00%	100.00%	Australia
SapientRazorfish Australia Pty Lyd	100.00%	100.00%	Australia
MMS communications Belgium SPRL(1)	100.00%	100.00%	Belgium
PBC Communicaçâo Ltda	100.00%	100.00%	Brazil
Talent Marcel Comunicaçâo e Planejamento Ltda	99.78%	99.78%	Brazil
DPZ&T Comunicacoes Ltda(1)	100.00%	100.00%	Brazil
Leo Burnett Neo Comunicaçao Ltda	98.00%	98.00%	Brazil
Leo Burnett Company Ltd	100.00%	100.00%	Canada
TMG MacManus Canada Inc.	100.00%	100.00%	Canada
Publicis Canada Inc.	100.00%	100.00%	Canada
Saatchi & Saatchi Advertising Inc.	100.00%	100.00%	Canada
Sapient Canada Inc.	100.00%	100.00%	Canada
GB/2 Inc.	100.00%	100.00%	Canada
Nurun Inc.	100.00%	100.00%	Canada
Publicis Advertising Co. Ltd	100.00%	100.00%	China
Saatchi & Saatchi Great Wall Advertising Co. Ltd	100.00%	100.00%	China
Leo Burnett Shanghai Advertising Co. Ltd	100.00%	100.00%	China
Manning Selvage & Lee Public Relations Consultancy Beijing Co Ltd	100.00%	100.00%	China
Publicis Sapient China Co. Ltd	100.00%	100.00%	China
MMS Communicaciones Colombia SAS	100.00%	100.00%	Colombia
Leo Burnett Inc.	100.00%	100.00%	South Korea
Zenith FZ LLC	100.00%	100.00%	United Arab Emirates
Leo Burnett FZ LLC	100.00%	100.00%	United Arab Emirates
Publicis Sapient FZ LLC	100.00%	100.00%	United Arab Emirates
Publicis Middle East FZ LLC	100.00%	100.00%	United Arab Emirates
Publicis Media FZ LLC	100.00%	100.00%	United Arab Emirates
Zenith FZ LLC	100.00%	100.00%	United Arab Emirates
Starcom MediaVest Group Iberia SL	100.00%	100.00%	Spain
Zenith Media SL	100.00%	100.00%	Spain
Rauxa Agency, LLC(1)	100.00%	100.00%	United States
Vertiba LLC	100.00%	100.00%	United States
Run Inc.	100.00%	100.00%	United States
Rokkan Media LLC	100.00%	100.00%	United States
MRY US LLC	100.00%	100.00%	United States
Moxie Marketing Services LLC	100.00%	100.00%	United States
Martin Retail Group	70.00%	70.00%	United States
Kekst & Company Inc.	100.00%	100.00%	United States

(1) Companies on the 2019 list but not on the 2018 list.

Name	Voting rights	Shareholding	Country
Publicis Hawkeye Inc.	100.00%	100.00%	United States
Leo Burnett Company Inc.	100.00%	100.00%	United States
Publicis USA Production Solutions Inc.(1)	100.00%	100.00%	United States
Publicis Health LLC	100.00%	100.00%	United States
Publicis Healthcare Solutions Inc.	100.00%	100.00%	United States
MediaVest Worldwide Inc.	100.00%	100.00%	United States
Saatchi & Saatchi North America Inc.	100.00%	100.00%	United States
Digitas Inc.	100.00%	100.00%	United States
Zenith Media Services Inc.	100.00%	100.00%	United States
Conill Advertising Inc.	100.00%	100.00%	United States
Saatchi & Saatchi X Inc.	100.00%	100.00%	United States
Leo Burnett Detroit Inc.	100.00%	100.00%	United States
Starcom Worldwide Inc.	100.00%	100.00%	United States
GroupeConnect LLC	100.00%	100.00%	United States
Harbor Picture Company	100.00%	100.00%	United States
APEX Exchange LLC	100.00%	100.00%	United States
Epsilon Data Management LLC(1)	100.00%	100.00%	United States
Conversant LLC.	100.00%	100.00%	United States
Aspen Marketing Services LLC	100.00%	100.00%	United States
Catapult Integrated Services LLC	100.00%	100.00%	United States
Epsilon Agency LLC(1)	100.00%	100.00%	United States
Commission Junction LLC	100.00%	100.00%	United States
Sapient Corporation	100.00%	100.00%	United States
Sapient Government Services Inc.	100.00%	100.00%	United States
La Communidad Corporation	100.00%	100.00%	United States
Fallon Group Inc.	100.00%	100.00%	United States
Bartle Bogle Hegarty Inc.	100.00%	100.00%	United States
3 Share Inc.	100.00%	100.00%	United States
Publicis Health Media LLC	100.00%	100.00%	United States
Alpha 245 Inc.	100.00%	100.00%	United States
LVL Sunset LLC	100.00%	100.00%	United States
Denuo Ltd	100.00%	100.00%	Hong Kong
MMS Communications Hungary Kft	100.00%	100.00%	Hungary
TLG India Pvt Ltd	100.00%	100.00%	India
Conversant Software Development and Campaign Management Service LL(1)	100.00%	100.00%	India
Sapient Consulting Pvt Ltd	100.00%	100.00%	India
BBR Baumann Ber Rivnay Ltd	100.00%	98.04%	Israel

(1) Companies on the 2019 list but not on the 2018 list.

Name	Voting rights	Shareholding	Country
Zenith Italy Srl	100.00%	100.00%	Italy
Publicis S.r.l	100.00%	100.00%	Italy
Leo Burnett Company Srl	100.00%	100.00%	Italy
Publicis Sapient Italy Srl	100.00%	100.00%	Italy
Starcom MediaVest Group Italia SRL	100.00%	100.00%	Italy
Publicis Media Italy Srl	100.00%	100.00%	Italy
Beacon Communications KK	66.00%	66.00%	Japan
MMS Communications KK	100.00%	100.00%	Japan
Star Reacher Advertising (M) Sdn Bhd	100.00%	100.00%	Malaysia
MMS Communication Mexico SA de CV	100.00%	100.00%	Mexico
Lion Communications Mexico SA de CV	100.00%	100.00%	Mexico
Starcom Worldwide SA de CV	100.00%	100.00%	Mexico
MMS New Zealand Ltd	100.00%	100.00%	New Zealand
Publicis Media Norway AS	100.00%	100.00%	Norway
MMS Communications Netherlands BV	100.00%	100.00%	Netherlands
DMX Media BV	100.00%	100.00%	Netherlands
Publicis Asociados SAC	100.00%	100.00%	Peru
Saatchi & Saatchi IS sp. Zoo	100.00%	100.00%	Poland
Starcom Sp z o.o	100.00%	100.00%	Poland
Badillo Saatchi & Saatchi, Inc.	100.00%	100.00%	Puerto Rico
Lions Communications s.r.o.	100.00%	100.00%	Czech Republic
Translate Plus UK	85.37%	85.37%	United Kingdom
Walker Media Ltd	100.00%	100.00%	United Kingdom
Publicis Ltd	100.00%	100.00%	United Kingdom
Saatchi & Saatchi Group Ltd	100.00%	100.00%	United Kingdom
ZenithOptimedia Ltd	100.00%	100.00%	United Kingdom
Leo Burnett Ltd	100.00%	100.00%	United Kingdom
PG Media Services Ltd	100.00%	100.00%	United Kingdom
Publicis Healthcare Communications Group Ltd	100.00%	100.00%	United Kingdom
Prodigious UK Ltd	100.00%	100.00%	United Kingdom
ZenithOptimedia International Ltd	100.00%	100.00%	United Kingdom
Conversant Europe Ltd(1)	100.00%	100.00%	United Kingdom
Sapient Limited UK	100.00%	100.00%	United Kingdom
DigitasLBi Ltd	100.00%	100.00%	United Kingdom
CNC Communications & Network Consulting Ltd	100.00%	100.00%	United Kingdom
Publicis Media Exchange Limited	100.00%	100.00%	United Kingdom
BBH Partners LLP	100.00%	100.00%	United Kingdom
Lion Communication Services S.A(1)	51.05%	51.05%	Romania

(1) Companies on the 2019 list but not on the 2018 list.

Name	Voting rights	Shareholding	Country
Publicis Groupe Media Eurasia LLC	100.00%	100.00%	Russia
MMS Communications Singapore Pte Ltd	100.00%	100.00%	Singapore
BBH Communications (Asia Pacific) Pte Ltd	100.00%	100.00%	Singapore
Publicis Media Sweden AB	100.00%	100.00%	Sweden
Publicis Live Switzerland	100.00%	100.00%	Switzerland
Publicis Media Switzerland AG	100.00%	100.00%	Switzerland
Sapient Switzerland GmbH	100.00%	100.00%	Switzerland
Publicis Communications Lausanne SA	100.00%	100.00%	Switzerland
Publicis Communications Schweiz AG	100.00%	100.00%	Switzerland
Leo Burnett Company Ltd	100.00%	100.00%	Taiwan
Denuo Ltd Taiwan Branch	100.00%	100.00%	Taiwan
Star Reachers Group Company Ltd	100.00%	100.00%	Thailand
MMS Communications Vietnam Company Ltd[1]	76.50%	76.50%	Vietnam

(1) Companies on the 2019 list but not on the 2018 list.

B) Principal associates

Name	Voting rights	Shareholding	Country
Burrell Communications Group	49.00%	49.00%	United States
Jana Mobile Inc.	21.00%	21.00%	United States
OnPoint Consulting Inc.[1]	100.00%	100.00%	United States
Somupi SA	34.00%	34.00%	France
Matomy Media Group Ltd	24.90%	24.90%	Israel
Insight Redefini Ltd	25.00%	25.00%	Nigeria
Vivatech[2]	50.00%	50.00%	France

(1) Although this company is wholly-owned, it is not, however, controlled by the Group, which only has a significant influence.
(2) Joint venture between MSL France and Les Échos Solutions.

6.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Publicis Groupe

I. Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Publicis Groupe for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

II. Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

III. Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Revenue recognition

(Notes 1.3 "Revenue", "Assets on contracts" and "Liabilities on contracts" and 25 "Assets and Liabilities on contracts" to the consolidated financial statements)

Risk identified	Total revenue amounts to €11 001 M as of December 31, 2019 in the consolidated financial statements. Service contracts between the Group and its clients include specific contractual terms. Accounting standards related to the recording of this type of contracts require a detailed analysis of contractual obligations and criteria when control of a service is passed to the customer, particularly in case of complex contracts. An error in the analysis of contractual obligations and terms for determine when control of a service is passed to the customer may lead to an error in revenue recognition. Consequently, we consider revenue recognition to be a key audit matter.
Our response	• For each type of contract, we obtained an understanding of the revenue recognition process established by the management, from the conclusion of the agreement, through the performance of the services, invoicing and booking the corresponding entries in the accounts, to the receipt of payment. • We evaluated the key controls concerning the processes and information systems relating to revenue. • We assessed the appropriateness and correct application of the accounting principles and methods relating to revenue recognition. • We performed tests of details on accounting for revenue by reference to the signed agreements as well as other external supporting evidence. We also assessed the proper cut-off of accounting periods. • We have assessed the contractual documentation and the analysis made by the Groupe, including the recoverability of trade receivables and WIP balances (Apex mainly).

Allocation of the Epsilon Purchase Price

(Note 2.1.1 "Acquisition of Epsilon" to the consolidated financial statements)

Risk identified	• On July 1, 2019, Publicis Groupe acquired the data-driven marketing company, Epsilon Data Management LLC ("Epsilon"), from Alliance Data Systems Corporation, for €3,912 M.
	• In accordance with IFRS 3, Publicis Groupe identified and valued the assets acquired and liabilities assumed, including in particular its customer relationships and technologies.
	• As of December 31, 2019, the resulting provisional goodwill totals €2,392 M.
	• We considered the provisional allocation of the Epsilon purchase price to constitute a key audit matter due to:
	  • The degree of judgment required to identify the assets acquired and liabilities assumed, and estimates used in measuring their fair value;
	  • The significance of the assets valued and the amount of goodwill arising from the acquisition.

Our response	• We assessed the relevance of the methodology used by the Group to identify the assets and liabilities assumed. • We assessed with the support of our valuation experts the key assets and liabilities valued and the assumptions used in estimating their fair value, notably key assumptions inherent in the methods used to measure the value of the customer relationships and technologies, as specified in note 2.1.1 to the consolidated financial statements. • We corroborated the external appraiser's calculations of the fair value of the customer relationships and the technologies though an arithmetical review and a sensitivity analysis. • We assessed the appropriateness of information disclosed in the notes to the consolidated financial statements.

Valuation of goodwill and intangible assets

(Notes 1.3 "Goodwill", 5 "Depreciation, amortization and impairment loss", 10 "Goodwill" and 11 "Intangible assets, net" to the consolidated financial statements)

Risk identified	The business development of Publicis Groupe notably involves external growth transactions. These acquisitions have resulted in the recording of significant goodwill and intangible assets in the consolidated balance sheet. As of December 31, 2019, net goodwill amounts to €11,629 M in the consolidated balance sheet (compared to €8,751 M as at December 31, 2018) and net intangible assets amount to €1,979 M (compared to €1,125 M as at December 31, 2018). Publicis Groupe performs impairment tests at least once a year. An impairment loss is recognized whenever the recoverable amount is below the carrying amount, the recoverable amount being the higher of value in use and fair value less transaction costs. The valuation of the recoverable amount of these assets involves the use of numerous estimates and judgments from the management, in particular the assessment of the competitive, economic and financial environment in the countries where the Group operates, the Group's ability to generate operating cash flow as a result of strategic plans, in particular the levels of revenue and operating margin, and the determination of discount and growth rates. The impairment tests on goodwill resulted in Publicis Groupe not recognizing any loss in 2019 (same in 2018). The impairment tests on intangibles assets resulted in Publicis Groupe recognizing a loss of €42 M in 2019 (none in 2018). From July 1, 2019, the useful life of the tradenames, which was indefinite until now, has been re-estimated and an amortization period of eight years was determined. The 2019 impact (6-month period) is €83 M, including an accelerated amortization of €33 M. We consider that the valuation of goodwill and intangible assets constitutes a key audit matter, given the sensitivity of these items to the assumptions used by the management and the materiality of the amount of these in the consolidated financial statements.

Our response	• We obtained an understanding of the procedure and key controls set up by the management to perform the impairment tests and notably for the determination of the cash flows used to calculate the recoverable amount.
	• In order to assess the reliability of the business plans datas used to calculate the recoverable amount:
	  • we compared the 2020 financial projections with the previous financial projections and with the actual results for the fiscal years concerned;
	  • we conducted interviews with the independent expert engaged by Publicis Groupe for impairment tests' purposes and with the financial and operational managers of Publicis Groupe to evaluate the main assumptions used in the business plans and compare these with the explanations obtained;
	  • we compared the main assumptions used by the management of Publicis Groupe concerning revenue, operating margin and investments with external data when available, such as market studies or analysts' reports;
	  • we evaluated the sensitivity analyses performed by the independent expert and carried out our own sensitivity analyses on the key assumptions in order to assess the potential impacts of these assumptions on the conclusions of the impairment tests.
	• Concerning the models used to determine the recoverable amounts, we involved our valuation experts in order to:
	  • test the mathematical reliability of the models and re-calculate the significant amounts;
	  • evaluate the methods used to determine the discount and infinite growth rates, compare these rates with market data or external sources and re-compute these rates using our own data sources.
	• We assessed the accounting estimate change resulting in the amortization of the tradenames over a eight-year period.
	• We also assessed the appropriateness of the information set out in note 5 to the consolidated financial statements, which discloses the main assumptions used to determine the recoverable amounts.

