

Paris, May 15, 2023

Dear investors and analysts,

Artificial Intelligence (AI) has been researched, developed and commercialized in different forms for decades now, and it has also gone through its fair share of cycles of rapid advancement and long *'AI winters'*. More recently, generative AI (a form of AI that can generate original ideas in the form of text, speech or videos) has caught the world by storm ever since ChatGPT (a generative AI product) was launched in November 2022. During the past few years, AI, including generative AI, has been increasingly used by many organizations to significantly enhance human productivity and outcomes, but the recent hype and media frenzy following ChatGPT's launch has now made AI a boardroom and CEO agenda item, rather than just being an operational back-room topic.

Over the last four decades, Teleperformance has harnessed each major wave of technological advancement to both better support its clients on existing lines of business and to develop new services to serve existing and new clients. From laptops to mobile phones, to the internet, to smartphones, to e-commerce/ digital platforms, and to social media, each wave of technological innovation both challenged us to adapt our service delivery model and created opportunities to provide more complex services and solutions. As a leading business services company, we rose to the challenge, blending the best of available technology (High-tech) with appropriate focus on human empathy (High-touch) to deliver exceptional results for all our stakeholders – our clients, employees, shareholders and the wider society in which we operate.

Teleperformance's digital journey was significantly accelerated by the acquisition of Intelenet in 2018. Since then, the Group has built a team of over 1,800 transformation experts that have helped us to *'Sell More'* and *'Deliver Better'*. Robotics Process Automation (RPA) and AI have been the primary capabilities used by Teleperformance's transformation experts to deliver on its promise of making its clients' operations *'Simpler, Faster, Safer and more Cost Effective'*. Different facets of AI, such as process mining and RPA, machine learning, natural language processing, conversational AI and generative AI, have helped us to:

- Automate simpler interactions and low value-add tasks;
- Augment the capabilities of our front-line staff to serve the end-customer faster and more accurately, resulting in higher customer satisfaction and net promoter scores;
- Enhance and optimize Teleperformance's internal processes – like recruitment, training, quality assurance, work force management, information security, IT and HR helpdesk – to achieve faster speed to proficiency, especially among new recruits; and
- Create new lines of businesses – for example, Teleperformance has now over 3,500 staff that are engaged in data annotation and 'teaching' the AI models of its clients.

On one hand, Teleperformance has continuously explored opportunities to automate simpler activities and low value-add tasks to create commercial benefits for itself and its clients, while simultaneously the Group has partnered with its clients to provide an enhanced and personalized human-centric service for more complex interactions. **As a result, despite some cannibalization of its own business through automation, Teleperformance has been able to deliver double-digit revenue growth rates and a consistent improvement in its EBITA margins over the past five years.**

Specifically on generative AI, Teleperformance has developed its own solution that is AI-platform agnostic. The Group has also proactively identified where generative AI will be most relevant within its lines of service, and it currently has 110 projects in different stages of discussion and implementation with its clients. Among the projects that have been implemented, the benefits that we and our clients have seen include:

- Improved productivity through reduced processing times;
- Higher accuracy of response, resulting in improved first-time issue resolution;
- Faster speed to proficiency, especially among new recruits;
- Higher customer satisfaction and net promoter scores; and
- Improved employee satisfaction and reduced churn.

The ‘transformer’ was a fantastic invention from 2017 that has led to the mind-blowing capabilities of ChatGPT and has produced a revolution in AI. But the same engineering innovations that make these engines smart, also make them unreliable. Moreover, being based on a probabilistic model, its usage does not fit well with more complex, emotionally sensitive and mission-critical activities. Concerns regarding data accuracy and “hallucinations” could have outsized negative reputational consequences at an enterprise level. It is also important to note that, as per a recent Gartner poll, 70-80% of all AI projects so far have failed due to some of the above-mentioned challenges.

In this context, the widely-shared consensus is that generative AI will significantly enhance human productivity to manage interactions, but it will not replace humans. Humans are needed ‘in the loop’ to develop and manage generative AI responsibly in order to address:

- Inaccuracies and lack of appropriate contextualization;
- Ethical concerns, such as eliminating possible biases in prompt engineering; and
- Legal concerns, such as respecting intellectual property and geographic privacy laws.

In fact, ChatGPT’s own answer on whether it will replace human interactions is enlightening:

Q: Will you replace human interactions?

ChatGPT’s answer: *As an AI language model, I am designed to simulate conversation and provide information and assistance to users. While I can be helpful in many situations, I cannot completely replace human interactions. There are certain aspects of human interactions that cannot be replicated by a machine, such as emotional intelligence, empathy, and understanding of cultural and social nuances. Humans are also able to provide creativity, innovation, and problem-solving skills that are beyond the scope of AI. However, I can assist humans by providing quick and accurate information, answering common questions, and helping to automate certain tasks. This can free up time for humans to focus on more complex and strategic work and can also help to provide consistent and reliable customer service. Overall, AI language models like me are a useful tool for enhancing human interactions, but we cannot fully replace the value and importance of human interactions.*

Teleperformance is a big promoter of the use of responsible generative AI to augment human productivity. As a leader in its industry, **the Group also will take the lead and organize ‘Open Door’ visits for the investment community to some of our sites over the next 2-3 months for you to see AI in action firsthand in our operations.**

Best Regards,

Daniel Julien
Chairman and CEO | Teleperformance