New version of the Registration Document

Fiscal 2019 Universal Registration Document

including the Integrated Report

sodexo

QUALITY OF LIFE SERVICES

CONTENTS

ABOUT OUR INTEGRATED REPORT

The chapter 1 of this Universal Registration Document reflects Sodexo's decision to adopt the practice of integrated reporting, based on the recommendations of the International Integrated Reporting Council (IIRC) and our roadmap for corporate responsibility, Better Tomorrow 2025.

Managers from various departments within the Group took part in a series of workshops to jointly create the report, ensuring there is a common perspective on Sodexo's overall economic, social and environmental performance.

This Integrated Report covers Fiscal 2019 and draws on information from the Universal Registration Document in which it is published.

SODEXO
AT A GLANCE

SUSTAINABLE AND INCLUSIVE BUSINESS MODEL

Founded in 1966 by Pierre Bellon, Sodexo is the global leader in Quality of Life services.
Sodexo is the world's only company offering **On-site Services, Benefits & Rewards Services and Personal & Home Services.**
Sodexo's services contribute to the performance of our clients, the satisfaction of our consumers, the fulfillment of our teams and the economic, social and environmental development of our local communities.

KEY FIGURES AS OF AUGUST 31, 2019

22
billion euro in consolidated revenues

470,000
employees

67
countries

100
million consumers served daily

#1
France-based private employer worldwide[(1)]

69%
employee engagement rate[(2)]

#1
in its industry sector in both the Dow Jones Sustainability Index (DJSI)[(3)] and the 2019 SAM Sustainability Yearbook[(4)]

#2
in its sector among Fortune magazine's 2019 list of World's Most Admired Companies

and #1
in the categories of Innovation and Social responsibility

Source: Sodexo

1 **2019 Forbes Global 2000 ranking**.
2 **2018 employee engagement survey** sent to 386,262 Sodexo employees of whom 62% responded.
3 **The Dow Jones Sustainability Indices (DJSI)** provide a global ranking of the companies most advanced in the area of sustainable development. They are jointly compiled by the Standard & Poor's Dow Jones Indices and SAM.
4 **The SAM Sustainability Yearbook** is the world's most comprehensive publication on corporate sustainability performance. More than 2,600 companies were evaluated according to economic, financial, social and environmental indicators.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on November 20, 2019 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said regulation.
The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.
This Universal Registration Document is available on Sodexo's website, www.sodexo.com and on the website of the AMF, www.amf-france.org.

1

UNLOCKING OUR POTENTIAL

Whether enjoying a healthy lunch with colleagues, working efficiently in a well-designed workspace, appreciating a cultural performance or interacting with one's community, Sodexo, world leader in Quality of Life services, enhances the moments that touch our daily lives, ensuring that they have a positive impact on our health and well-being as well as on our neighborhoods, our cities and our planet. Since 1966, the Group has remained committed to this mission of sustainably improving quality of life for those it serves and for the communities in which it operates. Together, fueled by the energy and professionalism of its 470,000 employees, Sodexo has embarked on a new phase of profitable and sustainable growth.

OUR FUNDAMENTALS

A GLOBAL, INDEPENDENT, PEOPLE-FOCUSED COMPANY

Sodexo is the community of our consumers, clients, employees and shareholders. To meet their expectations, we have built a business model based on profitable organic growth in revenues. The strength of this model is reflected in our fundamentals.

Since Sodexo's inception, **our mission, our values** and **our ethical principles** have guided the work of all employees.

OUR MISSION

Improve the quality of life of our employees and those we serve, and contribute to the economic, social and environmental development of the communities, regions and countries in which we operate.

OUR VALUES

- Service spirit
- Team spirit
- Spirit of progress

OUR ETHICAL PRINCIPLES

- Loyalty
- Respect for people and equal opportunity
- Transparency
- Business integrity

A CONSUMER AND CLIENT-FOCUSED CULTURE

One of the keys to our ability to develop and expand a unique range of Quality of Life services has been our in-depth understanding of the needs of clients and end-users. To leverage our knowledge of the challenges faced by our clients and to adapt to the globalization of our markets, our organization is structured around global client segments for our On-site Services. This segment-based approach enables us to better capitalize on our size and global footprint, thereby increasing the value we bring to our clients. This model also helps us to meet the needs of our consumers, which can differ greatly from segment to segment.

DEVELOPING OUR EMPLOYEES

Sodexo is one of the world's largest employers and a company of people at the service of other people. Our people have been at the core of our development in the past but will be even more so in the future. Sodexo's continued growth is the result of the performance, development, professionalism and engagement of its diverse teams.

Recognizing each individual's contribution to the Group's success is a priority. We are committed to being an employer of choice by providing jobs, learning opportunities and internal progression for our people that will enable them to thrive within the Group.

AN INTEGRATED OFFER THROUGH THREE ACTIVITIES

Through our three activities: On-site Services, Benefits & Rewards Services, and Personal & Home Services, we offer a holistic response to client needs and provide services that enable us to accompany consumers throughout their lives.

We leverage the synergies that exist among our three activities, such as business development opportunities and global brand awareness. Shared organizations and infrastructure generate cost savings while multiple career gateways offer significant opportunities for our employees.

A WORLDWIDE COMPANY RESPONDING TO MAJOR GLOBAL TRENDS

Major global trends are bringing new quality of life issues to the surface. Demographic changes such as aging populations and urbanization are leading to an explosion in the need for home care services and facilities for the elderly.

Operating in 67 countries and with undisputed leadership in developing economies, Sodexo's global network enables us to customize our integrated offer while delivering a consistently high level of services worldwide. These services in turn create value for our clients and improve the daily life of our consumers while respecting our economic, social and environmental commitments.

INDEPENDENCE ENSURED THROUGH FOUNDING FAMILY SHAREHOLDING

Independence enables us to sustain our values, focus on a long-term strategy, maintain management continuity and ensure our sustainability.

Our independence is ensured through the Bellon family shareholding: Mr and Mrs Pierre Bellon and their children control 72.6% of our controlling holding company, Bellon SA.

As of August 31, 2019, Bellon SA held 42.2% of Sodexo's capital and 56.6% of the exercisable voting rights. In June 2015, Mr and Mrs Pierre Bellon and their children entered into an agreement for a duration of 50 years, which prevents his direct descendants from freely disposing of their shares in Bellon SA. The sole asset of Bellon SA is its holding in Sodexo shares and Bellon SA does not intend to sell this shareholding to third parties.

The sustained commitment required to build a truly international organization and a strong management team, nurture lasting client relationships and develop a successful integrated offer, reflects this vision.

OPERATING WITH INTEGRITY AND RESPECTING HUMAN RIGHTS

Central to its values and ethical principles, respect for human rights is a pillar of Sodexo's commitment to business integrity and essential to its mission. Sodexo conducts its business in a manner that does not infringe upon the human rights of others and works to identify, prevent and mitigate any adverse impacts that may result from its business activities. All employees and partners are expected to observe this commitment, which is based on the international human rights principles set forth in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nation's Guiding Principles on Business and Human Rights and Sodexo's Human Rights Policy and Fundamental Rights at Work charter and Guide.

See Chapter 3, page 74.

MESSAGE FROM SOPHIE BELLON

SOPHIE BELLON CHAIRWOMAN OF THE BOARD OF DIRECTORS

Environmental challenges, migrant crises, aging populations, the growth of inequality, the collapse of community solidarity, the breakdown of integration and social mobility, of education and training... Companies everywhere are now expected to show that they are making a contribution in fields that go far beyond the scope of their actual activity. But few companies are as involved in the major issues facing our world today as Sodexo. Very few are able to have an impact as definitive as ours.

Our presence in 67 countries around the world, our 470,000 employees caring for 100 million people every day, our strong local presence, the wide scope of our business activities and the diverse sectors in which we operate allow us to make significant economic, social and environmental contributions. This has been a central aspect of Sodexo's mission from the beginning, and an integral part of how we measure our performance.

Today, accelerated technological progress is contributing to these global trends, profoundly transforming our markets. Traditional supply and demand mechanisms for services are changing. The direct link we have with the end-users of our services is growing stronger. All this is inspiring us to review our value creation models.

In this complex environment, we remain focused on our top priority: accelerating profitable growth. We intend to succeed in the battles we will choose to take on: our markets are evaluated at 900 billion euros, offering tremendous opportunity for development. It will be increasingly important for us to make the right choices if we want to fully benefit from this opportunity.

To build a promising future, we need to make winning bets through active targeting of investments. The market potential in the food services industry, in particular, is immense – over 300 billion euros.

"Making selective choices will allow us to achieve our goal of one day improving the quality of life of over one billion people around the world."

Sophie Bellon

"Healthy management practices and the stability provided by our financial independence have given us a strong, solid foundation. We have the capacity to make the investments our growth will require."

1

At a time when food is at the heart of many challenges, whether social, environmental or health-related, we want to mobilize the unparalleled expertise that we have developed over the years to promote healthy meals that preserve natural resources and promote social balance.

One thing is certain: making selective choices will allow us to satisfy our hereditary appetite for conquest and help achieve our goal of one day improving the quality of life of over one billion people around the world.

This goal is more than just a slogan. We want to continue serving people in their own communities, at the heart of the social and economic realities in which they live. Our employees live and work there too, and it's where our added value is brought to life. The maintenance of these social connections and the vitality of these local ecosystems must help inform and guide our future decisions. Local reality will continue to be our key to understanding the needs of the world.

We pay rigorous attention to human development, another vital aspect of our future. The people who care for our consumers every day, listen to our clients, and train and engage their teams will continue to be our most precious resource in the future. In today's world, attracting new talent and identifying and developing the talent we already have is a major challenge and an essential element of our differentiation.

I do not believe in a world that will continue to progressively disintermediate forever. Influenced by technological progress, social connections and human capital will continue to create more and more value. But the pace is accelerating: never before has the tension been so high between short and long-term challenges.

Healthy management practices and the stability provided by our financial independence have given us a strong, solid foundation. We have the capacity to make the investments our growth will require. With our business fundamentals that have been the backbone of our success for 53 years, with Denis Machuel and our Sodexo employees, and with the support of our Board of Directors, we will make the choices that will allow us to go further and faster to address the constantly-evolving needs of our clients and consumers.

It is the commitment of our employees to their clients, their consumers, their teams and their regions that will make this possible. I want to thank them because their hard work and dedication have made Sodexo the major company it is today.

OUR BOARD OF DIRECTORS

SHARING A LONG-TERM VISION

For Sodexo, the long-term vision that accompanies family control, is a key to the company's success. Under the leadership of Chairwoman Sophie Bellon, the Board of Directors, composed of seven women and five men, determines the strategic orientations of the company.

THE BOARD OF DIRECTORS AS OF AUGUST 31, 2019

SOPHIE BELLON
Chairwoman of the Board

Independent Directors 6

EMMANUEL BABEAU
Deputy Chief Executive Officer of Schneider Electric SE

SOUMITRA DUTTA
Dean and Professor of Management, Cornell University

ROBERT BACONNIER
Director

SOPHIE STABILE
Founder and Chairwoman of Révérence
Chairwoman of the Audit Committee

FRANÇOISE BROUGHER
Chief Operating Officer, Pinterest

CÉCILE TANDEAU DE MARSAC
Chairwoman of the Compensation and Nominating Committees

4 Family Directors

ASTRID BELLON
Member of the Orientation Committee, Pierre Bellon Foundation

FRANÇOIS-XAVIER BELLON
Founder and Chief Executive Officer of LifeCareers Ltd

NATHALIE BELLON-SZABO
Chief Executive Officer, Sodexo Sports & Leisure Worldwide, On-site Services

2 Employee representatives

PHILIPPE BESSON
Head of Projects and Sponsorship

CATHY MARTIN
Regional Manager

Directors proposed for nomination at 2020 Shareholders Meeting

VÉRONIQUE LAURY

LUC MESSIER

- Audit Committee member
- Nominating Committee member
- Compensation Committee member

PIERRE BELLON
Chairman Emeritus
Founder of Sodexo and Chairman of the Supervisory Board of Bellon SA

BOARD OF DIRECTORS KEY FIGURES AS OF AUGUST 31, 2019

60% Independent Directors*

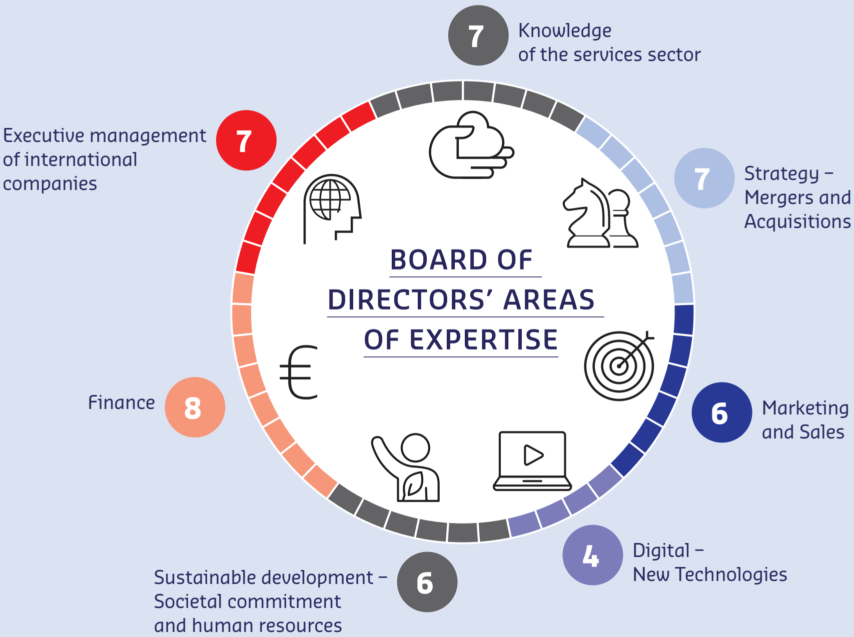
4 Nationalities

14 Average years in office

91% Average attendance rate

60% Women*

56 Average age



BOARD OF DIRECTORS COMMITTEES

AUDIT COMMITTEE
5 members
75% Independence*
97% Average attendance rate

NOMINATING COMMITTEE
4 members
50% Independence
100% Attendance rate

REMUNERATION COMMITTEE
4 members
100% Independence*
100% Attendance rate

For more information on Sodexo's governance, see Chapter 5.

* Excluding employee representatives.

11 GLOBAL MEGATRENDS

ADAPTING OUR OFFERS TO BUILD THE FUTURE

Preparing for the future means being aware of the world's great transformations. By defining and analyzing 11 major megatrends with demographic, social, environmental, economic and technological implications, we are fine-tuning our strategy and adapting our offers.

Half of the world's top 500 companies did not exist 25 years ago. This speaks volumes about the pace and magnitude of the changes we are undergoing, from Europe to Asia, from the Americas to Africa and Australia. Whether social, environmental, economic or technological, these changes are occurring at an unprecedented speed and scale.

Understanding these 11 megatrends allows us to invest the right resources where they are needed, for example, by developing new businesses or strengthening our global footprint. We are also evolving our offerings to respond to new expectations while creating value for our company.

1. DEMOGRAPHIC SHIFTS

Sodexo responds to these challenges

Developed countries are faced with a rapidly aging population due in part to slow population growth estimated at 2.9% between 2015 and 2030. Meanwhile, developing countries are expected to experience average population growth of 18.5% between 2015 and 2030[1].

1 billion humans will be older than 65 in 2030, and will represent 13% of the world's population[2].

- We are developing a range of services that enhance quality of life for seniors at home, such as Amelis and Comfort Keepers©.

2. URBANIZATION

Rapid urbanization is contributing to the increase in GDP per capita, but the emergence of mega-cities (>10 million inhabitants) is creating enormous economic and social challenges. In 2030, megacities will generate 72% of global GDP.

24 of the world's 31 megacities in 2030 will be in developing countries[3].

- We offer foodservices solutions adapted to the increased mobility of employees.
- We have strong positions in Brazil, China and India.

3. EMERGING MIDDLE CLASS

Education and technologies are transforming consumption modes and habits. The middle class, whose purchasing power is on the rise and which will represent most of the consumers in 2022, are dedicating an increasing share of their budget to leisure and culture.

60% of the world's population will be part of the middle class in 2030, compared to 27% in 2009[4].

- We have strong expertise in the field of sporting and cultural events.
- We offer services focused on sports, wellness and quality of life to meet the aspirations of the growing middle class.

4. GLOBAL ECONOMY

Capital, information and talent are now interconnected and trade is growing, providing companies with new sources of growth.
At the same time, consumers prefer locally-sourced products.

The share of exports in GDP will increase from 26% in 2010 to **33%** in 2030[5].

- We encourage innovations from the front line and share best practices among our sites.
- We source responsibly and give preference to fair trade-certified products.

1 Roland Berger Trend Compendium, UN DESA.
2 United Nations, Population Division.
3 GCIF Working Paper No. 4: Population predictions of the 101 largest cities in the 21st century.
4 The unprecedented rise of the middle class: Homi Khara.
5 McKinsey Global Institute, Boston Consulting Group RB Trend Compendium 2030.

5. DEVELOPING ECONOMIES

Sodexo responds to these challenges

Developing economies are creating wealth for millions of people. Their weight in the world economy is increasing due to rapid population growth seven times faster than that of developed countries, combined with the rise of the middle class.

By 2025, almost **50%** of the world's Fortune 500 companies will be based in developing markets[1].

- We are positioned as a major provider of services in developing economies and contributing to their local communities' economic and social development.
- We have invested in leading technology companies in China and India.

6. PUBLIC DEFICITS

The weight of public debt is leading governments to consider more efficient ways to provide public services and to outsource certain services. Between now and 2030, rising public deficits and persistent youth unemployment will strongly impact public policies and taxation.

Public debt will amount to **98%** of world GDP in 2035[2].

- We partner with local authorities to create and operate Public-Private Partnerships (PPP).
- We offer competitive Quality of Life services that enable public spending to be optimized.

7. ENVIRONMENTAL ISSUES AND RESOURCE SCARCITY

8.6 billion inhabitants in 2030: the demographic boom is weighing on natural resources, heightening global warming and disrupting traditional consumption patterns.

Energy, water and food consumption will increase by **50, 40** and **20%** respectively by 2030[3].

- We are deploying facilities management services to help reduce carbon emissions from the sites while advocating sustainable use of resources.
- We are investing in the deployment of WasteWatch, our global food waste prevention program.

8. EMPOWERED CONSUMERS

Consumers and clients now have unlimited access to information and expect personalized services and experiences. The niche culture is growing and B to B is naturally following in the footsteps of B to C.

69% of shoppers are willing to trade their personal information for personalized services[4].

- We create comfortable, safe and healthy working environments.
- We improve quality of life through diversified offers and innovations such as click-and-collect[5], delivery of meals and subscriptions[6]...

9. DIGITAL TRANSFORMATION

Technology disrupts the relationship between companies and users and responds to their new expectations. As the value of data grows, offering new insights and usages, companies are able to increasingly personalize their offers.

85% of websites are tracking internet users' online behaviors to propose personalized offers[7].

- Our digital platforms and apps provide information about menus, restaurant patronage, user accounts, restaurants and shops accepting Sodexo service vouchers and cards, and reservations at Childcare centers.

10. USE VS. OWNERSHIP

Why buy if you can subscribe or rent? Collaborative platforms are revolutionizing business models and buying behaviors. With their lower capital intensity, these business models can generate much more rapid growth than traditional ones.

Online shipments will increase by **25% per year** through 2020 and by 15% beginning in 2021[8].

- We are developing concierge and car-sharing options.
- We offer work space booking platforms like Neo-Nomade or Wx, which provide companies with the flexibility they need while contributing to the work-life balance of employees.

11. FUTURE OF WORK

Disruptive technologies such as artificial intelligence, robotics or the Internet of Things... all are profoundly transforming the world of work. To succeed, companies must support employability and attract talent.

60% of jobs have at least one-third of their work load that can be automated[9].

- We will train employees and help them re-skill to adapt to new requirements and the automatization of the work environment.
- We are using robots to deliver meals at universities in the U.S.

1 McKinsey: The Shifting Global Business Landscape.
2 Joseph Gagnon with Marc Hinterschweiger, June 2011. The Global Outlook for Government Debt Over the Next 25 Years. Implications for the Economy and Public Policy.
3 PwC megatrends.
4 EY- Empowered Customer.
5 Click-and-collect enables online reservations and collection of purchases at the point of sale.
6 Digital platforms allow subscribers to receive basic products and ingredients at a special rate to make their own meals.
7 Forrester Research.
8 Statista, Roland Berger Trend Compendium 2030, McKinsey Institute: A future that works, UN Population Division, Accenture: Harnessing Revolution.
9 McKinsey Institute: Jobs Lost, Jobs gained.

OUR VALUE CREATION MODEL

CREATING VALUE BY IMPROVING QUALITY

INPUTS/RESOURCES

470,000 engaged employees

HUMAN

22 billion euros in consolidated revenues

ECONOMIC

Innovation insight gained from **100 million** consumers

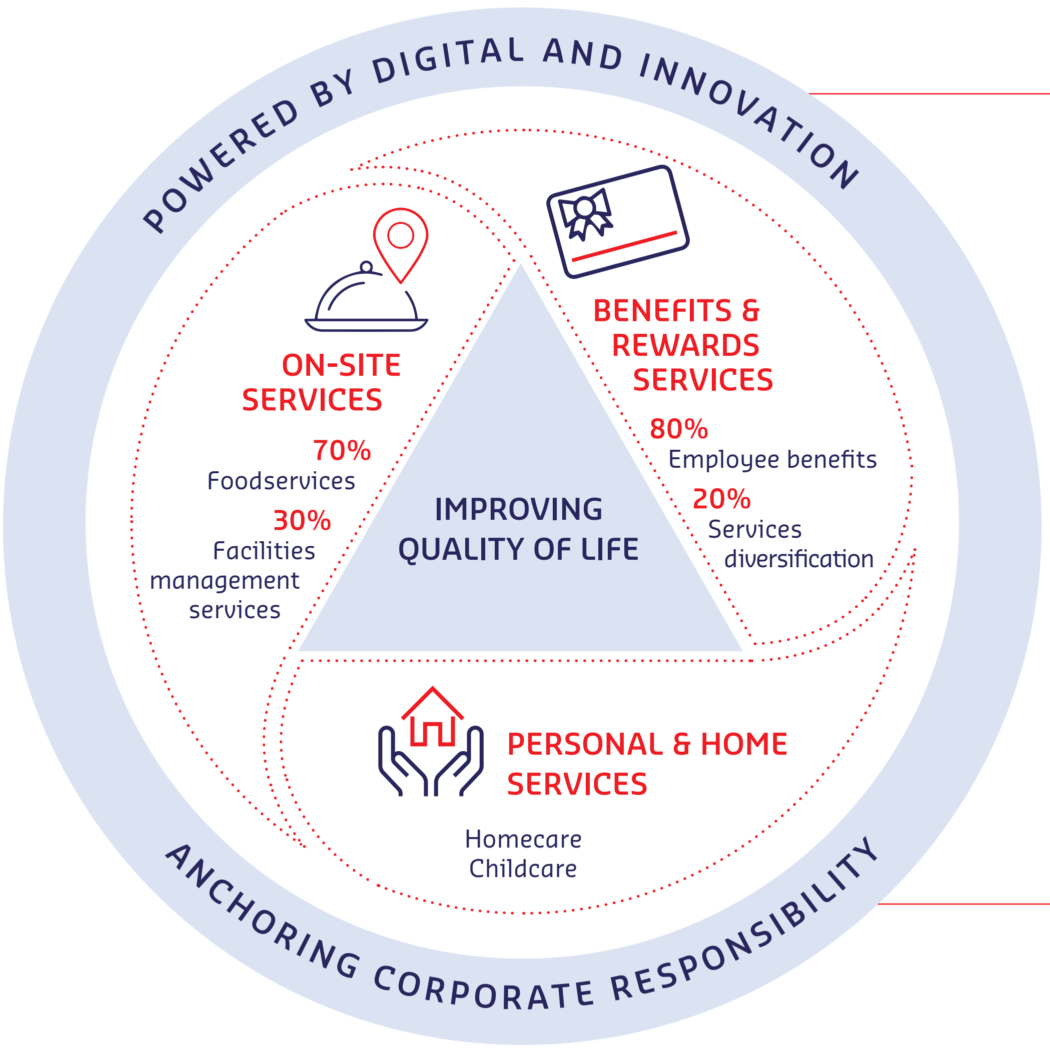
RELATIONSHIPS

Sustainable processes Responsibly-sourced raw materials

NATURAL RESOURCES

OUR BUSINESS

11 MEGATRENDS
See page 10



OUR VALUES

- Service spirit
- Team spirit
- Spirit of progress

OUR ETHICAL PRINCIPLES

- Loyalty
- Respect for people and equal opportunity
- Transparency
- Business integrity

OF LIFE

STAKEHOLDERS

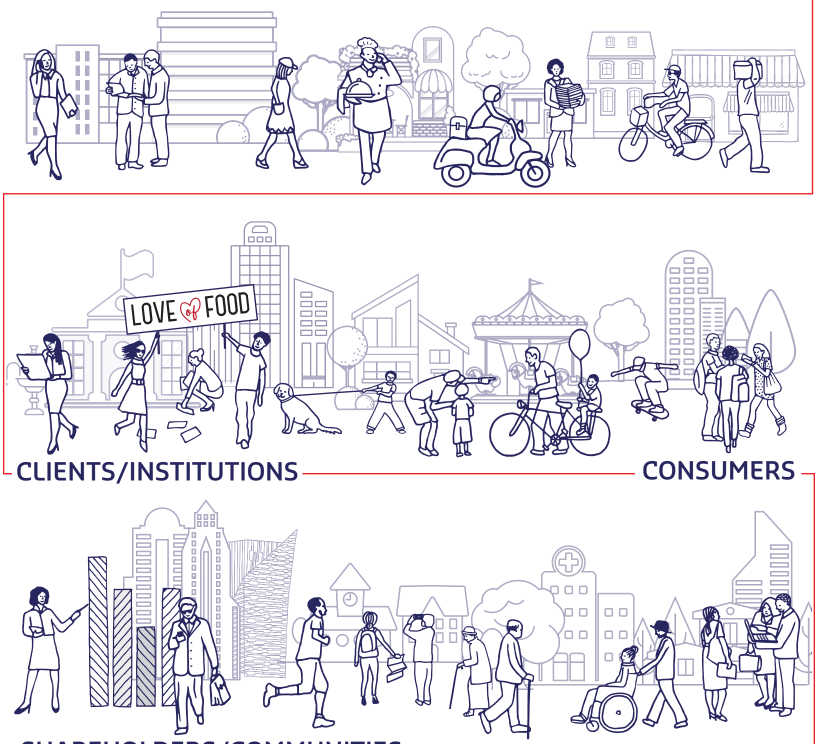
EMPLOYEES

SUPPLIERS/ AFFILIATED MERCHANTS/NGOS

CLIENTS/INSTITUTIONS

CONSUMERS

SHAREHOLDERS/COMMUNITIES



OUTCOMES/IMPACTS

81.6%
Retention rate of total workforce

HUMAN

+10.7%
Average annual Total Shareholder Return (5 years)

ECONOMIC

5.5
billion euro spent with SMEs[1]

RELATIONSHIPS

113,826
tons CO_2 reduction[2]

NATURAL RESOURCES

All figures are for Fiscal 2019, unless otherwise stated

OUR MISSION

Improve the quality of life of our employees and those we serve, and contribute to the economic, social and environmental development of the communities, regions and countries in which we operate.

OUR AMBITION

Our ambition is to one day improve the quality of life of one billion individuals around the world.

1 Small and Medium Enterprise, for more information, see page 75.
2 Scopes 1 and 2, compared to 2011 baseline.

MESSAGE FROM DENIS MACHUEL

DENIS MACHUEL
CHIEF EXECUTIVE OFFICER

ENTERING A NEW PHASE OF GROWTH

"Our Focus on Growth strategic agenda is working and has started to deliver results"

Denis Machuel

This fiscal year was a pivotal period for Sodexo: we entered a new phase of growth thanks to our renewed focus on operational discipline.

Our Focus on Growth strategic agenda is working and has started to deliver results. Our consolidated revenues for the year reached 22 billion euro – with organic growth, at +3.6%, exceeding our expectations in nearly all regions, particularly in North America. This is Sodexo's best organic growth over the last seven fiscal years.

Our On-site Services grew by 3.3%. In all segments, our growth reflects the trust that renowned clients – whether it's the financial services group Nomura in London, UNESCO in Paris, the Ronald Reagan Presidential Library and Museum near Los Angeles or the Tokyo Organising Committee of the Olympic and Paralympic Games in 2020 – have shown us over the past year.

Our Benefits and Rewards Services also performed well, growing by 8.5% overall and our Personal and Home Services has continued to expand through an active acquisition strategy, as evidenced by the acquisitions of Pronep in Brazil and The Good Care Group in the United Kingdom.

We must maintain our momentum as we are still seeing disparities in our performance. We have enhanced execution on certain large contracts and our targeting and signing discipline is improving, though our client retention and business development are not where we would like them to be.

In North America, we are confident in our new management teams, notably in our Education and Healthcare & Seniors segments, as they take the necessary steps to revitalize our performance in this growth market.

Our operating margin for the year of 5.5% is in line with our objectives. Thanks to our renewed focus on operating discipline, we have reduced our SG&A costs, while still generating on-site operating productivity gains. We are focusing on expanding our Fit for the Future program to continue optimizing SG&A costs, and accelerating the roll out of STEP (Sodexo Targets for Enhanced Progress), our global performance management framework. We look to these initiatives to bring further operating discipline throughout Sodexo and generate additional productivity gains.

We are reinvesting these productivity gains in sales and marketing, training and talent management, digital and IT for the greatest impact to deliver solid and recurring top line growth. This will enable us to seize opportunities in our market, valued at over 900 billion euro, including 300 billion euro for foodservices.

“Our growth is not only an indicator of our financial performance, it also reflects the legitimacy of our mission and the positive impact of Sodexo”

Through our Love of Food culinary expertise platform, we are staying ahead of upcoming food trends that have the potential to become mainstream. We are pursuing, for instance, great opportunities from the rapid growth of vegetarianism and flexitarianism, especially among younger consumers. After launching over 200 plant-based recipes in 2018, we created, in partnership with Knorr, Unilever and WWF-UK, over 40 dishes that include 50 ingredients of the future, which are healthy, beneficial to biodiversity and have a lower carbon footprint. We are introducing these menus in kitchens globally, and they are currently available at 5,000 Sodexo restaurants in Belgium, the United States, France and the United Kingdom.