Provisions for risks and litigation & uncertainty over income tax treatments

(Notes 1.3 "Provisions", 8 "Income tax" and 20 "Provisions for risks and litigation" to the consolidated financial statements)

Risk identified	Publicis Groupe operates in more than 100 countries and is therefore subject to varying, complex and constantly changing laws and regulations (including tax legislation). Furthermore, within the framework course of its activity, Publicis Groupe, its subsidiaries or its clients may face, on its own or jointly with other parties, legal actions brought by third parties, by competitors of its clients, by an administrative or regulatory authority or by a consumer association. Management's evaluation of the associated risks has led Publicis Groupe to recognize provisions for risks and litigation in the amount of €103 M as at December 31, 2019 (compared to €79 M as at December 31, 2018), and to recognize some uncertain income tax liability in the amount of €223 M as at December 31, 2019 (compared to €200 M as at December 31, 2018). In view of the materiality of these provisions, the uncertainty regarding the outcome of the proceedings initiated and the high degree of judgment used by the management to estimate the risks and the amounts recognized, we consider the risks and litigations and the understatement of the corresponding provisions to be a key audit matter.

Our response	• We assessed the procedures implemented by the management in order to identify and list all the risks related to lawsuits or to commercial, regulatory or tax disputes.
	• We obtained an understanding of the internal reports on the disputes prepared by the local teams and compiled by the legal department.
	• We assessed the estimate of costs related to these risks:
	  • by considering the risk analysis performed by Publicis Groupe and by discussing each significant dispute, whether at the litigation or pre-litigation stage, with the legal department and, when applicable, the tax department of the Company and its subsidiaries;
	  • by inquiring the external advisers of Publicis Groupe or by obtaining legal advice on the most significant disputes;
	• We have assessed the appropriateness of the information provided in the notes to the consolidated financial statements concerning the risks related to a lawsuit or a commercial, regulatory or tax dispute.

IV. Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group's information given in the management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

V. Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Publicis Groupe by your Annual General Meeting held on June 25, 1981 for MAZARS and on June 4, 2007 for ERNST & YOUNG et Autres.

As at December 31, 2019 MAZARS and ERNST & YOUNG et Autres were in the 39th year and 13th year of total uninterrupted engagement respectively (ERNST & YOUNG Audit having previously served as statutory auditor of Publicis Groupe from 2001 to 2006).

VI. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Management Board.

VII. Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No; 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, February 6, 2020

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Olivier Lenel	Ariane Mignon	Nicolas Pfeuty	Valérie Desclève

CHAPTER

2019 ANNUAL FINANCIAL STATEMENTS

7

7.1 INCOME STATEMENT

(in thousands of euros)	Note	2019	2018
Billings (goods and services)	3	27,016	19,549
Reversal of provisions and expense transfers	4	26,121	25,290
Other income		1,043	0
Total operating income		**54,180**	**44,839**
Other purchases and external charges		(16,121)	(12,750)
Taxes other than income taxes		(1,412)	(1,613)
Personnel costs	5	(29,016)	(29,011)
Amortization and increases in provisions		(2,934)	(3,145)
Other expenses		(3,378)	(3,930)
Total operating expenses		**(52,861)**	**(50,449)**
Operating income (expense)		**1,319**	**(5,610)**
Investment income		269,077	159,987
Interest and other financial income		520	1,138
Reversal of financial provisions		7,575	5,100
Total financial income		**277,172**	**166,225**
Amortization and increases in provisions		(5,496)	(11,700)
Interest and other financial expenses		(98,924)	(135,993)
Total financial expenses		**(104,420)**	**(147,693)**
Financial income (expense)	**6**	**172,752**	**18,532**
Pre-tax profit		**174,071**	**12,922**
Exceptional expenses on capital transactions		0	(2)
Total exceptional expenses		**0**	**(2)**
Exceptional items	**7**	**0**	**(2)**
Income taxes	**8**	**13,855**	**29,928**
Net income for the year		**187,926**	**42,848**

7.2 BALANCE SHEET AT DECEMBER 31

(in thousands of euros)	Note	December 31, 2019	December 31, 2018
ASSETS			
Intangible assets:	**9.1**		
Concessions and business goodwill		2,991	2,991
Other intangible assets		507	507
Amortization		(1,385)	(1,346)
Property, plant and equipment:	**9.2**		
Land		2,291	2,291
Buildings		3,044	3,044
Machinery and equipment		1,133	1,133
Others		36,152	35,651
Depreciation of property, plant and equipment		(30,368)	(27,612)
Investments and other financial assets:			
Long-term equity investments	9.3	5,637,897	5,637,897
Impairment on investments	9.3	(98,115)	(98,115)
Loans and receivables owed by associates and non-consolidated companies	9.4	2,067,174	1,935,156
Other non-current securities	9.5	1,093	1,093
Loans and other financial assets		232	232
Impairment on investments and other financial assets		(31)	(31)
Non-current assets		**7,622,615**	**7,492,891**
Trade receivables		7,864	13,673
Other receivables		11,304	18,376
Marketable securities	10	223,320	252,113
Cash and cash equivalents		35	12
Current assets	**20**	**242,523**	**284,174**
Prepayments		455	435
Deferred expenses	11	6,834	5,457
Bond redemption premiums	12	7,138	9,124
Unrealized foreign exchange losses	13	133,500	106,398
TOTAL ASSETS		**8,013,065**	**7,898,479**

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(in thousands of euros)	Note	December 31, 2019	December 31, 2018
EQUITY AND LIABILITIES			
Share capital		96,175	94,100
Additional paid in capital		3,555,815	3,793,361
Statutory reserve		9,410	9,225
Earnings brought forward		5,945	7,042
Equity before net income		**3,667,345**	**3,903,728**
Net income for the year		187,926	42,848
Shareholders' equity	**15**	**3,855,271**	**3,946,576**
Provisions for liabilities and charges	**16**	**51,056**	**59,606**
Bonds	17	1,802,281	1,802,192
Bank borrowings and overdraft	18	300,473	297,603
Borrowings and other financial liabilities	19	1,706,917	1,552,889
Trade payables		5,299	3,299
Income tax and social security liabilities		22,118	19,602
Other creditors	21	134,146	107,840
Deferred income	22	2,070	2,475
Liabilities	**20**	**3,973,304**	**3,785,900**
Unrealized foreign exchange gains	23	133,434	106,397
TOTAL EQUITY AND LIABILITIES		**8,013,065**	**7,898,479**

7.3 STATEMENT OF CASH FLOWS

(in thousands of euros)	2019	2018
Cash flow from operating activities		
Net income for the year	**187,926**	**42,848**
Losses on disposals	1,082	(40)
(Reversals)/increases, net of increases/reversals	(13,039)	6,779
Transfer to deferred expenses, net of amortization	(1,377)	2,576
Amortization of redemption premiums on the Eurobond issue	1,986	1,965
Cash flow	***176,578***	***54,128***
Change in working capital requirements	14,529	30,939
Net cash flows from operating activities (I)	**191,107**	**85,067**
Cash flow from investing activities		
Purchases of property, plant and equipment and intangible assets	(501)	(1,022)
Acquisitions of subsidiaries	-	-
Disposals of subsidiaries	-	-
Net cash flows from investing activities (II)	**(501)**	**(1,022)**
Cash flow from financing activities		
Dividends paid to holders of the parent company	(284,944)	(209,853)
Capital increase	5,429	2,643
New bonds	-	-
Increases in other borrowings/(loans)	300,000	-
Decreases in loans/(other borrowings)	49,051	243,426
Sale of treasury shares	1,823	6,071
Net cash flows generated by financing activities (III)	**71,359**	**42,287**
Change in cash and cash equivalents (I + II + III)	**261,965**	**126,332**
Net cash and cash equivalents at beginning of year	(38,322)	(164,654)
Net cash and cash equivalents at end of year	223,643	(38,322)
Change in cash and cash equivalents	**261,965**	**126,332**

7.4 NOTES TO THE FINANCIAL STATEMENTS OF PUBLICIS GROUPE SA

DETAILED SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

The Company's primary business consists in managing its investments and providing services to Group companies.

Additionally, and to a lesser extent, the Company receives rental income from leasing the building it owns in Paris, at 133 avenue des Champs-Élysées.

Note 1 Significant events during the financial year

On July 1, 2019, Publicis Groupe acquired Epsilon for US dollar 4.4 billion.

Publicis Groupe SA helped finance this acquisition by arranging two medium-term loans for euro 150 million each.

Note 2 Accounting policies, rules and methods

The parent company financial statements for the 2019 financial year have been prepared in accordance with the French Chart of Accounts (*Plan comptable général*) and in compliance with applicable legal and regulatory texts in France.

Comparability of financial statements

The valuation methods used to prepare the 2019 financial statements are unchanged from those used to prepare the financial statements for the previous financial year.

Intangible assets

Intangible assets subject to amortization consist of the concession of parking spaces, amortized over 75 years (length of the concession), and the goodwill of Publicis Cinema, already fully amortized.

Property, plant and equipment

Property, plant and equipment are recognized at net acquisition cost and are subject to annual depreciation calculated on a straight-line basis over the following periods:

- 50 years: Building on avenue des Champs-Élysées, Paris;
- 10 to 20 years: Fixtures, fittings and general installations;
- 10 years: Machinery and equipment;
- 7 years: Carpets;
- 4 years: Vehicles;
- 3 years: IT equipment.

Investments and other financial assets

The gross amount of long-term equity investments is composed of the acquisition price of the securities excluding ancillary expenses. Foreign currency-denominated securities are recognized at their acquisition price translated into euros at the exchange rate applicable on the date of the transaction.

Impairment is recognized whenever the investment's value in use is lower than its carrying amount. Value in use is determined on the basis of objective criteria, such as net asset value, capitalized earnings or market capitalization, associated where necessary with more subjective criteria, such as specific industry indicators or ratios determined, in the context of economic assumptions and the Company's growth forecasts, on the basis of the present value of projected future cash flows, and the strategic nature of the investment for the Group.

Marketable securities

Marketable securities primarily include treasury shares, which are classified according to their intended purpose.

A provision for liabilities is recognized for treasury shares allocated to stock option or free share plans in order to reflect the loss resulting from the difference between the subscription price (zero for the free shares) and their cost price.

A provision is recognized for treasury shares that are not allocated to such a plan as well as for other marketable securities, whenever their current value at the end of year is lower than their carrying amount. The current value of publicly traded securities equals the average quoted price for the final month of the financial year; and for non-listed securities, the probable selling price.

Bonds

Bonds are recognized at their par value.

In cases where a redemption premium exists, the liability is increased by the total amount of such a premium. This premium is offset by the recognition of an asset, which is amortized over the life of the bond on an actuarial basis.

In cases where an issue premium exists, the liability is recognized at par value and the issue premium is recognized as an asset; the issue premium is amortized over the life of the bond.

Provisions for liabilities and charges

Provisions are funded when:

- the Company has a present obligation (legal or constructive) resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

- the amount of the outflow can be estimated reliably.

Where the effect of the time value of money is material, provisions are discounted, with the increase in the amount of the provision resulting from the unwinding of the discounting being recognized under financial expenses.

Contingent liabilities are not recognized but, where material, are disclosed in the Notes to the financial statements.

Financial instruments

In principle, the derivatives established by the Company are subscribed for hedging purposes only. The accounting treatment of these instruments is:

- derivatives purchased to hedge foreign currency receivables, debts, loans or borrowings are revalued in the balance sheet as part of their foreign exchange component in order to embody the symmetry effect at the level of the "Unrealized foreign exchange – Gains/Losses" on the balance sheet;
- realized gains and losses are recorded symmetrically on the hedged item.

Financial income (expense)

Financial income is recognized by applying the usual rules, namely:

- dividends: on the date the distribution is approved by the General Shareholders' Meeting;
- financial income on current accounts, time deposits and bonds: as, and when, income is acquired;
- interest and dividends on marketable securities: on the date of receipt.

Financial expenses relating to the Eurobond 2021 and 2024 are presented, where applicable, inclusive of the interest income (expense) arising from the interest rate swaps.

It should, moreover, be noted that the swaps connected with the two aforementioned bonds are treated as hedges of loans in dollars recognized as assets.

Exceptional items

These include capital gains and losses on the sale of property, plant and equipment, and intangible and financial assets.

Note 3 Revenue

Billings are mainly composed of:

- rent received from the building at 133 avenue des Champs-Élysées in Paris, France;
- services invoiced to Group companies.

Note 4 Reversal of provisions and expense transfers

Expense transfers primarily include the re-invoicing of Group companies with respect to the awarding of Publicis Groupe free share grants to certain Group executives.

Note 5 Personnel expenses

2019 personnel expenses include the compensation of the Chair of the Management Board and related expenses. They also include the costs related to 2019 free share plans amounting to euro 25,934,131, the delivery of which in existing shares does result in a charge to the income statement. In 2018, the costs associated with these plans amounted to euro 25,290,031.

Note 6 Net financial income (expenses)

(in thousands of euros)	2019	2018
Dividends	203,011	53,895
Other income from investments	66,066	106,092
Investment income	**269,077**	**159,987**
Other financial income	464	911
Foreign exchange gains	56	227
Interest and other financial income	**520**	**1,138**
Amortization of the Eurobond 2024 balancing payment	416	416
Reversal of impairment for marketable securities	7,156	4,671
Reversal of other financial provisions	3	13
Reversal of financial provisions & expense transfers	**7,575**	**5,100**
Total financial income	**277,172**	**166,225**
Bond-related amortization	(5,179)	(4,541)
Increases in provisions for foreign exchange losses	(27)	(3)
Increase in provisions for impairment of marketable securities	(288)	(7,156)
Increase in other financial provisions	(2)	-
Amortization and increases in provisions	**(5,496)**	**(11,700)**
Bond-related expenses	(47,201)	(45,226)
Other financial expenses	(51,622)	(90,521)
Foreign exchange losses	(101)	(246)
Interest and other financial expenses	**(98,924)**	**(135,993)**
Total financial expenses	**(104,420)**	**(147,693)**
Financial income (expense)	**172,752**	**18,532**

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Note 7 Exceptional items

There were no exceptional items in financial year 2019. This item was not material in 2018.

Note 8 Income taxes

The income statement shows a tax income amount of euro 13,854,724. This amount mainly corresponds to the tax consolidation gain recognized as income in the financial statements of the tax group's parent company, in accordance with the tax consolidation agreements signed with the member companies, totaling euro 12,118,000.

The Company, which is the parent company of the French tax group (comprising 26 entities including Publicis Groupe SA), recorded a tax loss of euro 64,271,256 in 2019.

Tax loss carryforwards of the French tax group, which can be carried forward without any time limit, amounted to euro 220,684,590 at December 31, 2019.

Note 9 Non-current assets

9.1 Intangible assets

There were no acquisitions or disposals during financial year 2019. The balance at December 31, 2019 stands at euro 3,498,498, the same as at December 31 of the previous financial year.

