

Megatrends, risks and opportunities —

MEGATRENDS

DESCRIPTION

COVID EFFECT



TECHNOLOGY, DIGITAL AND DATA

- Artificial intelligence, connected objects
- New society of hyper-connected citizens
- Personal data is a valuable commodity

- Increase in demand for networks and digital resources, new smart and secure technological infrastructure requirements
- Roll-out of more autonomous systems requiring reactive technologies (5G) to manage bandwidth demand
- Customer anxiety heightened by lockdowns: increased need for customized offerings, real-time information and services
- The use of location data and other personal data plays a key role in contact tracing
- Increase of R&D budgets



SOCIETAL AND DEMOGRAPHIC CHANGES

- Aging population
- 68% of people will live in urban areas by 2050
- Growing influence of Generation Z
- New workplace wellbeing and human resources management models
- Increase in work-from-home arrangements

- Alleviation of the labor market talent war, as the company demand/candidate supply ratio tightens
- Reconsideration of urban area population densification
- Generation Z will enter or re-enter a labor market in the midst of a recession
- Lines between work and leisure becoming more blurry. Social distancing has resulted in the active population switching to remote work. Increasingly virtual working environments
- Education at all levels has been disrupted by the need for social distancing

The four global megatrends are increasingly interconnected and each one impacts the others. A major event such as the Covid-19 crisis can have significant consequences for these trends and accelerate or slow down their effects.

The main risks and opportunities identified by the Group are set out below in accordance with their relation to the four megatrends. The material topics have been highlighted in the materiality matrix, which is based on the Group's risk mapping and consultation with stakeholders. The Group's financial and extra-financial risk mapping, the materiality matrix and the corresponding methodologies are presented in the Teleperformance 2020 Universal Registration Document.

RISKS & OPPORTUNITIES	DESCRIPTION OF RISKS & OPPORTUNITIES	MANAGEMENT OF RISKS & OPPORTUNITIES	MATERIAL TOPICS
<ul style="list-style-type: none"> Innovation and disruptive technology System failure and cybercrime Data privacy 	<ul style="list-style-type: none"> Extremely dynamic technological evolution: adaptation to new customer expectations required in order to preempt increasing demand for customer experience transformation solutions, particularly digital Increasing use of information technology: telecommunication and IT system failure risk, malicious acts and potential internal human error, deliberate or otherwise, etc. Data privacy and compliance with the Group's obligations as both data controller and data processor 	<ul style="list-style-type: none"> TP creates a link between consumers and brands, between citizens and public authorities, in an increasingly digital society As the go-to partner for omnichannel customer experience, TP is well placed to meet the growing demand for customer experience services. "Augmented customer experience" (technology-assisted human interaction), facilitating a personalized real-time response High-tech strategy, cutting-edge technology and big data analysis. Skills development with a focus on emotional intelligence and digital competence A comprehensive security framework reduces the risk of fraud and data breaches 	<ul style="list-style-type: none"> Innovation and digitalization Data security
<ul style="list-style-type: none"> Human Resources and employee safety Geopolitical, economic and health crises Social conflicts and disputes 	<ul style="list-style-type: none"> The quality of the services delivered by the Group depends on its capacity to attract the right talent Sub-standard working, hygiene and safety conditions pose a considerable risk for employees that could impact the Company's operations and reputation Service interruptions could impact the Group's clients, consumers, employees or assets if the Group fails to implement measures to guarantee business continuity (for example during a pandemic) The Group risks being involved in various administrative, regulatory, or court proceedings; restructuring operations could damage the Group's relationships with its employees 	<ul style="list-style-type: none"> TP facilities are primarily located in urban areas, where the Company can take advantage of the growing available talent pool. Teleperformance is a major employer in numerous countries, particularly among the younger generation entering the labor market TP has developed employee retention initiatives (engagement, training, good working conditions) TP has implemented a large-scale long-term work-from-home solution: TP Cloud Campus (access to a more extensive talent pool, resilience in the event of a pandemic) Robust and recognized workplace health and safety policy and procedures, including during health crises Continuity plans Change tracking in legislation. Consultation of employee representative bodies 	<ul style="list-style-type: none"> Working conditions Employee engagement Wellbeing at work Health and safety Training & development Social dialog Impact on local employment

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RE-BALANCING OF THE GLOBAL ORDER

- Re-balancing of global economies
- Emerging countries are exporting capital, talent and innovation
- Strengthening of the regulatory framework

- Decline in global trade. The highlighting of economic inequalities and the slowdown in the historical rate of poverty reduction worldwide could fuel social unrest and populism
- Significant decline in global mobility. The fragility of global supply chains could lead multinationals to consider nearshoring more seriously. State autonomy is seen as strategic
- Unprecedented international cooperation: global problems can only be solved through global action
- Increase in public debt



CLIMATE CHANGE

- Social and economic consequences of climate change
- Scarcity of resources

- Awareness of global existential threats and the need to address problems as quickly as possible; interconnectivity and interdependence; the importance of involving everybody in addressing the crisis.
- Vulnerability of companies and the economy in the face of external shocks brought to light.

RISKS & OPPORTUNITIES	DESCRIPTION OF RISKS & OPPORTUNITIES	MANAGEMENT OF RISKS & OPPORTUNITIES	MATERIAL TOPICS
<ul style="list-style-type: none"> • Geopolitical, economic and health crises • Ethics, corruption and human rights • Client portfolio • Competition • Acquisitions • Credit risk • Other financial risks 	<ul style="list-style-type: none"> • The resurgence of political tensions and social instability or acts of terrorism; epidemic outbreaks that could lead to the closure or loss of a facility • Practices in conflict with regulations (human rights, anti-corruption, ethical business conduct) may arise in the countries in which the Group operates • Client loyalty: lower business volumes from certain clients or the loss of clients would have a negative impact on the Group's business and results • The expansion and growing complexity of the competitive environment could force the Group to reduce its prices, which could adversely impact revenues and earnings • Difficulties encountered during an acquisition process could impact earnings if the Group is unable to overcome these difficulties and achieve the expected results • In the event that a client or counterparty to a financial instrument breaches their contractual obligations, the Group could suffer a financial loss • Market (exchange rate and interest rate), liquidity and equity risk 	<ul style="list-style-type: none"> • Teleperformance is a cross-border intermediary between people in spite of isolationist trends • Strong international presence • Expansion of services targeting new domestic markets, particularly in Asia Pacific • Less than 10% of revenue generated in countries deemed uncertain by COFACE • Legal and compliance management in place in all operational regions • Assessments and audits on local practices and human rights • Client portfolio diversification in all sectors • Strengthening high value-added Specialized Services and transformation strategy to broaden the solutions portfolio • Centralized acquisition process coordinated by senior management before acquisition opportunities are reviewed and voted on by the Board of Directors • Permanent monitoring of trade and other receivables by the finance department • Sustainable financial performance, despite the crisis 	<ul style="list-style-type: none"> • Ethics and compliance • Governance • Diversity and inclusion • Client satisfaction • Supply Chain • Philanthropy
<ul style="list-style-type: none"> • Environmental risks 	<ul style="list-style-type: none"> • TP's business could present a risk to the environment in terms of excessive consumption of resources • Potential increase in natural disasters (earthquakes, hurricanes, flooding, etc.) could lead to the loss or closure of a facility 	<ul style="list-style-type: none"> • Citizen of the Planet program to reduce the Group's carbon footprint; reduced dependence on natural resources. Increased share in renewable energy • Business continuity plans and crisis cell 	<ul style="list-style-type: none"> • Combating climate change • Natural disasters