To go even further, we are building innovative food service concepts that offer healthy, sustainable food while reducing waste from farm to fork. One notable example is the restaurant we developed with fashion giant Inditex in Arteixo, in Spain to feed the company’s 1,600 employees. The menu is made up of 65% local products from short supply chains, often coming directly from the farm, including over 40 organically farmed products. The restaurant – operating on a LEED Gold-certified site – uses no plastic, and leftovers are systematically repurposed.

Digital is driving our growth as we create unique experiences to meet the needs of clients and consumers for a simpler, more personalized service. A good example can be seen with the acquisition of Zeta, a digital company specialized in payment solutions, that allows us to develop “one-stop” platforms leveraging synergies across our business activities. Whether for our on-site food service offers, with our restaurant merchant partners, for managing travel and the related expenses, or personal services, with Zeta, we give our clients and consumers unparalleled freedom of choice and services. The platform is currently being rolled out in Asia-Pacific and we see tremendous potential for it in all our markets.

I would like to warmly thank our teams, who have demonstrated their ability to meet our commitments and their rigor in implementing our Focus on Growth strategic agenda. These efforts make Sodexo a more solid company and I am convinced that we are on the right path to better growth over the coming years.

Our growth is not only an indicator of our financial performance, it also reflects the legitimacy of our mission and the positive impact of Sodexo. In a world that is beginning to understand the limits of hyper consumption, the impact of human connections, the reality of social-economic inequalities and the urgency of climate change, our mission to improve quality of life has never been more relevant. With our leadership in promoting the full value of food, making sustainable and local food more accessible, and ensuring more inclusive growth within and across communities, we are paving the way for a growth that is profitable and responsible, putting people first and being more environmentally sustainable.

OUR EXECUTIVE COMMITTEE

ACCELERATE GROWTH

The Executive Committee's mission is to accelerate Sodexo's growth while ensuring that corporate responsibility remains anchored at the heart of its business. This diverse team combines transversal expertise and skills representative of all the Group's activities, segments and geographic regions.

THE EXECUTIVE COMMITTEE AS OF SEPTEMBER 1, 2019

Denis Machuel
Group Chief Executive Officer
Chairman of the Executive Committee
Nationality: French

Lorna Donatone
Region Chair for Latin America
Nationality: American

Sylvia Metayer
Group Chief Growth Officer
Nationalities: French, British and Canadian

Nathalie Bellon-Szabo
Chief Executive Officer, Sports & Leisure worldwide, On-site Services
Nationality: French

Sean Haley
Group Chief Executive Officer of Service Operations
Region Chair, UK & Ireland, On-site Services
Nationality: British

Sarosh Mistry
Region Chair for North America, On-site Services
Chief Executive Officer, Homecare Services worldwide
Nationality: American

Cathy Desquesses
Group Chief People Officer
Nationality: French

Tony Leech
Chief Executive Officer, Government worldwide, On-site Services
Nationality: Australian

Belen Moscoso Del Prado
Group Chief Digital & Innovation Officer
Nationality: Spanish

Johnpaul Dimech
Chief Executive Officer Geographic Regions
Region Chair, Asia Pacific, On-site Services
Nationality: Australian

Satya-Christophe Menard
Chief Executive Officer, Schools & Universities worldwide, On-site Services
Nationality: French

Sunil Nayak
Chief Executive Officer, Corporate Services worldwide, On-site Services
Nationality: Indian

EXECUTIVE COMMITTEE KEY FIGURES AS OF SEPTEMBER 1, 2019

8 nationalities

33% Women

48% Non-French

3 Average seniority

52,8 Average age

Anna Notarianni
Region Chair, France, On-site Services

Nationality: French

Didier Sandoz
Chief Executive Officer, Personal & Home Services

Nationality: French

Damien Verdier
Group Chief Corporate Responsibility Officer

Nationality: French

Marc Plumart
Chief Executive Officer, Healthcare & Seniors worldwide, On-site Services

Nationality: French

Simon Seaton
Chief Executive Officer, Energy & Resources worldwide, On-site Services

Nationality: British

Marc Rolland
Group Chief Financial Officer

Nationality: French

Aurélien Sonet
Chief Executive Officer, Benefits & Rewards Services

Nationality: French

Dianne Salt
Group Chief Communications Officer

Nationality: Canadian

Bruno Vanhaelst
Group Chief Sales and Marketing Officer

Nationality: Belgian

This year, we bid farewell to a long-serving member of our senior management team who is retiring, **Nicolas Japy**.

Under Nicolas' leadership, Sodexo developed a significant footprint in developing markets and in the Energy & Resources segment.

We would like to thank Nicolas for his contribution to Sodexo's success.

For more details on Sodexo's Governance, please see Chapter 5.

OUR GENERAL PRINCIPLES FOR CORPORATE OFFICERS' COMPENSATION

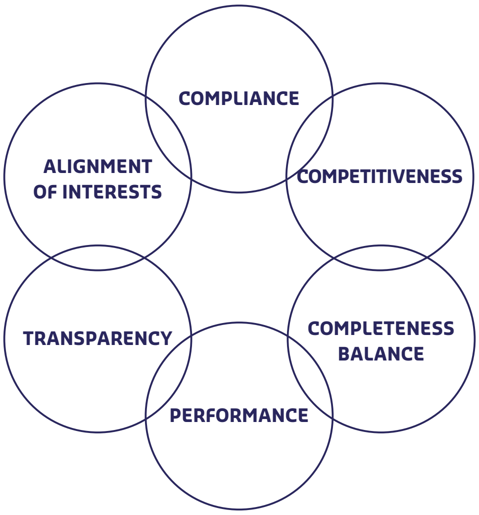
A COMPETITIVE COMPENSATION POLICY

In the interest of Sodexo and its stakeholders and in accordance with our values, the Board of Directors ensures that the company offers a competitive remuneration policy to attract and engage the best talent to deliver performance and achieve Sodexo's long-term strategy.

CÉCILE TANDEAU DE MARSAC
Chairwoman of the Compensation Committee

"Compensation policy is an essential lever for profitable growth. Through a balance between individual and collective recognition, long term and short term, it aims to strengthen our culture of performance. Our goal is to attract, motivate, retain and mobilize all our talents for our success."

PRINCIPLES FOR COMPENSATION



The remuneration policy for Executive Committee members is aligned with that of the Chief Executive Officer.

EVOLUTION OF REMUNERATION

FISCAL 2019

Sophie Bellon
No change

Denis Machuel
- Maximum variable payout reduced from 200% to 150%
- Compensation for full fiscal year (nominated in January 2018)
- Performance shares: TSR on a peer group only

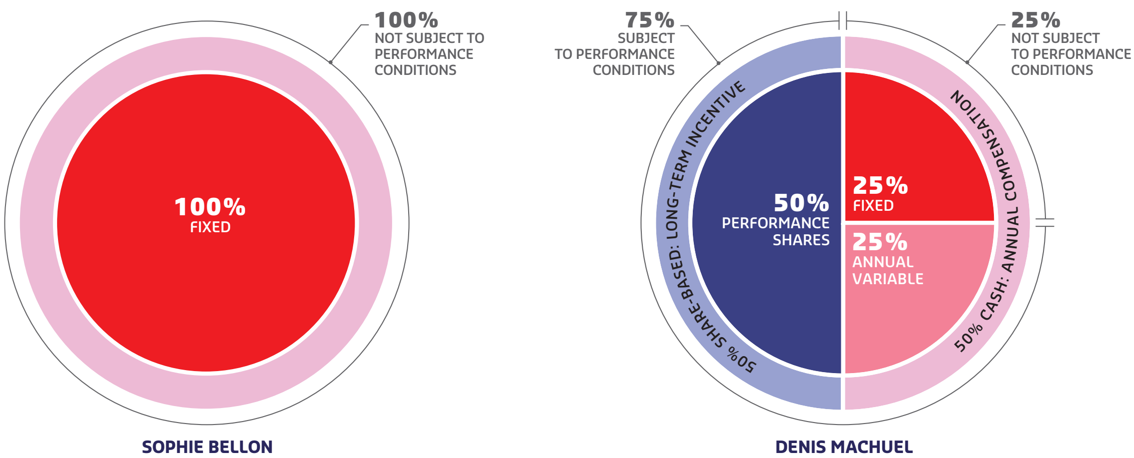
FISCAL 2020

Sophie Bellon
No change

Denis Machuel
- Removal of exceptional compensation option

Performance shares:
- Vesting period reduced from 4 to 3 years
- No grant in Fiscal 2020
- Next grant in November 2020
- In the exceptional case that rights are maintained on departure, they will be based on a pro rata of effective presence

COMPENSATION STRUCTURE



ANNUAL VARIABLE REMUNERATION FOR DENIS MACHUEL

As a reminder, the guidance communicated to the markets on November 8, 2018 for Fiscal 2019 was organic revenue growth of between 2% and 3% and an underlying operating margin of between 5.5% and 5.7%, excluding currency effect.

	AMOUNT PAID FOR FISCAL 2019			COMPENSATION POLICY FOR FISCAL 2020
	WEIGHT OF CRITERIA	FISCAL 2019 RESULTS	ACHIEVEMENT LEVEL	WEIGHT OF CRITERIA
Organic growth*	20%	3.6%	100%	20%
Underlying operating profit margin excluding currency effect	20%	5.5%	86%	20%
Net income growth (in millions of euro)	10%	665	0%	20%
Free cash flow (in millions of euro)	20%	907	175%	20%
Health and Safety (lost time injury rate)	10%	0.86	100%	10%
Talent management	10%	90%	70%	10%
DJSI	10%	Sector leader	100%	10%
Total variable compensation	100%		99%	100%

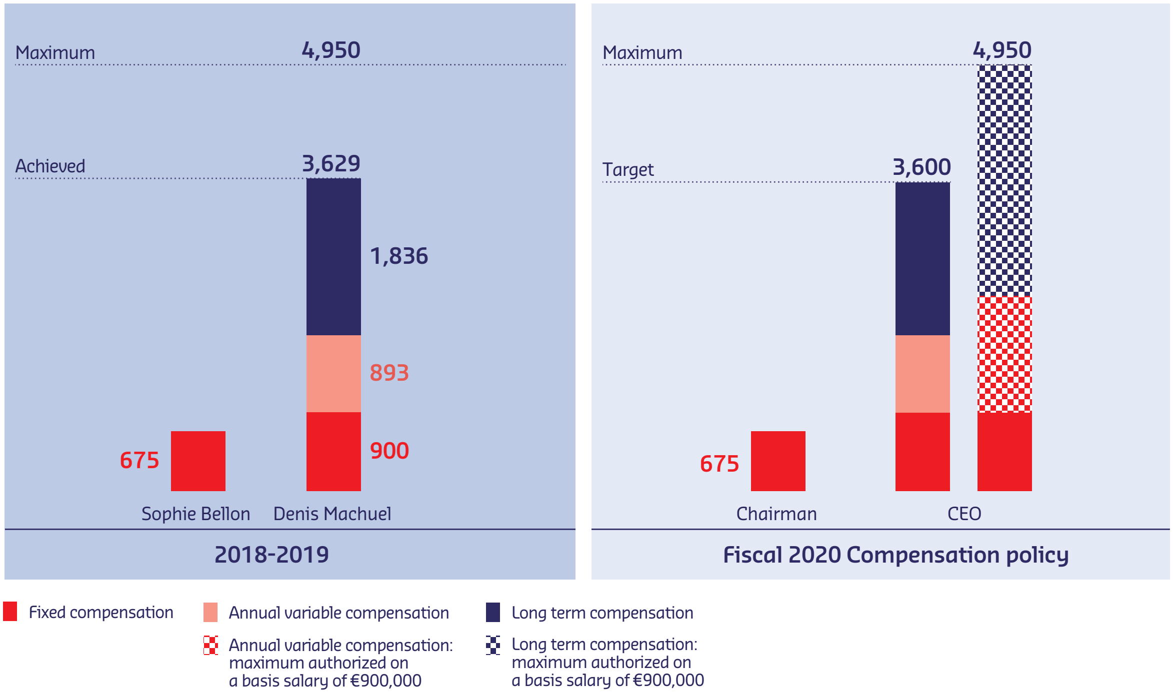
* The organic growth criteria has been capped at 100% despite outperformance during Fiscal 2019, due to the UOP margin performance being at the low end of the guidance range.

LONG TERM COMPENSATION (PERFORMANCE SHARES) FOR DENIS MACHUEL

	FISCAL 2019	FISCAL 2020*
PERFORMANCE CONDITIONS – 4 YEARS	WEIGHT	WEIGHT
Organic growth	25%	25%
Underlying operating profit margin excluding currency effect	25%	25%
TSR performance	30%	30%
Share of women at the highest level of hierarchy	20%	20%

* No Fiscal 2020 long-term compensation to take into account reduction of vesting period.

COMPENSATION AWARDED *(in thousand euro)*



For more information, see Chapter 5.5.

OUR EVOLUTION

SUSTAINABLE AND PROFITABLE GROWTH

Since 1966, Sodexo has been dedicated to the goal of improving quality of life, convinced of its contribution to both higher organizational performance and societal progress. This consistent focus has enabled us to grow profitably and sustainably while providing continuous development opportunities for our employees.

INTERNATIONAL DEVELOPMENT AND ACQUISITIONS

35 countries
Development in Belgium, Italy, Spain, Africa and the Middle East

40 countries
Development in North America, South America, Russia and South Africa

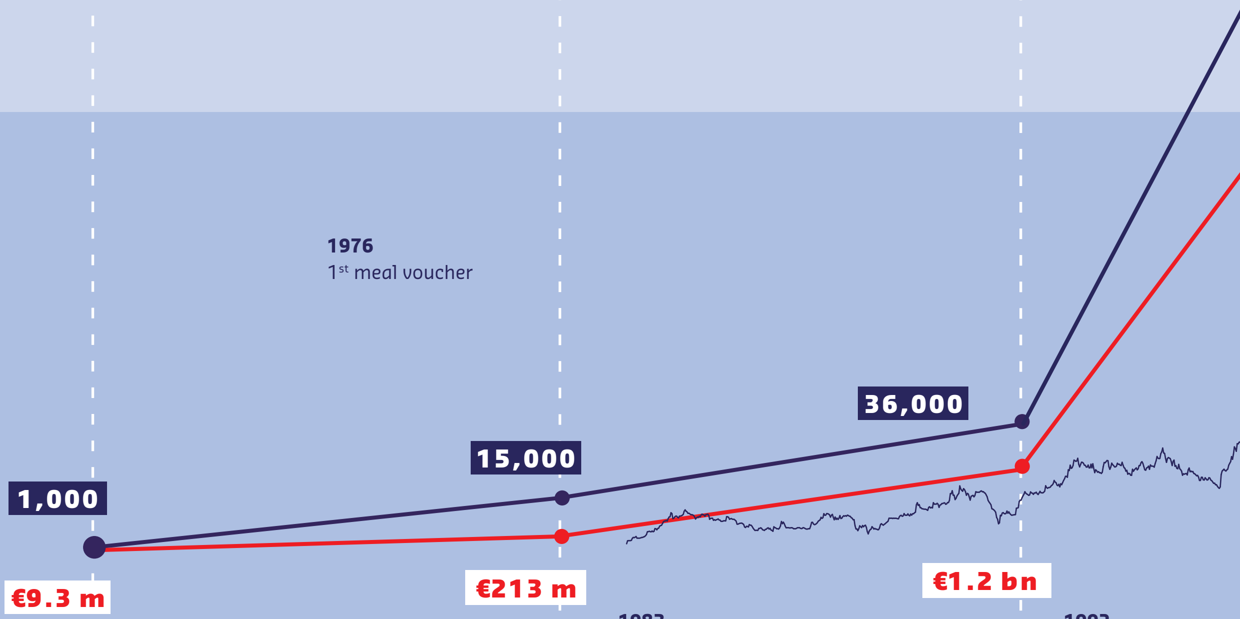
QUALITY OF LIFE OFFERS AND SERVICES

1967
First multi-service contract for the management of CNES (French Space Agency) in Guyana

Opening of foodservices in schools and hospitals

KEY MOMENTS

1976
1st meal voucher



1966
Sodexo founded by Pierre Bellon

1983
Initial public offering on the Paris Stock Exchange

1992
Creation of the Sodexo Management Institute

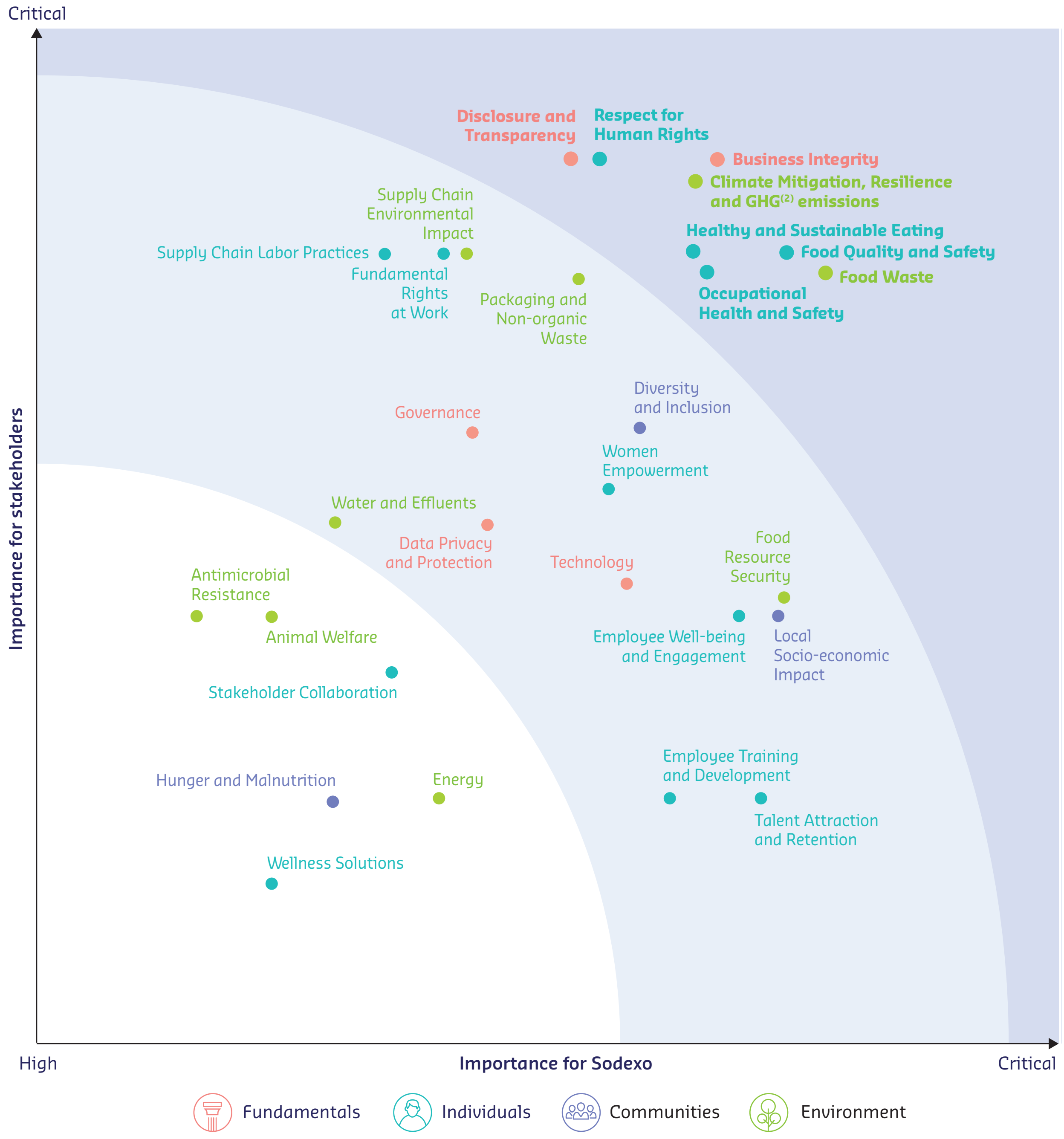
1965 **1970** 1975 **1980** 1985 **1990**

* As of August 31, 2018

OUR MATERIALITY MATRIX

SHARING A COMMON VISION

Our position in the value chain enables us to develop strong relationships with multiple stakeholders. In 2019, we conducted a second materiality study to confirm the validity of our corporate responsibility roadmap. We renewed the process of identification and ranking of key issues and impacts in consultation with internal and external stakeholders and the support of Business for Social Responsibility (BSR)[1].



1 **BSR** is a non-profit organization that has been developing sustainable business strategies and solutions through consulting, research, and cross-sector collaboration for 25 years.

2 **GHG:** greenhouse gas.

Update of the issues

The evolution of the major contemporary issues - social, societal and environmental - as well as the evolution of the market and the expectations of the various stakeholders led Sodexo to conduct its second materiality analysis in 2019.

This year, Sodexo not only identified and prioritized the issues of internal and external stakeholders, but also incorporated two new dimensions into its process: enterprise risk management and strategic planning. This improvement provides a relevant and comprehensive answer to current issues.

Governance, Technology, Data Privacy and Protection and Disclosure and Transparency are the four new issues introduced in the 2019 assessment. When compared to the previous study, Climate Mitigation, Healthy and Sustainable Eating, Food Waste and Diversity and Inclusion are seen as issues with higher importance for both stakeholders and Sodexo.

Prioritization of issues

The prioritization of previously defined issues and their impacts have been established in consultation with internal and external stakeholders.

Sodexo has involved its employees through numerous workshops, interviews, surveys and internal data searches of its clients. The workshops and interviews conducted by BSR brought together representatives from the Strategy, Communication, Risk Management, Corporate Responsibility, Marketing, Digital and Innovation, Human Resources, Purchasing and Investor Relations teams. Leaders have also provided feedback through surveys.

Sodexo also sought the views of its external stakeholders. Interviews were conducted with suppliers, clients and NGO partners. Lastly, the analysis of external data from investors, rating agencies and competitors greatly contributed to the assessment of the importance of the new issues.

Improve the impact on individuals, communities and the environment

All of the consultations allowed the quantitative and qualitative assessment of the issues, identified by the Sodexo teams upstream.

Thirty issues have been clearly defined and prioritized according to the Sodexo impacts identified in the Corporate Responsibility Roadmap: Better Tomorrow 2025.

The results of the materiality analysis will optimize the implementation of our commitments and the management of the risks associated with the material issues.

CRITICAL ISSUES AND IMPACTS ON BUSINESS ACTIVITIES

CRITICAL ISSUE	KEY PERFORMANCE INDICATOR	RISK MANAGEMENT
Disclosure and Transparency Disclosure of financial and sustainability performance information is clear, comparable, accessible and enables consumers, investors, other stakeholders and management to make informed decisions.		See p. 24, 36-39, 236
Respect for Human Rights Commitment to respect human rights throughout the value chain, as well as practices and procedures aimed at preventing, mitigating and ultimately, addressing the adverse human rights impacts that may result directly from Sodexo's activities or that can be directly related to the business through supplier relationships.	**In 2019, 97.4% of workforce working in countries having the Group Human Rights policy available in at least one official language (p. 74).**	See p. 5, 74, 235, 236
Climate Mitigation, Resilience and GHG[1] emissions Action for climate and alignment with the objectives of the Paris agreement on climate through the value chain to moderate the impact on climate change, increase resilience and adaptability, reduce greenhouse gas emissions and meet the growing expectations of stakeholders.	**In 2019, 62% reduction in carbon emissions intensity – compared to baseline year 2011 (p. 77).**	See p. 54, 76, 77, 235
Business Integrity The norms and principles that govern the actions and behavior of an individual in the business organization regarding the prevention of unfair competition, treatment with stakeholders, prevention of corruption, conflicts of interest, confidentiality, the use of assets, the integrity of the financial statements and the Group's files, the responsibilities of the employees and the declaration of the violations.	**In 2019, 98.1% of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language (p. 74).**	See p. 5, 74, 236
Healthy and Sustainable Eating Health attributes and nutritional provisions of the menus, including reduction of sugar, salt and fat, as well as additives and portion control; menus that meet the criteria for sustainable food, especially based on seasonal and local products.	**In 2019, 83.3% of On-site Services activity provided Health and Wellness Services including physical wellness services (p. 75).**	See p. 75, 232
Food Quality and Safety Quality and safety standards respected throughout the value chain of the products served.	**In 2019, 98.6% of On-site Services revenues of countries having either ISO 9001 or ISO 22000 certification for food safety (p. 75).**	See p. 75, 235
Food Waste Prevention and reduction of food waste through programs, initiatives, innovative systems, technologies, awareness raising and behavior, etc. and the application of circular economy principles. Reuse, recycling and recovery of food waste downstream.	**In 2019, 69.2% of Group revenues of countries working to deliver on the United Nations' food waste objective (p. 78).**	See p. 52, 78, 235
Occupational Health and Safety Exposure of workers to potential health and safety hazards that may cause injury or illness. Risk control defined by global standards, including for specific risks such as those occurring during a commute.	**Sodexo's employees were absent for an average of 8.3 days, due to occupational accidents or sickness and/or personal accidents or sickness during Fiscal 2019 (p. 73).**	See p. 44, 46, 73, 235

1 GHG: greenhouse gas.

OUR CORPORATE RESPONSIBILITY

OUR STAKEHOLDER RELATIONS

The success of Sodexo, a service provider, employer and corporate citizen, depends on its ability to build enduring relationships with stakeholders through its numerous programs of responsible action.

SODEXO'S IMPACT	ACTION TAKEN
Employees Sodexo offers jobs in local communities and training that promotes career development and internal promotion.	From the latest global survey, conducted in Fiscal 2018, employee engagement rate: 69% up 1 point from the previous survey.
Clients Sodexo can provide clients with a range of services that directly impact strategic business issues such as the motivation of their employees and the competitiveness and attractiveness of their company.	Good execution, innovation and corporate responsibility are key factors in Sodexo's ability to retain and develop relationships with its clients. Sodexo's client retention rate was 93.3% in Fiscal 2019.
Consumers Sodexo is able to improve quality of life for millions of people by helping consumers adopt healthier and more sustainable lifestyles.	92.2% of North America client sites implement actions that proactively address Sodexo's 10 Golden Rules of Nutrition, Health and Wellness. Sodexo employs 5,138 registered dietitians worldwide.
Suppliers, Affiliated merchants Sodexo seeks mutually beneficial relationships with its commercial partners and encourages them to meet its high standards for quality, working conditions, business integrity and environmental stewardship.	92.3% of Group revenues are from countries having specific initiatives to integrate SMEs (Small and Medium Enterprises) into Sodexo's Value Chain. Developing new relationships with a view to advancing the implementation of the Partner Inclusion Program.
Institutions and NGOs Sodexo continues to widen its eco-system to tackle global issues of working conditions, human rights, diversity and inclusion, carbon emissions, nutrition, food waste and the fight against hunger.	Successful relationships with the Organization for Economic Co-operation and Development (OECD), the World Wildlife Fund (WWF), the International Labour Office (ILO), the United Nations, the Global Sustainable Seafood Initiative (GSSI), the Seafood Task Force, Academic institutions such as Harvard, Cornell or Audencia. The company is also linked through an International Framework Agreement with International Union of Food and Allied Workers (IUF). Sodexo initiated the creation of the International Food Waste Coalition (IFWC) and the Global Coalition for Animal Welfare (GCAW).
Investors Bellon family share ownership guarantees Sodexo's independence and stability. All of our family, institutional and individual shareholders provide the support necessary for the Group's development.	Shareholders from around the world choose Sodexo for its solid growth, the long-term rate of return and its commitment to Corporate Responsibility. Launch of Shareholders Club.
Government and Regulators Sodexo's activities are covered by numerous laws in the field of food safety, health and safety in the workplace, public procurement, payments, etc. A large part of its business is contracted with government entities.	Sodexo participates in consultations organized by governments. Sodexo is registered on the Transparency register of the European Commission and the European Parliament. Sodexo conducts an ethical lobbying policy at Group level in all interactions with politicians and decision-makers.

BETTER TOMORROW 2025: OUR CORPORATE RESPONSIBILITY ROADMAP

Adapted to the challenges of today and tomorrow and comprised of nine commitments, Better Tomorrow 2025 drives the deployment of our corporate responsibility actions and measures their impact in the 67 countries where we operate.

Our nine commitments are consistent with the most material issues identified through the Materiality process. They are based on tangible and measurable objectives that allow all of our entities to monitor and drive progress.

OUR 9 COMMITMENTS AND 2025 OBJECTIVES

	OUR IMPACT ON **INDIVIDUALS**	OUR IMPACT ON **COMMUNITIES**	OUR IMPACT ON **THE ENVIRONMENT**
OUR ROLE AS **AN EMPLOYER**	Improve the Quality of Life of our employees, safely **80%** Employee **Engagement Rate**	Ensure a diverse workforce and inclusive culture that reflects and enriches the communities we serve **100%** of our employees work in countries that have **gender balance** in their management populations	Foster a culture of environmental responsibility within our workforce and workspaces **100%** of our employees are trained **on sustainable practices**
OUR ROLE AS **A SERVICE PROVIDER**	Provide and encourage our consumers to access healthy lifestyle choices **100%** of our consumers are offered healthy **lifestyle options every day**	Promote local development and fair, inclusive and sustainable business practices **10 billion euro** of our business value will **benefit SMEs**(1)	Source responsibly and provide management services that reduce carbon emissions **34%** **reduction** of carbon emissions(2)
OUR ROLE AS **A CORPORATE CITIZEN**	Fight hunger and malnutrition **100 million** **Stop Hunger** beneficiaries	Drive diversity and inclusion as a catalyst for societal change **500,000** **women in communities educated** through job training centers	Champion sustainable resource usage **50%** **reduction** in our food waste

(1) See Chapter 3.2.6.2 (p. 75).
(2) Absolute reduction in Scope 1, Scope 2 and Scope 3 carbon emissions, compared to a 2011 baseline.

Better Tomorrow 2025 was developed in accordance with the United Nations Sustainable Development Goals (SDGs). The SDGs are a set of global goals in 17 key areas, requiring action by governments, businesses and society to achieve a more just and sustainable world by 2030. All our commitments are aligned with these goals.

OUR HUMAN RESOURCES STRATEGY

NURTURING TALENT, PROMOTING PROFITABLE GROWTH AND PREPARING TOMORROW'S WORKFORCE

As a company of people serving people, Sodexo recognizes that employees are central to its ability to create sustainable value and profitable growth.