9.2 Property, plant and equipment

In the 2019 financial year, euro 500,984 were invested in fixtures.

In 2018, this figure amounted to euro 1,021,647.

9.3 Long-term equity investments

At December 31, 2019, long-term equity investments amounted to euro 5,637,897,223. This was unchanged from December 31, 2018. The same applies to provisions for impairment, which stood at euro 98,115,000 at December 31, 2019.

9.4 Loans and receivables due from associates and non-consolidated companies

(in thousands of euros)	December 31, 2019	December 31, 2018
Loan to MMS Multi Market Services Ireland	1,433,434	1,406,393
Loan to MMS Multi Market Services Ireland	273,634	-
Loan to MMS France Holdings	30,249	30,249
Loan to Publicis Groupe Investments BV	221,980	491,980
Multi Market Services Ireland current account	519	-
MMS France Holdings current account	98,299	-
Interest receivable	9,059	6,534
Total	**2,067,174**	**1,935,156**

Euro 270,000,000 of the euro 491,980,000 loan granted to Publicis Groupe Investments BV was repaid in financial year 2019.

On July 1, 2019 a euro 273,634,000 loan was granted to MMS Multi Market Services Ireland.

9.5 Other non-current securities

This account contains treasury shares held for exchange in external growth operations.

It broke down as follows at December 31, 2019:

	December 31, 2019	December 31, 2018
Number of treasury shares	23,328	23,328
Value of treasury shares (in thousands of euros)	1,093	1,093

Note 10 Marketable securities

Marketable securities broke down as follows at December 31, 2019:

(in thousands of euros)	December 31, 2019	December 31, 2018
Excluding liquidity contract:		
• Treasury share	207,489	242,069
Held under the liquidity contract:		
• Money UCITS funds	4,484	2,661
• Treasury share	11,635	14,539
Provisions for impairment:		
• Excluding liquidity contract	-	(6,794)
• Held under the liquidity contract	(288)	(362)
Total marketable securities (net amount)	**223,320**	**252,113**

The movements for the financial year and position at the reporting date for available-for-sale securities (excluding the liquidity contract) are summarized in the table below:

(in thousands of euros, except for share data)	Number of shares	Gross carrying amount	Impairment(1)	Net value in balance sheet
Treasury shares held as available-for-sale securities (excluding the liquidity contract) as at December 31, 2018	**3,700,165**	**242,069**	**(6,794)**	**235,275**
Disposals (exercise of options) and delivery of free shares to employees	(526,509)	(34,580)	-	(34,580)
Exercise of options	-	-	-	-
Reduction in impairment in 2019	-	-	6,794	6,794
Treasury shares held as available-for-sale securities (excluding the liquidity contract) as at December 31, 2019	**3,173,656**	**207,489**	**-**	**207,489**

(1) The impairment only relates to treasury shares not allocated to free share or stock option plans.

In 2019, the liquidity contract with Kepler Cheuvreux was continued.

At December 31, 2019, 283,250 shares were held under this contract (compared to 286,000 at December 31, 2018).

Note 11 Deferred expenses

This line item includes costs associated with the bond issue and the arrangement of the syndicated and other credit lines, for the portion still to be amortized over the remaining period to maturity of the bonds and to expiry of the credit lines.

Deferred expenses at December 31, 2019 were composed of:

(in thousands of euros)	December 31, 2019	December 31, 2018
Bond issuance costs	2,710	3,526
Costs of arranging credit lines	4,124	1,931
Total	**6,834**	**5,457**

Note 12 Bond issue and redemption premiums

The amounts on this line item represent the amounts still to be amortized over the remaining period to maturity of the bonds in question.

At December 31, 2019, the issue premiums break down as follows:

(in thousands of euros)	December 31, 2019	December 31, 2018
Eurobond 2021	1,211	1,818
Eurobond 2024	2,150	2,562
Eurobond 2023	3,777	4,744
Total	**7,138**	**9,124**

Note 13 Unrealized foreign exchange losses

Unrealized foreign exchange losses break down as follows:

(in thousands of euros)	December 31, 2019	December 31, 2018
Unrealized foreign exchange losses – hedging derivatives (see Note 21)	133,434	106,393
Unrealized foreign exchange losses – other	66	5
Total	**133,500**	**106,398**

Note 14 Average headcount

The Company had an average headcount of 1.

Note 15 Equity

The Publicis Groupe SA share capital has changed as follows over the past five financial years:

Dates	Capital transactions	Changes in capital – Shares with a par value of euro 0.4: Number of shares	Par value (in thousands of euros)	Additional paid in capital (in thousands of euros)	Successive share capital amounts (in thousands of euros)	Total number of Company shares
Position at January 1, 2018					**92,251**	**230,627,725**
2018	Exercise of 86,688 warrants	87,984	36	2,609	92,287	230,715,709
	Payment of the dividend in shares	4,323,480	1,729	242,547	94,016	235,039,189
	Awarding of free shares to Group employees	210,612	84	-	94,100	235,249,801
2019	Exercise of 177,992 warrants	183,068	73	5,356	94,173	235,432,869
	Payment of the dividend in shares	4,481,915	1,793	206,123	95,966	239,914,784
	Awarding of free shares to Group employees	522,277	209	-	96,175	240,437,061
Position at December 31, 2019					**96,175**	**240,437,061**

Shareholder's equity changed as follows between January 1, 2019 and December 31, 2019:

(in thousands of euros)	January 1, 2019	Allocation of 2018 net income	Return of dividends for previous financial years	Exercise of stock options and creation of shares	Distribution of dividends in shares	Distribution of dividends in cash	2019 Net income	December 31, 2019
Share capital	94,100	-	-	282	1,793	-	-	96,175
Additional paid-in capital	3,793,361	(165,537)	-	5,356	206,115	(283,480)	-	3,555,815
Statutory reserve	9,225	185	-	-	-	-	-	9,410
Earnings brought forward	7,042	208,200	284	(209)	(207,908)	(1,464)	-	5,945
Subtotal	**3,903,728**	**42,848**	**284**	**5,429**	**-**	**(284,944)**	**-**	**3,667,345**
Net income for the year	42,848	(42,848)	-	-	-	-	187,926	187,926
Total	**3,946,576**	**-**	**284**	**5,429**	**-**	**(284,944)**	**187,926**	**3,855,271**

Note 16 Provisions for liabilities and charges

(in thousands of euros)	Amount at January 1, 2019	2019 increase	2019 reversal (provision used)	2019 reversal (provision unused)	Amount at December 31, 2019
Provision for risks on treasury shares and free share grants not yet vested[1]	57,465	8,251	(16,896)	-	48,820
Other provisions for risks	2,141	166	(71)	-	2,236
Total	**59,606**	**8,417**	**(16,967)**	**-**	**51,056**

(1) This provision is made on the one hand to cover the loss resulting from the difference between the subscription price and the cost price of the treasury shares when they have been allocated to the share purchase plans for Group employees, and on the other hand to cover the future loss on existing shares under free share plans.
It should also be noted that provisions and provision reversals relating to costs borne by Publicis Groupe SA in relation to these plans are presented in the income statement under personnel expenses in accordance with Notice no. 2008-17 from the French National Accounting Council.

Note 17 Bonds (in thousands of euros)

Number of securities	Category of bond	December 31, 2019	December 31, 2018
7,000	Eurobond 2021 – 1.125%	700,000	700,000
6,000	Eurobond 2024 – 1.625%	600,000	600,000
5,000	Eurobond 2023 – 0.5%	500,000	500,000
	Total excluding accrued interest	**1,800,000**	**1,800,000**
	Accrued interest	2,281	2,192
	Balance sheet total	**1,802,281**	**1,802,192**

Eurobond 2021 – 1.125% and 2024 – 1.625%

This euro 1.3 billion loan issued on December 16, 2014 as part of the financing for the acquisition of Sapient, which took place in February 2015, comprises two tranches:

Eurobond 2021 – 1.125%: this euro 700 million tranche has a seven-year maturity and a fixed rate of 1.125%. It is fully redeemable at par upon maturity on December 16, 2021.

Eurobond 2024 – 1.625%: this euro 600 million tranche has a ten-year maturity and a fixed rate of 1.625%. It is fully redeemable at par upon maturity on December 16, 2024.

The two tranches were subject to the following cross currency interest rate swaps:

- the first tranche of euro 700 million was swapped for a fixed-rate loan of US dollar 869 million (half at 2.921% and half at 2.918%);
- the second tranche of euro 600 million was initially swapped in 2014 for a variable-rate loan of US dollar 741 million, and then converted into a fixed-rate loan on January 2, 2015 (half at 2.965% and half at 2.994%).

Eurobond 2023 – 0.5%

On November 3, 2016, Publicis Groupe SA issued a fixed-rate bond for euro 500 million, maturing in November 2023 (seven years), with a 0.5% annual coupon.

Note 18 Bank borrowings and overdrafts

On July 1, 2019, as part of the acquisition of Epsilon, two loans for euro 150 million each were arranged for four and five years at interest rates of Euribor plus 0.55% and 0.60%, respectively.

The variable-rate syndicated medium-term loan, in euros, arranged in 2015 to finance the acquisition of Sapient, which stood at euro 297,235,845 on the balance sheet at December 31, 2018, was fully repaid in financial year 2019.

Note 19 Borrowings and other financial liabilities

(in thousands of euros)	December 31, 2019	December 31, 2018
Long-term borrowing from MMS Multi euro services(1)	930,000	930,000
Current account, short-term borrowings from MMS Multi euro services and accrued interest	776,393	622,365
Other creditors	524	524
Total	**1,706,917**	**1,552,889**

(1) 55-year subordinated equity loans for euro 300 million and euro 630 million, respectively.

Note 20 Maturity schedule for receivables and liabilities

All receivables included in current assets are due to be settled within less than one year.

The maturity schedule for liabilities is presented below:

(in thousands of euros)	Total	Less than 1 year	1 to 5 years	More than 5 years
Bonds	1,802,281	2,281	1,800,000	-
Bank borrowings and overdrafts	300,473	473	300,000	-
Borrowings and other financial liabilities	1,706,917	776,393	-	930,524
Trade payables	5,299	5,299	-	-
Income tax and social security liabilities	22,118	22,118	-	-
Deferred income	2,070	426	1,644	-
Other creditors	134,146	705	133,441	-
Total liabilities	**3,973,304**	**807,695**	**2,235,085**	**930,524**

Note 21 Other creditors

Pursuant to ANC regulation 2015-05, the foreign exchange value of the derivatives hedging the loans granted to MMS Multi Market Services Ireland (for principal amounts of USD 869,050,000 and USD 741,270,000, respectively) was recognized in other liabilities for euro 133,434,218 at December 31, 2019 (versus euro 106,393,013 as at December 31, 2018). The counterparty to these derivatives is unrealized foreign exchange losses-hedging derivatives (see Note 13).

(in thousands of euros)	December 31, 2019	December 31, 2018
Hedging derivatives	133,441	106,393
Other creditors	705	1,447
Total	**134,146**	**107,840**

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Note 22 Deferred income

At December 31, 2019 and at December 31, 2018, this line item was mainly comprised of the payment received when arranging the 2014 hedging swaps. This payment is staggered over the term of the hedging.

Note 23 Unrealized foreign exchange gains

The unrealized foreign exchange gains at December 31, 2019 and 2018 stemmed from the remeasurement of two loans granted to MMS Multi Market Services Ireland for USD 869,050,000 and USD 741,270,000, respectively.

Note 24 Off-balance-sheet commitments

24.1 Off-balance-sheet commitments given

24.1.1 Commitments related to bonds

Eurobond 2021

When issued in December 2014, this euro 700 million bond at a fixed rate of 1.125% was the subject of a cross-currency interest rate swap transforming it from euro fixed rate to dollar fixed rate. Two contracts, each for euro 350 million, were agreed for 2.921% and 2.918%, respectively.

Eurobond 2024

When issued in December 2014, this euro 600 million bond at a fixed rate of 1.625% was the subject of a cross-currency interest rate swap transforming it from euro fixed rate to dollar variable rate. Two contracts, each for euro 300 million, were originally concluded in December 2014, then converted on January 2, 2015 into fixed rates of 2.965% and 2.994%, respectively.

24.1.2 Obligations related to warrants

The exercise of warrants, which can occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted again in July 2019 by a factor of 1.068 to reflect the distributions drawn from the Company's reserves and premiums. Publicis Groupe SA was, as of December 31, 2019, committed to issuing (in the event that the 896,829 outstanding warrants are exercised) 957,813 shares with a euro 0.40 par value and a euro 30.10 premium.

24.1.3 Description of the stock option and free share plans implemented during the financial year

Six types of free share plans were created during 2019, with the following features:

- Long Term Incentive Plan "LTIP 2019" (May 2019)

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions:

  - employment must continue throughout the three-year vesting period;
  - the free shares are subject to performance criteria, and the total number of shares delivered will depend on the overall growth and profitability targets attained in 2019.

The shares ultimately awarded in accordance with the level of attainment of these performance targets will be deliverable at the end of a three-year period, *i.e.* in May 2022.

- Long Term Incentive Plan "LTIP *Directoire* 2019-2021" (June 2019)

  Under this plan, the members of the Management Board were awarded free shares, subject to three conditions:

  - employment must continue throughout the three-year vesting period;
  - growth and profitability targets must be achieved for 2019, 2020 and 2021;
  - a CSR (Corporate Social Responsibility) criterion must be met. The condition will be considered to be met if, at the end of the third year of the performance period, at least 40% of the members of the Group's Executive Committees in the Solution Hubs and main countries are women.

The shares ultimately awarded in accordance with the level of attainment of these conditions will be deliverable at the end of a three-year period, *i.e.* in June 2022.

- Long Term Incentive Plan "Sapient 2019 Plan" (May 2019)

  In parallel with the LTIP 2019 and for the fifth consecutive year following the acquisition of Sapient, a plan with two tranches was put in place in 2019 exclusively for managers and employees of Publicis Sapient:

- the first tranche is conditional only upon continued employment and gives rise to the delivery of one-fourth of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in May 2020, 2021, 2022 and 2023);
- in addition to the condition of continued employment, the second tranche is conditional upon performance criteria, and the total number of shares delivered shall depend on the level of targets achieved for 2019, 2020 and 2021. Delivery will take place at the end of a three-year period, in May 2022.

▶ 2019 special "Star Growth Performers" plan (May 2019)

To retain Group players that have a direct impact on growth, some of the Group's employees were awarded free shares subject only to a continued employment condition. The shares will be deliverable at the end of a three-year period, in May 2022.

▶ Epsilon replacement plan (July 2019)

Certain awards by ADS Group in 2019 to Epsilon employees lapsed as a result of Epsilon's acquisition by Publicis Groupe. To replace these awards, the beneficiaries were granted Publicis Groupe shares, 20% being subject to continued employment and 80% to performance conditions, split into three tranches:

- a first tranche awarded by the Management Board in July 2019, subject to targets set for 2019, deliverable in March 2020;
- a second tranche that will actually be awarded by the Management Board in March 2020, subject to targets set for 2020, and deliverable in March 2021;
- a third tranche that will actually be awarded by the Management Board in March 2021, subject to targets set for 2021 and deliverable in March 2022.

▶ 2019-2022 special retention plan (November 2019)

- A new 3-year retention plan was established for certain Group managers. This plan is subject, in addition to the condition of continued employment, to personal performance conditions for 2020 to 2022. It will be deliverable in March 2023, at the end of a 3-year period.

In addition, the performance of the following plans was assessed in 2019:

- LTIP 2018: the performance targets set for 2018 were 50% achieved;
- LTIP 2016-2018 *Directoire*/"*Directoire +*": the performance targets set for 2018 were 50% achieved;
- Lionlead3 (excluding *Directoire*/"*Directoire +*"): the performance targets set for 2018 were 75% achieved;
- Lionlead3 *Directoire*/"*Directoire +*": the performance targets set for 2016-2018 were 75% achieved;
- Sapient 2016, 2017 and 2018 plans: the performance targets set for 2018 were 60% achieved.

Publicis Groupe share subscription or purchase option plans

/ Characteristics of the Publicis Groupe stock option plans as at December 31, 2019

Plans	Type[1]	Date of grant	Option exercise price (in euros)	Options outstanding at January 1, 2019	Options cancelled, lapsed or transferred[2] in 2019	Options exercised in 2019	Options outstanding at December 31, 2019	Of which exercisable at December 31, 2019	Deadline for exercise	Remaining contract life (in years)
Co-investment 2013 options (France and Outside France)	A	04/30/2013	52.76	1,206,242	(114,305)		1,091,937	1,091,937	04/30/2023	3.33
Total of all tranches				**1,206,242**	**(114,305)**		**1,091,937**	**1,091,937**		

(1) A = stock options; S = share subscription options.
(2) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.

The vesting period for the above plans has been completed, but the exercise of options remains subject to a continued presence condition until the date of exercise of the options.

/ Movements in Publicis Groupe stock option plans over the last two financial years

	2019		2018	
	Number of options	Average exercise price (in euros)	Number of options	Average exercise price (in euros)
Options at January 1	**1,206,242**	**52.76**	**1,387,537**	**52.76**
Options exercised(1)	-		(99,689)	52.76
Cancelled or lapsed options	(114,305)	52.76	(81,606)	52.76
Options outstanding at December 31	**1,091,937**	**52.76**	**1,206,242**	**52.76**
Of which exercisable	1,091,937	5252.76	1,206,242	52.76
(1) Average share price on exercise (in euros)		n/a		55.78

Publicis Groupe free share plans

/ Characteristics of Publicis Groupe free share plans outstanding at December 31, 2019

Plans	Date of grant Initial	Shares yet to vest as of January 1, 2019 or shares granted in 2019	Shares cancelled(1), lapsed or transferred(2) in 2019	Shares vested in 2019(3)	Shares yet to vest at December 31, 2019	Delivery date	Remaining contract life (in years)
LTIP 2015 Plan – Outside France	04/17/2015	184,947	(7,270)	(175,177)	2,500	04/17/2019(4)	-
Sapient 2015 Plan (4 years)	04/17/2015	53,791	13,666	(67,457)	-	04/17/2019	-
LTIP 2016 Plan	06/23/2016	299,900	(12,800)	(287,100)	-	06/23/2019	-
LTIP 2016-2018 Plan Directoire & "Directoire +"	06/23/2016	120,000	(60,000)	(60,000)	-	06/23/2019	-
LionLead3 2016-2018 Plan – France	06/16/2016	520,319	(382,154)	(115,770)	22,395	06/16/2019(4)	-
LionLead3 2016-2018 Plan – Outside France	06/16/2016	2,429,775	(1,861,111)	-	568,664	06/16/2020	0.46
LionLead3 2016-2018 Plan – Directoire & "Directoire +"	06/16/2016	660,231	(521,037)	(139,194)	-	06/23/2019	-
Sapient 2016 Plan (4 years)	04/15/2016	135,801	(6,918)	(69,073)	59,810	04/15/2020	0.29
Sapient 2016 Plan (3 years)	04/15/2016	7,980	3,990	(11,970)	-	04/15/2019	-
LTIP 2017 Plan	05/18/2017	306,100	(26,825)	-	279,275	05/18/2020	0.38
Sapient 2017 Plan (4 years)	06/15/2017	156,607	(22,073)	(53,049)	81,485	06/15/2021	1.46
Sapient 2017 Plan (3 years)	06/15/2017	241,233	(43,561)	(6,296)	191,376	06/15/2020	0.46
LTIP 2018 Plan	04/17/2018	715,500	(388,600)	-	326,900	04/17/2021	1.30
Sapient 2018 Plan (4 years)	04/17/2018	217,527	(22,747)	(60,701)	134,079	04/17/2022	2.30
Sapient 2018 Plan (3 years)	04/17/2018	269,704	(68,085)	-	201,619	04/17/2021	1.30
Sprint to the Future 2018-2020 – Excluding Directoire(5)	05/18/2018	773,440	(725,100)	-	48,340	06/01/2021	1.42

Plans	Date of grant Initial	Shares yet to vest as of January 1, 2019 or shares granted in 2019	Shares cancelled[1], lapsed or transferred[2] in 2019	Shares vested in 2019[3]	Shares yet to vest at December 31, 2019	Delivery date	Remaining contract life (in years)
Sprint to the Future 2018-2020 – Directoire[5]	06/01/2018	306,156	(306,156)	-	-	06/01/2021	1.42
LTIP 2019 Plan	05/28/2019	335,950	(8,500)	-	327,450	05/28/2022	2.41
Sapient 2019 Plan (4 years)	05/28/2019	240,210	(6,850)	-	233,360	05/28/2023	3.41
Sapient 2019 Plan (3 years)	05/28/2019	345,289	(10,275)	-	335,014	05/28/2022	2.41
LTIP 2019-2021 Directoire Plan	06/14/2019	170,000	-	-	170,000	05/28/2022	2.45
Star Growth Performers Plan/2019 special plan	05/28/2019	262,700	(11,500)	-	251,200	05/28/2022	2.41
2019 Epsilon replacement plan	07/15/2019	628,681	(31,546)	-	597,135	03/03/2022	2.17
2019 special retention plan	11/15/2019	765,110	-	-	765,110	03/31/2023	3.25
Total free share plans		**10,146,951**	**(4,505,452)**	**(1,045,787)**	**4,595,712**		

(1) Corrections pertaining to prior cancellations were made in 2019 for the Sapient plans, potentially leading to a positive net cancellation balance.
(2) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.
(3) In exceptional cases, as described in the plan regulations, shares may be delivered prior to the end of the vesting period.
(4) The delivery of shares not yet delivered at December 31, 2019 will begin in early 2020.
(5) Although the performance measurement period is not yet ended, the performances recorded for 2018 and 2019 mean that the plan objectives will not even be partly achieved. The shares initially granted are thus considered cancelled, except for one participant for whom these shares will be delivered at the planned maturity date, subject solely to continued employment.

The vesting of free shares under the above plans is conditional on continued employment throughout the vesting period. Delivery is also subject to non-market performance conditions for the LTIP 2017 to 2019, the LTIP 2019-2021 *Directoire* plan, the Sapient 2016 to 2019 plans with a 3-year vesting period, the 2019 Epsilon replacement plan and the 2019 special retention plan.

/ Movements in Publicis Groupe free share plans over the last two financial years

	2019	2018
Grants at January 1	**7,399,011**	**6,446,245**
Grants during the year	2,747,940	2,342,768
Deliveries	(1,045,787)	(432,718)
Grants lapsed	(4,505,452)	(957,284)
Grants at December 31	**4,595,712**	**7,399,011**

24.1.4 Contractual guarantees given

- Guarantee until 2020 on behalf of Zenith Optimedia Ltd (UK) to the owner of the premises at 24 Percy Street, London, for a maximum of GBP 4,325,605 in respect of rental payments and a maximum amount of GBP 340,116 in respect of rental charges related to the building.
- Guarantee given to SNCF Réseau (formerly RFF) for advertising space provided to Media Rail, for euro 31,887,333.
- Counter-guarantee given to CACIB for the first demand guarantee given by the latter on behalf of Metrobus to RATP in the amount of our share (67%), or euro 46,900,000.
- Autonomous first demand guarantee given to BNP Paribas in the amount of USD 366,740,000 until February 4, 2020 in favor of MMS Multi Market Services Ireland.
- Guarantees given to multiple banks on behalf of MMS USA Investments Inc. and MMS Ireland to finance the purchase of Epsilon for a total of USD 4,435,000,000 for maturities between 2022 and 2031.
- Guarantee given to OPG Bastille on behalf of Resources France and MMS France Holdings for euro 104,000,000 for the "Parisquare" building in the Bastille district.
- Joint and several guarantee of the debts of Publicis Groupe Holdings, Publicis Holdings and Publicis Groupe Investments.

Commitments given as part of the hedging of foreign currency loans granted to certain subsidiaries:

Forward **Amount in currency** (in thousands of units)	**USD 944**	**USD 5,813**
Type of contract	Seller's hedge	Seller's hedge
Currency	USD/EUR	USD/EUR
Maturity date	01/17/2020	01/17/2020
Forward rate	1,118537	1,118537
Equivalent (in thousands of euros)	844	5,197
Market value at December 31, 2019 (in thousands of euros)	840	5,174

Cross-currency swaps, arranged for the Sapient acquisition **Type of contract**	**Buyer's hedge**	**Buyer's hedge**	**Buyer's hedge**	**Buyer's hedge**
Currency	USD/EUR	USD/EUR	USD/EUR	USD/EUR
Maturity date	12/16/2021	12/16/2021	12/16/2024	12/16/2024
Forward rate	1,2434	1,2396	1,2357	1,2352
Equivalent (in thousands of euros)	350,000	350,000	300,000	300,000
Market value at December 31, 2019 (in thousands of euros)	361,200	361,200	329,548	329,548

24.2 Off-balance-sheet commitments received

- Multi-currency syndicated credit lines for euro 2 billion maturing in July 2024:
  This line was not used at December 31, 2019.
- Confirmed bilateral credit lines for euro 632 million:
  these lines were not used at December 31, 2019.

Note 25 Subsequent events

None.

Note 26 Fees paid to the statutory auditors

The fees paid by the Group for each of the statutory auditors of Publicis Groupe SA for the 2019 and 2018 financial years were:

	Ernst & Young		Mazars		Total	
	Amount (excl. taxes)		Amount (excl. taxes)		Amount (excl. taxes)	
(in thousands of euros)	2019	2018	2019	2018	2019	2018
Statutory auditors						
Publicis Groupe SA (parent company)	774	794	357	357	1,131	1,151
Account certification	674	674	357	357	1,031	1,031
Other services	100	120	0	0	100	120

Note 27 List of subsidiaries and long-term equity investments at December 31, 2019

(in thousands of euros, except% interest)

A) Subsidiaries and long-term equity investments with a carrying amount exceeding 1% of the share capital of Publicis Group[1]

Companies	Share capital	Reserves and earnings brought forward	% interest	Gross carrying amount	Net carrying amount	Loans and receivables	Revenue	Net income	Dividends received
1- Subsidiaries									
Publicis Groupe Investments B.V.	68,709	8,981,026	100.00	5,344,146	5,344,146	492,558	-	696,924	150,000
Joop Geesinkweg 209 1114 AB Amsterdam-Duivendrecht									
MMS France Holdings	3,500	14,521	100.00	274,801	176,686	35,328	18	(1911)	-
133, avenue des Champs-Élysées 75008 Paris France SIREN 444 714 786									
Metrobus	1,840	7,671	32.30	17,508	17,508	-	190,124	11,050	2,907
1 Rond-Point Victor Hugo 92137 Issy les Moulineaux SIREN 327 096 426									

(1) Reserves and earnings brought forward, revenue and net income of the subsidiaries reported on the basis of the unaudited preliminary financial statements.

B) General information with regard to all subsidiaries and long-term equity investments

	Subsidiaries		Long-term equity investments	
	French	Foreign	French	Foreign
Carrying amount of shares held				
• gross	292,535	5,345,362	2	-
• net	194,420	5,345,362	2	-
Amount of dividends received	53,011	150,000	-	-

Detail of marketable securities at December 31, 2019

	% interest	Net carrying amount (in thousands of euros)
I – Long-term equity investments		
A. French long-term equity investments		
11,665,471 shares in MMS France Holdings	100.00%	176,686
37,146 shares in Metrobus	32.30%	17,508
9,100 shares in Publicis Finance Services	100.00%	186
3,700 shares in Publicis Groupe Services	100.00%	37
Investments with a carrying amount less than euro 15,000 aggregate		3
Total French investments		**194,420**
B. Foreign long-term equity investments		
151,343 shares in Publicis Groupe Investments	100.00%	5,344,146
MMS Communications Saudi Arabia (under creation)	99.00%	1,216
Investments with a carrying amount less than euro 15,000 aggregate		-
Total foreign investment		**5,345,362**
Total investments		**5,539,782**
II – Other non-current securities		
C. French securities		
23,328 Publicis Groupe SA treasury shares(1)	0.01%	1,093
Total other non-current securities		**1,093**
III – Other securities		
D. Other securities of French companies		
3,456,906 Publicis Groupe SA treasury shares*	1.44%	218,836
Money UCITS funds		4,484
Investments with a carrying amount less than euro 15,000 aggregate		5
E. Other foreign securities		14
Total other securities		**223,339**
Total securities		**5,764,214**

(1) Shares held under share buyback programs.

7.5 RESULTS OF PUBLICIS GROUPE SA OVER THE PAST FIVE YEARS

(Articles 133, 135 and 148 of the Decree on Trading Companies)

Information type	2019	2018	2017	2016	2015
I – Share capital at year-end					
Share capital (in thousands of euros)	96,175	94,100	92,251	90,378	89,016
Number of shares in issue	240,437,061	235,249,801	230,627,725	225,945,387	222,540,740
Maximum number of future shares to be issued:					
• under free share plans	1,106,125	2,706,043	5,602,010	8,937,201	8,092,893
• as a result of the exercise of warrants	957,813	1,104,916	1,178,932	1,485,599	1,685,218
II – Operations and results for the financial year					
Pre-tax revenue	27,016	19,549	11,604	26,722	9,608
Net income before taxes, depreciation, amortization and provisions	174,996	22,797	37,376	190,577	(209,565)
Income tax (credit)	(13,855)	(29,928)	(48,522)	(17,299)	(49,113)
Net income after taxes, depreciation, amortization and provisions	187,926	42,848	82,349	220,372	(154,752)
Income distributed for the financial year(1)(2)	276,502	492,859	454,130	413,739	355,575
III – Earnings per share (in euros)					
Net income after taxes, but before depreciation, amortization and provisions	0.79	0.22	0.37	0.92	(0.72)
Net income after taxes, depreciation, amortization and provisions	0.78	0.18	0.36	0.98	(0.70)
Dividend per share(2)	1.15	2.12	2.00	1.85	1.60
IV – Employees					
Average headcount	1	1	1	1	1
Payroll expense	2,450	1,780	4,175	3,968	2,895
Benefits (social security, other employee benefits, etc.)	635	517	795	795	634

(1) For 2019, estimate on the basis of shares outstanding at December 31, 2019, including treasury shares and subject to the approval of the General Shareholders' Meeting to be held on May 27, 2020. Payment will be made in cash or shares.
(2) The Supervisory Board on 10 April 2020 decided, on the recommendation of the Management Board, to reduce the proposed dividend for the 2019 financial year from €2.30 to €1.15 per share, as part of an exceptional measure related to the Covid-19 pandemic.