Sodexo's human resources strategy contributes to achieving its long-term growth objectives. It promotes empowerment, performance and accountability, anticipating resource and skill needs, investing in employee development and ensuring a safe, diverse and inclusive working environment that improves quality of life and fosters professional growth. The company's strategy enables it to manage the identified risks for its 410,000 consumer- and client-facing employees and its 60,000 managers.

A STRATEGY TO ENHANCE OPERATIONAL EFFICIENCY

To reinforce operational efficiencies and provide access to more sustainable employment, Sodexo leverages personnel management programs to connect employees with local job opportunities.

In response to shortages in skills and employee turnover, Sodexo helps employees develop skills through comprehensive training programs and the accelerated use of new technologies. Other initiatives include new training centers (see page 50) that enable people to learn new skills, increasing their employability and providing the Group with the right capabilities to deliver its services. In order to anticipate workforce needs, Sodexo implements workforce planning processes and tools.

To ensure fair employment practices (compensation, data management), Sodexo is continuously improving its processes, governance and tools, including deploying a Human Resources Information System (HRIS) starting in 2020.

A STRATEGY TO ENABLE PROFITABLE GROWTH

To reinforce its performance culture, Sodexo launched Aspire in 2019, a simplified performance assessment and development tool for its 60,000 managers worldwide. Aspire links managers' objectives with the KPIs for the company's strategic STEP[1] framework. Progress is monitored through ongoing collaborative and constructive dialogue and feedback. A new compensation philosophy rewards individual contributions to the company's collective success through annual bonus and performance shares. (See page 49).

Site managers conduct frequent surveys of their teams as does the Group on a periodic basis for all employees. Results are used to form action plans that address identified issues and enhance engagement.

A STRATEGY TO ANTICIPATE FUTURE NEEDS

To sustain a pipeline of talent needed to manage its business today and tomorrow, Sodexo leverages succession planning, talent reviews and competency models to help managers project their future career paths.

Based on the 11 worldwide megatrends (see pages 10-11), the Human Resources community is actively evaluating options for our future of work: evolution of our roles, leveraging technologies, new profiles, way of working, etc., in a fast-changing competitive environment.

#1

France-based private employer worldwide[2]

81.6%

Employee retention rate

12.4

Average hours of training provided annually per employee
(excluding Germany and the U.S.A.)

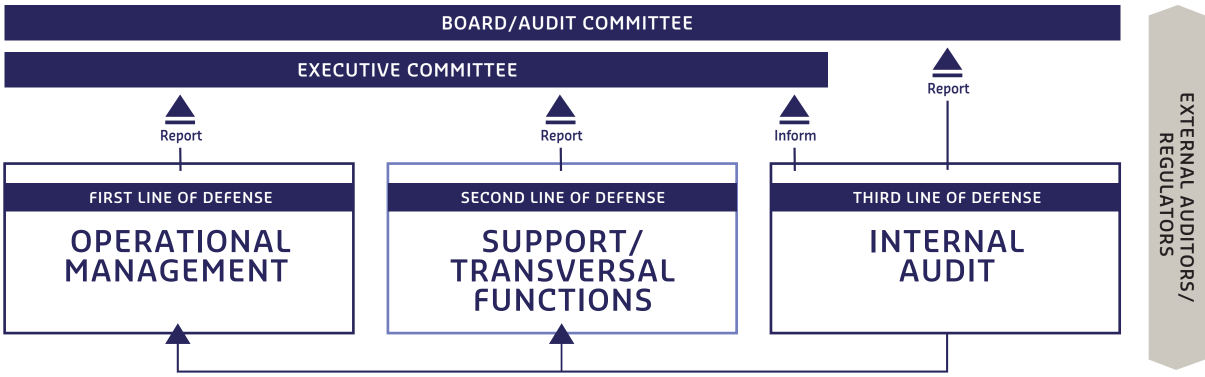
[1] **STEP** for **Sodexo Targets for Enhanced Performance.**
[2] **2019 Forbes Global 2000 ranking.**

OUR RISK MANAGEMENT

RISK MANAGEMENT AND MAIN RISKS

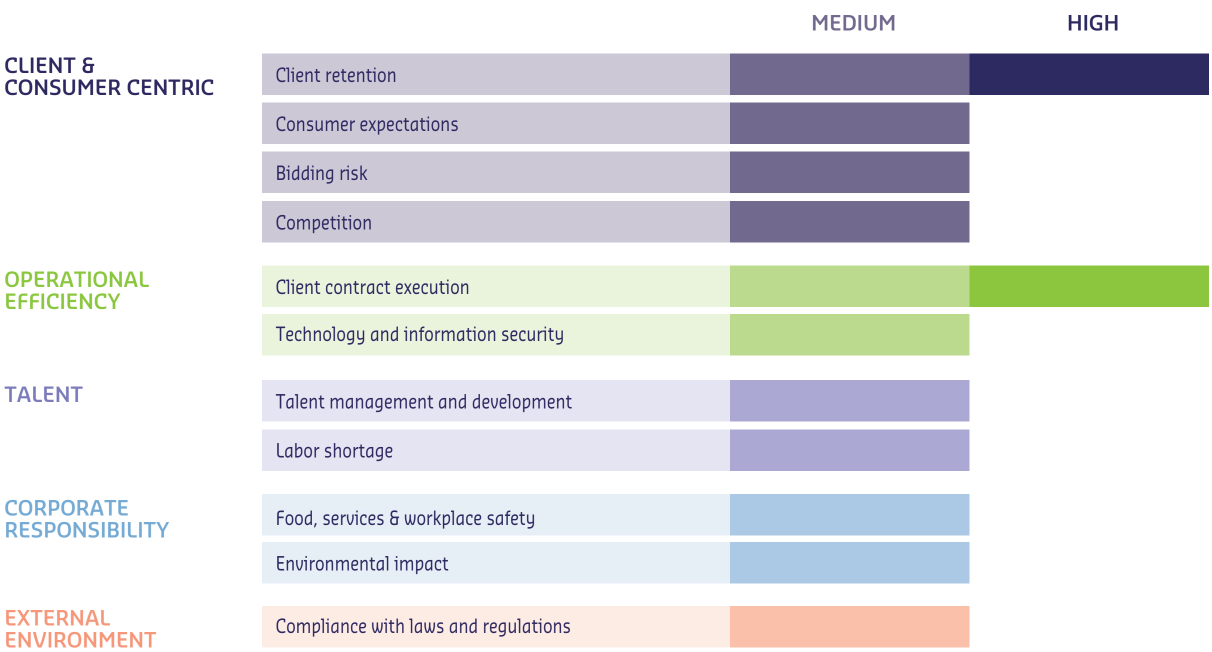
Operational managers are the first line of defense for identifying and managing risks in their area of activity. Support and transversal functions define the procedures and standards and provide tools and processes for operational staff to manage the risks. Internal audit makes an independent assessment of risk management and recommendations for improvement.

RISK MANAGEMENT PROCESS IN THREE LINES OF DEFENSE



MAIN RISKS

Each year, a risk profile is established based on the risk assessments carried out by senior management of the main entities and interviews with senior executives. The following risks are considered the most significant for Sodexo:



OUR PROFESSION, OUR MARKETS

IMPROVING QUALITY OF LIFE: A UNIQUE ARRAY OF SERVICES

Sodexo believes no asset is more valuable to any business than its people and that improving their quality of life is key to lasting performance. An essential partner for companies and organizations, our unmatched offer of On-site Services helps them to better serve consumers and increase their efficiency. Our Benefits & Rewards Services and Personal & Home Services complete our offer to help ensure a better tomorrow for all.

On-site Services	• BUSINESS & ADMINISTRATIONS	- Corporate Services - Energy & Resources - Government & Agencies - Sports & Leisure - Others
	• HEALTH CARE & SENIORS	- Healthcare - Seniors
	• EDUCATION	- Schools - Universities
Benefits & Rewards Services	• EMPLOYEE BENEFITS	
	• SERVICES DIVERSIFICATION	
Personal & Home Services	• CHILDCARE	
	• CONCIERGE SERVICES	
	• HOMECARE	

On-site Services

Increase a company's efficiency, take care for patients in the hospital, promote academic growth, provide safety and comfort on a remote site: our services delivered directly on site improve quality of life for millions of consumers and enable our clients to improve their performance. From foodservices and the design of workplaces to the sterilization of medical devices, reception and cleaning services, our customized, innovative solutions are adapted to our clients' needs, organized into three segments: Business & Administrations, Healthcare & Seniors and Education.

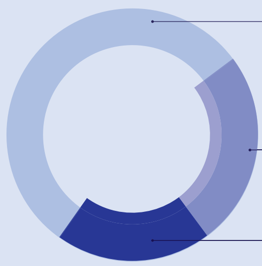
CONSIDERABLE GROWTH POTENTIAL

On-site Services activity market potential[1] is estimated at

900 BILLION EURO[2]

Sodexo estimate

REVENUES BY CLIENT SEGMENT



KEY FIGURES[1]

96%
of Group revenues

21.1
billion euro in consolidated revenues

455,351
employees

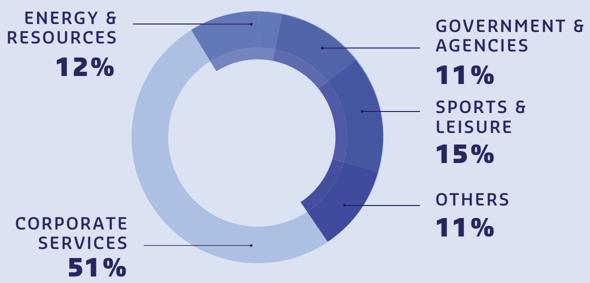
Source: Sodexo

[1] Including Personal & Home Services.
[2] Note: Market estimates are likely to evolve over time, given the growing reliability of information sources in various countries.

On-site Services

BUSINESS & ADMINISTRATIONS

REVENUES BY CLIENT SUB-SEGMENT



KEY FIGURES

55%
of On-site Services revenues

11,577
million euro in revenues

275,262
employees

Source: Sodexo

Corporate Services – Enhancing quality of life at work

Professional growth and employee quality of life are drivers of individual and collective performance for companies as well as key differentiators in the competition for talent. Sodexo's solutions help clients create engaging work experiences, optimize the equipment employees use and improve the efficiency of the buildings they occupy. From food to facilities management services, our solutions respond to the challenges of company attractiveness, engagement and operational performance.

Energy & Resources – Ensuring safety, comfort and performance in harsh environments

Working and living conditions of employees in onshore and offshore oil and gas, mining, engineering and construction companies are often extreme. Sodexo delivers integrated, innovative services to its clients throughout the world.
Hospitality, accommodation, site management, logistics, transportation and leisure: all services that ensure residents' quality of life, safety and comfort. While contributing to the development of local communities, our solutions optimize our clients' operational efficiency and ability to attract and retain talent despite cyclical, volatile markets.

Government & Agencies – Honored to serve the public interest

Ensuring high-quality services while responding to budgetary constraints: this is a major challenge for our clients, whether they are armed forces, local authorities, national and international institutions or prisons. Sodexo serves government personnel, military communities, offenders, and those who are reintegrating society after prison. From technical maintenance to foodservices, to the management of complex logistics in peacekeeping operations abroad, to training and reintegration assistance to reduce the recidivism rate of offenders upon release, this wide range of services requires flexibility, rigor and reliability.

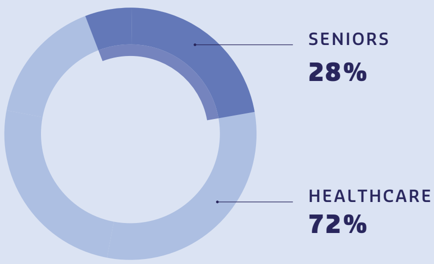
Sports & Leisure – Delivering unique experiences and exceptional moments

Recognized partner of organizers of major sporting and cultural events and manager of exceptional places for more than 20 years, Sodexo develops solutions that meet the expectations of a demanding clientele worldwide. Combining technique and creativity, our turnkey solutions cover ticketing, travel, foodservices, safety, logistics, marketing and technical and artistic organization. In the digital age, Sodexo helps clients to integrate new technologies into their events by offering innovative and personalized services. Multiple benefits that contribute to the success of prestigious events such as Royal Ascot, the Super Bowl in the United States, the Tour de France and the Rugby World Cup, and make exceptional places shine such as the Eiffel Tower, Lido of Paris, La Maison Lenôtre, Bateaux Parisiens, Yachts de Paris as well as Bateaux London and the National Gallery in the United Kingdom.

On-site Services

HEALTHCARE & SENIORS

REVENUES BY CLIENT SUB-SEGMENT



KEY FIGURES

25%
of On-site Services revenues

5,210
million euro in revenues

87,980
employees

Source: Sodexo

Healthcare – Supporting quality care

A market leader for more than 20 years, Sodexo contributes to the quality of life, well-being and safety of patients, visitors and healthcare facility staff. We lead our clients through the changing healthcare landscape. By providing them with professional and standardized services, we respond to their challenges of patient satisfaction and improving performance. In developing countries, Sodexo also helps clients meet the rigorous standards required by international accreditation agencies. Faced with the growing number of patients being treated in day hospitals or outpatient units, Sodexo is leveraging its ability to deliver home-based services to develop services outside the traditional hospital care environment.

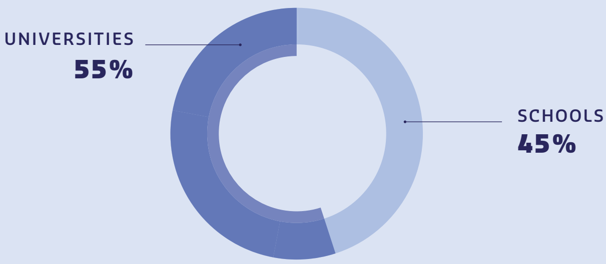
Seniors – Responding to the challenges of an aging population

The demographic weight of seniors and the increase in life expectancy are raising significant societal challenges. With many seniors remaining independent longer, the demand for homecare services is growing. At the same time, the progression of chronic diseases in the elderly is increasing the workload in nursing homes. These developments require more and more solutions to support the senior communities. To meet these challenges, Sodexo offers a range of high value-added integrated services designed to improve the quality of life for seniors in residences or in a health facility. Adapted for all ages and degrees of dependence, these services are dedicated to their physical, moral and social well-being. They also relieve families, while enhancing the attractiveness and performance of institutions. With the shortage of healthcare staff, Sodexo deploys specialized processes and training to provide its clients with motivated, qualified employees who perform their job with kindness.

On-site Services

EDUCATION

REVENUES BY CLIENT SUB-SEGMENT



KEY FIGURES

20%
of On-site Services revenues

4,280
million euro in revenues

92,109
employees

Source: Sodexo

Schools – Providing a fulfilling educational environment

Sodexo supports schools around the world in improving the quality of life of students by serving nutritious meals to fuel their performance and delivering maintenance and operations services to create healthy, safe learning environments that promote education and engage faculty and staff. Our expertise allows us to use better employee training resources, enhanced processes and leading-edge technology to deliver savings to communities. We drive responsible and positive solutions for communities in terms of procurement, employment and waste management. Sodexo implements innovative programs to help schools adopt good environmental practices, educate students about waste and combat unhealthy eating habits.

Universities – Enhancing quality of life to recruit, engage and retain students

With its integrated services model, Sodexo takes a holistic data-driven approach to improving performance and enhancing quality of life on campus and in the community. Sodexo collaborates with University leaders to support their vision, mission and goals, creating the best possible student experience through strategic, sustainable enhancements to the physical, social and academic environments. From modern, comfortable student accommodations to chef-inspired cuisine to beautifully manicured grounds and clean, safe learning environments, Sodexo is committed to providing a positive and fulfilling experience that will boost a university’s ability to recruit, engage and retain its students.

1

Benefits & Rewards Services

With its range of nearly 250 services, Sodexo Benefits & Rewards Services (BRS) seeks to unlock the potential of people and to keep businesses moving forward. Its offer strengthen employee experience and ease mobility. Driven by technological innovation, BRS's Quality of Life solutions go beyond its widely recognized vouchers and cards and the workplace. Today, it is creating services that improve engagement, recognition, work-life balance, travel and expense management, health and well-being. Through its customized guidance and bespoke offers, BRS is responding to the main human resource challenge companies and organizations are facing today: increasing employee engagement to contribute to business success.

KEY FIGURES

4%
of Group revenues

892
million euro in revenues

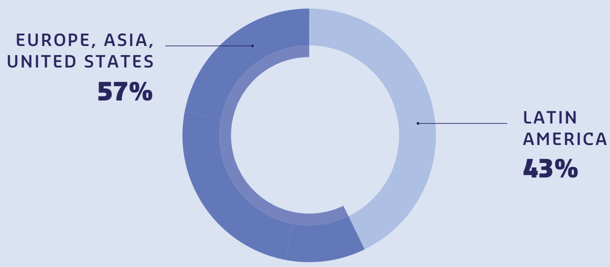
4,901
employees

440,000
clients

36
million beneficiaries and consumers

1.3
million affiliated merchants

REVENUES BY REGION



Source: Sodexo

Benefits & Rewards Services

EMPLOYEE EXPERIENCE ENHANCED BY EMPLOYEE BENEFITS

In a particularly competitive environment, companies must differentiate themselves to attract and retain talent. Today, wages are no longer enough: quality of life at work, recognition, the work environment and work-life balance are leading clients to demand innovative and personalized solutions to improve the quality of daily life of their employees and reinforce engagement and motivation; this also contributes to improved company performance.

From Meal Pass to the Sport Pass, our solutions encourage healthier lifestyles, promote a better work-life balance and facilitate personal development.

Sodexo also offers companies services designed to enhance the efforts of their employees: incentive and recognition programs; professional development tools such as training, mentoring and coaching. These solutions help unite teams around common objectives, recognize their work and reward their efforts.

MOBILITY AND EXPENSE AT THE HEART OF SERVICES DIVERSIFICATION

Business travel, the associated expenses and daily commutes can be complex for businesses to manage. For employees, these mobility issues are often stressful, with potential impacts on efficiency, motivation and even health.

Sodexo offers simple and easy-to-access solutions *via* unique platforms including fuel cards, Mobility Pass, which covers travel expenses between home and work, travel booking and management of business expenses.

Advantageous solutions for companies to help them better manage their employees' travel and business expenses by ensuring real-time visibility but also for employees in helping to simplify their movements and improve their quality of life.

Personal & Home Services

Sodexo offers a range of Personal & Home Services that respond to demographic trends and contemporary lifestyles.

Present at each key stage of life, our services cover three areas: Childcare services, designed to take care of the youngest children while making life easier for parents; Concierge services, to enhance the development and well-being of our clients' employees in the workplace; Home care services, to make life easier for seniors and adults who want to maintain their independence while enjoying the comfort of their home.

1

Childcare

Sodexo responds to one of the main concerns of parents in France and Germany: finding care for their pre-school children. Real alternatives to traditional childcare facilities that are often full and poorly adapted to the time constraints of active parents, our structures have been designed to improve the quality of life of children and their parents.

Concierge Services

With its corporate concierge services, Sodexo helps companies to make their employees' daily life easier. Booking a restaurant, running errands, finding a plumber... employees of our corporate clients can benefit from a broad range of services at their workplace that improve their well-being, helping to strengthen their commitment and performance.

Home Care

With their population increasing around the world, seniors today are healthier and want to stay at home as long as possible. To enhance their independence and quality of life at home, Sodexo offers personal assistance and support solutions in Brazil, Germany, France, Norway and the UK, such as carrying groceries, preparing balanced meals, assisting with travel or basic nursing care.

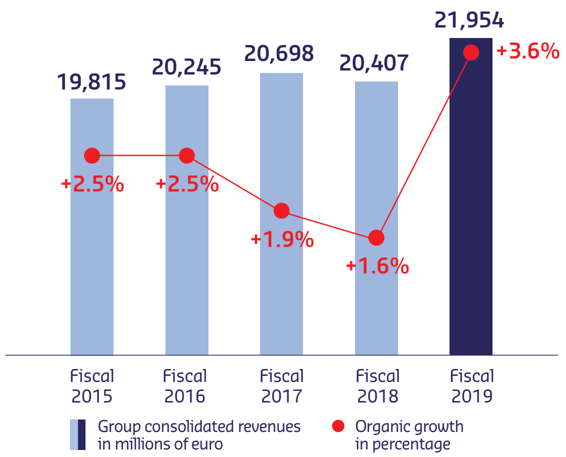
OUR KEY FIGURES

MEASURING OUR PERFORMANCE

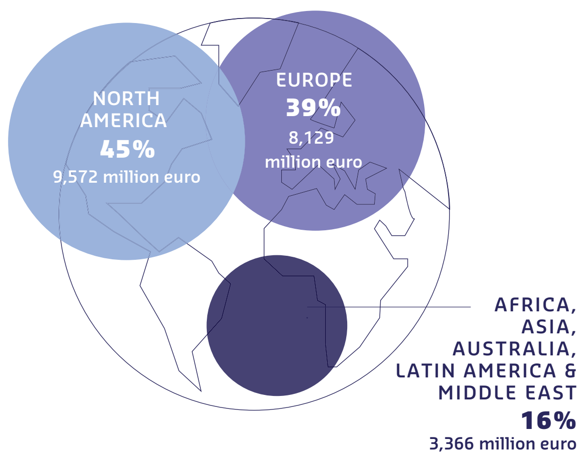
Sodexo's Fiscal 2019 operating performance was marked by an increase in organic growth.

OUR FINANCIAL KEY FIGURES

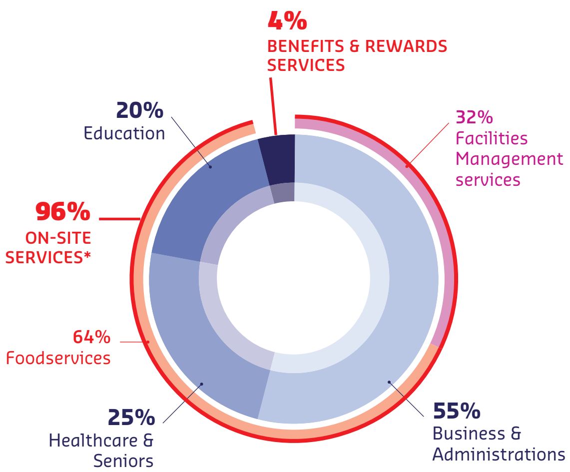
EVOLUTION OF CONSOLIDATED REVENUES AND ORGANIC GROWTH



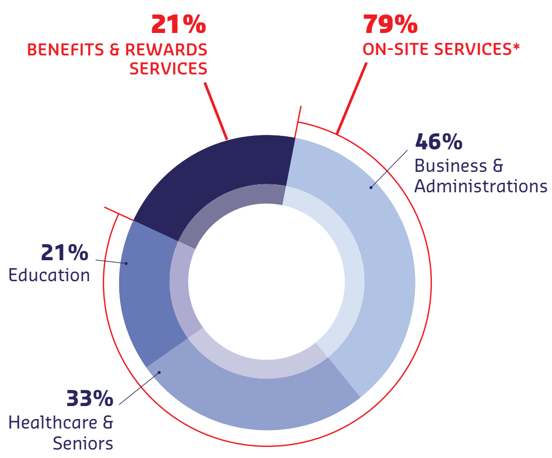
ON-SITE SERVICES REVENUES BY REGION



REVENUES BY ACTIVITY AND CLIENT SEGMENT



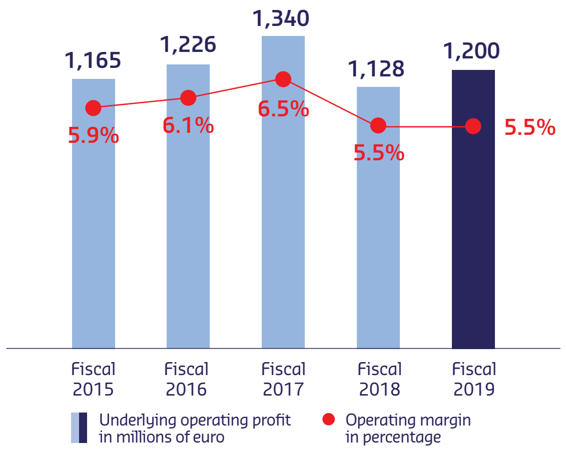
UNDERLYING OPERATING PROFIT BEFORE CORPORATE EXPENSES & INTRAGROUP ELIMINATION BY ACTIVITY AND CLIENT SEGMENT



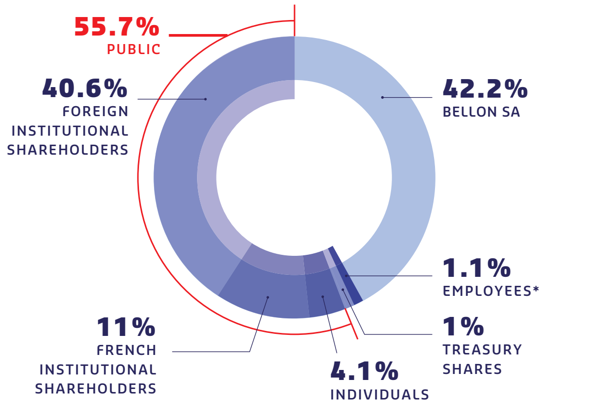
* Including Personal and Home Services.

For more information see Chapter 3.

UNDERLYING OPERATING PROFIT AND OPERATING MARGIN



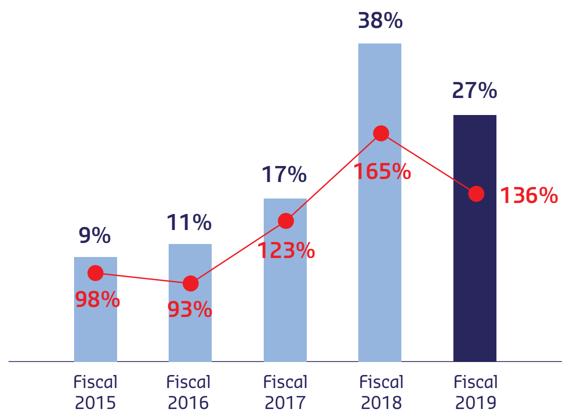
SHAREHOLDERS AS OF AUGUST 31, 2019



Source: Nasdaq

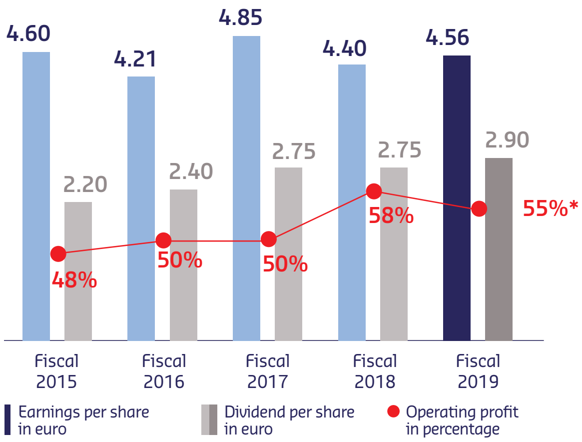
* Including shares resulting from restricted share plans held in registered form by employees and still subject to a lock-up period.

NET DEBT AS A PERCENTAGE OF SHAREHOLDERS' EQUITY* AND CASH CONVERSION



* Debt net of cash and cash equivalents, restricted cash and financial assets related to Benefits & Rewards Services activity, less bank overdrafts.

EARNINGS PER SHARE, DIVIDEND PER SHARE AND PAY-OUT RATIO



* Dividend subject to approval at the January 21, 2020 Shareholders Meeting.

SODEXO SHARE PRICE TREND FROM SEPTEMBER 1, 2018 THROUGH AUGUST 31, 2019

SODEXO: +15%

CAC 40: +1%

TSR (TOTAL SHAREHOLDER RETURN)

+10.7% per year over the past five fiscal years

$$\frac{\text{Market price at the end of the period} - \text{market price at the beginning of the period} + \text{dividends paid over the period}}{\text{Market price at the beginning of the period}}$$

OUR EXTRA-FINANCIAL KEY FIGURES

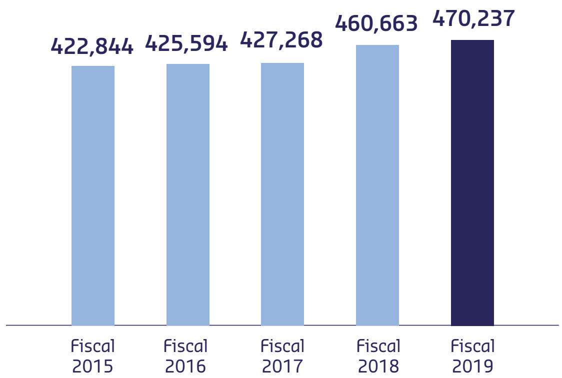
Adapted to the challenges of today and tomorrow and comprised of nine commitments, Better Tomorrow 2025 tracks the deployment of our corporate responsibility actions and measures their impact in the countries where we operate.

1 Improve quality of life for our employees, safely

As the number one France-based private employer worldwide[1], employing over 470,000 people from diverse backgrounds, we are committed to being an employer of choice.

Employees worldwide

END OF YEAR WORKFORCE



Engaged employees

RETENTION RATE

- **69%** Employee engagement rate (+1 point)[2]

... in a safe work environment

- **0.86** lost time injury rate for fiscal 2019

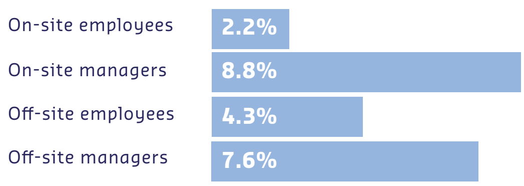
Also see Chapter 3.2.4.1.

Investment in employee development

TRAINING (FISCAL 2019)

- **12.4** average hours of training provided annually per employee (excluding Germany and the U.S.A.)

INTERNAL PROMOTION RATES BY CATEGORY (FISCAL 2019)

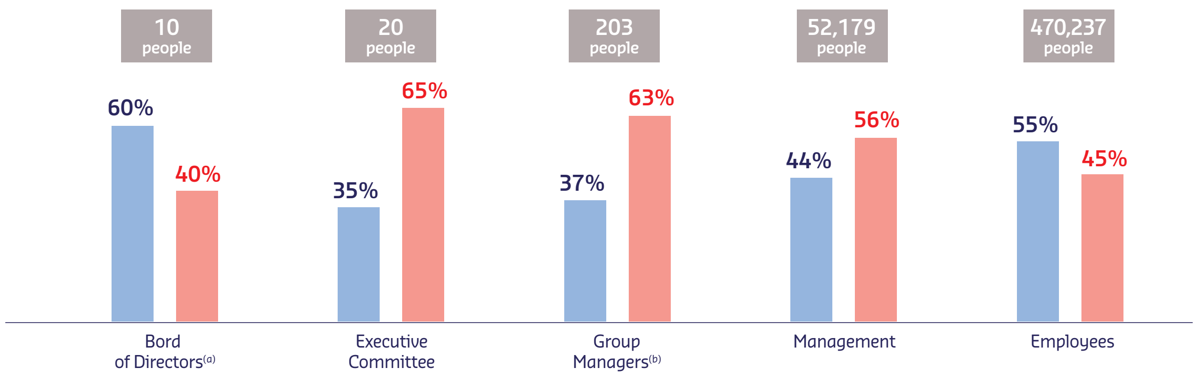


Absenteeism

Sodexo's employees were absent **for an average of 8.3 days**, due to occupational accidents or sickness and/or personal accidents or sickness during Fiscal 2019.

2 Ensure a diverse workforce and inclusive culture that reflects and enriches the communities we serve

WORKFORCE BY GENDER AND BY CATEGORY (AS OF AUGUST 31, 2019)



a Excluding employee representatives b Objective: women 40% of Group Senior Executives

1 **2019 Forbes Global 2000 ranking.**

2 **2018 employee engagement survey** sent to 386,262 Sodexo employees of whom 62% responded.

3 Foster a culture of environmental responsibility within our workforce and workspaces

- **97.6%** of Group revenues from countries employing environmental experts

4 Provide and encourage our consumers to access healthy lifestyle choices

- **92.2%** of North America client sites implement actions that proactively address Sodexo's 10 Golden Rules of Nutrition, Health and Wellness

5 Promote local development, fair, inclusive and sustainable business practices

- **95.7%** of spend with contracted suppliers having signed Sodexo's Supplier Code of conduct.
- **5.5 billion euro** of our business value benefiting SMEs

6 Source responsibly and provide management services that reduce carbon emissions

- **80.3%** of sustainable fish and seafood of total of fish and seafood procured

7 Fight hunger and malnutrition

- More than **1 million euro** invested in programs to empower women working to end hunger in their communities
- **122,000** volunteers committed
- **1 U.S. dollar** given equals 1 U.S. dollar invested in the fight against hunger.

8 Drive diversity and inclusion as a catalyst for societal change

- **93.8%** of Group revenues of countries with initiatives to improve the quality of life of women

9 Champion sustainable resource usage

- **69.2%** of Group revenues of countries working to deliver on the United Nations' food waste objective

Source : Sodexo

BETTER TOMORROW 2025 OBJECTIVES

For more information, see Chapter 3.2.

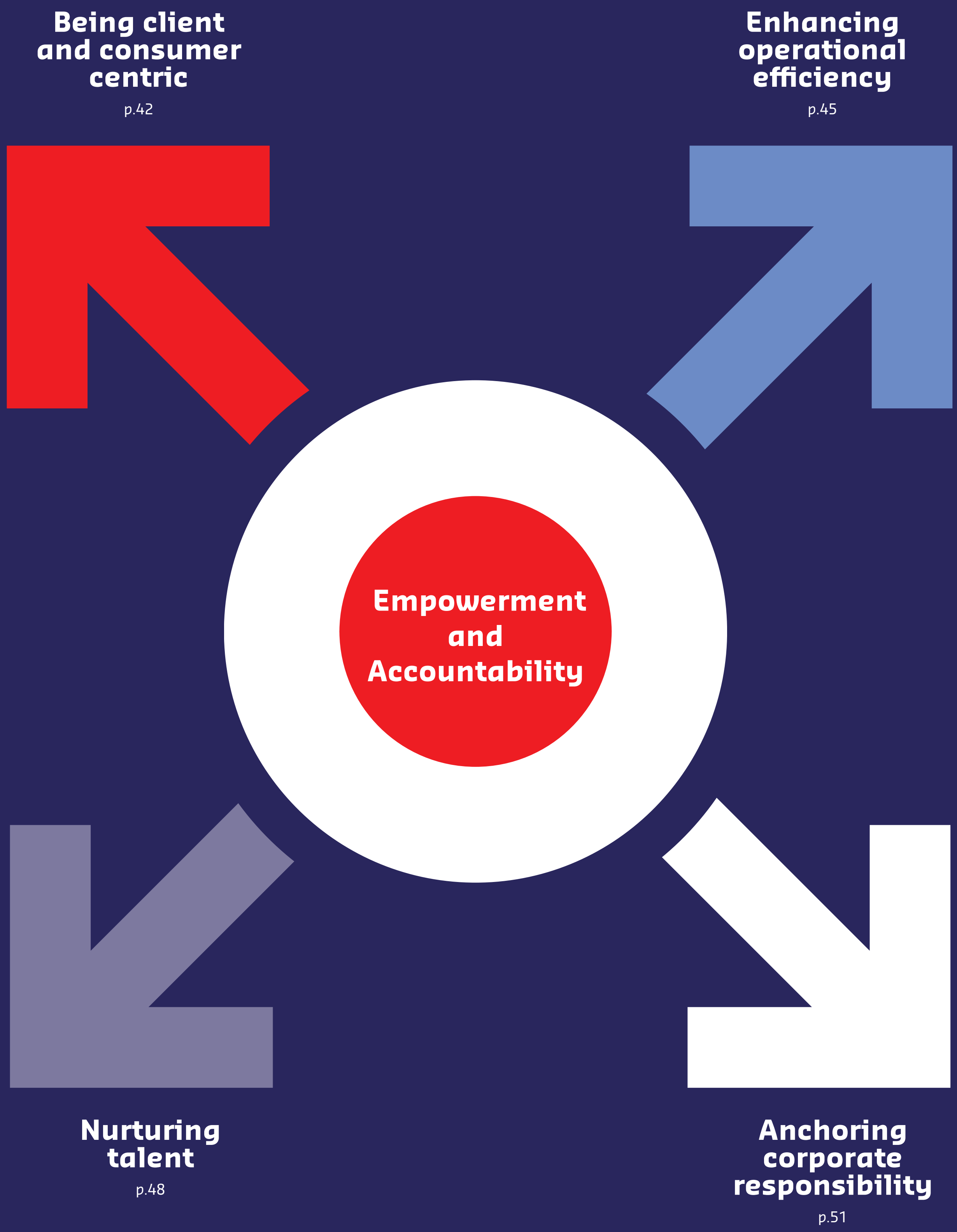
Disclosure and Transparency

At Sodexo, we believe that disclosure of financial and sustainability performance information, in a clear, comparable and accessible manner, enables consumers, investors, other stakeholders and company management to make informed decisions. Since Sodexo's creation, our financial, social, societal and environmental performance has been publicly disclosed through our Universal Registration Document. To ensure transparency, the information and indicators have been audited by an independent third party for each of the past seven years.

Sodexo has been the industry leader of the Dow Jones Sustainability Index for the past 15 years and holds Gold Standard certification from EcoVadis.

GROWING
OUR BUSINESS RESPONSIBLY

With the size of our potential markets and our leadership in multiple domains – including foodservices and facilities management, our commitment to social and environmental responsibility, innovation and the leveraging of digital technologies – the opportunities for growth are considerable. To capture these opportunities, our strategic agenda is focused on returning to sustained growth through four pillars: being client and consumer centric, enhancing operational efficiency, nurturing talent and anchoring corporate responsibility in everything we do.


Being client and consumer centric
p.42
Enhancing operational efficiency
p.45
Empowerment and Accountability
Nurturing talent
p.48
Anchoring corporate responsibility
p.51

Being client and consumer centric

Sodexo has adopted a focused approach to client and consumer centricity to achieve its growth and profitability objectives. Essential for anticipating the needs of our clients and retaining them, this approach also allows us to better understand their markets and to differentiate our services from those of our competitors. Through constant innovation, the Group develops and refines its service offers to respond to consumer expectations and client challenges, whether local or global, throughout the world and across all of its segments and activities. The broad range of Quality of Life services Sodexo teams deliver to consumers helps clients improve their performance, optimize costs, achieve operational efficiencies and drive employee engagement. From Paris' premier tourist destination to the most remote regions of Australia, Sodexo's response is the same: putting the identified needs of clients and consumers first!

93.3%
Sodexo client retention rate

100 million
consumers served by Sodexo teams worldwide each day

32%
of On-site Services revenues generated through facilities management services

NEW GASTRONOMICAL OFFERING TO MATCH THE IRON LADY'S STATURE

Enhancing the visitor experience at the Eiffel Tower

In partnership with two celebrated chefs and the startup Ubudu[1] , Sodexo is creating a spectacular new culinary experience, to delight visitors at one of the world's most iconic monuments.

Who says you can't improve on an icon like the Eiffel Tower, which celebrated its 130th anniversary in 2019 and is visited by six million people each year?
The Umanis consortium, led by Sodexo, was awarded a new 10-year foodservices contract in 2018 by Société d'Exploitation de la Tour Eiffel (SETE). The challenge is daunting: to give visitors a culinary experience that lives up to this undisputed showcase of French know-how.

REFRESHING THE VISITOR EXPERIENCE

Sodexo combines its expertise in delivering foodservices at exceptional venues, partners with two Michelin-starred chefs, Frédéric Anton and Thierry Marx each aspect of the visitor experience, from the design of dining areas to the culinary offer and a regionally-anchored socio-environmental approach.
The objective is clear: to reinvent the reception and itinerary for visitors that highlights the excellence of French cuisine and the quality of Paris regional products. The initiative encompasses all of the site's dining offers: the Jules Verne, under the control of Frédéric Anton; the Brasserie, managed by Thierry Marx; the Bistro; the Champagne Bar; and the new Gustave Eiffel lounge, catering to business professionals.
Finally, the carry-out on the Tower's forecourt is enriched with an original mobile offer, developed with Ubudu, featuring digital ordering and delivery of seasonal products by scooters.

Sky-high goals for the next 10 years:

+35%
in total revenues

+50%
in the number of consumers served each year

AN ENVIRONMENTALLY RESPONSIBLE, SUSTAINABLE APPROACH

Sodexo's expertise in eco-responsible practices (sustainable purchasing charter signed with suppliers, minimization of packaging materials) led to the design of an ambitious and differentiating environmental plan, reinforced by the personal commitment of the partner chefs, both recognized for their actions promoting local cuisine and low-waste food production.
Sodexo also created the "Artisans Guild of the Eiffel Tower," a network of Paris region artisans selected for their remarkable know-how and their eco-responsible commitment. Guild members, selected by a panel chaired by Thierry Marx, offer their finest local and seasonal products to the monument's visitors. This original initiative provides another opportunity to highlight how the best of local expertise contributes economically and socially to the Tower's ecosystem.

"I am delighted that the Sodexo-led Umanis consortium is supporting us in this project, alongside Frédéric Anton and Thierry Marx, two iconic and talented chefs. Our collective ambition is to reinvent the experience of visitors to the Tower, making it a gastronomic destination in its own right and a showcase of culinary excellence."

Patrick Branco Ruivo
General Manager of the Eiffel Tower operating company (SETE)

1 **Ubudu**, a partner of the Umanis Group, offers operational efficiency solutions through a platform combining advanced geo-location technologies.

REMOTE LIFELINE FOR CONSUMERS AND CLIENTS

Facilitating daily life, MyWay App connects resident communities

On remote sites in Australia, Sodexo's new app is enhancing quality of life for residents while helping clients ensure a safer, more engaging environment.

In an increasingly connected world, feelings of isolation are becoming a thing of the past, even for employees of companies operating in some of the world's most remote locations. Whether they work on an offshore platform or a mine site, residents can now access real-time information and services with a few clicks on their mobile phone.

QUALITY OF LIFE AT THE ENDS OF THE EARTH

Sodexo conceives MyWay App using a consumer-centric design methodology to understand user expectations and needs. A set of standard and customized features facilitates site entry, life on site and departure, ordering of meals and retail items, activity reservations, maintenance requests, incident reporting/tracking and communication between team members.

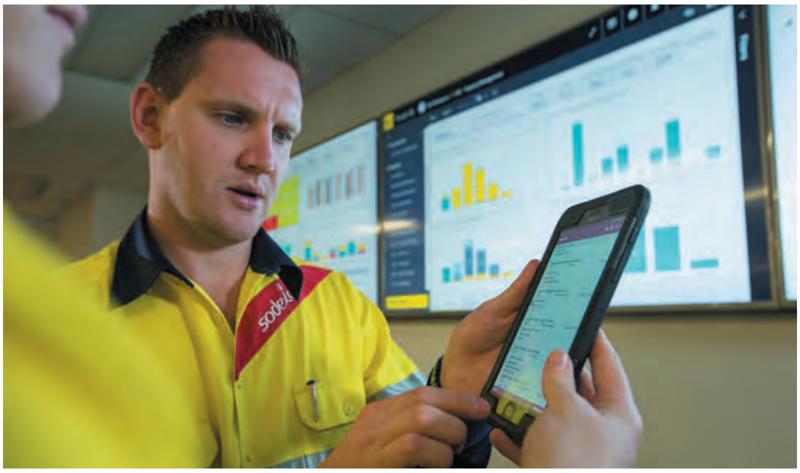
Users benefit from information on the site's health and fitness offerings, regular communication on balanced eating and Sodexo's Mindful program, which helps them make informed choices to achieve their fitness and leisure goals without having to sacrifice quality or taste.

MyWay App also responds to client needs by facilitating dialogue with residents and generating valuable data on their satisfaction levels. This in turn helps pinpoint opportunities to improve quality and services that are critical to maximizing employee engagement.

MY SAFETY

MyWay App will soon include features to enhance safety management. Through the app, users will be able to instantly report hazards and safety issues and upload photos. Site managers will use it to send safety alerts and communicate other urgent/critical safety messages to residents. In the event of severe weather, for example, residents will be quickly notified of hazardous conditions *via* MyWay App and provide immediate feedback on their situation and need for help. The app's locator function will enable emergency assistance to be rapidly directed to the right location.

Following the 2019 launch at Sodexo sites in Australia, MyWay App is being rolled out to client sites in more countries in Fiscal 2020.



19

sites in Australia where MyWay App is deployed

7,453

people have downloaded MyWay App

9,199

service requests from 20% of users

AND ALSO

DIGITAL COMMUNITY

To help clients to better anticipate and respond to their consumers' needs, Sodexo's concierge services subsidiary Circles launched an innovative digital platform in 2019 called the Digital Community Manager. This platform perfectly satisfies the personal, local and professional needs of consumers. The Digital Community Manager connects users to their organization's community, the local community and the Sodexo community of services and events. Part of a multichannel strategy, the platform enlivens daily life of communities by reinforcing a sense of belonging and social responsibility for users, whether for employees in a company, students on a campus or seniors in a retirement home.

Enhancing operational efficiency

To reinvigorate growth, efficient execution is key.
Sodexo has launched initiatives across all of its businesses and segments to enhance food and labor productivity and simplify the organization, in order to free-up financial capacity to accelerate the launch of new offers, digital solutions and sales and marketing efforts.
At the heart of the Group's strategy is the STEP (Sodexo Targets for Enhanced Performance) framework, designed to drive operational performance at site, country, regional and global levels through consistent language and common operational indicators. Innovative programs tailored to the specific characteristics of our business such as I PROMISE for On-site Services or Rydoo for Benefits & Rewards Services contribute to improving operational efficiency.

DELIVERING ON OUR PROMISE

Continuous improvement initiative in On-site Services

In order to provide an ever more efficient response to its clients and consumers, Sodexo is deploying I PROMISE, an innovative digital program that enables site management teams to involve all employees in a process of continuous improvement while promoting the exchange of best practices.

Through I PROMISE, site and regional managers implement new processes, tools and innovative solutions that allow them to improve their performance and enhance client satisfaction. Also designed to free up time, this approach supports one of Sodexo's strategic objectives: to improve operational efficiency.
Site managers collaborate online to share ideas with their peers and use engaging and interactive tools, such as a simulation game combining short videos and quizzes to identify good and bad situations on sites and a digital journey with 10 missions focusing on operational excellence.

SHIFTING TO HIGHER VALUE-ADDED ACTIVITIES

I PROMISE makes it possible to ensure conformity of services with contractual commitments and to determine opportunities for progress and associated risks.
Another key objective is the elimination of activities that do not add value for the client or contribute to Sodexo's profitable growth. By reducing the administrative burden, this frees managers to focus on innovative approaches that benefit the client.
The I PROMISE toolkit includes visual management tools[1] to enable the team to progress, lean management tools[2] to improve productivity, best practices sharing and benchmarking with similar sites.
I PROMISE is supported by a reward and recognition program to motivate Sodexo employees to continuously increase the value they provide clients and to highlight the best innovations.

15 countries

deployed: Argentina, Brazil, Canada, Chile, Colombia, Finland, France, India, Ireland, Norway, Peru, Spain, Sweden, UK, U.S.

1,300

sites by the end of Fiscal 2019

+125

best practices and innovations available online through INNOV'hub intranet

1.5hr

Average time savings per week reported by site managers

PROMISING RESULTS

Following the roll-out of I PROMISE to 1,300 sites as of the end of Fiscal 2019, thousands of action plans had been launched and Lean Management tools were being deployed. Site managers reported freeing up an average of 90 minutes per week to focus their attention on adding value for clients and provided highly positive feedback on the benefits of sharing best practices.
A new way of thinking and a reinforced culture of continuous improvement is taking hold.

"Nestlé needed to make a significant step change with how we could deliver better value FM and workplace services without sacrificing the employee experience. We knew we needed to harness Lean thinking using the scale and experience of Sodexo to assist with this goal. We believe that I PROMISE can be the tool that delivers that goal by promoting operational excellence and service innovations."

Martin Bell
Global FM Operations Management, Nestlé Global Business Services

AND ALSO

PROTECTING OUR PEOPLE

For Sodexo, the health and safety of its employees is a fundamental issue that requires a process of continuous improvement.
To maintain health and safety standards at the highest level, Sodexo has put in place a global HSE[3] "Zero Harm" program. Sodexo Safety Nets are based on a risk prevention approach supported by a dynamic risk assessment tool, "3 Checks For Safety."
Sodexo's behavior safety program is built around four strategic enablers of our "Zero Harm" mindset:

- **Leadership:** safety depends on a culture where everyone understands and takes responsibility for their own health and safety and that of their colleagues, clients and consumers.
- **Communications & Engagement:** as the working environment and business changes, communicating and engaging with teams, clients and suppliers is increasingly important.
- **Training & Competence:** Everyone must have the right training and competencies, coupled with the right tools and equipment to ensure quality, safe and efficient services.
- **Compliance & Learning:** Sodexo has put in place mandatory compliance standards. Incidents and accidents are reported using a global HSE tool, Salus. An investigation is conducted for any serious accident and teams are encouraged to identify new and more effective ways of working.

1 **Visual management** is a management method that uses visual information to drive objectives.
2 **Lean management** is a system of work organization and management to improve the quality and profitability of a company's production by avoiding the waste of its resources.
3 **Health, Safety and Environment (HSE):** for Sodexo, the scope of HSE includes occupational health and safety, food safety and the environment.

SIMPLIFYING MANAGEMENT OF BUSINESS TRIPS

Rydoo confirms its strong growth

Launched in June 2018, Rydoo grew its revenues by 40% in Fiscal 2019 and now has more than 680,000 users in 62 countries. The business travel and expense management application aims to become one of the world leaders in the sector.

Rydoo simplifies the lives of employees and organizations by offering a "one-stop-shop" solution combining business travel and expense management: thanks to its integrated approach, Rydoo covers all employee needs, whether it is booking travel or managing expense reports. Sodexo made the first demonstration through an internal deployment of the SaaS[1] solution, which achieved an average adoption rate of 93% in its first month.

FLEXIBILITY AND CUSTOMIZATION

Rydoo is a unique solution that each company can adapt to its needs, thanks to its complementary modules. The mobile application allows employees to manage their business expenses from a simple photo or to easily book a trip, in accordance with the company's travel policy. This way, everyone within the organization can focus on what really matters and forget about paper expense reports.
Thanks to its centralized payment system, employees no longer have to advance their travel expenses and financial services receives only a monthly invoice for all trips made, along with a consolidated report.
This complete automation, highly appreciated by the Finance Department, translates into real savings: Rydoo reduces the cost of processing business expenses by 87%.
Financial Departments have an accurate visibility on the incurred costs. Finally, its business model, based on the number of active users, allows better control of budgets and offers a scalable solution to organizations.
Rydoo's success is in line with the dynamic business travel market, which is expected to approach 30 billion euro in France in 2019 and reach 1,550 billion euro worldwide by 2022.

A CUSTOMER'S EXPERIENCE: LAVAZZA UK

Present in more than 90 countries, the Italian coffee leader, Lavazza, chose Rydoo to digitize the management of the expense reports of its UK-based itinerant sales teams. Its objective: to replace an aging system of forms designed *via* Excel files, manually filled-in, and to eliminate paperwork maintained by employees.
The mobile solution and the digitization of receipts made it easier to analyze expenses and track advances.
The speed and frequency of reimbursement of employees has increased. Lavazza UK's IT Department appreciated the ease with which Rydoo was deployed and quickly adopted by users. The feedback from employees was also extremely positive, underlining the very intuitive use of the solution.

"The huge advantage is that everyone, wherever they are, can submit their expenses in no time and that their approval is just as fast via the application. The mobile solution was decisive for us in terms of accessibility."

Mark Mathews
IT Director, Lavazza UK

40%
Revenue growth in Fiscal 2019

8,200
clients

680,000
users

4.4/5
User satisfaction rate (G2 Crowd)
Ranked in the **Top 100 B2B Software of G2 Crowd,** leading user testing platform

[1] SaaS: Software as a Service

Nurturing talent

Sodexo's employees – designers and providers of the company's services to its clients – are central to its offer, culture, success and future growth.

To maintain excellence in service quality while ensuring long-term profitable growth, Sodexo focuses on three major challenges: reinforcing a performance-based culture based on shared priorities and indicators, anticipating needs in terms of resources, skills and competencies and offering training, learning and development opportunities at all levels.

Convinced that a safe, motivating and open work environment fosters individual commitment and collective performance, the Group is fully committed to diversity and inclusion, integrity and the continual reinforcement of health and safety.

Fiscal 2019 initiatives reflect the company's commitment to nurturing the potential of the talent on which it depends and that will shape its future.

0.86
Lost time injury rate

12.4
Average hours of training provided annually per employee (excluding Germany and the U.S.A.)

11
Consecutive years in which Sodexo has been listed by DiversityInc among the Top companies for LGBT Employees, for Talent Acquisition for Women of Color and for Executive Women

REINFORCING A PERFORMANCE CULTURE

New compensation policy

Sodexo introduced a new compensation policy for its 60,000 managers in 2019 to better differentiate and reward individual contributions to the Group's collective success. The objective: promote the empowerment and accountability indispensable to Sodexo's growth.

To empower managers and reward them for their contribution to the company's results, Sodexo bases its compensation on a philosophy of paying for performance. The objective is to reward results and to promote behaviors that foster sustainable and profitable growth. This policy is based on sharing the collective value created to reward each person's individual contribution. Compensation policies and programs are intended to be straightforward and transparent, grounded in globally consistent principles and guidelines that are adapted to specific local factors. A key focus is empowerment of the line manager.

COMPENSATION COMPONENTS

Base pay is the fixed part of the compensation package which compensates employees for the sustainable contribution they provide to the organization. It is benchmarked to enable Sodexo to attract and retain required talent and evolves based on job proficiency, skills, behaviors and potential.

Short-term incentives include an annual variable performance bonus, awarded based on the achievement of set objectives. Based on a combination of individual and collective performance, bonuses are intended to compensate people for taking smart risks, "walking the extra-mile" and achieving outstanding performance.

Long-term incentives are provided mainly in the form of performance shares, granted to a limited number of individuals holding positions with a significant impact on business results and/or demonstrating an outstanding engagement and performance over time and/or with recognized potential and expectations for the future.

Sodexo's new compensation policy expands the attribution of performance shares, previously reserved for senior executives, to managers with high potential and outstanding performance.

A HOLISTIC APPROACH

Benefits, as flexible as possible to match specific employee needs, are also part of the total reward package and a key element of Sodexo's quality of life employer promise. They include tangible non-monetary reward elements such as health insurance, retirement or pension plans, life or disability insurance and other benefits.

Each reward component is considered in terms of the business's ability to finance it. Fundamental to an effective compensation policy is its equity and fairness and a recognition that it truly results in the differentiation of people based only on their contribution and behaviors.

The objective: engaged, motivated and high-performing teams that contribute to a results-oriented culture that creates value for clients and consumers.

27%

of performance share recipients in 2019 do not hold senior management roles

AND ALSO

EMPLOYEE ROLE IN DIGITAL TRANSFORMATION RECOGNIZED

Sodexo's commitment to preparing its employees to be part of the Group's digital transformation was recognized with a Brandon Hall HCM Excellence award. Its global Digital Passport learning program was designed by employees themselves to develop the right mind-set, skills and specialization to accelerate the digital transformation at all of the company's operational levels. The Excellence Awards recognize organizations that have successfully deployed transformative programs, strategies and processes that have contributed to company performance.

DEVELOPING SKILLS, OFFERING OPPORTUNITIES

Foodservices Apprenticeship Training Center launched in France

To address worker and skills shortages in the foodservices industry, Sodexo joined with Accor, The Adecco Group and Korian in launching a joint apprenticeship training center in March 2019, to open in 2020. The center will enable people in France with few qualifications to learn new skills, increasing their employability and providing the business with the resources it needs to deliver its services.

The initiative leverages a new law in France facilitating the creation of such centers by companies, alone or in partnership with other companies. Sodexo and its partners, all leaders in their market, joined forces to enhance the image of the foodservices sector and address labor and skills shortages.
The partners' shared objectives are to increase the industry's attractiveness, particularly to young people, by offering a qualifying training path with a twofold objective: to boost employment through skills training targeted to industry needs and to contribute to the performance and growth of the partner companies.

TEACHING SOFT SKILLS

In addition to raising awareness and the image of foodservices professions, the center will allow the companies to define the educational content and adapt it to their needs.
Beyond technical skills, this includes imparting knowledge of workplace health and safety issues as well as developing the soft skills that are critical in consumer-facing jobs, such as a sense of service and hospitality or empathy as well as the ability to work as a team, a topic of particular focus.

More than

11,000

employees hired for foodservices jobs by the 4 partner companies in 2018

1,000

participants per year in initial training through apprenticeship or continuing training

THREE PRIORITY AUDIENCES

Apprentices will benefit from the diversity of skills required by four different industry sectors and innovative teaching methods.
Scheduled to begin in early 2020, the training programs, for both initial and continuing education, have three goals: to attract young people, offer qualifying training courses to people that have separated from the employment market and promote employee development in partner companies.

"This center will enable us to define the curriculum to respond to our business needs, including focusing on soft skills that are essential to interactions with consumers."

Anna Notarianni
Sodexo Region Chair, France,
On-site Services

2

Anchoring corporate responsibility

Sodexo's commitment to corporate responsibility is a source of differentiation that drives employee engagement and responds to stakeholder expectations. These include rising awareness of the impact of food choices on health, the amount of food wasted globally and economic disparity in communities. Through its corporate responsibility roadmap, Better Tomorrow 2025, the company fosters diversity and inclusion and takes action in a number of areas, from developing and advocating healthy and sustainable eating choices to sourcing locally and inclusively. Among its areas of particular focus are two highlighted in this report: reducing its carbon footprint and ensuring the waste reduction on sites.

5,121,136
tons of CO_2
Scope 3 Supply Chain carbon emissions

5.5
billion euro
of Sodexo business value benefiting SMEs

56.2%
of total of shell eggs purchased by Sodexo are cage free shell eggs

FOOD SHOULD BE EATEN, NOT WASTED

Sodexo extends its leadership in fighting food waste

Sodexo is deploying innovative technology at its sites around the world to achieve its goal of halving food waste and losses in its operations by 2025.

The Group extended its efforts to fight against food waste by announcing in May 2019 the deployment of a data-driven food waste prevention program, WasteWatch by Leanpath[1], at 3,000 sites within one year.
The Group's program for preventing food waste incorporates smart food waste measurement technology which enables Sodexo teams to easily and rapidly capture food waste data and identify what is being wasted and why. Teams are then able to implement targeted operational and behavioral changes to eliminate avoidable waste generated by kitchens or disposed by consumers. On average, the program has been shown to be effective in reducing food waste by 50% on the sites on which it has been deployed.

DEPLOYMENT EXAMPLE

In March 2018, a site in Singapore implemented WasteWatch beginning with training sessions for Sodexo employees and end users, followed by a trial run using the new equipment. As the program was fully implemented, initiatives were introduced to reduce trim waste during food preparation and raise awareness with students to reduce post-consumer waste. Daily production planning has helped reduce food waste from overproduction and chefs are contributing new ideas to further reduce food waste. WasteWatch implementation has helped the client meet its sustainability goals and generated a strong positive response from the team and the surrounding school community.

FIGHTING PLASTIC WASTE IN OCEANS

Single-use plastics have traditionally been a staple of the Food services industry due to their ability to preserve food, and so reduce food waste.
At the same time, it pollutes oceans, harming marine life wildlife and the wider environment. To reduce its dependence on plastics, Sodexo has implemented innovative packaging and recycling solutions that are more environmentally friendly - reusable materials, bioplastics, organic materials. We have committed to reducing single-use plastics in 15 countries that represent around 70% of our revenues.

"Our goal is to prevent food waste throughout the value chain and empower other stakeholders to join this effort. Collaboration is the most effective way to reduce food waste but it's also the most challenging."

Damien Verdier
Group Chief
Corporate Responsibility Officer

69.2%

of Group revenues are from countries working to deliver on the United Nations' food waste objective

[1] **Leanpath** is the global leader in food waste measurement and prevention.

REDUCING CARBON EMISSIONS

Sodexo collaborates with its clients and suppliers to help them to achieve their sustainability goals

Sodexo has been working with the World Wildlife Fund (WWF) to measure and reduce the Group's carbon footprint since 2010. As part of its Better Tomorrow 2025 roadmap, the Group tracks progress toward achieving its 2025 objective to reduce carbon emissions by 34%.

Sodexo has achieved significant carbon emissions reductions in Scope 1 and 2 (direct GHG[1] emissions from the combustion of energy and electricity). However, there is far greater potential to improve environmental outcomes through the reduction of Scope 3 carbon emissions (indirect emissions), which represent most of the Group's footprint. Sodexo therefore revised its methodology to calculate and capture emissions reductions achieved in its supply chain.