7.6 STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General meeting of Publicis Groupe SA,

Opinion

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying financial statements of Publicis Groupe SA for the year ended December 31, 2019. These financial statements were approved by the Management Board on February 3, 2020 based on the information available at that date regarding the evolving context of Covid-19's sanitary crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the aforementioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments and related loans and receivables

(Notes 2 "Investments", 9.3 and 9.4 "Loans and receivables owed by associates and receivables" to the financial statements)

Risk identified	Our response

As of December 31, 2019, investments are accounted for at a net book value of €5 540 M, or 69% of the total assets. They are accounted for at the acquisition price of the securities excluding ancillary expenses. The related loans and receivables amount to € 2 067 M, or 26% of the total assets.
 	
We believe that the valuation of investments and related loans and receivables constitutes a key audit matter, given their materiality in the assets of Publicis Groupe SA, and because the valuation of their recoverable amount, often based on projected discounted future cash flows, involves judgements from management, and the use of numerous economic assumptions related to the Company's growth forecasts.
	• We assessed the process used to value the recoverable amount of the Company's investments and related loans and receivables as well as the valuations carried out by the Company, and supported by an independent expert; we ensured that the assumptions and estimates used in the reporting were based on an appropriate assessment of the valuation method, and of the figures retained.
	• We involved our valuation experts in order to assess the consistency of the assumptions used with the economic environment at closing and on the date the financial statements were prepared.
	• We also compared the figures used for the impairment tests on Investments with the entities' source data, as well as the result of our audit work or analytical procedures on these entities. We have examined:
	  ◦ The compliance of shareholders' equity with the financial statements of the entities subject to audit or analytical procedures, and the evidence related to adjustments made, when applicable, on such shareholders' equity;
	  ◦ The consistency of projected future cash flows for the relevant entities' activities, as prepared by their operational management, with the companies' growth forecasts taken from the latest strategic plans;
	  ◦ The adjustments made to the present value of projected future cash flows to account for the indebtedness of the relevant entities.
	• We have assessed the recoverability of the related loans and receivables in the light of the analyses performed on the Investments.
	• We have assessed the appropriateness of the information related to Investments and related loans and receivables, as set out in the notes to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to Shareholders

We have no matters to report as to its fair presentation and its consistency with the financial statements of the information given in the management report of the Management Board approved on February 3, 2020 and in the other documents with respect to the financial position and the financial statements provided to shareholders. Regarding the events that occurred, and elements that have been known since the date of the financial statements were approved and in relation to the effects of Covid-19's crisis, management informed us that this would be subject to a specific communication addressed to the shareholders' meeting called to vote on said financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received or awarded by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies that are included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Publicis Groupe SA by the Annual General Meetings held on June 25, 1981 for Mazars and on June 4, 2007 for ERNST & YOUNG et Autres.

As at December 31, 2019 Mazars and ERNST & YOUNG et Autres were in the 39th year and 13th year of total uninterrupted engagement respectively (ERNST & YOUNG Audit having served as statutory auditor of Publicis Groupe SA previously, from 2001 to 2006).

Responsibilities of management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Management Board.

Statutory auditors' responsibilities for the audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris la Défense, April 23, 2020

The Statutory Auditors

MAZARS		ERNST & YOUNG et Autres	
Olivier Lenel	Ariane Mignon	Nicolas Pfeuty	Valérie Desclève

CHAPTER

COMPANY INFORMATION AND CAPITAL STRUCTURE

8

8.1 INFORMATION ABOUT THE COMPANY

8.1.1 Company name and trading name

Publicis Groupe SA (the "Company") does business under the trade name Publicis.

8.1.2 Registration place and number, legal entity identifier (LEI)

542 080 601 RCS Paris; APE code – NAF 7010Z; LEI number: 2138004KW8BV57III342.

8.1.3 Date of incorporation and term

Incorporation date: October 4, 1938.

Term: October 3, 2037, unless extended.

8.1.4 Registered office, legal structure, applicable legislation, jurisdiction, address and telephone number of registered office, website

Publicis Groupe SA is a French limited liability company (société anonyme) with a Management Board and a Supervisory Board, governed by articles L. 225-57 to L. 225-93 of the French Commercial Code.

The Company's registered office is located at 133, avenue des Champs-Élysées, 75008 Paris, France. The telephone number of the Company's registered office is +33 (0) 1 44 43 70 00.

The website of Publicis Groupe SA is accessible at: www.publicisgroupe.com. The information on said website does not form part of this Universal Registration Document, unless incorporated by reference.

8.1.5 Financial year

From January 1 to December 31 each year.

8.1.6 Deeds of incorporation and bylaws

Corporate purpose (article 2 of the bylaws)

The Company's corporate purposes are to:

- produce and derive added value in any manner from advertising and publicity in any format or of any type;
- organize shows and radio or television broadcasts, set up radio, television and other programming, use movie theaters, recording or broadcasting studios and projection and viewing rooms, publish paper documents and edit music, sketches, scripts and theater productions; and
- more generally, all commercial, financial, industrial and real and intangible property transactions of any type relating directly or indirectly to the above in order to foster the development and growth of the Company's business.

The Company may conduct operations in any country on its behalf or on behalf of third parties, either alone or jointly, with other companies or persons and carry out in any form, directly or indirectly, activities in line with its corporate purpose.

The Company may also acquire interests in any form in any other French or foreign businesses or companies, whatever their corporate purposes.

Management Board (articles 10 to 12 of the bylaws)

The Management Board oversees Publicis' management. It is fully empowered to act on the Company's behalf in all circumstances. These powers may only be exercised within the limit of the corporate purpose and subject to the powers that are by law reserved for the Supervisory Board and Shareholders' Meetings. The Management Board is appointed by the Supervisory Board and must have at least two but no more than seven members. Each member is appointed for a period of four years and must be a natural person, but need not be a shareholder. Its members may be re-appointed. The terms of office of each Management Board member ends at the Annual Ordinary General Shareholders' Meeting following their 75th birthday. The Supervisory Board appoints one of the members of the Management Board as Chair and may appoint one, several or all the other members of the Management Board as Chief Executive Officers.

The members of the Management Board may be dismissed either by the Supervisory Board or by a General Shareholders' Meeting.

Rights attached to each share (article 8 of the bylaws)

Each share confers the right proportionate to such share to a part of the corporate assets and benefits. The shareholders may be held liable, even with regards to third party, only up to the value of the shares that they hold. Each time that it is necessary to hold several shares to exercise any right, shareholders must be personally responsible for gathering the number of shares required.

Powers of the Management Board with respect to share buybacks (article 7 IV of the bylaws)

The Extraordinary General Shareholders' Meeting may authorize the Management Board to purchase a specified number of Company shares in order to cancel them by way of a share capital reduction in accordance with article L. 225-206 of the French Commercial Code.

In addition, the Company may acquire its own shares in accordance with the provisions of articles L. 225-208 and L. 225-209 of the French Commercial Code, specifically those intended to regulate the stock market price of the Company shares.

General Shareholders' Meeting (article 19 of the bylaws)

General Shareholders' Meetings are open to all shareholders regardless of the number of shares held. The procedures for providing notice of meetings and holding meetings are prescribed by French law. Meetings take place at the Company's registered office or at any other location specified in the above-mentioned notice and set by the notifier. If so decided by the Management Board when calling the meeting, the meeting may be publicly broadcasted by videoconferencing or any other means of telecommunication, including over the Internet.

Representation and admission to General Shareholders' Meetings (article 20 of the Company bylaws)

Any shareholder may participate, personally or through an authorized representative, in Shareholders' Meetings, justifying his/her identity and his/her ownership of the securities, under the conditions provided for by the law.

Any shareholder may, if so permitted by the Management Board when calling the General Shareholders' Meeting, participate in the meeting by videoconferencing or any other means of telecommunication including over the Internet, subject to applicable laws and regulations. Any such shareholder is deemed present for the purposes of calculating the quorum and majority.

Voting rights (article 21 (5) to (8) of the bylaws)

Each member of the Meeting shall have as many votes as he owns or represents shares, without restriction. However, in accordance with a resolution approved at the Extraordinary General Shareholders' Meeting on September 14, 1968, shares registered with the same shareholder for at least two years or which have only been transferred during that period from one registered owner to another within the framework of an intestate estate, of testamentary succession, of division of community of property between spouses, of donation *inter vivos* for the benefit of a spouse or a relative entitled to inherit, are entitled to double voting rights. The Extraordinary General Shareholders' Meeting has the possibility to purely and simply cancel the double voting right. However this cancellation will only become effective after the approval of a special meeting of shareholders who hold double voting right shares.

In the event of the division of ownership of Company shares, the limited owners and bare owners of shares can freely distribute voting rights at Extraordinary or Ordinary General Shareholders' Meetings provided they notify the Company beforehand, by providing a certified copy of their agreement at least 20 calendar days before the first General Shareholders' Meeting is held following the above-mentioned ownership division by registered mail. Failing notification within this period, the distribution will be implemented ipso jure in accordance with article L. 225-110, paragraph 1, of the French Commercial Code.

Any shareholder may vote by post in accordance with and in the manner provided for in prevailing laws and regulations. When so decided by the Management Board, and indicated in the meeting notice published in the BALO (*Bulletin des annonces légales obligatoires*), shareholders may vote by any means of telecommunication including over the Internet, subject to the laws and regulations prevailing as of the moment of its use.

Amendments to the bylaws (article 23 of the bylaws)

An Extraordinary General Shareholders' Meeting may make any change to any provision of the bylaws that is permissible under the law. Such changes to the share capital include, but are not limited to: increasing or reducing the share capital, consolidating shares or splitting shares into shares with a lower par value.

8.2 OWNERSHIP STRUCTURE

8.2.1 Major shareholders and voting rights

At December 31, 2019, to the best of Publicis' knowledge, no person held, directly or indirectly, individually or jointly, 5% or more of its shares (a "Major Shareholder") except those disclosed below. Publicis' bylaws state that all its shareholders have the same proportional voting rights with respect to the shares they hold, except that shares owned by the same shareholder in registered form for at least two years carry double voting rights. The Company has not issued any preferred shares or any securities without voting rights.

/ Distribution of the Company's share capital and voting rights

At December 31, 2019	Shares held	% of the share capital(1)	Voting rights	% of voting rights(2)
A) Shareholders holding more than 5% of the share capital				
Élisabeth Badinter(3)	16,700,967	6.95%	33,401,934	12.85%
Harris Associates LP(4)	19,728,885	8.20%	19,728,885	7.59%
B) Treasury shares held	3,480,234	1.45%	-	-
C) Public (registered and bearer shares)	200,526,975	83.40%	206,729,723	79.56%
Total	**240,437,061**	**100.00%**	**259,860,542**	**100.00%**

(1) Percentages are calculated based on the total number of shares issued by the Company, including treasury shares.
(2) Percentages are calculated based on the total number of shares issued by the Company (percentage of voting rights that can be exercised at the General Shareholders' Meeting), excluding treasury shares with no voting rights, and counting the double voting rights attached to some shares.
(3) Élisabeth Badinter fully owns 2.43% of shares (4.49% of voting rights) and is the beneficial owner of 4.52% of shares with her children having bare ownership of the underlying shares (8.36% of voting rights).
(4) Acting as an investment adviser for managed funds and clients.

/ Reminder of the distribution of the Company's share capital and voting rights for the prior two years

At December 31, 2018	Shares held	% of the share capital(1)	Voting rights	% of voting rights(2)
A) Shareholders holding more than 5% of the share capital				
Élisabeth Badinter(3)	16,700,967	7.10%	33,401,934	13.13%
Harris Associates LP(4)	14,044,013	5.97%	14,044,013	5.52%
B) Treasury shares held	4,009,493	1.70%	-	-
C) Public (registered and bearer shares)	200,495,328	85.23%	207,039,904	81.35%
Total	**235,249,801**	**100.00%**	**254,485,851**	**100.00%**

(1) Percentages are calculated based on the total number of shares issued by the Company, including treasury shares.
(2) Percentages are calculated based on the total number of shares issued by the Company (percentage of voting rights that can be exercised at the General Shareholders' Meeting), excluding treasury shares with no voting rights, and counting the double voting rights attached to some shares.
(3) Élisabeth Badinter fully owns 2.48% of shares (4.59% of voting rights) and is the beneficial owner of 4.62% of shares with her children having bare ownership of the underlying shares (8.54% of voting rights).
(4) Acting as an investment adviser for managed funds and clients.

At December 31, 2017	Shares held	% of the share capital(1)	Voting rights	% of voting rights(2)
A) Shareholders holding more than 5% of the share capital				
Élisabeth Badinter(3)	16,700,967	7.24%	33,401,934	13.26%
Harris Associates LP(4)	16,995,711	7.37%	16,995,711	6.75%
B) Treasury shares held	4,331,920	1.88%	-	-
C) Public (registered and bearer shares)	192,599,127	83.51%	201,524,895	79.99%
Total	**230,627,725**	**100.00%**	**251,922,540**	**100.00%**

(1) Percentages are calculated based on the total number of shares issued by the Company, including treasury shares.
(2) Percentages are calculated based on the total number of shares issued by the Company (percentage of voting rights that can be exercised at the General Shareholders' Meeting), excluding treasury shares with no voting rights, and counting the double voting rights attached to some shares.
(3) Élisabeth Badinter fully owns 2.53% of shares (4.63% of voting rights) and is the beneficial owner of 4.71% of shares with her children having bare ownership of the underlying shares (8.63% of voting rights).
(4) Acting as an investment adviser for managed funds and clients.

The Company and the AMF were notified, in accordance with article L. 233-7 of the French Commercial Code, that legal thresholds had been crossed in the following cases by:

- Harris Associates LP acting as investment adviser for clients and managed funds, which made its declaration by letter received on:
  - January 18, 2019, that it had crossed under the threshold of 5% of the Company's voting rights on January 15,
  - February 11, 2019, that it had crossed over the threshold of 5% of the Company's voting rights on February 7;
- BlackRock Inc. acting as investment adviser for clients and managed funds, which made its declaration by letter received on:
  - April 7, 2020, that it had crossed over the threshold of 5% of the Company's share capital on April 6.

The most recent exhaustive survey available at September 24, 2019, which looked at information on identifiable bearer shares (*titres au porteur identifiables*) and registered shares managed by CACEIS Corporate Trust, indicated that 3.3% of the share capital was held by individual shareholders.

8.2.2 Control of the Company

At December 31, 2019, to the best of its knowledge, the Company was not controlled and was not subject to any agreement nor commitment linking one or several shareholders, company, foreign government or other natural or legal person operating individually or conjointly with regard to the direct or indirect holding of its share capital or under its control, and there existed no agreement of which the fulfillment could cause a change in the Company's control at a later date.

8.2.3 Agreements concerning a possible change of control or that might influence a takeover bid

The information required by article L. 225-37-5 of the French Commercial Code can be found in this Universal Registration Document as follows: the capital structure is described in Sections 3.2.3, 8.2 and 8.3, the existence of double voting rights provided for in the Company's bylaws (article 21) is mentioned in Section 8.1.6, rules applicable to the appointment and replacement of members of the Management Board, as well as the amendment of the Company's bylaws, are specified in the Company's bylaws (articles 10 to 12 and 23) and summarized in the aforementioned Section 8.1.6, the existence of authorizations and delegations granted by the Company's General Shareholders' Meeting to the Management Board regarding share issuance and buyback is mentioned in Sections 8.3.1 and 8.3.3.