In May 2019, Sodexo submitted its 34% carbon emissions reduction objective for official validation by the Science-Based Target initiative (SBTi), in line with the most recent climate data and a warming trajectory limited to +1.5° C. This target was validated by the SBTi in July 2019.

EMISSIONS REDUCTION INITIATIVES

In addition to its food waste prevention program, Sodexo is taking a number of actions to reduce its environmental impact, as well as that of its clients and suppliers.

RESPONSIBLE SOURCING AND LOCAL AND SMALL BUSINESS ENGAGEMENT

Today, more than half of Sodexo's carbon emissions come from our supply chain, primarily from carbon intensive commodities such as beef, dairy, palm oil, soy and paper that can drive deforestation.

Sodexo places a strong focus on supporting local and small businesses and suppliers who promote sustainable agricultural practices, such as organic dairy products supplier, Triballat Noyal, which prioritizes use of renewable energies and reduces production waste through its ambitious recycling policy.

Physical certified sustainable palm oil represents

34.7%

of the total volume purchased by Sodexo

5.5

billion euro

of Sodexo business value benefiting SMEs

1 Greenhouse gas.

SUSTAINABLE EATING: PROMOTING PLANT-BASED MEAL OPTIONS

92.2%

of North America client sites implement actions that proactively address Sodexo's 10 Golden Rules of Nutrition, Health and Wellness

Sodexo is working with Knorr, Unilever and WWF to offer delicious, plant-based, environmentally sustainable dishes in 5,000 Sodexo restaurants in Belgium, the United States, France and the United Kingdom. In August 2019 Sodexo announced a partnership with Impossible Foods to offer their plant-based burger across 1,500 food service sites within North America. When compared alongside a traditional meat-based burger, the Impossible Burger™ used 96% less land, 87% less water and 89% less GHG emissions.

"Joining forces with chefs and the food industry is an important step to changing the way we produce and consume food, moving away from an over-reliance on carbon heavy foods towards more plant-based diets."

Sarah Halevy
WWF Sustainable Diet Manager

SUPPORTING A SHIFT TO INNOVATIVE ENERGY SOLUTIONS THROUGH CREDIBLE MANAGEMENT EXPERTISE

Sodexo's energy management experts help clients increase their efficiency, reducing energy consumption and costs while achieving sustainability goals. Sodexo offers a global holistic energy service which covers energy strategy, compliance, procurement, monitoring and technologies which drive efficiency. Sodexo's energy solutions help many clients achieve six-figure annual energy cost savings and attractive return on investment.

"By working collaboratively and embracing Sodexo values, we've been able to explore and implement innovations to help benefit the facility's sustainability now and in the future."

Gary Brown
Energy Manager
Manchester University NHS Foundation Trust

47%

reduction in carbon emissions (compared to 2011 baseline) absolute, for scopes 1 and 2

62%

reduction in carbon emissions (compared to 2011 baseline) intensity, for scopes 1 and 2

91.1%

of Group revenues of countries hold one or more ISO 14001 certifications

3

CONSOLIDATED INFORMATION

3.1 FISCAL 2019 ACTIVITY REPORT

3.1.1 Fiscal 2019 year highlights

3.1.1.1 Financial results

- Organic revenue growth for the year, at +3.6%, is above the original guidance range of +2 to +3% given in November 2018 and the revised guidance of "around +3%" in July 2019. The underlying operating profit margin was in line with our comments in July and at the lower end of the original guidance range (5.5% to 5.7%, excluding currency impact) at 5.5%.
- **On-site Services** organic revenue growth of +3.3% has significantly improved relative to previous years, reflecting:
  - a return to growth in revenue in North America, at +1.8% for the full year, and sustained growth of +4.6% in all other regions;
  - mixed performance on key indicators:
  - client retention rate has decreased 50 basis points to 93.3% due to losses in Healthcare in the second half. Excluding the one large contract exited, retention was up 10 bps. All other regions and segments are stable or improved;
  - new sales development was down 50 basis points to 6.3%, due to stricter selectivity in the bidding process;
  - same site sales growth was +3.1%, up from +2.6% in Fiscal 2018, reflecting a combination of more inflation pass-through, solid cross-selling, offset somewhat by a net negative impact from IFRS 15 implementation of about 20 basis points;
  - with the award of the Summer 2020 Olympics hospitality contract, the two major sports events in Japan (the Rugby World Cup and the Olympics) should contribute approximately 100 basis points of comparable site growth for Fiscal 2020.
- **Benefits & Rewards Services** organic revenue growth was +8.5%, well balanced between Europe, Asia and USA at +8.6% and Latin America at +8.3%.
- The **underlying operating margin** was stable at 5.5% as published and excluding the currency impact. Productivity gains compensated investments in growth.
- **Other operating income and expenses** reached 141 million euro, compared to 131 million euro the previous year. Restructuring costs amounted to 46 million euro in Fiscal 2019 compared to 42 million euro in Fiscal 2018. Lower acquisition costs and higher gains on the sale of assets nearly offset higher amortization and depreciation of acquired intangible assets.
- Reported net profit was 665 million euro, up +2.2%. Basic EPS was 4.56 euro up +3.6%, helped by a lower average share count following the share buy-back program in Fiscal 2018.
- **Underlying Net profit** totaled 765 million euro, up +8.3%, with underlying EPS at 5.25 euro, up +10.1%.
- **The dividend** to be proposed at the Shareholders Meeting on January 21, 2020, is 2.90 euro, up +5.5% on the previous year, compared to an EPS up +3.6%. As a result, the pay-out is at 64%, or 55% relative to Underlying EPS.
- **Free cash flow** reached 907 million euro, representing a strong performance following an exceptional performance in Fiscal 2018 at 1,076 million euro[1] and despite a significant increase in net capex at 415 million, or 1.9% of revenues, against 298 million euro in the previous year. As a result, cash conversion remained high at 136% vs 165% in Fiscal 2018.
- After taking into account acquisitions and dividends, consolidated **net debt** at the end of the period was down slightly to 1,213 million euro compared to 1,260 million euro at August 31, 2018. As a result, the Group's financial position remained strong, with a net debt ratio at 0.9, just below the target level of 1-2.
- **Acquisitions**, net of disposals, amounted to **301 million euro** for the year, including:
  - in On-site Food services, Novae and Alliance in Partnership, strengthening the Group's presence in high end Corporate Services in Switzerland and public-sector Education in the United Kingdom;
  - in Homecare, several companies, strengthening the Group's positions in North America, France, and the United Kingdom, and entering Brazil, the Nordics market and Asia;
  - in Childcare, with the acquisition of Crèches de France, doubling our presence in the French market and entering the German market with Elly & Stoffl;

1 Including a tax reimbursement and related interest for a total of 51 million euro.

- during the year, the Group also acquired minority stakes in the digital/tech companies Meican in China and Zeta in India, which were already providing On-site and Benefits & Rewards operations with technology platforms in their home countries. The strategy is to deploy these platforms in other countries around the world.
- Sodexo's engagement in **Corporate Responsibility** continues to be recognized within the investment community, by remaining the top-rated company in its sector within the Dow Jones Sustainability Index (DJSI) for the 15th consecutive year, and the highest marks in SAMs "Sustainability Yearbook" for the 12th consecutive year in 2019.

3.1.1.2 Evolution in Governance

At the next Shareholders Meeting, on the recommendation of the Nominating Committee, the Board will propose, as independent directors:

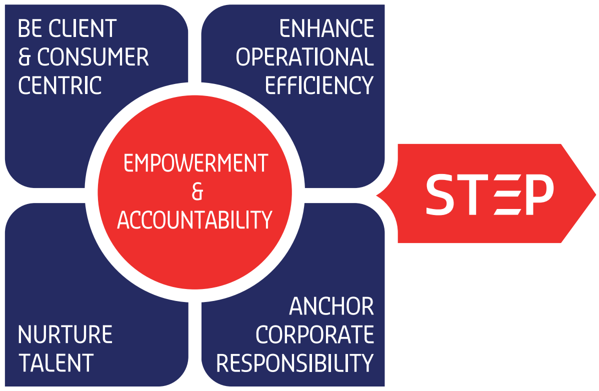
- the following appointments:
  - Véronique Laury, the former Chief Executive Officer of Kingfisher, a UK retail FTSE100 company, with the Castorama and B&Q brands. She will bring to the Board her strong consumer knowledge, as well as sales and marketing expertise in a B to C environment;
  - Luc Messier has both Canadian and American citizenships. He will bring significant international operational experience, notably in the energy sector, through executive management positions held with large French and American multinational companies (ConocoPhilips, Technip, Bouygues, Pomerleau);
- the following reappointments:
  - Sophie Stabile, notably for her experience in operations and finance in the services sector as well as her expertise in mergers and acquisitions;
  - Cécile Tandeau de Marsac, notably for her experience in marketing and in human resources in an international group undergoing significant organizational changes.

In addition, the Board offers its sincere thanks for their tremendous contributions to the Board to:

- Robert Baconnier, whose mandate expires at the Annual Shareholders Meeting to be held on January 21, 2020, and who has announced his intention to retire as director, which he has been since February 8, 2005;
- Astrid Bellon who has expressed her wish to no longer be a Board director from January 21, 2020, which she has been since July 26, 1989, to fully devote herself to her role on the Orientation Committee of the Pierre Bellon Foundation as well as to her personal projects.

Should these appointments and renewals be approved by shareholders at the General Meeting on January 21, 2020, the Board would be composed of 12 members, including 2 employee representatives. Amongst the 10 named by the Assembly, 7 are independent, 6 are female and the average age is 55 years old.

3.1.1.3 Focus on Growth



The Group's strategic agenda Focus on Growth has oriented the actions to generate productivity, by enhancing operational efficiency, to free up the means to continue to invest in growth by being more client and consumer centric. There has been a focused effort to put food back into the heart of everything we do. We are reinforcing discipline into our organization, by nurturing talent with new training, a new performance development framework Aspire, and considerable management changes, particularly in North America.

Anchoring corporate responsibility is exemplified by the launch in Fiscal 2019 of a global focus on food waste, with the program WasteWatch, powered by Leanpath, to be deployed in 3,000 sites by the end of Fiscal 2020.

The STEP project, Sodexo's performance management framework, is expected to focus management on the operational KPIs. The deployment is progressing in line with plan. The standardized cloud-based dashboard including 21 operational KPIs, with cost of worked hour, spend per consumer or food costs for example, went live in September 2019, for certain segments, in six countries and is expected to be available on 7,500 sites by February 2020.

3.1.1.4 Enhanced discipline across the Group

The reignition of growth in Fiscal 2019 has been accompanied by signs of greater discipline in the organization.

This is demonstrated by the following elements:

- our Lost time injury rate (LTIR) has continued to improve, down 11.1% in Fiscal 2019, to reach 0.86;
- while revenue retention was at 93.3%, due in particular to the exit of one large contract in Healthcare, gross profit retention was higher at 95%;
- the gross profit margin of new contracts signed during the year was 20 basis points higher in Fiscal 2019 than in the previous year;
- in Corporate Services, the share of local contracts in the sales pipeline represented 80%. These smaller, local contracts ramp-up faster and can offset the impact of the larger startups, which ramp-up more slowly.

3.1.1.5 Growth investments financed by productivity

In line with the strategic agenda, productivity gains are being achieved. On-site, clear signs of better control of food costs and labor management are coming through, although some of this has been offset by continued wage inflation, particularly in North America. Off-site, the results of the Fit for the Future program to streamline, standardize and mutualize SG&A costs are also helping to reduce costs.

This productivity has been reinvested back into the business. The key focus has been to accelerate growth, not just on a short-term basis, but also on a medium and long-term basis. The increase in investments in Onsite Services has been directed towards widening and improving the digital offers, data management, IT upgrade, improving and digitalizing sales and marketing. In Benefits & Rewards, the focus has been on transforming the organization with a new sales model, digital marketing, data management optimization, innovative payment solutions, enhancing the platforms and infrastructures for the digital solutions of the traditional benefits business.

3.1.2 Fiscal 2019 performance

3.1.2.1 Consolidated income statement

(in millions of euro)	FISCAL 2019 (ENDED AUGUST 31, 2019)	FISCAL 2018 (ENDED AUGUST 31, 2018)	DIFFERENCE	DIFFERENCE AT CONSTANT RATES
Revenue	21,954	20,407	+7.6%	+6.2%
Organic growth	*+3.6%*	*+1.6%*		
UNDERLYING OPERATING PROFIT	**1,200**	**1,128**	**+6.4%**	**+6.0%**
UNDERLYING OPERATING PROFIT MARGIN	**5.5%**	**5.5%**	**=**	**=**
Other operating expenses	(141)	(131)		
Operating profit	**1,059**	**997**	**+6.2%**	**+5.8%**
Net financial expense	(100)	(90)		
Effective tax rate	*29.0%*	*27.1%*		
GROUP NET PROFIT	**665**	**651**	**+2.2%**	**+1.7%**
EPS (in euro)	**4.56**	**4.40**	**+3.6%**	
UNDERLYING NET PROFIT	**765**	**706**	**+8.3%**	**+7.8%**
Underlying EPS (in euro)	5.25	4.77	+10.1%	

3.1.2.2 Currency effect

Exchange rate fluctuations do not generate operational risks, because each subsidiary bills its revenues and incurs its expenses in the same currency. However, given the weight of the Benefit & Rewards business in Brazil, and the high level of the margins relative to the Group, when the Brazilian Real declines against the euro, it has a negative effect on the underlying operating margin due to a change in the mix of margins. Conversely, when the Brazilian Real improves, Group margins increase.

€1=	AVERAGE RATE FISCAL 2019	AVERAGE RATE FISCAL 2018	AVERAGE RATE FISCAL 2019 VS. FISCAL 2018	CLOSING RATE FISCAL 2019 AT 08/31/2019	CLOSING RATE FISCAL 2018 AT 08/31/2018	CLOSING RATE 08/31/2019 VS. 08/31/2018
U.S. dollar	1.134	1.193	+5.2%	1.104	1.165	+5.6%
Pound sterling	0.885	0.884	-0.1%	0.906	0.897	-0.9%
Brazilian real	4.384	4.075	-7.0%	4.588	4.859	+5.9%

Sodexo operates in 67 countries. The percentage of total revenues and underlying operating profit denominated in the main currencies are as follows:

(FISCAL 2019)	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. dollar	42%	48%
Euro	25%	3%
UK pound sterling	9%	10%
Brazilian real	5%	20%

The currency effect is determined by applying the previous year's average exchange rates to the current year figures except in hyper-inflationary economies where all figures are converted at the latest closing rate for both periods when the impact is significant.

As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for Fiscal 2019 and Fiscal 2018 have been converted at the exchange rate of 1 euro = 63.975 ARS vs 44.302 ARS for Fiscal 2018.

Starting Fiscal 2019 Venezuela is accounted for using the equity method. Consequently, Venezuela is no longer included in revenue.

3.1.2.3 Revenues

REVENUES BY ACTIVITY

REVENUES BY SEGMENT (in millions of euro)	FISCAL 2019	FISCAL 2018	RESTATED ORGANIC GROWTH	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	11,577	10,938	+3.5%	+1.9%	+3.5%	+0.4%	+5.8%
Healthcare & Seniors	5,210	4,768	+2.1%	+5.5%	+1.0%	+2.8%	+9.3%
Education	4,280	3,855	+4.6%	+4.7%	+2.5%	+3.9%	+11.0%
ON-SITE SERVICES	**21,067**	**19,561**	**+3.3%**	**+3.3%**	**+2.7%**	**+1.7%**	**+7.7%**
BENEFITS & REWARDS SERVICES	**892**	**850**	**+8.5%**	**+8.5%**	**+0.1%**	**-3.7%**	**+4.9%**
Elimination	(4)	(4)					
TOTAL GROUP	**21,954**	**20,407**	**+3.6%**	**+3.6%**	**+2.6%**	**+1.5%**	**+7.6%**

Fiscal 2019 consolidated revenues totaled 22 billion euro, up +7.6% year-on-year. This growth is the result of organic growth of +3.6%, a contribution from acquisitions of +2.6%, with in particular the full year impact of the Centerplate acquisition, and positive currency movements for +1.5%, helped by the strength of the U.S. dollar more than offsetting the weakness in the Brazilian Real.

On-site Services

On-site Services organic revenue growth was +3.3% in Fiscal 2019, the highest rate of growth achieved in the last seven years. All regions and segments contributed to this growth.

The Fiscal 2019 KPIs were mixed: net new business was neutral with Development at 6.3%, compensating for Retention at 93.3%. Comparable site sales growth was strong at +3.1%.

CLIENT RETENTION IMPACTED BY A LARGE HEALTHCARE CONTRACT EXIT IN NORTH AMERICA

Retention was 93.3% in Fiscal 2019, down 50 basis points relative to Fiscal 2018. Excluding a large contract exit in Healthcare North America, where profitability was inadequate, retention would have been up 10 basis points (bps). This large contract will terminate in the first quarter of Fiscal 2020.

The primary focus of the new Healthcare management team in North America is to return to operational excellence on existing contracts and improving productivity, and where this is impossible closing the contract.

DEVELOPMENT STRONG IN MOST REGIONS

At 6.3%, the development rate was down 50 basis points. This reflects a more active selection process to identify the contracts where the Group believes it can add value to the client while generating good margins. The Corporate Services strategy to improve the mix of signatures between large global accounts which ramp-up over years and small local accounts which ramp-up rapidly is also having an impact. In Healthcare, the new management team is regenerating the pipeline. In Sports & Leisure, as expected, development was low, due to the successful and substantial renewals program in North America which mobilized the teams. All other regions and segments have improved their development rates and Sodexo was chosen recently to manage hospitality for the 2020 Summer Olympics in Japan. The contribution of the Rugby World Cup and the Olympics will add around 100 basis points to comparable unit growth in Fiscal 2020.

SOLID COMPARABLE SITE SALES GROWTH

Comparable site sales growth of +3.1% is up 50 basis points relative to Fiscal 2018, reflecting a combination of more inflation pass-through and solid cross-selling, offset somewhat by a net negative impact from the IFRS 15 implementation of about 20 basis points.

In Fiscal 2019, Food services organic growth improved, while non-food services continue to perform well with high single-digit growth. Non-food services represent 34% of On-site Services revenue.

ON-SITE SERVICES REVENUES BY REGION

REVENUES BY REGION (in millions of euro)	FISCAL 2019	FISCAL 2018	RESTATED ORGANIC GROWTH
North America	9,572	8,707	+1.8%
Europe	8,129	7,690	+3.2%
Africa, Asia, Australia, Latam, Middle East	3,366	3,163	+7.9%
ONSITE SERVICES TOTAL	**21,067**	**19,561**	**+3.3%**

Outside North America, representing 55% of On-site Services revenue, organic growth was +4.6%.

Brexit

In June 2016, the United Kingdom voted to leave the European Union. Sodexo has been present in the United Kingdom since 1988 and has around 35,000 employees there today. The Group's business should not be materially impacted by the United Kingdom leaving the European Union. The Group is a local player, working with local suppliers and employees, and very often for Government authorities and Government services. Action plans have been put in place to limit the impact of a hard or no deal Brexit on food prices and availability. We have noticed a slowdown in new business opportunities even though same site sales growth and client retention remain solid. Of course, growth in activity will remain dependent upon growth in GDP and employment in the country.

Business & Administrations

REVENUES

REVENUES BY REGION (in millions of euro)	FISCAL 2019	FISCAL 2018	RESTATED ORGANIC GROWTH
North America	3,263	2,822	+1.9%
Europe	5,371	5,313	+2.5%
Africa, Asia, Australia, Latam, Middle East	2,942	2,804	+6.8%
BUSINESS & ADMINISTRATIONS TOTAL	**11,577**	**10,938**	**+3.5%**

Fiscal 2019 **Business & Administrations** revenues totaled **11.6 billion euro**, with organic growth of +3.5%.

In **North America** organic growth was up **+1.9%** reflecting strong growth in Corporate Services, driven by same site sales growth, new contracts and solid retention, compensating weaker organic growth in other segments. Government & Agencies same site sales growth was impacted negatively by the renewal of the U.S. Marines Corp contract, although the trend is improving progressively quarter by quarter, as the new contract ramps up. In Sports & Leisure, organic growth was negative due to the exit of some less profitable contracts. The very substantial and successful contract renewal program this year mobilized the sales teams, resulting in low levels of new development. Energy & Resources remains volatile, quarter by quarter, and impacted by a tough comparable base in the first quarter due to a large one-off project in Fiscal 2018.

In Europe, sales were up **+2.5%** organically. Corporate Services continued to generate solid growth due to cross-selling, an easier comparative base in Benelux, and strong growth in southern and eastern Europe. Summer tourism in Paris was better than expected partially compensating a contract loss in France. Government & Agencies improved quarter by quarter during the year. Energy & Resources turned positive in the second half.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth remains strong at **+6.8%** for the year, reflecting strong growth in same site sales and new business in Corporate Services in all regions, progressive improvement quarter by quarter in Energy & Resources growth, and a successful Pan-American Games in August in Peru.

Healthcare & Seniors

REVENUES BY REGION (in millions of euro)	FISCAL 2019	FISCAL 2018	RESTATED ORGANIC GROWTH
North America	3,211	3,001	+1.5%
Europe	1,678	1,493	+0.9%
Africa, Asia, Australia, Latam, Middle East	321	274	+17.4%
HEALTHCARE & SENIORS TOTAL	**5,210**	**4,768**	**+2.1%**

Healthcare & Seniors revenues amounted to **5.2 billion euro**, up +2.1% organically.

In **North America**, organic growth was **+1.5%**. The renewed management team is focused on improving execution and productivity, generating more cross-selling on existing contracts, passing through inflation and putting more discipline into the sales process. Retention was impacted this year due to the loss of several contracts and one large contract exit for which profitability has been an issue. These contracts started to fall out of revenues in the fourth quarter but will continue to do so in the first half of Fiscal 2020. Development has also been slow due to a much more selective process, impacting the pipeline of opportunities. However, the contracts signed are more robust. Seniors organic growth improved progressively quarter by quarter, after the loss of a significant contract in the first quarter.

In **Europe**, organic growth was **+0.9%**. The slow market dynamic in both Hospitals and Seniors and the resulting negative net new business in most countries has hampered growth. On the other hand, same site sales growth was strong, particularly in northern Europe. The pipeline is showing signs of improvement, particularly in the UK.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth has remained strong all year, at **+17.4%** despite the comparable base becoming more and more challenging quarter after quarter. The growth reflects new contract startups in Brazil and Asia, as clients seek to benefit from the transfer of the Group's expertise, and particularly strong same site sales growth across the regions. The development rate has slowed down slightly during the year but remains well over the average for the segment.

Education

REVENUES BY REGION (in millions of euro)	FISCAL 2019	FISCAL 2018	ORGANIC GROWTH
North America	3,098	2,884	+2.2%
Europe	1,079	885	+12.0%
Africa, Asia, Australia, Latam, Middle East	102	86	+12.3%
EDUCATION TOTAL	**4,280**	**3,855**	**+4.7%**

Revenues in **Education** were **4.3 billion euro**, up +4.7% organically.

North America was up **+2.2%**, or +3.6% excluding the IFRS 15 impact[1]. While net new business from last year was neutral, same site sales growth has been solid, helped by inflation pass-through, some impact from extra working days, and solid summer works. The selling season in Fiscal 2019 remained broadly neutral, with higher retention but lower development.

In **Europe**, organic growth was **+12%**. This strong performance is driven by solid prior year contract wins in the UK and the startup in January of the new School contract in the Yvelines department, the biggest School contract ever signed in France, combining both food and facilities management services.

In **Africa, Asia, Australia, Latin America, and the Middle East**, organic growth was **+12.3%**, despite an ever higher comparable base, resulting from the opening of several new School and University contracts in China, Singapore and India.

1 First time implementation of IFRS 15 in Fiscal 2019 has had a negative impact of 20 basis points on Fiscal 2019 Group organic growth. However, this is made up of a significant impact in Education in North America and a lesser positive impact disseminated broadly around the other segments and regions.

Benefits & Rewards Services

Benefits & Rewards Services revenue amounted to 892 million euro, up +4.9%. Currencies had a negative impact of -3.7%, due principally to the weakness of the Brazilian real and the Turkish lira. The scope change was negligible. Organic growth in revenues was strong at +8.5%, with a very strong first nine months, and then a slowing down against a higher comparable base in the fourth quarter.

REVENUES BY ACTIVITY (in millions of euro)	FISCAL 2019	FISCAL 2018	ORGANIC GROWTH
Employee benefits	709	677	+9.4%
Diversification services*	183	173	+5.0%
BENEFITS & REWARDS SERVICES	**892**	**850**	**+8.5%**

* Including Incentive & Recognition, Mobility & Expenses and Public Benefits.

Employee Benefit revenues were up **+9.4% organically**, compared to organic growth in issue volume (13.5 billion euro) of +7.1%. In Brazil, growth was strong in the first half, slowing down in the second due to the strong comparable base and economic environment which became progressively more difficult. Growth was strong in Europe.

Services Diversification was up **+5%** organically, or +18.7% excluding some portfolio rationalization in Incentive & Recognition, resulting from strong double-digit growth in Mobility & Expense and rapid development in Corporate Health & Wellness offers.

3

REVENUES BY NATURE (in millions of euro)	FISCAL 2019	FISCAL 2018	ORGANIC GROWTH
Operating Revenues	818	777	+8.4%
Financial Revenues	74	73	+9.1%
BENEFITS & REWARDS SERVICES	**892**	**850**	**+8.5%**

Operating revenues were up **+8.4%**, with solid growth in western Europe, double digit growth in eastern and southern Europe and strong growth in Latin America.

Financial revenues were up **+9.1%** as a result of continued volume growth across the regions this year and an increase in interest rates in Turkey, Czech Republic and Romania, where we also had an exceptionally high float due to exceptionally high issuance at the end of the previous fiscal year. Growth was slower in the fourth quarter due to the decline in Brazilian interest rates.

REVENUES BY REGION (in millions of euro)	FISCAL 2019	FISCAL 2018	ORGANIC GROWTH
Europe, Asia and USA	508	473	+8.6%
Latin America	384	377	+8.3%
BENEFITS & REWARDS SERVICES	**892**	**850**	**+8.5%**

In **Europe, Asia and USA**, organic growth in revenues remains strong at **+8.6%**. This performance is due to a solid performance in western Europe, double-digit growth in eastern and southern Europe, and Turkey. Rydoo, the end-to-end travel and expense management system is growing very strongly as are the Corporate Health & Wellness offers.

Organic growth in **Latin America was +8.3%** reflects strong growth in activity in the first half of the year, following on from the strong pick-up in Brazil in the third quarter of Fiscal 2018. Growth slowed down in the fourth quarter due to the higher comparable base. Momentum in Mexico remained good and growth in Chile was strong.

3.1.2.4 Underlying operating profit

Fiscal 2019 Underlying operating profit amounted to 1.2 billion euro, up +6.4%, or +6% excluding the currency effect. Underlying operating margin was 5.5%, stable relative to the previous year, on current and constant exchange rates. The On-site Services margin was stable at 5% and the Benefits & Rewards Services margin at 31% was up 20 basis points, or +110 basis points, excluding the currency mix effect of the weakness of the Brazilian Real.

(in millions of euro)	UNDERLYING OPERATING PROFIT FISCAL 2019	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN FISCAL 2019	DIFFERENCE MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
Business & Administrations	487	+8.0%	+7.1%	4.2%	+0 bps	+0 bps
Healthcare & Seniors	342	+9.6%	+6.3%	6.6%	+30 bps	+20 bps
Education	220	-1,4%	-5.7%	5.1%	-70 bps	-70 bps
On-site Services	**1,049**	**+6.4%**	**+3.9%**	**5.0%**	**+0 bps**	**+0 bps**
Benefits & Rewards Services	**276**	**+5.7%**	**+12.7%**	**31.0%**	**+20 bps**	**+110 bps**
Corporate expenses & Intragroup eliminations	(126)	-4.7%	-4.1%			
UNDERLYING OPERATING PROFIT	**1,200**	**+6.4%**	**+6.0%**	**5.5%**	**+ 0 bps**	**+0 bps**

In **On-site Services**, underlying operating profit was up 6.4%, or 3.9% excluding the currency impact. Margin was stable. The performance by segment, excluding the currency effect, is as follows:

- **Business & Administrations** Underlying operating profit increased by +7.1% and the operating margin was stable at 4.2%. As expected the productivity generated by the business during the year was reinjected into more sales, marketing, digital spend, new offers to accelerate growth. The timing differences between investments and productivity gains, visible in the first half figures, were covered as expected, helped by some client renegotiations to establish better levels of profitability in some of the larger contracts started up recently, and in particular for the U.S. Marine Corps contract (USMC);
- in **Healthcare & Seniors** the increase in Underlying operating profit and margin was respectively +6.3% and +20 basis points, reflecting the enhanced discipline of the new team, particularly in North America. Productivity is improving due to the introduction of new systems to better manage staffing and food costs and generally, more rigorous management of the STEP operational KPIs. Inflation is covered by price increases;
- in **Education**, underlying operating profit fell by -5.7% and the margin by -70 basis points due to previous year churn, particularly in North America and the startup of many new contracts. The first half was also impacted by strikes in France. North American wage inflation has been passed through. However, wage inflation has continued in Fiscal 2019, absorbing most of the productivity achieved during the year.

In **Benefits & Rewards Services**, underlying operating profit and margin were up respectively +12.7% and +110 basis points, excluding currency impacts. This is due to the strong recovery in volumes and a relative stabilization of interest rates in Brazil, despite weakness in the last quarter. Investments are continuing, to implement the digital transformation of the organization.

3.1.2.5 Group net profit

Other operating income and expenses were 141 million euro *versus* 131 million euro in the previous year. Restructuring costs reached 46 million euro compared to 42 million euro in the previous year. While amortization and depreciation of acquired intangible assets were up against the previous year linked principally to the ongoing effects of the Centerplate acquisition and some intangibles impairment, this was nearly compensated by lower acquisition costs and net gains from the sale of subsidiaries, linked to the exit of some countries.

(in millions of euro)	FISCAL 2019	FISCAL 2018
OTHER OPERATING INCOME	**11**	**10**
Gains related to consolidation scope changes	9	3
Gains on changes of post-employment benefits	1	-
Other	1	7
OTHER OPERATING EXPENSES	**(152)**	**(141)**
Restructuring and rationalization costs	(46)	(42)
Acquisition-related costs	(11)	(15)
Losses related to consolidation scope changes	-	(18)
Losses on changes of post-employment benefits	(4)	-
Amortization and impairment of acquired intangible assets	(85)	(52)
Impairment of non-current assets	-	-
Other	(6)	(14)
OTHER OPERATING INCOME AND EXPENSES	**(141)**	**(131)**

As a result, the **Operating Profit** was 1,059 million euro, up +6.2%.

Net financial expenses increased by 10 million euro, to 100 million euro essentially due to the absence of the exceptional interest payment from the French State on the dividend tax reimbursement of 7 million euro last year. The remainder is due to higher debt resulting from the acquisition of Centerplate in January 2018 and the share buy-backs last year and the related refinancing. A new 9-year sterling bond was issued in June 2019, partially offsetting a repayment of a tranche from the 2014 USPP in March 2019. Though they have reduced the Group's short-term funding from commercial paper at negative interest rates, these operations have ensured that the average debt maturity remains over 5 years and provided a hedge for sterling cashflow. The blended cost of debt was 2.6% as of August 31, 2019, compared to 2.5% at the end of Fiscal 2018.

The **effective tax rate** returned to a more normal level at 29.0% after the exceptional 27.1% in Fiscal Year 2018 which benefited from a positive one-off in France from the reimbursement of the 3% contribution on distributed dividends over the period 2013-2017. It now fully reflects the positive impact of the tax rate reduction in the USA.

The share of **profit of other companies consolidated by the equity method** was 4 million euro. Profit attributed to non-controlling interests was 21 million euro, after 13 million euro in the previous year due notably to the contribution from the joint venture managing the Rugby World Cup.

As a result, **Group net profit** was 665 million euro, up +2.2%. **Underlying net profit** amounted to 765 million euro, up +8.3%, or +7.8% excluding the currency impact, adjusted for Other operating income and expenses at a normalized tax rate.

3.1.2.6 Earnings per share

Published EPS was 4.56 euro, up +3.6%. The 160-basis point accretion relative to the change in net profit is due to the effect of the 300 million euro share buy-back during the previous year resulting in a lower weighted average number of shares of 145,721,534 relative to 148,077,776 shares for Fiscal 2018.

Underlying Earnings per share amounted to 5.25 euro, up +10.1%.

3.1.2.7 Proposed dividend

At the Shareholder's Meeting to be held on January 21, 2020, the Board of Directors will recommend a dividend of 2.90 euro per share for Fiscal 2019, up +5.5% relative to the prior year, reflecting the increase in EPS of +3.6%. This proposal reflects the Board's confidence in the Group's strategy. As a result, the pay-out ratio will be 64%, or 55% on Underlying EPS.

3.1.3 Consolidated financial position

3.1.3.1 Cash flows

Cash flows for the period were as follows:

(in millions of euro)	FISCAL 2019	FISCAL 2018
Operating cash flow	1,139	1,140
Change in working capital excluding change in BRS financial assets*	182	221
Net capital expenditure	(415)	(286)
Free cash flow	**907**	**1,076**
Net acquisitions	(301)	(697)
Share buy-backs	(7)	(300)
Dividends paid to shareholders	(403)	(411)
Other changes (including scope and exchange rates)	(150)	(316)
(Increase)/decrease in net debt	**47**	**(648)**

* Excluding change in financial assets related to the Benefits & Rewards Services activity (-53 million euro in Fiscal 2019 and -228 million euro in Fiscal 2018). Total change in working capital as reported in consolidated accounts: in Fiscal 2019: 129 million euro = 182 million euro - 53 million euro and in Fiscal 2018: -7 million euro = 221 million euro - 228 million euro.

Operating cash flow was stable at 1,139 million euro against an exceptionally strong level last year, helped by low cash taxes and net interest paid, linked to the dividend tax reimbursement in Fiscal 2018. The positive inflow of working capital of 182 million euro remained strong, helped by the strongly favorable cut-off impact at the end of August of the Rugby World Cup, the growth in the business and ongoing improvements in operational cash management throughout the Group.

Net capital expenditure, including client investments amounted to 415 million euro, representing 1.9% of revenues, compared to 1.4% of revenues last year. This reflects higher IT investments, connected to the upgrading of certain systems, a significant increase linked to Education and the higher levels of investments required to support the retention efforts of Sports & Leisure, particularly within Centerplate in North America. As previously announced, this rate is expected to increase over the next few years to around 2.5%, as client retention and development of sales improve in Education and Sports & Leisure.

Free cash flow reached 907 million euro, a strong performance despite the significant increase in net capex. Previous year performance was boosted by a significant reduction in cash taxes, linked to the exceptional tax reimbursement in France and a decline in the U.S. tax rate. As a result, cash conversion reached 136% compared to 165% in Fiscal 2018.

Net acquisitions and disposals of subsidiaries came out at 301 million euro from particularly high 697 million euro in the previous year, reflecting, in particular, the acquisition of Centerplate for a total of 610 million euro. After taking into account dividend payments of 403 million euro, and Other changes, principally linked to currency impacts and consolidation scope changes, consolidated net debt fell during the year by 47 million euro to 1,213 million euro at August 31, 2019.

3.1.3.2 Acquisitions for the period

In Fiscal 2019, given the focus on accelerating growth in On-site Services and resolving the issues in North America, the acquisitions were predominantly focused on:

- Homecare with entry into the Brazilian and Norwegian markets through Pronep and Prima Omsorg and acquiring density in the UK, France, USA with respectively The Good Care Group, Domicil+ and franchisees, and a small entry in the Asian market;
- Childcare with a substantial increase in size in France through the acquisition of Crèches de France and an entry into the German market through Elly & Stoffl;
- the other acquisitions included a strengthening of the Group's position in Education in the UK with Alliance in Partnership and the development of Food services in Switzerland with the acquisition of Novae.

3.1.3.3 Condensed consolidated statement of financial position at August 31, 2019

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018		AUGUST 31, 2019	AUGUST 31, 2018
Non-current assets	9,455	7,944	Shareholders' equity	4,456*	3,283
Current assets excluding cash	5,111	4,628	Non-controlling interests	42	45
Restricted cash-Benefits & Rewards	678	615	Non-current liabilities	4,722	4,330
Financial assets-Benefits & Rewards	442	427	Current liabilities	8,247	7,622
Cash	1,781	1,666			
TOTAL ASSETS	**17,467**	**15,280**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**17,467**	**15,280**
			Gross debt	**4,079**	**3,940**
			Net debt	**1,213**	**1,260**
			Gearing	**27%**	**38%**
			Net debt ratio	**0.9**	**1.0**

* The main impact reflects the reevaluation of certain financial assets in the context of first-time application of IFRS 9.

As of August 31, 2019, net debt was 1,213 million euro, representing a gearing of 27%, compared to 38% as of August 31, 2018, and a net debt ratio of 0.9, just below the Group's target range of 1 to 2.

The Group's financial position remains strong with cash flow covering investments, acquisitions and the dividend. As a result, gearing and net debt ratio have improved. During the year, the Group continued to improve the maturity of its debt with the Issuance of a new GBP bond of 250 million pounds sterling (276 million euro), the repayment of the first tranche of the 2014 USPP of 150 million U.S. dollars (132 million euro) and a 100 million euro reduction of commercial paper issued.

At the end of Fiscal 2019, the Group had unused lines of credit totaling 1.8 billion euro and an operating cash position of 2,866 million euro (including restricted cash for 678 million euro, financial assets for 442 million euro and 35 million euro of bank overdrafts). As a reminder, the cash position includes 2,136 million euro for Benefits & Rewards Services.

3.1.3.4 Outlook

The Focus on Growth strategic agenda has delivered growth of more than 3% this year. There are many action plans around the Group with initiatives to enhance quality of new and renewed contracts, operational efficiency and growth.

For Fiscal 2020, while growth in North America remains challenging as the Healthcare contract losses fall out of revenues and with net new business being only neutral in Education, growth in all other areas and segments should continue to accelerate.

This year also benefits from two major sports events in Japan, with the Rugby World Cup in the first quarter and the 2020 Summer Olympics in the fourth quarter.

The Group is continuing to identify new Fit for the Future initiatives to generate SG&A savings. This will complement the operational productivity coming through due to more discipline and STEP implementation. **These savings will continue to be reinvested in accelerating growth**.

As a result, for **Fiscal 2020 the Group is expecting**:

- **organic revenue growth of around 4%, including the major sports events**;
- **stable underlying operating profit margin for the year, excluding the currency impact and any impact from IFRS 16 implementation**.

Mid-term, the Group aims to deliver market leading profitable growth. Current Group investments, activity mix and geographic presence provide us with the opportunities to capture this growth. Sodexo is capable of accelerating organic growth over the years to come while ensuring a sustainable and inclusive business model.

As organic growth increases, growth investments will be kept under control, so that the effects of enhanced discipline and efficiency gains will feed margin expansion.

3.1.3.5 Alternative Performance Measure definitions

Blended cost of debt

The blended cost of debt is calculated at period end and is the weighted blended financing rate on borrowings (including derivative financial instruments and commercial papers) and cash pooling balances at period end.

Free cash flow

Please refer to the section entitled Consolidated financial position.

Growth excluding currency effect

The currency effect is determined by applying the previous year's average exchange rates to the current year figures except in hyper-inflationary economies where all figures are converted at the latest closing rate for both periods when the impact is significant.

As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for Fiscal 2019 and Fiscal 2018 have been converted at the exchange rate of 1 euro = 63.975 ARS vs 44.302 ARS for Fiscal 2018.

Issue volume

Issue volume corresponds to the total face value of service vouchers, cards and digitally-delivered services issued by the Group (Benefits & Rewards Services activity) for beneficiaries on behalf of clients.

Net debt

Net debt is defined as Group borrowing at the balance sheet date, less operating cash.

Organic growth

Organic growth corresponds to the increase in revenue for a given period (the "current period") compared to the revenue reported for the same period of the prior fiscal year, calculated using the exchange rate for the prior fiscal year; and excluding the impact of business acquisitions (or gain of control) and divestments, as follows:

- for businesses acquired (or gain of control) during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- for businesses acquired (or gain of control) during the prior fiscal year, revenue generated during the current period up until the first anniversary date of the acquisition is excluded;
- for businesses divested (or loss of control) during the prior fiscal year, revenue generated in the comparative period of the prior fiscal year until the divestment date is excluded;
- for businesses divested (or loss of control) during the current fiscal year, revenue generated in the period commencing 12 months before the divestment date up to the end of the comparative period of the prior fiscal year is excluded;
- for countries with hyperinflationary economies all figures are converted at the latest closing rate for both periods. As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for Fiscal 2019 and Fiscal 2018 have been converted at the exchange rate of 1 euro = 63.975 ARS vs 44.302 ARS for Fiscal 2018.

Underlying Net profit

Underlying Net profit presents a net income excluding significant unusual and/or infrequent elements. Therefore, it corresponds to the Net Income Group share excluding Other Income and Expense and significant non-recurring elements in both Net Financial Expense and Income Tax Expense where relevant.

Underlying Net profit per share

Underlying Net profit per share presents the Underlying net profit divided by the average number of shares.

Underlying operating profit margin

The underlying operating profit margin corresponds to Underlying operating profit divided by revenues.

Underlying operating profit margin at constant rates

The underlying operating profit margin at constant rates corresponds to Underlying operating profit divided by revenues, calculated by converting 2019 figures at Fiscal 2018 rates, except for countries with hyperinflationary economies.

3.2 EXTRA-FINANCIAL REPORTING

3.2.1 470,000 employees serving clients and consumers

3.2.1.1 Workforce by segment and activity

	WORKFORCE		BREAKDOWN	
	FISCAL 2019	CHANGE	FISCAL 2019	FISCAL 2018*
Business & Administrations ☑	275,262	+2,736	58.5%	59.2%
Healthcare and Seniors ☑	87,980	+3,369	18.7%	18.4%
Education ☑	92,109	+3,563	19.6%	19.2%
TOTAL ON-SITE SERVICES ☑	455,351	+9,678	96.8%	96.7%
BENEFITS & REWARDS SERVICES ☑	4,901	+521	1.0%	1.0%
GROUP HEADQUARTERS AND SHARED STRUCTURES ☑	9,985	-625	2.1%	2.3%
TOTAL ☑	**470,237**	**+9,574**	**100%**	**100%**

* Reclassified for inter-segment reallocation.

The total number of employees has increased by +2.1%, well below revenue growth of +7.6%, or even organic growth of +3.6%.

In Business and Administrations, the growth in headcount reflects strong growth in Asia and Latin America especially with large new openings in Brazil and Mexico. In North America and Europe the headcount is stable.

In Healthcare, the increase in workforce is mainly due to the opening of many new sites in Brazil and India, while the number of people is down slightly in Europe and in North America due to some closures in the fourth quarter. The growth of Homecare in the U.S. and the UK also contributes to the increase in the number of employees.

In Education the increase in workforce is driven by new business with the very substantial Yvelines school contract in France, many new contracts and acquisitions in the UK, as well as the acquisition of Crèches de France (Childcare).

In Benefits & Rewards the growth in Travel and expense management (Inspirus and Rydoo) revenues explains the increase of headcounts.

3.2.1.2 Workforce by region

	FISCAL 2019	FISCAL 2018
North America	33.1%	34.1%
Europe	30.0%	29.9%
Africa, Asia, Australia, Latin America, Middle East	36.9%	36.0%
TOTAL	**100.0%**	**100.0%**

The increasing share of workforce in Africa, Asia, Australia, Latin America, Middle East is driven by the strong growth in activity in Brazil, India and Mexico. Despite the Childcare and Homecare acquisitions in France and the UK, the share in Europe remains stable, in line with the growth in activity. The decline in North America is due to the slower growth in the region and the recent contract exits in Healthcare segment.

Note: From 3.2.1.3, all Fiscal 2018 workforce figures exclude Centerplate (27,696 employees as of August 31, 2018).

☑ Indicators verified to the level of “reasonable” assurance by KPMG.

3.2.1.3 Workforce by category

	FISCAL 2019		FISCAL 2018	
	TOTAL	% FEMALE	TOTAL	% FEMALE
Board ☑(1)	10	60%	11	55%
Executive Committee ☑	20	35%	19	37%
Group Senior Executives ☑(2)	203	37%	203	34%
Managers ☑	52,179	44%	49,743	43%
All Employees ☑	470,237	55%	432,967	55%

(1) Excluding the 2 members of the Board who are employee representatives.
(2) Group Senior Executive includes the key functions reporting directly to a Group Executive Committee member, higher level sales and operations and high potentials.

The share of women on the Executive Committee decreased slightly due to the turnover, but, remains at a healthy 35% level.

On the other hand, the share of women has increased in the Group Senior Executives community which is an important talent pool for the future Executive Committee members as well as among managers.

BETTER TOMORROW **2025** OBJECTIVE	**100%** of our employees work in countries that have gender balance in their management populations

	FISCAL 2019
% of employees working in countries that have gender balance in their management populations	50.4%

3.2.1.4 Workforce by age group and average seniority

	FISCAL 2019		FISCAL 2018	
	EMPLOYEES	MANAGERS	EMPLOYEES	MANAGERS
Under 30 years	28.6%	12.1%	27.4%	11.9%
30-40 years	22.7%	29.6%	23.6%	30.7%
40-50 years	21.6%	29.1%	22.3%	29.5%
50-60 years	19.0%	22.1%	19.4%	21.9%
Over 60 years	8.1%	7.0%	7.3%	6.0%
TOTAL	**100%**	**100%**	**100%**	100%

(in number of years)	FISCAL 2019	FISCAL 2018
Managers	8.6	8.3
Employees	4.6	4.8
AVERAGE SENIORITY	**5.1**	**4.8**

3.2.1.5 New hires excluding acquisitions and contract transfers

	FISCAL 2019	FISCAL 2018	CHANGE
Employees	175,599	161,365	+14,234
Managers	9,353	6,117	+3,236
TOTAL	**184,952**	**167,482**	**+17,470**

New entrants have increased in Fiscal 2019, mainly driven by Centerplate (only consolidated in this analysis since Fiscal 2019) and the Homecare acquisitions and in countries that are growing strongly such as Brazil and India.

In some countries, new hires are slightly down in correlation with an increase in employee retention.

3.2.1.6 Departures by reason on continuous contract (excluding site loss)

	FISCAL 2019	FISCAL 2018	CHANGE
Resignations (less than 3 months)	35,297	33,353	+1,944
Resignations (after 3 months)	85,317	81,770	+3,547
TOTAL RESIGNATIONS	**120,614**	**115,123**	**+5,491**
Dismissals or redundancy	42,152	33,972	+8,180
Retirement and other reasons	6,638	4,093	+2,545
TOTAL NUMBER OF DEPARTURES	**169,404**	**153,188**	**+16,216**

3.2.1.7 Retention of talents

	FISCAL 2019	FISCAL 2018
Retention Rate for Total Workforce ☑	81.6%	80,9%
Retention Rate for Site Management ☑	87.2%	86,6%

The retention rate is calculated on the basis of resignations after more than 3 months of service. The improvement compared to Fiscal 2018 is principally in North America and India, due to retention initiatives such as ensuring timely induction of new joiners in India.

3

RETENTION RATE FOR SITE MANAGERS	COUNTRIES
>90%	Argentina, Belgium, Brazil, Canada, Chile, France, Germany, Italy, Netherlands, Russia, Spain
80%-90%	China, Colombia, Finland, Sweden, UK, USA
<80%	India

3.2.2 Engaged talents

BETTER TOMORROW 2025 OBJECTIVE	**80%** employee engagement rate

The employee engagement rate – expressing both satisfaction, and involvement and promotion – is a key performance indicator for Sodexo, which seeks to become one of the most admired companies by its employees in the world.

In April 2018, Sodexo conducted its seventh international engagement survey for all employees with at least six months seniority, representing 386,262 employees in 55 countries. The survey, conducted online, attracted a high participation rate of 62% (*versus* 57% in 2016). For the fifth consecutive survey, the employee engagement rate increased. In 2018, it reached 69%, +1 pointcompared to the previous survey, well above the 64% benchmark rate[1].

Local survey results are then shared with teams to develop tangible action plans. These plans are used to improve performance on issues such as absenteeism, health and safety and employee retention, in order to continue to enhance Quality of Life for employees, to in turn enhance quality of life for consumers and productivity for clients.

	JUNE 2018	JUNE 2016	CHANGE
Number of respondents	239,520	208,775	+15%
Employee engagement Rate ☑	69%	68%	+1 pt
% of employees rating Sodexo as the best employer in its sector	84%	88%	-4 pts
% of employees believing that Sodexo values diversity (such as age, gender, culture and origin, religion, sexual orientation and providing opportunities for individuals with disabilities) in the workplace	82%	80%	+2 pts
% of employees considering Sodexo to be a socially and environmentally responsible company	80%	80%	-

1 Aon Hewitt client companies.

3.2.3 Investment in talent development

3.2.3.1 Developing our employees

Sodexo is convinced that the satisfaction of its clients and consumers depends largely on the skills and talents of its employees. The Learning and Development Department offers Sodexo employees a wide range of professional and learning programs.

	FISCAL 2019	FISCAL 2018	CHANGE
Total number of training hours(1)	4,017,650	3,362,594	+19.5%
Average number of hours of training per employee(1)	12.4	10.9	+14.3%
% of client sites providing training on sustainable practices	-(2)	49.2%	

(1) The number of training hours excludes the USA due to data quality issues and Germany due to Work Council.
(2) This indicator is not available for Fiscal year 2019 as the site survey process is being reviewed. The indicator will be disclosed starting Fiscal year 2020, based on a new methodology.

Excluding the USA, the number of hours of training increased in Fiscal 2019 due to Responsible Business Conduct campaign.

The Learning and Development focus in Fiscal 2019 has been on supporting the strategic agenda with key programs designed to reinforce the fundamentals of the Focus on Growth strategic agenda: being clients and consumer centric, enhancing operational efficiency, nurturing talent and anchoring corporate responsibility. Notable launches in Fiscal 2019 include:

- **Unleash** – this program is an online program available, on demand to all managers worldwide to support them in developing their fundamental management capabilities. The program is available in more than ten languages and covers themes such as team feedback, team communication and objectives setting;
- **the On-Site Manager Academy** has been developed to support On-Site Managers in driving growth, managing and engaging their teams and delivering operational efficiency. This blended learning journey also supports them in their personal development and in providing them with a strong network to drive their own development and that of their business. All regions globally have launched the Academy with nearly 5,000 participants currently on the program;
- **the Digital Passport** is designed to accelerate digital transformation by providing the right mind-set, skills and specialization to Sodexo's employees. Over 8,000 have already participated in the digital passport across the first countries to go live (India, Brazil, China, Nordics).

BETTER TOMORROW **2025** OBJECTIVE	**100%** of our employees are trained on sustainable practices

Training our employees on environmental issues improves our services, raises awareness, and changes behaviors. We encourage our teams to report any issues which concern them so that we can prevent environmental incidents. This is backed by a robust compliance process to ensure we adhere to the laws, regulations, Group standards and contractual commitments that help ensure a healthier environment. In order to reach our ambitious 2025 target we have decided to implement a global training program starting Fiscal year 2020. The first indicator will be disclosed in the Fiscal 2020 reporting.

3.2.3.2 Internal promotion at the heart of Sodexo's model

The Company encourages employees to develop a career plan, to explore new professional horizons and take on new responsibilities. This is dependent upon providing multiple opportunities through continued growth, the evolution of the portfolio of activities and the variety of its professions.

	FISCAL 2019	FISCAL 2018
% of **off-site** managers **promoted** internally	7.6%	6.6%
% of **on-site** managers **promoted** internally	8.8%	8.7%
% of employees promoted internally	2.2%	2.9%

3.2.4 Flexible organization, respectful of employees, offering good working conditions

Because people work better when they work in a professionally fulfilling, stable and secure environment, Sodexo ensures that its employees are the first to benefit from its mission to improve Quality of Life. Sodexo is committed to improving the well-being of its employees.

The Group's organizational model ensures continuity of service quality, while remaining attentive to the expectations of its employees, in accordance with local regulations. Part-time work and use of fixed-term contracts provide the flexibility for business needs.

Around the world, Sodexo promotes work flexibility for its employees, taking into account their lifestyle and ways of working. The Group facilitates a good work-life balance, improving individual performance. Committed and effective, Sodexo employees are thus able to deliver quality service to clients and consumers.

	FISCAL 2019	FISCAL 2018
% Workforce working part-time	28.4%	24.7%

The increase in the share of part-time workers in Fiscal 2019 is mainly due to the integration of Centerplate.

3.2.4.1 Ensuring employee safety

Sodexo has continued to strengthen its prevention programs for the management of workplace health and safety including providing all members of the Group Executive Committee with individual leadership coaching during Fiscal 2019. Sodexo Safety Nets (preventive controls) and Life Safety (Hazardous activities) programs provide better understanding of risks and causes of accidents, enabling focused improvement actions. The biggest LTIR improvements in Fiscal 2019 were achieved by the Energy & Resources and Sports & Leisure segments. These outcomes are a potential source of improvement in employees' engagement and quality of life and a source of efficiency gains through reductions in work stoppages and absenteeism.

Sodexo's Health and Safety Policy guides our actions in this area by defining minimum expectations for each business entity and is based on OHSAS 18001.

	FISCAL 2019	FISCAL 2018
% of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification þ	88.4%	85.2%
Number of work related accidents requiring leave þ	3,426	3,699*
Average number of work day absences per employee due to work-related accident or illness and non-work-related accident or illness	8.3	8.3
Lost Time Injury Rate (LTIR)	0.86	0.97
Best performance: Lost Time Injury Rate (LTIR) – Energy & Resources segment	0.10	-
% LTIR reduction	11.1%	6.5%
% of Group revenues of countries employing environmental experts	97.6%	96.9%

* The Fiscal 2018 Number of work related accidents requiring leave incorrectly included 173 occupational illness cases for North America. The Fiscal 2018 number has, therefore, been restated to correct this error.

Sodexo's LTIR is the frequency of accidents per 200,000 hours worked. 200,000 hours worked is a proxy for 100 full time equivalent employees working for a full year.

3.2.4.2 Collective agreements for health and safety

Sodexo develops and maintains open and constructive dialogue with duly recognized trade unions or other legal representatives of its employees on issues of mutual concern.

In France, more than 10 Committees and a dedicated team are working on the subject. All of our managers throughout the organization have been incentivized on the reduction of the Lost Time Injury Rate (LTIR).

In Sodexo's International Framework Agreement with the IUF (International Union of Food, agriculture, Hotel Restaurant Catering, Tobacco and Allied Worker's Associations), the commitments include protection of health and safety through prevention and improvement measures while conforming with local legislation. Where appropriate, Sodexo's collective agreements may include provisions regarding health and safety.

	FISCAL 2019	FISCAL 2018
% of workforce covered by collective agreements	40.3%	43.9%
% of workforce working in countries that have collective agreements and are covered by these agreements	88.8%	89.2%

3.2.5 Running business with integrity and respect for human rights wherever Sodexo operates

Sodexo lives by its core values and its ethical principles. Every employee in the Group is expected to understand and to act in accordance with these values and principles. At the center of our ethical principles is our commitment to business integrity. To ensure integrity in all business dealings, Sodexo has adopted strict principles formulated in its Statement of Business Integrity. The statement is supported by a guide describing concrete situations that employees might encounter.

Sodexo's commitments to Human Rights and Fundamental Rights at Work are described in the Human Rights Policy and the Fundamental Rights at Work charter.

The Group's Human Rights policy is based on the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

Our occupational Health and Safety policy is encapsulated in the Group Health and Safety Policy and the Environmental Policy is covered by Better Tomorrow 2025.

Our responsible business requirements in relation to suppliers and sub-contractors are described in the Sodexo Supplier Code of conduct, to which suppliers and sub-contractors are required to commit, as a condition of doing business with Sodexo. This Supplier Code of conduct is supported by a Guide to help our suppliers understand and act on their obligations.

To further strengthen the Group's responsible business conduct and governance standards, and to review the impact of legal and regulatory developments, a Group Ethics and Compliance Committee has been established. This Committee brings together the heads of all relevant functions who will play a central role in the definition, implementation and monitoring of the systems designed to ensure that all Group activities are robust and compliant.

	FISCAL 2019	FISCAL 2018
% of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language	98.1%	96.8%
% of Group revenues of countries having implemented Sodexo's 10 People Fundamentals þ	87.9%	80.5%
% of workforce working in countries having the Group Human Rights policy available in at least one official language	97.4%	96.9%
% of workforce working in countries implementing action plans to integrate people with disabilities into the workplace	99.1%	-

3.2.6 Our commitments as a service provider

3.2.6.1 Provide and encourage our consumers to access healthy lifestyle choices

BETTER TOMORROW 2025 OBJECTIVE	**100%** of our consumers are offered healthy lifestyle options every day

Serving 100 million consumers each day, we recognize our responsibility to understand and respond to their specific needs and their long-term aspirations.

It is both an opportunity and an obligation for Sodexo to promote and encourage healthier choices that improve quality of life for millions of people.

	FISCAL 2019	FISCAL 2018	CHANGE
% of On-site Services revenues of countries having a system to ensure that employees with food service responsibilities are trained in compliance with local laws and regulations and Global Food Safety and Hygiene Policy	95.8%	96.0%	-0.2 pt
% of Group revenues of countries having one or more ISO 9001 certification	94.3%	94.4%	-0.1 pt
% of On-site Services revenues of countries having either ISO 9001 or ISO 22000 certification for food safety þ	98.6%	98.5%	+0.1 pt
% of On-site Services revenues of countries providing Health and Wellness Services including physical wellness services	83.3%	81.4%	+1.9 pt
% of North America client sites implementing actions that proactively address Sodexo's 10 Golden Rules of Nutrition, Health and Wellness þ	92.2%	89.1%	+3.1 pts
Number of registered dietitians employed by Sodexo	5,138	5,306	-3.2%

The number of dietitians employed by Sodexo has decreased compared to the previous year, mainly due to Seniors in the U.S. sites closure in Healthcare, and to the optimization of the number of dietitians per site.

3.2.6.2 Promote local development, fair, inclusive and sustainable business practices

BETTER TOMORROW 2025 OBJECTIVE	**10 billion** euro of our business value will benefit SMEs

Since its founding, Sodexo has worked to contribute to the economic and social development of the communities, regions and countries where it operates.

We are committed to making a positive impact on quality of life for people in local communities through our business activities. This is why we support communities, and contribute to creating positive interactions with mutual benefits.

	FISCAL 2019	FISCAL 2018	CHANGE
% of Group revenues of countries having specific initiatives to integrate SMEs (Small and Medium Enterprises) into Sodexo's Value Chain	92.3%	91.8%	+0.5 pt
Our business value benefiting SMEs (in billions of euro)	5.5	4.4	+25%
% in kg of certified sustainable coffee	58.1%	50.1%	+8 pts
% of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct þ	95.7%	93.6%	+2.1 pts

Our business value benefiting SMEs has significantly increased in Fiscal 2019, mainly due to more robust tracking systems put in place in Asia helping to better capture the data. The increase of the reporting scope for this indicator to 83% in Fiscal 2019, from 70% in Fiscal 2018 has also helped to improve performance.

3.2.6.3 Source responsibly and provide management services that reduce carbon emissions

A rich and resourceful planet is indispensable to quality of life in the long term. This is why Sodexo strives for a healthier planet in all we do.

Sourcing responsibly and managing services that contribute to reducing carbon emissions are two major areas of our business activities that reflect our commitment to protecting the environment.

Today, more than half of Sodexo's carbon emissions come from its supply chain, primarily from carbon intensive commodities such as beef, dairy, palm oil, soy and paper that can also have an impact on deforestation.

In 2018 Sodexo co-founded the Global Coalition for Animal Welfare (GCAW), the world's first food industry-led initiative aimed at advancing animal welfare globally. The global platform unites major companies and animal welfare experts in improving animal welfare standards at scale and in meeting consumer demand for food products from animals reared in systems that promote good welfare. Sodexo measures the percentage of animal welfare certification on a species by species basis. We publicly report our progress on cage-free eggs and sustainable fish and seafood annually.