It is also specified that, to the best of the Company's knowledge, no agreements exist requiring payment of indemnities, in the event of a takeover bid, to the members of the Management Board or employees if their employment should end as a result of this takeover bid.

Certain loan agreements include change in control clauses.

8.3 INFORMATION ON THE SHARE CAPITAL

8.3.1 Issued share capital and share classes

Composition of share capital

On July 18, 2019, Publicis Groupe SA paid out the dividend voted by the Combined Ordinary and Extraordinary Shareholders' Meeting of May 29, 2019, with each shareholder having the option between cash and shares, which resulted in a capital increase of euro 1,792,766 through the creation of 4,481,915 new shares with a par value of euro 0.40.

During 2019, 522,277 new shares at a par value of euro 0.40 per share were created as a result of free share plans (under the LTIP 2015 International, LTIP 2016 International and France and LTIP Directoire 2016-2018 plans), representing a total capital increase of euro 208,910.80.

183,068 new shares with a par value of euro 0.40 were also created as a result of warrant exercises, representing a total capital increase of euro 73,227.20.

As of December 31, 2019, the share capital totaled euro 96,174,824.40, divided into 240,437,061 fully paid-up shares with a par value of euro 0.40, of which 22,903,715 shares carried double voting rights.

/ Table of delegations of authority and authorizations granted to the Management Board regarding financial matters

Type of delegation or authorization	Date of the meeting	Duration of the authorization	Amount authorized	Used in 2019
Share buybacks				
Authorization to trade in the Company's shares*	May 29, 2019 (22nd resolution)	18 months Maturity 11/29/2020**	No more than 10% of the share capital Maximum amount: Euro 1,999,623,300 Maximum unit purchase price: Euro 85	see details in Section 8.3.3
Cancellation of shares				
Authorizations to reduce share capital through the cancellation of treasury shares	May 29, 2019 (23rd resolution)	26 months Maturity: 07/29/2021	No more than 10% of capital per 24 month period	None
Equity issues				
Delegation to increase share capital by issuing shares or equity securities convertible to equity* with preferential subscription rights	May 30, 2018 (20th resolution)	26 months Maturity: 07/30/2020**	Maximum par value amount: Euro 30,000,000(1) Maximum nominal value of debt securities: Euro 1,200,000,000(2)	None
Delegation to increase share capital by issuing shares or equity securities convertible to equity without preferential subscription rights through a public offering*	May 30, 2018 (21st resolution)	26 months Maturity: 07/30/2020**	Maximum par value amount: Euro 9,000,000(1)(3) Maximum nominal value of debt securities: Euro 1,200,000,000(2)	None
Delegation to increase share capital by issuing shares or equity securities convertible to equity without preferential subscription rights through an offer made pursuant to paragraph II of article L. 411-2 of the French Monetary and Financial Code (by private placement)*	May 30, 2018 (22nd resolution)	26 months Maturity: 07/30/2020**	No more than 20% of capital per year Maximum par value amount: Euro 9,000,000(1)(3) Maximum nominal value of debt securities: Euro 1,200,000,000(2)	None
Delegation to increase the number of securities issued in the event of a capital increase, with or without preferential subscription rights decided pursuant to the 20th to 22nd resolutions of the General Shareholders' Meeting on May 30, 2018*	May 30, 2018 (23rd resolution)	26 months Maturity: 07/30/2020**	No more than 15%(1)(3) of the initial issue and at the same price as this issue	None
Authorization to set the issue price of share capital increases carried out under the 21st and 22nd resolutions of the General Shareholders' Meeting of May 30, 2018*	May 30, 2018 (24th resolution)	26 months Maturity: 07/30/2020**	Up to 10% of the share capital per annum(1)(3)	None

8

Type of delegation or authorization	Date of the meeting	Duration of the authorization	Amount authorized	Used in 2019
Delegation to increase share capital by incorporating reserves, earnings, premiums or other sums*	May 30, 2018 (25th resolution)	26 months Maturity: 07/30/2020**	Maximum par value amount: Euro 30,000,000(1)	None
Delegation to issue shares or other securities in the event of a public offering initiated by the Company*	May 30, 2018 (26th resolution)	26 months Maturity: 07/30/2020**	Maximum par value amount: Euro 9,000,000(1)(3) Maximum nominal value of debt securities: Euro 1,200,000,000(2)	None
Delegation to issue shares or other securities as consideration for contributions in-kind granted to the Company*	May 29, 2019 (24th resolution)	26 months Maturity: 07/29/2021**	Up to 10% of the share capital(1)(2)(3)	None
Issues reserved for Company or Group employees and managers				
Authorization to grant free shares to employees and/or corporate officers of the Company or companies within the Group	May 30, 2018 (27th resolution)	38 months Maturity: 07/30/2021	No more than 3% of the share capital (including 0.3% of the share capital for executive corporate officers)	Total award of 1,271,060 free shares
Authorization to grant stock options to employees and/or corporate officers	May 29, 2019 (25th resolution)	38 months Maturity: 07/29/2022	No more than 3% of the share capital (including 0.3% of the share capital for executive corporate officers)(4)	None
Delegation to increase capital for the benefit of subscribers to a company savings plan	May 29, 2019 (26th resolution)	26 months Maturity: 07/29/2021**	Maximum par value amount: Euro 2,800,000(1)(5)	None
Delegation to increase capital for the benefit of certain categories of recipients located outside France in order to establish a shareholder or savings plan for them	May 29, 2019 (27th resolution)	18 months Maturity: 11/29/2020**	Maximum par value amount: Euro 2,800,000(1)(5)	None

(1) This amount counts toward the euro 30,000,000 maximum for all capital increases set forth by the Extraordinary Shareholders' Meeting of May 30, 2018 in its 20th resolution.
(2) This amount counts toward the euro 1,200,000,000 maximum for all debt security issues set by the Extraordinary Shareholders' Meeting of May 30, 2018 in its 20th resolution.
(3) This amount counts towards the euro 9,000,000 maximum par value of capital increases without preferential subscription rights set forth by the Extraordinary Shareholders' Meeting of May 30, 2018 in its 21st resolution.
(4) This amount counts towards the 3% maximum set forth by the Extraordinary Shareholders' Meeting of May 30, 2018 in its 27th resolution.
(5) This maximum amount applies to all possible capital increases under the 26th resolution and 27th resolution of the Extraordinary Shareholders' Meeting of May 29, 2019.
* Unless there is prior authorization by the General Shareholders' Meeting, the Management Board cannot use this authorization or delegation from the moment a third party has filed a public offer for Company shares, up to the end of the offer period.
** This delegation or authorization is set to expire, for the unused portion and the remaining time period, upon adoption of a resolution pertaining to a new authorization or delegation with a similar purpose by the Extraordinary Shareholders' Meeting of May 27, 2020.

It should be noted that the delegations that expired in 2019 and that were not used during that financial year are not included in the above table, namely the 25th and 26th resolutions of the General Shareholders' Meeting of May 25, 2016, the 24th and 26th resolutions of the General Shareholders' Meeting of May 31, 2017, the 28th and 29th resolutions of the General Shareholders' Meeting of May 30, 2018. The share buybacks in 2019 under the authorization approved in the 19th resolution of the General Shareholders' Meeting of May 30, 2018, which expired at the General Shareholders' Meeting of May 29, 2019, are discussed in Section 8.3.3.

8.3.2 Existence of non-representative shares, their amount and main features

All shares are representative of the Company's share capital.

8.3.3 Number, carrying amount and par value of shares held by the issuer itself or on its behalf, or by its subsidiaries

Treasury shares

The Combined Ordinary and Extraordinary General Shareholders' Meeting of May 29, 2019, in its 22nd resolution, authorized the Management Board to carry out, or to have carried out, purchases in order to fulfill the following objectives:

(1) to grant or transfer shares to employees and/or corporate officers of the Company and/or of the Group in accordance with terms and conditions provided for by applicable law;

(2) to deliver shares in order to honor commitments related to securities convertible to equity through redemption, conversion, exchanges, presentation of a warrant, or in any manner for the awarding of the Company's common stock;

(3) to hold and subsequently deliver shares for exchange in a merger, spin-off or asset contribution, for payment, or other, in external growth operations;

(4) to stimulate the secondary market or liquidity of Publicis Groupe SA's shares through an investment services provider in the name and on the behalf of the Company, in line with AMF accepted market practice and in accordance with a liquidity contract, which complies with the Code of Ethics recognized by the French Regulatory Authority (Autorité des marchés financiers, or AMF) or any other applicable regulations;

(5) to cancel all, or some, of the shares acquired, under the conditions permitted by law.

This buyback program would also permit the Company to trade in its own shares with any other authorized purpose or accepted market practice or any that would become so by the law or regulations in force. In such a case, the Company would inform its shareholders through a press release.

The Company may, directly or indirectly, through an intermediary or an investment services provider, purchase, sell or transfer its shares as often as it wishes, at any time and by all means authorized now or in the future by the regulations in force, on regulated markets, multilateral trading systems, with systematic internalizers or over the counter, including by purchasing or selling of blocks of shares (without limiting any part of the buyback program that may be conducted by this means), sale with option to repurchase, by public offering to purchase or exchange, by use of options mechanisms or by use of any derivative financial instrument, or by use of warrants or, more generally, securities convertible into the Company's equity. The Company may also hold the shares purchased and/or cancel them subject to authorization by an Extraordinary General Shareholders' Meeting and in compliance with the applicable regulations.

However, unless there is prior authorization by the General Shareholders' Meeting, the Management Board cannot use this authorization once a third party has filed a public bid for Company shares, until the end of the offer period.

The maximum number of shares that may be bought may not, at any time, exceed 10% of the shares in the share capital, this percentage applying to a share capital adjusted on the basis of transactions affecting it after the General Shareholders' Meeting of May 29, 2019. Moreover, the Company may not at any time own more than 10% of its share capital on the date in question.

The maximum amount of this authorization is set at one billion, nine hundred and ninety nine million, six hundred and twenty three thousand, three hundred (1,999,623,300) euros net of costs.

The maximum share purchase price is set at euro 85, excluding purchase costs, it being noted that this price does not apply to share buybacks used to satisfy free share grants or option exercises involving employees and/or corporate officers of the Company and of the Group.

This authorization for a period of 18 months canceled, for the unused portion and the remaining time period, and replaced, that previously granted by the 19th resolution of the General Shareholders' Meeting on May 30, 2018.

The description of the share buyback program was made available on the Publicis Groupe website.

/ Summary table of purchases under various buyback programs since 2015

	Amount	Average purchase price (in euros)
Period from 01/01/2015 to 12/31/2015	7,732,424	72.45
Period from 01/01/2016 to 12/31/2016	1,539,706	61.41
Period from 01/01/2017 to 12/31/2017	6,060,021	64.33
Period from 01/01/2018 to 12/31/2018	1,176,616	55.25
Period from 01/01/2019 to 12/31/2019	**915,880**	**45.35**

In 2019, the Company delivered 526,509 existing shares under free share plans.

Under the liquidity contract signed with Kepler Cheuvreux, the Company acquired 915,880 shares in 2019 at an average price of euro 45.35, and sold 918,630 shares at an average price of euro 47.20.

The trading fees and other expenses incurred by the Company during 2019 for transactions performed pursuant to the share buyback program authorized by the 19th resolution of the General Shareholders' Meeting on May 30, 2018, and then by the 22nd resolution of the General Shareholders' Meeting on May 29, 2019, amounted to euro 70,000.

/ Summary table of trading by the Company in Publicis Groupe SA shares in 2019:

	Deliveries (free share plans)	Purchases (liquidity contract)		Sales (liquidity contract)	
At December 31, 2019	**Quantities** (in shares)	**Quantities** (in shares)	**Average price** (in euros)	**Quantities** (in shares)	**Average price** (in euros)
Under the 19th resolution of the General Shareholders' Meeting of 05/30/2018	175,564	307,358	49.12	425,858	51.29
Under the 22nd resolution of the General Shareholders' Meeting of 05/29/2019	350,945	608,522	43.44	492,772	43.65
Total	**526,509**	**915,880**	**45.35**	**918,630**	**47.20**

At December 31, 2019, Publicis Groupe SA owned 3,480,234 shares (1.45%) of its own share capital, at a total cost of euro 220,217,833 and an average price per share of euro 63.28.

8.3.4 Total amount of convertible or exchangeable securities and equity warrants, including the specified terms and conditions for conversion, exchange or subscription

The allocation of share capital at December 31, 2019, on the basis of full dilution resulting from financial instruments issued by the Company, is the following:

At December 31, 2019	Shares held	%	Voting rights	%
Élisabeth Badinter	16,700,967	6.89%	33,401,934	12.59%
Harris Associates LP	19,728,885	8.14%	19,728,885	7.43%
Treasury shares held	3,480,234	1.43%	0	0.00%
Public (registered and bearer shares)	200,526,975	82.69%	206,729,723	77.89%
Free shares still to be delivered(1)	1,106,125	0.46%	4,595,712	1.73%
Stock warrants outstanding(2)	957,813	0.39%	957,813	0.36%
Total	**242,500,999**	**100.00%**	**265,414,067**	**100.00%**

(1) Out of the 4,595,712 shares to be delivered under current plans, 3,489,587 are deliverable in existing shares and the remainder (1,106,125) in new shares (some can opt for existing shares).
(2) In-the-money instruments at December 31, 2019. A factor of 1.068 is applicable to these instruments for share subscription.

A shareholder, holding 1% of Publicis Groupe SA's share capital at December 31, 2019, would hold 0.99% of Publicis Groupe SA's share capital on that date, in the event of the exercise or conversion of rights attached to equity securities convertible to equity (stock warrants, free shares awarded but not yet delivered).

The terms of conversion of equity warrants are described in Note 26 to the consolidated financial statements in Section 6.6 of this document.

8.3.5 Pledges, guarantees and sureties

There is no indirect self-control of the Company. At December 31, 2019, 30,000 registered shares managed by the Company, and 1,207,351 registered shares administered by others, were pledged, representing a total of 1,237,351 pledged shares.

No major asset held by Group companies was subject to a pledge.

8.3.6 Employee shareholding

Employees' interests in the share capital through the Company savings plans, and according to the definition of Article L.225-102 of the French Commercial Code at December 31, 2019 were not significant.

It should be noted that the Publicis Groupe FCPE (mutual fund) held 352,950 Publicis Groupe shares at December 31, 2019. As a result, Publicis Groupe employees owned 0.15% of the share capital via the FCPE at that date.

At December 31, 2019, the total number of options outstanding for all beneficiaries was 1,091,937, all were purchase options and immediately exercisable.

The Group has extended its program of Long Term Incentive Plans with the "LTIP 2019" «Sapient 2019 Stock Incentive Plan», "LTIP 2019-2021", "Special Plan" and "Epsilon Replacement Plan", and introduced a one-off "Special Retention Plan".

The "LTIP 2019" plan awarded 335,950 free shares to a number of Group senior executives in May 2019, under two conditions. Firstly, employment must continue throughout the three-year vesting period. Furthermore, the shares are subject to performance criteria, so that the total number of shares received will depend on the growth and profitability objectives attained in 2019.

To facilitate the integration of Sapient and its subsidiaries into the Publicis Groupe, the Management Board created a specific long-term incentive plan. The "Sapient 2019 Stock Incentive Plan" is based on two tranches with different durations, and presence and performance criteria. Launched in May 2019, this plan awarded 585,499 free shares to a certain number of Publicis Sapient managers. The first tranche stipulated an annual delivery of one-quarter of the free shares awarded spread over a four-year period. For the second tranche, the delivery of all the free shares takes place after a three-year period.

In June 2019, the "LTIP 2019 - 2021" free share plan awarded 170,000 free shares to members of the Management Board, under two conditions. Firstly, employment must continue throughout the three-year vesting period. Furthermore, the shares are subject to performance criteria (including a CSR criterion), so that the total number of shares received will depend on the growth and profitability objectives attained, as well as on whether or not the CSR criterion is met, for the three-year performance period from the beginning of 2019 to the end of 2021.

In May 2019, the Special Plan awarded 262,700 free shares to certain Group employees. To retain Group players that have a direct impact on growth, the free shares are subject only to a continued employment condition. The shares will be deliverable at the end of a three-year period, in May 2022.

In July 2019, the Epsilon Replacement Plan awarded 628,681 free shares (including 207,461 free shares for the year 2019) to replace the awards made by the ADS group in 2019 to certain Epsilon employees, which lapsed following the acquisition of Epsilon by Publicis Groupe. One third of the shares are awarded each year over a period of three years, subject to continued employment (for 20%) and performance conditions (for 80%) .

In November 2019, the Special Retention Plan awarded 765,110 free shares to certain key Group senior executives. This plan is subject, in addition to the condition of continued employment, to personal performance conditions for 2020 to 2022. It will be deliverable in March 2023, at the end of a three-year period.

At December 31, 2019, the total number of free shares yet to vest to Group employees on condition of employment and, in some cases, performance, amounted to 4,595,712.

All the details concerning the free share plans (description, changes for the financial year, and closing balance) are shown in Note 30 to the consolidated financial statements in Section 6.6 of this document.

8.3.7 Share capital transactions

Changes regarding the share capital in the last three years are shown below:

Dates	Share capital transactions	Number of shares	Par value (in euros)	Share capital (in euros)
12/31/2016	**Capital at December 31, 2016**	**225,945,387**	**0.40**	**90,378,155**
02/01/2017 04/30/2017 05/31/2017 06/30/2017 08/31/2017 12/29/2017	Capital increase (equity warrant exercise)	306,665	0.40	122,666
02/01/2017 03/20/2017 04/18/2017 06/19/2017	Capital increase (delivery of free shares)	383,457	0.40	153,383
06/27/2017	Capital increase (payment of the dividend in shares)	3,992,216	0.40	1,596,886
12/31/2017	**Capital at December 31, 2017**	**230,627,725**	**0.40**	**92,251,090**
02/28/2018 05/31/2018	Capital increase (equity warrant exercise)	87,984	0.40	35,193
03/20/2018 04/17/2018	Capital increase (delivery of free shares)	210,612	0.40	84,245
06/28/2018	Capital increase (payment of the dividend in shares)	4,323,480	0.40	1,792,392
12/31/2018	**Capital at December 31, 2018**	**235,249,801**	**0.40**	**94,099,920**
02/28/2019 04/30/2019 05/31/2019 06/30/2019 07/31/2019 09/30/2019 10/31/2019	Capital increase (equity warrant exercise)	183,068	0.40	73,227
04/17/2019 06/24/2019	Capital increase (delivery of free shares)	522,277	0.40	208,911
07/18/2019	Capital increase (payment of the dividend in shares)	4,481,915	0.40	1,792,766
12/31/2019	**Share capital at December 31, 2019**	**240,437,061**	**0.40**	**96,174,824**

8.4 STOCK MARKET INFORMATION

8.4.1 The trading of Publicis Groupe shares

2019 saw a whole series of major events that affected stock market volatility. The US-China power struggle, the about-turn by central banks, the year-end rally plus of course the uncertainty surrounding Brexit all impacted financial markets.

The trade war as background: the financial markets moved throughout the year in response to trade negotiations with uncertainties regarding the imposition of trade tariffs by the US government on a range of goods from China, in particular industrial components and technological goods.

Reversal by central banks: faced with the possibility of a global recession, central banks took the lead. While expectations were that they would progressively raise the cost of money, the economic slowdown and fears of a recession spurred them into changing tack. The Federal Open Market Committee decided three times during the year to cut the key lending rate by a quarter point (0.25%) to a range of between 1.50% and 1.75%. Europe came to the same conclusion: Mario Draghi ended his period as ECB President on a very accommodative note and thereby relaunched quantitative easing (QE), which consists of buying sovereign debt and will continue "as long as necessary". These highly accommodative policies, which are intended to underpin growth, have very concrete consequences. Globally, there are USD 17,000 billion in negative rate instruments.

Brexit postponement: following months of discussions and the resignation of Theresa May in June, Boris Johnson agreed to postpone Brexit to January 31. Given his lack of a strong majority in the Commons to approve his draft agreement, early elections were called for December 12, 2019.

Market at the highest level in a decade: Geopolitical uncertainties and the possibility of a recession didn't dampen investor risk appetite. Major stock markets hit multi-year highs or in some cases historic highs (US indexes in particular). The CAC 40 ex-dividend rose 28.5% in 2019, driven by cyclicals and in particular a major rebound in bank stocks since the summer. This rise came on the back of a combination of technical and fundamental factors, and seems cut off from the real economy. Without going into detail regarding the fundamental reasons for the rise in risk asset prices, which go beyond merely low or negative interest rates, it should be noted that to some extent "capital flows" underpinned global equity markets in October and November with an increase in equity allocations in assets under management, which had fallen to 10-year lows, as well as a reduction in the relative weighting of cash.

As regards the Media sector, 2019 reflected the three previous years, with professional publishing and counter-cyclical stocks like Pearson lagging behind (-33%) followed by SES (-30%). As regards the agencies, share price evolutions were a mixed bag, with WPP enjoying a marked rebound (+26%) following a sharp decline in 2018 (-35%). The performance of Publicis (-19%) reflects a year of transition that saw well identified challenges (attrition, repositioning of Publicis Sapient in the United States, sluggish media performance in the second half of the year) resulting in the guidance regarding organic growth being revised during the year. For Publicis, 2019 also saw the acquisition of Epsilon, which was completed on July 1, 2019, and the confirmation of sound financial targets and deleveraging within four years. The US agencies grew by around 10%, although broadly under-performing the market; their organic growth (2.8-3.3%) nevertheless remained close to historic levels, once again helped by less exposure than the European agencies to non-food consumer product companies and greater exposure to the healthcare sector.

8.4.2 Investor relations

Publicis Groupe's financial communication is based on the principle of providing precise, transparent, true and fair information on the Group's situation to all financial markets within the framework of the current texts, standards and procedures in France: the Financial Security Law, the IFRS (International Financial Reporting Standards). The Publicis Groupe Investor Relations Department maintains a close, ongoing dialogue with both brokerage company and investment fund analysts. Publicis Groupe's financial communications with institutional investors is reflected in the organization of meetings in the world's major financial markets, and by the participation of Group representatives at investor conferences.

In 2019, Publicis Groupe met with close to 700 institutional investors in Europe, the United Kingdom and the United States, at roadshows and industry investor conferences in Europe and the United States.

8.4.3 Securities market

The following information regarding the shares and financial instruments comes from the Euronext and Bloomberg websites.

Publicis Groupe shares

- Listed on: Euronext Paris (ISIN code: FR0000130577).
- First day listed: June 9, 1970.
- Shares traded on Euronext Paris: all shares in the share capital.

On December 27, 2007, Publicis Groupe SA was informed that Publicis Groupe SA shares were now no longer listed on the New York Stock Exchange. This delisting followed the Company's notification on September 17, 2007 to the US market authorities that it no longer wanted Publicis Groupe SA shares listed on the New York Stock Exchange (listed in the form of American Depositary Receipts; ratio: one ADR for every one Publicis share), with average annual trading volumes rarely exceeding 1% of all shares in the share capital.

By default, the share can be traded on the New York Stock Exchange OTCQX market as an American Depositary Receipt, ratio: 4 ADRs for one Publicis share (ticker: PUBGY). The OTCQX platform is an information tool that provides access to US investors, while guaranteeing price transparency.

Changes in the trading price on Euronext Paris during 2019:

- high: euro 55.76 on February 6;
- low: euro 35.98 on October 11;
- average price: euro 46.083 (based on closing prices).

/ Trading volume and Company share price over the last 18 months on Euronext Paris

Period		Number of trading sessions	Average volumes traded per session*: Number of shares	Average volumes traded per session*: Share capital (in thousands of euros)	Monthly price (in euros): First listing	Last listing	Highest	Lowest
2018	October	23	872,392	45,765	51.50	51.24	56.50	49.60
	November	22	599,231	31,435	51.26	52.36	53.88	51.20
	December	19	823,629	40,762	52.68	50.08	53.16	47.16
2019	January	22	625,263	32,778	49.43	53.30	54.68	48.70
	February	20	941,115	46,117	53.46	48.73	55.76	46.15
	March	21	644,422	31,950	48.87	47.73	51.56	47.15
	April	20	1,054,251	51,665	48.39	52.88	53.78	45.12
	May	22	680,370	34,580	52.70	48.90	53.88	48.69
	June	20	784,356	37,882	48.75	46.43	50.96	44.52
	July	23	918,280	42,143	46.94	44.71	48.53	42.65
	August	22	623,286	26,533	44.57	43.62	45.32	40.91
	September	21	677,680	30,670	43.67	45.12	47.02	43.15
	October	23	1,075,679	41,877	45.38	38.55	46.04	35.98
	November	21	717,581	28,347	38.57	39.94	40.78	38.52
	December	20	677,029	27,041	40.12	40.36	41.70	38.69
2020	January	22	703,349	29,366	40.60	40.03	43.70	39.86
	February	20	1,168,491	45,742	40.10	34.98	42.50	34.00
	March	22	1,523,841	40,861	35.56	26.12	35.67	20.94

* Volumes traded on Euronext (excluding alternative platforms).

Publicis Groupe share warrants

- Listed on: Euronext Paris (ISIN code: FR0000312928);
- First day listed: September 24, 2002;
- Changes in the trading price on Euronext Paris in 2019:
  - high: euro 26.60 on February 5,
  - low: 10.50 on October 11,
  - average price: euro 18.1566 (based on closing prices).

As at December 31, 2019, 896,829 warrants, exercisable until 2022, were outstanding.

Euro 1.3 billion Eurobond issued in two tranches on December 9, 2014 with maturity in 2021 and 2024

Publicis Groupe

- Listed on: Euronext Paris;
- First day listed: December 11, 2014;
- Changes in the trading price on Euronext Paris in 2019:
  - euro 700 million tranche maturing on December 16, 2021, with an annual coupon of 1.125% (ISIN code: FR0012384634):
  - high: 102.902 on August 15,
  - low: 101.935 on December 30,
  - average price: euro 102.425 (based on price at end of year)
  - euro 600 million tranche maturing on December 16, 2024, with an annual coupon of 1.625% (ISIN code: FR0012384667):
  - high: 107.763 on September 2,
  - low: 103.062 on January 8,
  - average price: euro 105.637 (based on closing prices).

Euro 500 million Eurobond issued on October 28, 2016 with maturity in 2023

Publicis Groupe

- Listed on: Euronext Paris;
- First day listed: November 3, 2016;
- Changes in the trading price on Euronext Paris in 2019:
  - high: 102.066 on September 2,
  - low: 98.102 on January 8,
  - average price: euro 100.485 (based on closing prices).

Euro 2.25 billion Eurobond issued in three tranches on June 5, 2019 with maturity in 2025, 2028 and 2031

MMS USA Financing Inc.

- Listed on: Euronext Paris;
- First day listed: June 7, 2019;
- Changes in the trading price on Euronext Paris in 2019:
  - a euro 750 million tranche maturing on June 13, 2025, with an annual coupon of 0.625% (ISIN code: FR0013425139):
  - high: 101.352 on September 2,
  - low: 98.164 on December 2,
  - average price: euro 99.822 (based on closing prices)
  - a euro 750 million tranche maturing on June 13, 2028, with an annual coupon of 1.25% (ISIN code: FR0013425147):
  - high: 104.528 on August 28,
  - low: 98.890 on June 17,
  - average price: euro 101.775 (based on closing prices),
  - a euro 750 million tranche maturing on June 13, 2031, with an annual coupon of 1.75% (ISIN code: FR0013425154):
  - high: 107.381 on August 28,
  - low: 99.158 on June 17,
  - average price: euro 103.719 (based on closing prices).

CHAPTER

GENERAL SHAREHOLDERS' MEETING

9

In view of the Covid-19 pandemic, and in accordance with Order 2020-321 of March 25, 2020, the **Combined Ordinary and Extraordinary Shareholders' Meeting of Publicis Groupe SA will be held behind closed doors, without the physical presence of the shareholders** and other persons entitled to attend.

Prior to this Meeting, the legal documents and information will be communicated to shareholders, in accordance with the applicable laws, and notably by electronic consultation on the Publicis Groupe website.

Voting will only take place remotely, prior to the Combined Ordinary and Extraordinary Shareholders' Meeting. Shareholders are invited to vote remotely via the postal voting form or by Internet via the secure voting platform VOTACCESS or by giving a proxy to the Chairman of the Meeting.

The voting form as well as the other documents for the Meeting will be posted on the website www.publicisgroupe.com in the section dedicated to the General Shareholders' Meeting.

During the Combined Ordinary and Extraordinary Shareholders' Meeting, it will not be possible to ask questions or table draft amendments or new resolutions.

The procedures for voting at and conducting the Combined Ordinary and Extraordinary Shareholders' Meeting could change and if so would then be specified in a press release and available on the website. Shareholders are invited to regularly consult the section dedicated to the General Shareholders' Meeting on the Company's website: www.publicisgroupe.com

CHAPTER

ADDITIONAL INFORMATION

10

10.1 DOCUMENTS ON DISPLAY

During the validity of this Universal Registration Document, the Company's bylaws, minutes of the General Shareholders' Meetings, as well as reports of the Management Board and the statutory auditors, and all other documents addressed or available to shareholders as required by law are available at the registered office of Publicis Groupe SA, 133, avenue des Champs-Élysées, 75008 Paris.

The Company's bylaws are also available on the Publicis Groupe's website (www.publicisgroupe.com).

The Parent Company financial statements and the consolidated financial statements of Publicis Groupe SA for the financial years ended December 31, 2018 and December 31, 2019 are available at the registered office of the Company, in accordance with the laws and regulations in effect, as well as on the Publicis Groupe website (www.publicisgroupe.com) and on the website of the Autorité des Marchés Financiers (the French Financial Markets Authority, or AMF) (www.amf-france.org).

Furthermore, historical financial information for any direct or indirect subsidiary of the Company for the years ended December 31, 2018 and December 31, 2019 is available at the registered office of such subsidiary, in accordance with applicable laws and regulations.

10.2 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND DECLARATION

10.2.1 Person responsible for the Universal Registration Document

Arthur Sadoun, Chair of the Management Board of Publicis Groupe SA (“the Company”).