	FISCAL 2019	FISCAL 2018	CHANGE
Sustainable supplies			
% of physical certified sustainable palm oil (extended scope in Fiscal 2019)(1)	34.7%	n/a	
% of cage free shell eggs (of the total of shell eggs purchased by Sodexo)	56.2%	37.6%	+18.6 pts
% of cage free liquid eggs (of the total liquid eggs purchased by Sodexo)	60.8%	51.1%	+9.7 pts
% of On-site Services revenues of countries having the 2018 Sodexo Animal Welfare Supplier charter available in at least one official language	89.1%	95.5%	-6.4 pts
% of certified sustainable fish and seafood as a % of total fish and seafood	36.3%	38.7%	-2.4 pts
% of sustainable fish and seafood which is sustainable as a % of total seafood (in kg)(2)	80.3%	80.7%	-0.4 pt
% of spend on certified sustainable paper disposables as a % of total paper disposables þ	67.3%	70.4%	-3.1 pts

(1) In Fiscal 2019, we have increased our palm oil data collection scope, from top 2 products to total products containing palm oil.
(2) As per Sodexo Sustainable Seafood Sourcing Guide.

Cage free shell eggs and cage free liquid eggs indicators have increased significantly compared to last year. These results reflect all the effort put in place in countries for a more responsible sourcing, including enhanced traceability and transparency throughout our supply chain.

In Fiscal 2019, we have increased our palm oil data collection scope, from top 2 products to all products containing palm oil. The previous published results based on top two commodities represented 59.5% in Fiscal year 2018.

In Fiscal 2018, Sodexo issued a new, more demanding Animal Welfare charter which is gradually deployed across the business. Countries which have not yet implemented the new charter are using the previous policy.

BETTER TOMORROW 2025 OBJECTIVE	**34%** reduction of carbon emissions

	FISCAL 2019	FISCAL 2018	CHANGE
Reduction in carbon emissions			
% of Group revenues of countries having one or more ISO 14001 certification	91.1%	90.8%	+0.3 pt
Scope 1 and Scope 2 emissions energy consumption (in MWh)	601, 724	669,688*	-67,964
Scope 1 and Scope 2 (market based) emissions (tCO_2)	126, 230	144,468*	-18,238
% reduction in carbon emissions (compared to 2011 baseline) absolute	47%	40%*	+7 pts
% reduction in carbon emissions (compared to 2011 baseline) intensity	62%	53%*	+9 pts
Scope 3 Supply Chain carbon emissions (tCO_2)	5,121,136		

* The figures reflect the 2017 results. In Fiscal 2019, we reduced the historical one-year delay in reporting and decided not to extrapolate the Fiscal 2018 data.

For the first time, Scope 3 supply chain information has been collected and verified during the annual audit process.

The continued reduction in our direct Scope 1 and Scope 2 energy consumption and emissions compared to the 2011 baseline is mainly due to the implementation of efficient energy management actions such as purchase of renewable energy and equipment upgrade. In Fiscal 2019 we have surpassed our 34% carbon reduction target for Scopes 1 and 2.

3.2.7 Our commitments as a corporate citizen

3.2.7.1 Fight hunger and malnutrition

To act for a hunger-free world is to act for better quality of life. Sodexo employees in the U.S. created Stop Hunger in 1996.

Stop Hunger is a global non-profit network working towards a hunger-free world. The United Nations has set the goal of bringing the world out of hunger in a sustainable way by 2030, making a fairer and a happier world.

Thanks to Sodexo, which administratively supports Stop Hunger, 100% of donations made to Stop Hunger go directly to financing activities and sustainable solutions to support the poorest local communities by empowering women, which we believe represents the most effective way to eliminate hunger.

Up to 150 million more people could be fed by giving them access to the same resources as men. That is why Stop Hunger has made women's empowerment its priority and invested, over three years, nearly 4 million U.S. dollars in programs to support women who are taking action against hunger in their communities.

Stop Hunger relies on partnerships with 1,200 local and international NGOs, as well as on Sodexo's unique ecosystem and in particular its employees.

For more information, read the Stop Hunger activity report: http://www.stop-hunger.org/files/live/sites/stophunger/files/05-news/2019/StopHunger_ActivityReport_2019.pdf

BETTER TOMORROW 2025 OBJECTIVE	**100 million** stop hunger beneficiaries

	FISCAL 2019	FISCAL 2018	CHANGE
Funds invested in programs to empower women working to end hunger in their communities (in thousands of euro)	1,092	1,063	+2.7%

In addition to projects already launched in Fiscal 2018, in 2019 we continued our support to the WIA (Women In Africa), because we share the same vision and desire to support the empowerment of African women and the development of their businesses. A further 19 initiatives in 13 countries, recently selected, will be co-financed for 3 years by the Stop Hunger Endowment Fund and the local Stop Hunger entity to support these women who are taking charge of the destiny of their local communities.

3.2.7.2 Drive diversity and inclusion as a catalyst for societal change

Each individual's unique background, experience, and abilities are at the heart of our vibrant workforce and truly reflect the communities we serve. We strive to build a diverse and inclusive culture where our employees feel valued and respected as individuals. We also work closely with diverse local businesses encouraging new points of view, sparking innovation, and ultimately contributing to a positive impact on communities.

Sodexo has always placed the advancement of women at the heart of its vision for economic, social and environmental development.

Our local partnerships contribute to the social fabric of the communities, regions and countries where we operate. We actively seek to bring diverse businesses into our network of suppliers, including minority-owned, women-owned, disabled-owned or LGBT-owned companies.

From social entrepreneurship projects for underprivileged women to supporting causes that move the needle on diversity, we are committed to making a positive impact in local communities.

BETTER TOMORROW 2025 OBJECTIVE	**500,000** women in communities educated through job training centers

	FISCAL 2019	FISCAL 2018	CHANGE
% of Group revenues of countries with initiatives to improve the quality of life of women	93.8%	89.1%	+4.7 pts

% of Group revenues of countries with initiatives to improve the quality of life of women increased significantly mainly due to the implementation of initiatives in Argentina, Germany and Norway.

3.2.7.3 Champion sustainable resource usage

Given its position in the value chain, the breadth of its offer and the myriad opportunities it has to engage, Sodexo is well placed to contribute to more efficient and reduced consumption of resources. Successful action and collaboration can have significant positive impacts on the consumption of our clients, Sodexo's operations, its industry sectors and supply chains.

Sodexo has developed a waste roadmap adopting the circular economy approach, with the following key elements:

- **value chain collaboration and leadership**: we aim to reinforce collaboration within and across the value chain as a way to drive circular economy and thus, contribute to the UN SDG 12.3 target of halving food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest, by 2030;
- **operational excellence**: we leverage the expertise of our 470,000 employees to provide our clients with best in class waste management services that will help them manage resources more sustainably. We make sure our teams are trained and encouraged to innovate, for the benefit of our clients and consumers;
- **client and consumer engagement**: With 100 million consumers served every day, we are in a unique position to drive behavior change toward waste reduction;
- **marketing & communications**: through our global actions, we help inform clients and consumers so they understand and support the waste prevention challenge;
- **measuring and public reporting**: We ensure that waste management is an integral part of site management and require our sites to measure and report their performance.

BETTER TOMORROW 2025 OBJECTIVE	**50%** reduction in our food waste

	FISCAL 2019	FISCAL 2018	CHANGE
% of Group revenues of countries working to deliver on the United Nations' food waste objective	69.2%	65.9%	+3.3 pts

The increase in this indicator is due to the active participation of Spain and Peru which have put in place initiatives such as participation in multi-stakeholder groups and taskforces like Comunidad Por El clima and CCori Optimal Cooking.

3.2.8 Our reporting methodology

Choice of indicators

In Fiscal 2019, we continue to disclose our Corporate Responsibility related information and data in our Integrated Report (chapter 1), chapter 2 and chapter 3 of the present report.

- As part of the Integrated Report we have presented our Value Creation Model, our Materiality Matrix and our Corporate Responsibility Roadmap Better Tomorrow 2025. These three elements are linked and interdependent.
- Chapter 2 contains information of our concrete actions responding to key issues identified in our Materiality assessment.
- Chapter 3 presents our key performance indicators and their progress compared to the previous year.

Sodexo's Corporate Responsibility strategy requires that workforce and environmental performance be measured with clear indicators. These indicators take into consideration the decentralized and primarily client site-based nature of Sodexo's operations and were selected to meet the following reporting objectives:

- to comply with legal requirements such as the European non-financial Directive;
- to address the expectations of other external stakeholders, including shareholders and rating agencies;
- to provide reporting that is consistent with the requirements of the Global Reporting Initiative (GRI) and the United Nations Global Compact.

In addition, Sodexo's indicators:

- are key in allowing us to monitor progress in the areas identified as key topics following our materiality assessment;
- include measures of the tangible benefits Sodexo brings to its clients;
- enhance employee knowledge about Sodexo, increasing awareness and engagement;
- provide visibility on progress for Group and country management.

As part of its progressive journey, Sodexo has added some additional indicators this year and will continue to do so (see List of indicators).

Scope of consolidation

Indicators generally include all entities which are fully consolidated for financial reporting purposes, with the following exceptions:

- a new country added during the fiscal year is included in the reporting scope in the following fiscal year; and
- acquired entities are included as from the date of acquisition.

Additional restrictions may be applicable and are specified in the section below.

Fiscal 2019 workforce indicators

Workforce indicators are consolidated for all Sodexo entities, except for:

- the number of training hours which excludes the U.S. and Germany data (see limitations section below);
- the average number of work day absences per employee due to work-related accidents or illnesses and non-work-related accidents or illnesses excludes accident or illness and non-work-related accident or illness for Brazil (includes work-related accidents or illnesses for Brazil).

Safety indicators cover On-site Services activity only, representing more than 96% of Group revenues and 97% of our total workforce.

Fiscal 2019 societal and environmental indicators

Societal and environmental indicators are calculated and consolidated for entities representing over 92% of Group revenues, except for:

- business value benefiting SMEs covering 83% of Group revenues;
- Scopes 1 and 2 carbon emissions covering 81% of Group revenues;
- Scope 3 Supply Chain Carbon emissions covering 65% of On-Site Services activity revenues.

The business value benefiting SMEs represents the total purchases for our On-site Services activity added to the emitted vouchers value for Benefits and Rewards activity.

In order to streamline the collection and reporting process for the societal and environmental indicators, we have changed the reporting period. The new reporting period starts on June 1, 2018 and ends on May 31, 2019.

Certain environmental indicators are applicable only to On-site Services or to Benefits & Rewards Services due to the nature of the indicator itself; for example, an indicator relating to the percentage of sustainable seafood purchased relates only to On-site Services entities which provide Food services.

Reporting framework and tools

Sodexo's commitments to social and environmental responsibility have always been central to the Group's fundamentals. The Group reinforced its workforce and environmental reporting in 2005 with the publication of its first Corporate Responsibility Report and further developed its sustainability performance processes in 2009 when its Corporate Responsibility roadmap, the Better Tomorrow Plan was launched. At the time, the Group committed to report its progress regularly and transparently. In 2016, Sodexo reconfirmed its commitment to continued progress as an employer, a service provider and a corporate citizen through an updated version of our roadmap, Better Tomorrow 2025.

Each year, Sodexo endeavors to improve its processes and to this end, has implemented a reporting tool with two modules for gathering and consolidating information.

Consistency checks are embedded within the tools and additional control testing is performed.

The consolidation of workforce data is performed by Group Human Resources with the exception of the Health and Safety data which is consolidated by Group Health and Safety and the consolidation of environmental data is performed by Group Corporate Responsibility.

Certain strategic workforce indicators are consolidated monthly or quarterly for a detailed follow up as part of STEP dashboard.

All information published in this report was also examined by the Group's external auditors.

In addition to the "limited assurance" delivered by the external auditors in relation to indicators published for the requirements of European directive, Sodexo obtained a higher level of assurance called "reasonable assurance" for the following key indicators:

- % of Group revenues of countries having implemented Sodexo's 10 People Fundamentals;
- total Workforce, per activity and client segment;
- retention rate for total workforce;
- retention rate for site management;
- departures related to Resignation of Continuous Contract > 3 months (Excluding Site Loss)
- % of women's representation on the Board of Directors;
- % of women's representation on the Executive Committee;
- % of women's representation among Group Senior Leaders;
- % of women in management positions;
- % of women's representation in total workforce;
- number of work related accidents requiring a leave (LTSC);
- % of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification;
- % of On-site Services revenues of countries having either ISO 22000 or ISO 9001 certification for food safety;
- % of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct;
- % of spend on certified sustainable paper disposables as a % of total paper disposables.

Limitations

Sodexo employs 470,237 people, in 67 countries, with differing regulations and operates on a significant number of client sites of different sizes and types of activity.

- Certain indicators therefore require some specific explanation as follows:
  - number of work-related accidents requiring a leave:
    - excludes commuting accidents,
    - includes Sodexo workforce only,
    - excludes temporary labor, sub-contracted labor and other personnel that are not Sodexo employees,
    - may have insignificant differences created by the way that work-related illness is accounted for locally;
  - average number of days absence:
    - includes absences for work-related accidents and illness as well as personal accidents and illness,
    - may have insignificant differences created by the way the number of days of absence is accounted for locally; as some include weekend and others only working days, the minimum number of days of absence from which the absence is recorded;
  - the number of hours of training in the U.S. is based on an estimation. The estimation is an extrapolation of data declared by employees representing 10% of the population. Solutions are under discussion in order to disclose this metric based on actual data in the next years.
- Certain information is extremely difficult to gather given the nature of the Group's activities.
  - total business value benefitting SMEs : Data for Sodexo On site Services USA includes non-contracted suppliers;
  - 19% of the total volume of fish and seafood purchased by Sodexo cannot be categorized as per Sodexo Seafood Guide (green, orange or red species), thus the result for Fiscal 2019 is underestimated. A process will be put in place to eliminate this limit next year;
  - Scope 1 and Scope 2 energy consumption and related carbon emissions are extrapolated for the Group based on the energy consumption and carbon emissions calculation for a set of 24 major countries representing 81% of Group revenues;
  - Scope 1 includes energy consumption and carbon emissions related to the fuel consumed by vehicles used by Sodexo as well as from its consumption of natural gas for the offices and sites where Sodexo has operational control;
  - Scope 2 includes the electricity consumption for the offices and sites where Sodexo has operational control and is market-based;
  - this year, for the first time, we are publishing our Scope 3 Supply Chain emissions calculation (indirect emissions), based on 65% revenue coverage, with the objective to increase the scope in Fiscal 2020 and report full Scope 3 emissions (also including client sites footprint).

    The calculation of carbon emissions related to the supply chain takes into account the following elements:
    - the emissions of the 30 most important commodities for Sodexo (in terms of volume of purchase and carbon impact). These products represent 85% of our purchases,
    - transportation from the last point of processing to the delivered site,
    - emission factors by product.
- One of Sodexo's missions is to improve quality of life for its employees and all who it serves. Sodexo's services are, in the majority of cases, provided by its own employees on a significant number of client sites where the Company operates throughout the world. The following information is therefore not applicable or not material for Sodexo:
  - preventive or corrective actions with regard to discharges into the atmosphere, water and soil with a significant negative impact on the surrounding environment;
  - consideration of noise and any other activity-specific pollution;
  - land usage;
  - importance of sub-contracting.

Reconciliation tables

The reconciliation table is included in the section "Other information" of this report.

3.2.9 Report by one of the Statutory Auditors appointed as an independent third party, on the consolidated non-financial performance statement in the Management Report

This is a free English translation of the Statutory Auditors' report issued in French and it is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended August 31, 2019

SODEXO
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the Annual General Meeting,

In our capacity as the Statutory Auditor of your company (hereinafter the "entity") appointed as the independent third party, certified by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049[1], we hereby report to you on the consolidated non-financial performance statement for the year ended August 31st 2019 (hereinafter the "Statement"), included in the Group Management Report, in accordance with the legal and regulatory provisions of Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

It is the Board of Directors' responsibility to prepare a Statement in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators.

The Statement has been prepared applying the procedures of the entity (hereinafter the "Guidelines"), the most significant aspects of which are presented in the Statement and available upon request at the entity's headquarters.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for statutory auditors (*Code de déontologie*). Moreover, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with applicable ethical rules, professional standards, laws and regulations.

Responsibility of the Statutory Auditor appointed as independent third party

On the basis of our work, it is our responsibility to express a limited assurance opinion about whether:

- the Statement complies with the provisions of Article R. 225-105 of the French Commercial Code (*Code de commerce*);
- the information provided (hereinafter the "Information") is fairly presented in accordance with Article R. 225-105-I(3) and II of the French Commercial Code (*Code de commerce*) concerning policy outcomes, including key performance indicators and actions relating to the main risks.

It is our responsibility to express, at the request of the entity and outside of the scope of accreditation, reasonable assurance that information selected[2] by the entity and identified with the symbol √ has been prepared, in all material respects, in accordance with the Guidelines.

However, it is not our responsibility to express an opinion on:

- the entity's compliance with other applicable legal and regulatory provisions, particularly relating to Duty of Care and the fight against corruption and tax evasion;
- the compliance of products and services with applicable regulatory provisions.

1 Accreditation scope available at www.cofrac.fr.

2 Refer to the list of key indicators in Appendix 1 of this report.

Nature and scope of our work

We performed our work described below in compliance with Article A. 225-1 *et seq*. of the French Commercial Code (*Code de commerce*), defining the conditions under which the independent third party performs its engagement, and with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) relating to this engagement and with ISAE 3000 (international standard on assurance engagements other than audits or reviews of historical financial information).

We conducted work to form an opinion on the Statement's compliance with legal and regulatory provisions and the fair presentation of the Information therein:

- we gained an understanding of the activity of all companies in the consolidation scope, of the Entity's exposure to the main social and environmental risks relating to the business activity and, of its effects on respect for human rights and the fight against corruption and tax evasion, including any related policies and their outcomes;
- we assessed the appropriateness of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, by taking into consideration, where relevant, the sector's best practices;
- we verified that the Statement covers every category of information required under Article L. 225-102-1, Paragraph III concerning social and environmental matters as well as respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement presents the business model and the main risks relating to the activity of all companies in the consolidation scope, including – if relevant and proportionate – risks due to its business relationships, products or services, as well as policies, actions and outcomes, including key performance indicators;
- we verified that the Statement presents the disclosures required under article R. 225-105, Paragraph II, of the French Commercial Code if they are relevant given the main risks or policies presented;
- we obtained an understanding of the process for selecting and validating the main risks;
- we enquired about the existence of internal control and risk management procedures implemented by the entity;
- we assessed the consistency of the outcomes and key performance indicators with the main risks and policies presented;
- we verified that the Statement covers all companies in the consolidation scope in accordance with Article L. 233-16 within the limits specified in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fair presentation of the Information;
- For key performance indicators and the other quantitative outcomes[(1)] that we considered the most important, we set up:
  - analytical procedures to verify that collected data is correctly consolidated and that any changes to the data are consistent,
  - tests of details based on sampling to verify that definitions and procedures are correctly applied and to reconcile data with supporting documents. The work was carried out with a selection of entities contributing[(2)] to the reported data and represents between 39% and 57% of consolidated data of key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative disclosures (actions and outcomes) that we deemed the most important[(3)] ;
- we assessed the overall consistency of the Statement based on our understanding of all companies within the consolidation scope.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance opinion. A higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work drew on the skills of seven individuals and was conducted between May and November 2019 for a total working time of approximately twelve weeks.

To assist us in conducting our work, we called on our firm's sustainable development and corporate social responsibility (CSR) specialists. We conducted around ten interviews with the individuals responsible for preparing the Statement.

1 See the list of key performance indicators and other results in Appendix 1 of this report.

2 Entities selected in the context of legal limited assurance:
- Sodexo On-Site Services: Sodexo France, Sodexo USA, Sodexo Chile.
Complementary entities selected under reasonable assurance, outside the scope of accreditation:
- On-Site Services: Sodexo India, Sodexo Italy.
- Sodexo Benefits & Rewards: Sodexo India.

3 See the list of key performance indicators and other results in Appendix 1 of this report.

OPINION

Based on our work, we have no material misstatements to report that would call into question the compliance of the non-financial performance statement with the applicable regulatory provisions, or the fair presentation of the Information, taken as a whole, in accordance with the Guidelines.

COMMENTS

Without qualifying our opinion, in accordance with article A. 225-3 of the French Commercial Code, we draw your attention to the following matters:

Training and Scope 3 greenhouse gas emissions indicators, related to year ended August 31st, 2019, respectively cover 57% and 65% of the group turnover, as mentioned in chapter "3.2.8 Our reporting methodology" of the Statement.

Reasonable assurance on a selection of non-financial information

Nature and scope of our work

With regard to the information selected by the entity and identified with the symbol √ in chapter 3, we conducted the same procedures as those described in the paragraph "Nature and scope of our work" (for the most important non-financial information). However, these procedures were more in-depth, particularly regarding the number of tests.

Consequently, the selected sample represents between 51% and 58% of the information identified with the symbol √.

We believe that these procedures enable us to express reasonable assurance regarding the information selected by the entity and identified with the symbol √.

Conclusion

In our opinion, the information selected by the entity and identified with the symbol √ in chapter 3 has been prepared, in all material respects, in accordance with the Guidelines.

French original signed by:

Paris-La Défense, November 6, 2019

KPMG SA

Fanny Houlliot
Partner
Sustainability Services

Caroline Bruno Diaz
Partner
Audit

Appendix 1

SOCIAL INDICATORS	ASSURANCE LEVEL
Total employees	Reasonable
Total employees per activity and client segment	Reasonable
Retention rate for total workforce	Reasonable
Retention rate for site management	Reasonable
Number of Departures related to Resignation of continuous employment > 3 months excl. site loss	Reasonable
Total New Hires Excluding Acquisitions & Transfers	Limited
Number of work days absence due to work-related accident or illness and non-work-related accident or illness	Limited
Total number of training hours	Limited
Average number of hours of training per employee	Limited
% of total workforce participated in at least one training during the fiscal year	Limited
% of women's representation on the Board of Directors	Reasonable
% of women's representation on the Executive Committee	Reasonable
% of women's representation among Group Senior Leaders	Reasonable
% of women in management positions	Reasonable
% of women's representation in total workforce	Reasonable
% of Group revenues of countries having implemented Sodexo's 10 People Fundamentals	Limited

HEALTH & SAFETY INDICATORS	ASSURANCE LEVEL
Number of work related accidents requiring a leave	Reasonable
Lost Time Injury Case	Limited
% of LTIR reduction	Limited
% of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification	Reasonable

ENVIRONMENTAL INDICATORS	ASSURANCE LEVEL
Scope 1 and Scope 2 emissions energy consumption	Limited
Scope 1 and Scope 2 (market-based) emissions	Limited
% reduction in carbon emissions (compared to 2011 baseline) absolute	Limited
% reduction in carbon emissions (compared to 2011 baseline) intensity	Limited
Scope 3 Supply Chain carbon emissions	Limited

SOCIETAL INDICATORS	ASSURANCE LEVEL
% of Group revenues of countries employing environmental resources	Limited
% of On-site Services revenues of countries having either ISO 9001 or ISO 22000 certification for food safety	Reasonable
Our business value benefiting SMEs (in billions of euro)	Limited
% of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct	Reasonable
% of physical certified sustainable palm oil	Limited
% of cage free shell eggs (of the total of shell eggs purchased by Sodexo)	Limited
% of cage free liquid eggs (of the total liquid eggs purchased by Sodexo)	Limited
% of sustainable fish and seafood which is sustainable as a % of total fish and seafood	Limited
% of spend on certified sustainable paper disposables as a % of total paper disposables	Reasonable

Appendix 2

QUALITATIVE SOCIAL INFORMATION
Sodexo's Health & Safety policy
Programs and other measures in favour of the development of talents skills and the results

QUALITATIVE ENVIRONMENTAL INFORMATION
Innovative environmental actions implemented to fight against climate change and to reduce greenhouse gas emissions
The « WasteWatch » program related to organic waste prevention and the results

QUALITATIVE SOCIETAL INFORMATION
Actions implemented to promote transparency and business integrity
The food offers and other promoting measures for a healthy food balance towards the consumers
The Group Human Rights policy
The actions of partnership and sponsorship

3

3.3 CONSOLIDATED FINANCIAL STATEMENTS AS OF AUGUST 31, 2019

3.3.1 Consolidated income statement

(in millions of euro)	NOTES	FISCAL 2019	FISCAL 2018
Revenues	**3**	**21,954**	**20,407**
Cost of sales	**4.1**	**(18,756)**	**(17,320)**
Gross profit		**3,198**	**3,087**
Selling, General and Administrative costs	4.1	(2,000)	(1,963)
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	4.9	2	4
Underlying operating profit	**3**	**1,200**	**1,128**
Other operating income	4.1	11	10
Other operating expenses	4.1	(152)	(141)
Operating profit		**1,059**	**997**
Financial income	4.2	44	46
Financial expense	4.2	(144)	(136)
Share of profit of other companies consolidated by the equity method	4.9	4	2
Profit for the year before tax		**963**	**909**
Income tax expense	4.3	(277)	(245)
Net profit for the year		**686**	**664**
Of which:			
Attributable to non-controlling interests		21	13
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**665**	**651**
Basic earnings per share (in euro)	**4.4**	**4.56**	**4.40**
Diluted earnings per share (in euro)	**4.4**	**4.50**	**4.34**

3.3.2 Consolidated statement of comprehensive income

(in millions of euro)	NOTES	FISCAL 2019	FISCAL 2018
NET PROFIT FOR THE YEAR		686	664
Components of other comprehensive income that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedge instruments	4.16 and 4.14		
Change in fair value of cash flow hedge instruments reclassified to profit or loss	4.16 and 4.14		
Currency translation adjustment	4.14	190	(245)
Currency translation adjustment reclassified to profit or loss	4.14	(3)	
Tax on components of other comprehensive income that may be reclassified subsequently to profit or loss	4.14		
Share of other components of comprehensive income (loss) of companies consolidated by the equity method, net of tax	4.14 and 4.9	(7)	(1)
Components of other comprehensive income that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan obligation	4.17.1 and 4.14	4	79
Change in fair value of financial assets revalued through other comprehensive income	2.1.2, 4.11.2 and 4.14	175	
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	4.14	(5)	(13)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX		354	(180)
COMPREHENSIVE INCOME		**1,040**	**485**
Of which:			
Attributable to equity holders of the parent		1,021	471
Attributable to non-controlling interests		19	14

3.3.3 Consolidated statement of financial position

Assets

(in millions of euro)	NOTES	AUGUST 31, 2019	AUGUST 31, 2018
NON-CURRENT ASSETS			
Property, plant and equipment	4.5	684	619
Goodwill	4.6	6,158	5,664
Other intangible assets	4.7	801	704
Client investments	4.8	626	558
Companies consolidated by the equity method	4.9	62	83
Financial assets	4.11	999	190
Derivative financial instrument assets	4.16	5	3
Other non-current assets	4.12	20	18
Deferred tax assets	4.20	99	105
TOTAL NON-CURRENT ASSETS		**9,455**	**7,944**
CURRENT ASSETS			
Financial assets	4.11	58	36
Derivative financial instrument assets	4.16	7	15
Inventories		294	280
Income tax receivable	4.12	125	176
Trade and other receivables	4.12	4,626	4,121
Restricted cash and financial assets related to the Benefits & Rewards Services activity	4.11	1,120	1,042
Cash and cash equivalents	4.13	1,781	1,666
TOTAL CURRENT ASSETS		**8,012**	**7,336**
TOTAL ASSETS		**17,467**	**15,280**

Shareholders' equity and liabilities

(in millions of euro)	NOTES	AUGUST 31, 2019	AUGUST 31, 2018
SHAREHOLDERS' EQUITY			
Share capital		590	590
Additional paid-in capital		248	248
Reserves and retained earnings		3,618	2,445
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**4,456**	**3,283**
NON-CONTROLLING INTERESTS		**42**	**45**
TOTAL SHAREHOLDERS' EQUITY	**4.14**	**4,498**	**3,328**
NON-CURRENT LIABILITIES			
Borrowings	4.15	3,902	3,537
Derivative financial instrument liabilities	4.16	7	-
Employee benefits	4.17	403	389
Other non-current liabilities	4.19	171	190
Provisions	4.18	88	88
Deferred tax liabilities	4.20	151	126
TOTAL NON-CURRENT LIABILITIES		**4,722**	**4,330**
CURRENT LIABILITIES			
Bank overdrafts	4.13	35	28
Borrowings	4.15	182	420
Derivative financial instrument liabilities	4.16	0	1
Income tax payable		99	98
Provisions	4.18	58	73
Trade and other payables	4.19	4,892	4,222
Vouchers payable		2,981	2,780
TOTAL CURRENT LIABILITIES		**8,247**	**7,622**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**17,467**	**15,280**

3.3.4 Consolidated cash flow statement

(in millions of euro)	NOTES	FISCAL 2019	FISCAL 2018
OPERATING ACTIVITIES			
Operating profit of consolidated companies		**1,057**	**993**
Elimination of non-cash and non-operating items			
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		365	317
Provisions		(39)	(15)
Disposal (gains) losses and other non-cash items		37	20
Dividends received from companies consolidated by the equity method	4.9	10	19
Interest paid		(129)	(117)
Interest received		42	51
Income tax paid		(204)	(128)
Operating cash flow		**1,139**	**1,140**
Change in working capital from operating activities		**129**	**(7)**
Change in inventories		(3)	(6)
Change in trade and other receivables		(384)	(160)
Change in trade and other payables		406	193
Change in vouchers payable		164	194
Change in financial assets related to the Benefits & Rewards Services activity		(53)	(228)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,268	1,133
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		(400)	(329)
Disposals of property, plant and equipment and intangible assets		17	31
Change in client investments	4.8	(31)	11
Change in financial assets and share of companies consolidated by the equity method		(94)	(40)
Acquisitions of subsidiaries		(308)	(683)
Disposals of subsidiaries		7	11
NET CASH USED IN INVESTING ACTIVITIES		(809)	(1,000)
FINANCING ACTIVITIES			
Dividends paid to Parent company shareholders	4.14	(403)	(411)
Dividends paid to non-controlling shareholders of consolidated companies		(19)	(13)
Purchases of treasury shares	4.14	(11)	(371)
Sales of treasury shares		4	25
Increase in share capital		1	1
Change in non-controlling interests		(1)	(5)
Proceeds from borrowings (excluding leasing)	4.15	278	645
Repayment of borrowings	4.15	(257)	(215)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(408)	(345)
CHANGE IN NET CASH AND CASH EQUIVALENTS		**52**	**(212)**
Net effect of exchange rates and other effects on cash		58	(130)
Net cash and cash equivalents, beginning of year		1,638	1,980
NET CASH AND CASH EQUIVALENTS, END OF YEAR	**4.13**	**1,746**	**1,638**

3.3.5 Consolidated statement of changes in shareholders' equity

(in millions of euro)	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY: ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	TOTAL SHAREHOLDERS' EQUITY: NON-CONTROLLING INTERESTS	TOTAL SHAREHOLDERS' EQUITY: TOTAL
Notes	**4.14**			**4.14**				
Shareholders' equity as of August 31, 2018	**147,454,887**	**590**	**248**	**3,375**	**(930)**	**3,283**	**45**	**3,328**
Impact of IFRS 9 & IFRS 15 first-time application[1]				530		530		530
Shareholders' equity as of September 1, 2018	**147,454,887**	**590**	**248**	**3,905**	**(930)**	**3,813**	**45**	**3,858**
Net profit for the year				665		665	21	686
Other comprehensive income (loss), net of tax				166	190	356	(2)	354
Comprehensive income				**831**	**190**	**1,021**	**19**	**1,040**
Dividends paid				(403)		(403)	(22)	(425)
Capital reduction by cancelling treasury shares								
Treasury share transactions				(7)		(7)		(7)
Share-based payment (net of income tax)				33		33		33
Change in ownership interest without any change of control				(5)		(5)	0	(5)
Other[2]				4		4	0	4
SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2019	**147,454,887**	**590**	**248**	**4,358**	**(740)**	**4,456**	**42**	**4,498**

(1) See note 2.1.2 "New accounting standards and interpretations required to be applied".
(2) Including the effects of hyperinflation, recognition of commitments to repurchase non-controlling interests.