10.2.2 Declaration of the person responsible for the Universal Registration Document

I confirm, having exercised reasonable due diligence in this regard, that, to the best of my knowledge, the information in this Universal Registration Document is true and contains no material omission.

I also confirm that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the Company’s assets, financial position and profit, as well as those of its consolidated subsidiaries, and that the management report, the various components of which are indicated in the cross-referencing table in Section 10.7, provides a fair view of the progress of the business, results and financial position of the Company and all its consolidated subsidiaries, and a description of the main risks and uncertainties that they face.

I have obtained from the statutory auditors an end-of-engagement letter (*lettre de fin de travaux*), in which they state that they have verified the financial position and financial statements in this Registration Document, and have reviewed this Registration Document.

Signed in Paris, on April 24 2020

Arthur Sadoun,

Chair of the Management Board

10.3 STATUTORY AUDITORS

10.3.1 Principal statutory auditors

Ernst & Young et Autres

Member of the Versailles Regional Company of statutory auditors

Represented by Valérie Desclève and Nicolas Pfeuty

1/2, place des Saisons, 92400 Courbevoie – Paris La Défense 1

Appointed at the General Shareholders' Meeting of June 4, 2007; appointment renewed most recently at the General Shareholders' Meeting of May 29, 2019, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2024.

Ernst & Young et Autres replaced Ernst & Young Audit, a company belonging to the same network, which had been appointed statutory auditor by the General Shareholders' Meeting of June 14, 2001.

Mazars

Member of the Versailles Regional Company of statutory auditors

Represented by Ariane Mignon and Olivier Lenel

61, rue Henri-Regnault, Tour Exaltis, 92400 Courbevoie

Appointed at the General Shareholders' Meeting of June 25, 1981; appointment renewed most recently at the General Shareholders' Meeting of May 31, 2017, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2022.

10.3.2 Alternate statutory auditors

Gilles Rainaut

61, rue Henri-Regnault, Tour Exaltis, 92400 Courbevoie

Appointed at the General Shareholders' Meeting on June 1, 2010; appointment renewed at the General Shareholders' Meeting of May 25, 2016 for a term of six years, expiring at the General Shareholders' Meeting that will be called to approve the financial statements for the year ending December 31, 2021.

10.3.3 Resignation, termination or non-reappointment

Auditex's term of office as Alternate statutory auditors expired at the end of the General Shareholders' Meeting on May 29, 2019. In accordance with article L. 823-1 I of the French Commercial Code, the Company has not engaged a new Alternate statutory auditor.

10.4 FINANCIAL INFORMATION FOR Q1 2020

Net revenue in Q1 2020

Publicis Groupe net revenue in Q1 2020 was euro 2,481 million, a 17.1% increase from euro 2,118 million in 2019. The effects of exchange rate fluctuations had a positive impact of euro 33 million. Acquisitions (net of disposals) had a positive contribution on net revenue of euro 393 million, mainly reflecting the contribution of Epsilon and to a lesser extent that of Rauxa, partially offset by the disposals of PHS and Proximedia.

Organic growth was -2.9%, an encouraging performance due in part to the performance of the United States and despite the initial impacts of Covid-19.

/ Breakdown of Q1 2020 net revenue by geographic region

	Net revenue			
In millions of euros	**Q1 2020**	**Q1 2019**	**Growth reported**	**Growth organic**
Europe	578	633	-8.7%	-9.2%
North America	1,555	1,139	+36.5%	+0.5%
Asia Pacific	219	207	+5.8%	-1.9%
Latin America	54	66	-18.2%	-10.9%
Middle East & Africa	75	73	+2.7%	+0.6%
Maturity	**2,481**	**2,118**	**+17.1%**	**-2.9%**

Europe posted a decline in net revenue of 8.7% and 9.2% on an organic basis. Several countries in the region had strong comparables last year, as well as experiencing a sharp drop in activity in March as the pandemic spread and containment measures were extended. France and the United Kingdom reported declines in net revenue of 12.9% and 9.6% in organic terms in the quarter. Italy and Germany recorded declines of 6.1% and 7.1% respectively.

North American net revenue rose 36.5% in the first quarter of 2020, with the contribution of Epsilon. On an organic basis, the performance was +0.5%. This includes organic growth of 0.2% in the United States, and a good performance in Canada with organic growth of 3.1%. The underlying trend is encouraging, particularly in the first two months of the year, when the creative and media sectors grew by 5% in the United States. In addition, Publicis Sapient's performance was up slightly in the United States in the first quarter, thanks to the initial effects of its repositioning in digital business transformation. It should also be noted that Epsilon 2.0, the core of their data and tech expertise, which represents 80% of their historical business, recorded stable net revenues for the quarter, after a solid 5% increase over the first two months of the year.

Asia-Pacific posted growth of 5.8% on a reported basis and a 1.9% decrease on an organic basis. China, the country most affected by the Covid-19 pandemic for most of the first quarter, was severely affected and recorded a 15.3% decline. This negative growth was offset by a strong performance in other countries in the region, notably in India with +12.7% on an organic basis and thanks to South-East Asian countries such as Singapore and Thailand.

Latin America reported a decline of 18.2% in net revenue on a reported basis and 10.9% on an organic basis. Most of the countries in this region experienced a decline, but Brazil, with -20.5% on an organic basis, explains most of it, due to contract losses in 2019, postponements of customer campaigns and the closure of an agency in the first half of 2019.

The Middle East and Africa region recorded growth of 2.7% on a reported basis and +0.6% organically, despite a very high base in the previous year, particularly at Publicis Sapient.

Net debt and liquidity

As of March 31, 2020, net debt amounted to euro 4,094 million, compared to euro 2,713 million at the end of 2019 and euro 885 million at the end of March 2019. The increase is mainly due to the acquisition of Epsilon in July 2019.

The Group's average net debt was euro 3,486 million in the first quarter of 2020, compared to euro 229 million in the first quarter of 2019.

The Group's liquidity position remains very solid, at euro 4.7 billion, a level similar to that of a year ago, before the acquisition of Epsilon. The Group is actively managing its cash position and has drawn down its entire euro 2 billion revolving credit line, on a preventive basis, with no impact on net debt at the end of March, to address any potential short-term impact of the global pandemic on its activities.

Decisions on exceptional measures

The Group also announced in the press release of its Q1 2020 results:

- a euro 500 million cost savings plan to adapt to this new environment and prepare the exit from the crisis;
- a reduction of 50% to the proposed dividend, at euro 1.15 per share, paid in September;
- a 30% reduction in the fixed compensation of the Chairman of the Supervisory Board and the Chairman of the Management Board, and a 20% reduction for members of the Management Board.

10.5 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

This cross-reference table lists the main information stipulated by Annexes 1 and 2 to Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Regulation (EU) 2017/1129 dated June 14, 2017.

		Page no.	Section no.
12.	**Management, supervisory bodies and executive management**		
	12.1. Members of management and supervisory boards	48 to 69	3.1.1; 3.1.2
	12.2. Conflicts of interest	68 to 69; 123	3.1.1.4; 3.3.1
13.	**Compensation and benefits**		
	13.1. Amount of compensation paid and benefits in kind	79 to 120	3.2.1; 3.2.2
	13.2. Total amounts set aside or accrued by the issuer to provide for pension, retirement or similar benefits	97 to 99; 100 to 102; 102 to 105; 106 to 108; 217 to 222; 243	3.2.2.3; 3.2.2.4; 3.2.2.5; 3.2.2.6; 6.6 (Notes 21 and 31)
14.	**Board practices**		
	14.1. Date of expiry of terms of office	48 to 67	3.1.1.1; 3.1.1.2
	14.2. Service contracts between members of the administrative, management or supervisory bodies	68 to 69	3.1.1.4
	14.3. Information about the Audit and Compensation Committees	48 to 67; 71; 74 to 77	3.1.1.1; 3.1.3.2; 3.1.3.9
	14.4. Compliance with the applicable corporate governance regime	78	3.1.4; 3.1.5
	14.5. Potential material impacts on corporate governance	48 to 67; 68	3.1.1.1; 3.1.1.3
15.	**Employees**		
	15.1. Number of employees and breakdown	127; 202	4.1.1; 6.6 (Note 3)
	15.2. Shareholdings and stock options	120 to 121	3.2.3
	15.3. Agreement on employee share ownership	295 to 296	8.3.6
16.	**Main shareholders**		
	16.1. Shareholders holding more than 5% of the share capital or voting rights	288 to 289	8.2.1
	16.2. Existence of different voting rights	287	8.1.6
	16.3. Control of the issuer	289	8.2.2
	16.4. Agreements known to the issuer, the operation of which may result in a change in control	289	8.2.3
17.	**Related party transactions**	123; 243	3.3; 6.6 (Note 31)
18.	**Financial information concerning the assets and liabilities, financial position and profits and losses**		
	18.1. Historical financial information	183 to 249; 257 to 280	6; 7
	18.2. Intermediate and other financial information	307 to 308	10.4
	18.3. Auditing of historical annual financial information	250 to 255; 281 to 284	6.7, 7.6
	18.4. Pro forma financial information		N/A

		Page no.	Section no.
	18.5. Dividend policy	181	5.6
	18.6. Legal and arbitration proceedings	43; 216 to 217	2.1-9; 6.6 (Note 20)
	18.7. Significant change in financial position		N/A
19.	**Additional information**		
	19.1. Share capital	290 to 296	8.3
	19.2. Memorandum of incorporation and bylaws	286 to 287; 289	8.1.2; 8.1.6; 8.2.2; 8.2.3
20.	**Major contracts**	37	1.5
21.	**Documents available**	304	10.1

10.6 CROSS-REFERENCE TABLE FOR THE ANNUAL FINANCIAL REPORT

In order to facilitate the reading of the annual financial report, the following thematic table makes it possible to identify the main information required by article L. 451-1-2 of the French Monetary and Financial Code in this Registration Document.

10.7 CROSS-REFERENCE TABLE FOR THE MANAGEMENT REPORT

Commentary on the financial year

	Page no.	Section no.
Situation and business activities of the Company and the Group	22 to 34	1.1; 1.2; 1.3
Business results of the Company and the Group	184 to 186; 258 to 260; 278 to 279; 280	6.1 to 6.3; 7.1; 7.2; 7.4 (Note 27); 7.5
Objective and exhaustive analysis of business developments, results and financial position of the Company and the Group	34 to 37; 170 to 180	1.4; 5.1 to 5.5
Key performance indicators of a financial and, as the case may be, non-financial nature relating to the Company's specific activity, including information on environmental and employee matters	126 to 167; 172 to 178	4; 5.2; 5.3; 5.4
Key events occurring between the reporting date of the financial year and the date the report is prepared	40; 137; 151; 171; 178; 182	2.1; 4.1.4.2; 4.4.2.5; 5.1; 5.4.5; 5.7
Foreseeable development of the Company and the Group	37; 182	1.4.3; 5.7
Dividends distributed over the three preceding years and amount of income distributed during the same years eligible for 40% deduction	181	5.6
Investments or controlling interests in companies headquartered in French territory	27; 34 to 37	1.2.2; 1.4.1

Presentation of the Group

	Page no.	Section no.
Description of the main risk factors and uncertainties faced by the Company and Group	40 to 43	2.1
Indications of financial risks linked to the effects of climate change and presentation of measures taken to reduce them through implementation of a low carbon strategy	152; 156 to 160; 164	4.4.2.6; 4.5; 4.8
Main features of internal control and risk management procedures relating to the preparation and processing of the accounting and financial information	44 to 46	2.2
Indications of objectives and policy regarding each main category using hedge accounting, and the exposure to risks relating to prices, credit, liquidity and cash flow (use of financial instruments by the Company)	43; 176 to 178; 195; 222 to 227; 231 to 233; 234 to 236	2.1; 5.4; 6.6 (Notes 1.3, 22, 27, 28)
Declaration of non-financial performance	126 to 167	4
Duty of care plan to identify risks and prevent serious infringements in the areas of human rights, fundamental freedoms, health, security and the environment, resulting from the activity of the Company and of the companies it controls and from the activities of sub- contractors and suppliers	149 to 152	4.4.2
Research and development activities	193	6.6 (Note 1.3)
Existing branches		N/A

Company information and capital structure

	Page no.	Section no.
Transactions in the Company's shares by managers and related persons	122	3.2.4
Details of purchases and sales of treasury shares during the financial year	293 to 294	8.3.3
Any adjustments for securities giving access to the share capital or stock options	230; 272	6.6 (Note 26); 7.4 (Note 24.1.2)
Major shareholders and treasury shares	288 to 289	8.2.1
Employee shareholding	238 to 242; 272 to 275; 295 to 296	6.6 (Note 30); 7.4 (Note 24.1.3); 8.3.6
Conditions for exercise and retention of stock options by the executive corporate officers	238 to 242	6.6 (Note 30)
Conditions for retaining free shares attributed to executive corporate officers	82 to 92; 238 to 242	3.2.1.4; 3.2.1.5; 6.6 (Note 30)
Notice given to another stock company that the Company owns over 10% of its share capital		N/A
Disposal of shares carried out in order to rectify any situation of reciprocal shareholding		N/A
Injunctions or fines issued by the French Competition authority for anti-competitive practices, and which the authority has ordered, as an additional measure, to be mentioned in the management report		N/A

Elements pertaining to the financial statements

	Page no.	Section no.
Company's results over the past five years	280	7.5
Information on payment periods for suppliers and customers: number and total amount of unpaid invoices received and issued	179 to 180	5.5
Amount of loans granted in accordance with article L. 511-6 of the French Monetary and Financial Code		N/A

10.8 CROSS-REFERENCE TABLE FOR THE CORPORATE GOVERNANCE REPORT

Corporate governance

	Page no.	Section no.
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10.10 HISTORICAL FINANCIAL INFORMATION INCORPORATED BY REFERENCE

Pursuant to article 19 of EU Regulation no. 2017/1129 of June 14, 2017, the following information is incorporated by reference into this 2019 Universal Registration Document:

- the consolidated financial statements for the 2018 financial year drawn up in accordance with IFRS, the statutory auditors' report relating thereto, as well as changes in the financial position and earnings from Group operations for the 2018 financial year, which are shown respectively on pages 175 to 255 and 162 to 170 of the 2018 Registration Document filed with the AMF on April 16, 2019, under no. D. 19-0344;
- the Company's annual financial statements for the 2018 financial year drawn up in accordance with French accounting standards, the statutory auditors' report relating thereto, as well as the statutory auditors' special report on related-party agreements for the 2018 financial year, which are shown respectively on pages 257 to 285 and 118 to 120 of the 2018 Registration Document filed with the AMF on April 16, 2019, under no. D. 19-0344;
- the consolidated financial statements for the 2017 financial year drawn up in accordance with IFRS, the statutory auditors' report relating thereto, as well as changes in the financial position and earnings from Group operations for the 2017 financial year, which are shown respectively on pages 155 to 214 and 141 to 149 of the 2017 Registration Document filed with the AMF on April 20, 2018, under no. D. 18-0359;
- the Company's annual financial statements for the 2017 financial year drawn up in accordance with French accounting standards, the statutory auditors' report relating thereto, as well as the statutory auditors' special report on related-party agreements for the 2017 financial year, which are shown respectively on pages 215 to 241 and 104 to 106 of the 2017 Registration Document filed with the AMF on April 20, 2018, under no. D. 18-0359.

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