3

(in millions of euro)	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY		
						ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Notes	**4.14**			**4.14**				
Shareholders' equity as of August 31, 2017	**150,830,449**	**603**	**534**	**3,084**	**(685)**	**3,536**	**34**	**3,570**
Net profit for the year				651		651	13	664
Other comprehensive income (loss), net of tax				65	(245)	(180)	0	(180)
Comprehensive income				**716**	**(245)**	**471**	**14**	**485**
Dividends paid				(411)		(411)	(16)	(427)
Capital reduction by cancelling treasury shares	(3,375,562)	(14)	(286)	300				
Treasury share transactions				(348)		(348)		(348)
Share-based payment (net of income tax)				44		44		44
Change in ownership interest without any change of control				(0)		(0)	14	13
Other*				(10)		(10)	0	(9)
SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2018	**147,454,887**	**589**	**248**	**3,375**	**(930)**	**3,283**	**45**	**3,328**

* Including the effects of hyperinflation and the recognition of put options written over non-controlling interests other than in connection with business combinations.

3.4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED LIST OF NOTES

3

Sodexo is a *société anonyme* (a form of limited liability company) domiciled in France, with its headquarters located in Issy-les-Moulineaux.

Sodexo's consolidated financial statements for the fiscal year ended August 31, 2019 were approved by the Board of Directors on November 6, 2019 and will be submitted to the Annual Shareholders Meeting on January 21, 2020.

1. SIGNIFICANT EVENTS

During the 2018-2019 financial year, the Group significantly strengthened its Personal & Home Services offering, particularly in the Childcare market with the acquisition of Crèches de France and Elly & Stoffl in Germany, and in the Homecare market with the acquisition of The Good Care Group in the United Kingdom, Domicil + in France and Pronep in Brazil. Sodexo also acquired Novae Restauration in Switzerland, and Alliance in Partnership in the UK which operates in Education, as well as International Club of Suppliers in the U.S.

The impacts of these business combinations on the consolidated financial statements at August 31, 2019 are detailed in note 4.23 "Business combinations".

In addition, the Group has invested through its strategic investment fund Sodexo Ventures in Meican, a Chinese technology company focused on digital food solutions in the corporate environment.

Finally, in June 2019, the Group carried out a 250-million pounds sterling nine-year bond (redeemable in June 2028) bearing interest at an effective annual rate of 1.814%. This bond issue, which was largely oversubscribed and placed with European investors, is an integral part of the active management of the Group's debt, partly to refinance the British acquisitions of this year and allowing a naturel hedge of the Group assets in pounds sterling.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2019

Pursuant to European regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Sodexo Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the European Union as of the year end. A comprehensive list of the accounting standards adopted by the European Union is available for consultation on the European Commission website at https://ec.europa.eu/commission/index_en.

Information for the comparative year presented has been prepared using the same principles.

The IFRS application dates as approved by the European Union have been the same as those for the IFRS standards published by the IASB for the Company's past three fiscal years. Consequently, any differences between the two sets of standards arising out of delays in approval by the European Union had no impact on the consolidated financial statements.

The numbers shown in the tables were prepared in thousands of euro and are presented in millions of euro unless otherwise indicated.

2.1.2 New accounting standards and interpretations required to be applied

The accounting policies used by the Group to prepare its consolidated financial statements for the fiscal year ended August 31, 2019 are the same as those used for the consolidated financial statements as of August 31, 2018, except for the first-time application of IFRS 9 and IFRS 15 as described hereafter.

2.1.2.1 FIRST-TIME APPLICATION OF IFRS 9 "FINANCIAL INSTRUMENTS"

IFRS 9 specifies the principles of recognition and financial reporting for financial instruments. These principles have been applied by the Group effective September 1, 2018, replacing those required by IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces:

- a new classification of financial instruments, which determines valuation and accounting rules, based on the management model and the contractual specifications of the financial instruments (Tier 1);
- a new model of depreciation of financial assets, based on expected credit losses, replacing the model previously based on incurred credit losses (Tier 2); and
- new principles on hedge accounting (Tier 3).

The nature and impacts of the main changes in accounting policies arising from the application of IFRS 9 are summarized in the following paragraphs.

Tier 1: Classification and measurement of financial assets and liabilities

The standard presents a new model for the classification and measurement of financial assets, based on the contractual characteristics of cash flows and on the economic model for managing these assets. The four categories prescribed by IAS 39 for the classification of financial assets have been replaced by the following three categories:

- financial assets measured at amortized cost;
- financial assets measured at fair value through profit or loss;
- financial assets measured at fair value through other comprehensive income.

The main impact for Sodexo relates to the 19.61% stake held by the Group through its subsidiary Sofinsod, in the share capital of Bellon SA, the company that controls Sodexo S.A. Under IAS 39, the Group previously recognized its interest in Bellon SA at cost (32.4 million euro). The application of IFRS 9 led the Group to measure this investment at fair value in accordance with IFRS 13 "Fair value measurement", and to recognize future changes in fair value in Other Comprehensive Income. The measurement of the fair value of the interest in Bellon SA is presented in note 4.21 "Financial Instruments".

Tier 2: Impairment of financial assets

The IAS 39 financial asset impairment model, based on incurred losses, has been replaced by a model based on expected credit losses, leading to the recognition of an impairment for the expected losses on receivables and long-term financial assets as of their initial recognition. Within the Group, this new impairment model is only applicable to financial assets measured at amortized cost (consisting mainly of trade receivables). The application of this model has a limited impact on the Group's financial statements: the difference between the expected credit losses at maturity assessed by applying the simplified model provided by IFRS 9 and the impairment recognized for the incurred credit losses was 23 million euro before tax as of September 1, 2018.

Tier 3: Hedge Accounting

The Group chose to adopt the new general hedge accounting model introduced by IFRS 9, whereby hedge accounting must be aligned with its risk management objectives and strategy. IFRS 9 also requires a more qualitative and prospective approach to assessing hedge effectiveness. These new principles have no impact on the Group financial statements.

The total impact of these changes as of the first application is 530 million euro (net of tax) and was accounted for in shareholders' equity on September 1, 2018, with no restatement of the comparative periods presented in accordance with the option provided by the transitional provisions of IFRS 9. The following table presents first-application impacts recorded in shareholders' equity on September 1, 2018:

(in millions of euro)	IMPACT AS OF SEPTEMBER 1, 2018
Bellon SA shares	564
Impairment of financial assets	(23)
Deferred tax assets	6
Deferred tax liabilities on long-term capital gain	(17)
TOTAL	**530**

2.1.2.2 FIRST-TIME APPLICATION OF IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

IFRS 15, which defines the principles for recognizing revenue, replaced IAS 18 "Revenue" and IAS 11 "Construction Contracts", along with the related interpretations, as from September 1, 2018 for the Group. IFRS 15 applies to all contracts with customers except for leases, financial instruments and insurance contracts, which are addressed in other standards. IFRS 15 defines a single framework for recognizing revenue. It introduces new concepts and principles regarding revenue recognition, particularly in terms of identifying performance obligations and allocating the transaction price to performance obligations when there are several different performance obligations in a given contract.

The analysis of transactions and contracts for the different material sources of revenue showed that the accounting policies applied by the Group to recognize revenues remain appropriate under IFRS 15, except in specific cases. The only change relates to the accounting treatment of certain contracts in relation to On-site Services, which have been reassessed to reflect the change in qualification between agent and principal (leading to the recognition of the related revenue on a gross or net basis), and the recognition as a deduction from the revenues of fees or rent paid by the Group in certain circumstances to its clients (previously recorded as operating expenses).

Considering the limited impact of the first-time application of IFRS 15 on the Group financial statements because of the nature of its activities, the cumulative catch-up method has been applied, allowing for the change in revenue recognition to be recognized in opening equity in Fiscal 2019, as of September 1, 2018. Accordingly, an immaterial negative impact of -1 million euro was recognized in Fiscal 2019 opening shareholders' equity. The impact of IFRS 15 for Fiscal 2019 was not material.

The accounting principles for recognizing revenue applied by the Group are described in note 2.22.2.

2.1.3 Accounting standards and interpretations issued but not yet applicable

The Group has not elected to early adopt any standards, interpretations or amendments not required to be applied in Fiscal 2019.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of August 31, 2019.

It is currently analyzing the impacts of applying IFRS 16 "Leases" and IFRIC 23 "Uncertainty over income tax treatments". The Group does not expect the application of the other standards, amendments or interpretations to have a material impact on its consolidated financial statements.

- **IFRS 16 "Leases", applicable to the Group as from the fiscal year opening on September 1, 2019**

IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. In accordance with the new standard, all leases will now have to be recognized on the balance sheet, with the recognition of an asset representing the right to use the underlying asset, and a lease liability corresponding to the present value of the fixed lease payments over the reasonably certain term of the lease agreement (considering renewal or early termination options expected to be exercised). Only short-term leases and leases of low-value assets are exempt from this requirement. IFRS 16 will also affect the presentation of lease transactions in the consolidated income statement (with rental expense replaced by depreciation expense and interest expense).

The implementation of IFRS 16 has been subject to a dedicated project within the Group. During Fiscal 2019, the Group continued its work on collecting data relating to the leases in place in its various business segments and regions. In addition, the Group adapted its processes and its IT systems in order to be able to present its consolidated financial statements in compliance with IFRS 16 as of Fiscal 2020. As at August 31, 2019, the Group finalized the inventory of contracts and is deploying its tool dedicated to lease management and accounting.

The Group will apply IFRS 16 as of September 1, 2019 using the simplified retrospective approach, without restating the comparative consolidated financial statements at of August 31, 2019. The Group has also opted to apply the two exemptions proposed in the standard (leases for periods of 12 months or less and leases for which the underlying asset is of low value).

Subject to the outcome of the discussions under way at the IASB and IFRIC and based on the portfolio of existing contracts and their current contractual terms, the Group estimates that the amount of the liability it will need to recognize in the consolidated statement of financial position could be close to 1.3 billion euro. This amount is not directly comparable to the operating lease commitments presented as off-balance sheet commitments in note 4.24.2. The difference is mainly explained by the difference in the lease terms considered (the reasonably certain term of the leases used to determine the lease liability to be recognised in accordance with IFRS 16 being generally longer than the non-cancellable term used to determine the off-balance sheet commitments), partly offset by the discounting effect.

- **IFRIC 23 "Uncertainty over income tax treatments", applicable to the Group as from the fiscal year opening on September 1, 2019**

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over the acceptability of a particular tax treatment under tax law.

The possible effects of applying IFRIC 23 are currently being analyzed.

2.2 Use of estimates

The preparation of financial statements requires the management of Sodexo and its subsidiaries to make estimates and assumptions which affect the amounts reported for assets, liabilities and contingent liabilities as of the date of preparation of the financial statements, and for revenues and expenses for the period.

These estimates and valuations are updated continuously based on past experience and on various other factors considered reasonable in view of current circumstances and are the basis for the assessments of the carrying amount of assets and liabilities.

Actual results may differ substantially from these estimates if assumptions or circumstances change.

Significant items subject to such estimates and assumptions include the following:

- impairment of current and non-current assets (notes 4.10 to 4.12);
- fair value of financial assets and derivative financial instruments (notes 4.16 and 4.21);
- provisions and litigation (notes 4.18 and 4.28);
- valuation of post-employment defined benefit plan assets and liabilities (note 4.17);
- recognition of deferred tax assets (note 4.20);
- share-based payment (note 4.22);
- valuation of goodwill and intangible assets acquired as part of a business combination, as well as their estimated useful lives (note 4.23).

2.3 Principles and methods of consolidation

2.3.1 Intragroup transactions

Intragroup transactions and balances, and unrealized losses and gains between Group companies, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, unless they represent an impairment loss.

2.3.2 Consolidation methods

A subsidiary is an entity directly or indirectly controlled by Sodexo S.A. The Group controls a subsidiary when it is exposed or has rights to obtain variable benefits from its involvement with the subsidiary and has the ability to influence those benefits through its power over the subsidiary. In determining whether control exists, voting rights granted by equity instruments are taken into account only when they give the Group substantive rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained to the date on which control ceases to be exercised.

Associates are companies in which Sodexo S.A. directly or indirectly exercises significant influence over financial and operating policy without exercising exclusive or joint control. Joint ventures are joint arrangements in which Sodexo S.A.

directly or indirectly exercises joint control and has rights to the net assets of the arrangement. Associates and joint ventures are consolidated by the equity method. Sodexo has a number of equity interests in project companies established in connection with Public-Private Partnership (PPP) contracts. These contracts enable governments to call upon the private sector for the design, construction, financing and management of public infrastructure (hospitals, schools, barracks, prisons), with detailed performance criteria. An analysis is performed for each of these equity interests, in order to determine whether they qualify as associates or joint ventures.

Sodexo only makes equity and subordinated debt investments in such projects when it acts as a service provider to the project company.

Further information on the main entities consolidated as of August 31, 2018 is provided in note 6 "Scope of consolidation".

2.3.3 Foreign currency translation

The exchange rates used are derived from rates quoted by the European central bank and on other major international financial markets.

2.3.3.1 FOREIGN CURRENCY TRANSACTIONS

Monetary assets and liabilities denominated in foreign currencies at the period end are translated using the closing rate. The resulting translation differences are reported in financial income or expense.

Non-monetary foreign-currency assets and liabilities reported at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities reported at fair value are translated using the exchange rate at the date when the fair value was determined.

Transactions for the period are translated at the exchange rate at the transaction date.

Translation differences on monetary items that are in substance part of a net investment in a foreign operation consolidated by Sodexo are reported in other comprehensive income until the disposal or liquidation of the investment.

2.3.3.2 FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

Countries with stable currencies

The separate financial statements of each consolidated entity are presented on the basis of the primary economic environment (functional currency) in which the entity operates.

For consolidation purposes, all foreign-currency assets and liabilities of consolidated entities are translated into the reporting currency of the Sodexo Group (the euro) at the closing exchange rate, and all income statement items are translated at the average exchange rate for the period. The resulting translation differences are recognized in other comprehensive income under "Currency translation adjustment".

Countries with hyperinflationary economies

For these countries, the difference between profit or loss for the period translated at the average rate and profit or loss for the period translated at the closing rate is recognized in financial income or expense.

Since July 1, 2018, Argentina has been classified as a country with a hyperinflationary economy. However, the impacts of hyperinflation in that country were not material at Group level during Fiscal 2019.

2.4 Business combinations and goodwill

The purchase method is used to account for acquisitions of subsidiaries by the Group. Fair value of the consideration corresponds to the fair value of assets acquired, equity instruments issued by the purchaser and liabilities assumed as of the date of the acquisition. Costs directly related to the acquisition are expensed as incurred in the income statement.

On initial consolidation of a subsidiary or equity interest, the Group measures all identifiable elements acquired at fair value at the acquisition date, in the currency of the acquired entity.

Changes to the measurement of identifiable assets and liabilities resulting from specialist valuations or additional analysis may be recognized as adjustments to goodwill if they are identified within one year of the date of acquisition and result from facts and circumstances existing at the acquisition date. Once this one-year period has elapsed, the effect of any adjustments is recognized directly in the income statement (unless it is the correction of an error), including recognition of deferred tax assets which are recognized in the income statement as a tax benefit if recognized more than one year after the acquisition date. Goodwill arising on the acquisition of associates and joint ventures is included in the value of the equity method investment.

Goodwill is not amortized but is subject to impairment tests immediately if there are indicators of impairment, and at least once per year. Impairment test procedures are described in note 2.8 "Impairment of assets". Goodwill impairment losses recognized in the income statement are irreversible.

2.4.1 Goodwill

Any residual difference between the fair value of the consideration transferred (for example the amount paid), increased by the amount of the non-controlling interest in the acquired company (measured either at fair value or its share in the fair value of the identifiable net assets acquired) and the fair value as of the date of acquisition of the assets acquired and liabilities assumed, is recognized as goodwill in the statement of financial position.

The Group measures non-controlling interests on a case-by-case basis for each business combination either at fair value or based on their percentage interest in the fair value of identifiable net assets acquired.

2.4.2 Bargain purchases

When the fair value of the assets acquired and the liabilities assumed as of the acquisition date is greater than acquisition cost, increased by the amount of any non-controlling interest, the excess – representing negative goodwill – is immediately recognized in the income statement in the period of acquisition, after reviewing the procedures for the identification and measurement of the different components included in the calculation.

2.4.3 Transactions in non-controlling interests

Changes in non-controlling interests, in the absence of either assumption or loss of control, are recognized in shareholders' equity. In particular, when additional shares in an entity already controlled by the Group are acquired, the difference between the acquisition cost of the shares and the share of net assets acquired is recognized in equity attributable to equity holders of the parent. The consolidated value of the assets and liabilities of the subsidiary (including goodwill) remains unchanged.

2.4.4 Purchase price adjustments and/or earn-outs

Purchase price adjustments and/or earn-outs related to business combinations are recognized at their fair value as of the date of acquisition even if they are considered to be not probable. After the date of acquisition, changes in estimates of the fair value of price adjustments lead to an adjustment to goodwill only if they occur within the time allowed (a maximum of one year as of the date of acquisition) and if they result from facts and circumstances that existed at the acquisition date. In all other cases, the change is recognized in profit or loss except when the consideration transferred consists of an equity instrument.

2.4.5 Step acquisitions

In a step acquisition, the fair value of the Group's previous interest in the acquired entity is measured at the date that control is obtained and is recognized in profit or loss. In determining the amount of goodwill recognized, the fair value of the consideration transferred (for example the price paid) is increased by the fair value of the interest previously held by the Group.

2.5 Intangible assets

Separately acquired intangible assets are initially measured at cost. Intangible assets acquired in connection with a business combination and which can be reliably measured, are controlled by the Group and are separable or arise from a legal or contractual right, are recognized at fair value separately from goodwill. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

Intangible assets other than certain trademarks having an indefinite useful life are considered to have finite useful lives, and are amortized by the straight-line method over their expected useful lives:

Integrated management software	3-7 years
Other software	3-4 years
Patents and licenses	2-10 years
Client relationships	3-20 years
Other intangible assets	3-20 years

Acquired trademarks with a finite useful life are generally amortized over a period of less than ten years. Trademarks that the Group considers as having an indefinite useful life (notably based on criteria relating to their durability and brand recognition) are not amortized.

In view of the legal characteristics of French commercial leases, lease rights are considered as having an indefinite useful life and are not amortized.

The cost of licenses and software recognized in the statement of financial position comprises the costs incurred in acquiring the software and bringing it into use, and is amortized over the estimated useful life of the asset.

Subsequent expenditures on intangible assets are capitalized only if they increase the expected future economic benefits associated with the asset to which they relate. Other expenditures are expensed as incurred.

2.6 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land, which is measured at cost less accumulated impairment losses. Cost includes expenditures directly incurred to acquire the asset, and in some cases may also include estimated unavoidable future dismantling, removal and site remediation costs.

Subsequent expenditures are included in the carrying amount of the asset, or recognized as a separate component, if it is probable that the future economic benefits of the expenditures will flow to Sodexo and the cost can be measured reliably. All other repair and maintenance costs are recognized as expenses during the period in which they are incurred, except costs incurred to improve productivity or extend the useful life of an asset, which are capitalized.

Items of property, plant and equipment are depreciated over their expected useful lives using the component-based approach, taking account of their residual value. The straight-line method of depreciation is regarded as the method that most closely reflects the expected pattern of consumption of the future economic benefits embodied in items of property, plant and equipment.

The useful lives generally used by the Group are:

Buildings	20-30 years
General fixtures and fittings	3-10 years
Plant and machinery	3-8 years
Motor vehicles	4 years
Boats and pontoons (depending on the component)	5-15 years

The residual values and useful lives of items of property, plant and equipment are reviewed at each period end and, if necessary, adjusted.

The carrying amounts of items of property, plant and equipment are tested for impairment if there is an indication that an item may be subject to impairment.

2.7 Leases

Leases under which substantially all the risks and rewards incidental to ownership of an asset are transferred to Sodexo are classified as finance leases and accounted for as follows:

- at inception of the lease term, the leased asset is recognized as an asset at the lower of fair value or the present value of the minimum lease payments;
- the corresponding liability is recognized in borrowings;
- lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability.

An asset held under a finance lease is depreciated over its estimated useful life, or if there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, over the shorter of the lease term and its useful life.

Leases under which the lessor retains substantially all the risks and rewards incidental to ownership of the asset are treated as operating leases. Payments made under operating leases are expensed as an operating item on a straight-line basis over the term of the lease.

2.8 Impairment of assets

2.8.1 Impairment of assets with finite useful lives

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment if there is any indication of impairment. Impairment losses are recognized in the income statement, and may be reversed subsequently.

2.8.2 Impairment of assets with indefinite useful lives

Goodwill and other intangible assets considered to have an indefinite useful life (such as certain trademarks) are tested for impairment whenever there is an indication of impairment, and at least annually, in the last quarter of the fiscal year. The results of the impairment tests are then confirmed using actual data as of August 31.

2.8.2.1 CASH GENERATING UNITS

Assets that do not generate cash inflows that are largely independent of those from other assets, and hence cannot be tested for impairment individually, are grouped together in Cash Generating Units (CGUs).

Impairment tests are performed at the level of the CGU or group of CGUs corresponding to the lowest level at which goodwill is monitored by the Group.

Since Fiscal 2017, goodwill for the has been analyzed based on the following operating segments in the Group's organizational structure (see note 3):

- On-site Services activity:
  - Business & Administrations, which includes Corporate Services, Energy & Resources, Government & Agencies, Sports & Leisure and other non-segmented activities,
  - Healthcare, combined with Seniors,
  - Education, comprising Schools and Universities;
- the Benefits & Rewards Services activity corresponds to a single CGU.

Goodwill is not tested for impairment at a higher level than the operating segments before aggregation for segment reporting.

The assets allocated to each CGU or group of CGUs comprise:

- goodwill, which is allocated when the CGU or group of CGUs is likely to benefit from the business combination;
- other intangible assets, property, plant and equipment, client investments and net working capital.

2.8.2.2 INDICATIONS OF IMPAIRMENT

The main indicators that a CGU may be impaired are a significant decrease in the CGU's revenues and underlying operating profit or material changes in market trends.

2.8.2.3 METHODS USED TO DETERMINE THE RECOVERABLE AMOUNT

An impairment loss is recognized in the income statement when the carrying amount of an asset or CGU is greater than its recoverable amount.

Recoverable amount is the greater of:

- fair value less costs of disposal, *i.e.*, the amount obtainable from the sale of an asset (net of selling costs) in an orderly transaction between market participants at the measurement date; and
- value in use, which is the present value of the future cash flows expected to be derived from continuing use and ultimate disposal of the asset or CGU.

The value in use of a CGU or group of CGUs is estimated using after-tax cash flow projections based on business plans and a terminal value calculated by extrapolating data for the final year of the business plan. Business plans generally cover one to five years. These plans have been drawn up for each operating segment resulting from the Group's new organizational structure as described in note 3.

Management both at Group and subsidiary levels prepares underlying profit forecasts on the basis of past performance and expected market trends.

The growth rate used beyond the initial period of the business plans reflects the growth rate of the operating segment concerned, taking into account the geographic regions in which the operating segment conducts business.

Expected future cash flows are discounted at the weighted average cost of capital calculated for the Group. For certain CGUs or groups of CGUs a premium is added to the weighted average cost of capital in order to reflect the greater risk factors affecting certain countries in which the operating segment concerned conducts business.

The growth and discount rates used for impairment tests during the period are provided in note 4.10 "Impairment of assets".

2.8.2.4 RECOGNITION OF IMPAIRMENT LOSSES

An impairment loss recognized with respect to a CGU is allocated initially to reducing the carrying amount of any goodwill allocated to that CGU, and then to reducing the carrying amount of the other assets of the CGU in proportion to the carrying amount of each asset.

2.8.3 Reversal of impairment losses

Impairment losses recognized with respect to goodwill cannot be reversed.

Impairment losses recognized with respect to any other asset may only be reversed if there is an indication that the impairment loss is lower or no longer exists. The amount reversed is based on the new estimates of the recoverable amount.

The increased carrying amount of an asset resulting from the reversal of an impairment loss cannot exceed the carrying amount that would have been determined for that asset had no impairment loss been recognized.

2.9 Client investments

Some client contracts provide for a financial contribution by Sodexo. For example, the Group may participate in financing the purchase of equipment or fixtures on the client site that are necessary to fulfill service obligations, or it may make a financial contribution that will be recovered over the life of the contract. These assets are generally amortized over a period of less than 10 years, but may be amortized over a longer period depending on the contract duration. The amortization is recognized as a reduction to revenues over the life of the contract.

In the cash flow statement, changes in the value of these investments are presented as a component of investing cash flows.

2.10 Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is determined by the FIFO (First In First Out) method.

2.11 Trade and other receivables

Trade and other receivables are initially recognized at fair value, and are subsequently measured at amortized cost less impairment losses recognized in the income statement.

Trade and other receivables are impaired to reflect the expected credit losses, assessed using an impairment matrix (application of the simplified impairment model as provided for in IFRS 9). This method consists in applying for each aging balance category a separate impairment rate based on historical credit losses adjusted, when necessary, to take into account prospective factors.

2.12 Financial instruments

Financial assets and liabilities are recognized in the statement of financial position on the transaction date, which is the date when Sodexo becomes a party to the contractual provisions of the instrument.

The fair values of financial assets and derivative instruments are generally determined on the basis of quoted market prices, of values resulting from recent transactions or of valuations carried out by the depositary bank.

2.12.1 Financial assets

Financial assets are measured and recognized in three main categories:

- **financial assets measured at fair value through other comprehensive income** include investments in non-consolidated entities, which correspond to equity instruments that the Group has irrevocably elected to classify in this category. When an equity instrument is sold, the cumulative fair value adjustment recognized in other comprehensive income is not transferred to the income statement; only dividends are booked in the income statement. For securities listed on an active market, fair value is considered to equal market value. If no active market exists, fair value is generally determined based on appropriate financial criteria for the specific security;
- **financial assets measured at amortized cost** represent debt instruments that give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and that are held within a business model whose objective is to hold assets to collect contractual cash flows. They include financial and security deposits, and loans to non-consolidated entities. These financial assets are initially recognized at fair value in the statement of financial position and subsequently at amortized cost, using the effective interest rate method (which is equivalent to acquisition cost as no significant transaction costs are incurred in acquiring such assets). They are impaired to cover the estimated expected credit losses;
- **financial assets at fair value through profit or loss** include marketable securities with maturities greater than three months and other financial assets held for trading and acquired for the purpose of resale in the near term (instruments that are not eligible to be classified as financial assets measured at amortized cost or at fair value through other comprehensive income). These assets are measured at fair value, with changes in fair value recognized in financial income or expense in the income statement, with the exception of changes in the fair value of financial assets related to the Benefits & Rewards Services activity which are recognized in operating income or expense.

2.12.2 Derivative financial instruments

Sodexo's policy is to finance the majority of acquisition costs insofar as possible in the currency of the acquired entity, generally at fixed rates of interest.

Derivative financial instruments are initially recognized at fair value in the statement of financial position. Subsequent changes in the fair value of derivative instruments are recognized in the income statement, except in the case of instruments that qualify as cash flow hedges.

For cash flow hedges, the necessary documentation is prepared at inception and updated at each period end.

Gains or losses arising on the effective portion of the hedge are recognized in other comprehensive income, and are not recognized in the income statement until the underlying asset or liability is realized. Gains or losses arising on the ineffective portion of the hedge are recognized in the income statement.

The fair value of these derivative instruments is generally determined based on valuations provided by the bank counter-parties.

2.12.3 Commitments to purchase non-controlling interests

As required by IAS 32 "Financial instruments: Presentation", Sodexo recognizes commitments to purchase non-controlling interests as a liability within borrowings in the consolidated statement of financial position. Commitments to purchase non-controlling interests given in connection with business combinations are recognized as follows:

- the liability arising from the commitment is recognized in other borrowings at the present value of the purchase commitment;
- the corresponding non-controlling interests are cancelled;
- additional goodwill is recognized for the balance.

2.12.4 Bank borrowings and bond issues

All borrowings, including bank credit facilities and overdrafts, are initially recognized at the fair value of the amount received less directly attributable transaction costs.

Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of a financial liability to the net carrying amount of that liability. The calculation includes the effects of transaction costs, and of differences between the issue proceeds (net of transaction costs) and reimbursement value.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise current bank account balances, cash on hand and short-term cash investments in money-market instruments. Money-market instruments correspond to authorized "short-term" or "standard" money-market funds under the new regulation adopted by the European Union (market funds that are eligible to the presumption as to classification as cash equivalents pursuant to the common AMF and ANC position issued in November 27, 2018) and have an initial maturity of less than three months at the moment of purchase or may be withdrawn at any time at a known cash value with no material risk of loss in value.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying non-current asset are included in the cost of that asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying non-current asset are recognized as an expense using the effective interest method.

2.15 Sodexo treasury shares

Sodexo shares held by Sodexo S.A. itself and/or by other Group companies are shown as a reduction in consolidated shareholders' equity at their acquisition cost.

Gains and losses on acquisitions and disposals of treasury shares are recognized directly in consolidated shareholders' equity and do not affect profit or loss for the year.

2.16 Provisions

A provision is recognized if the Group has a legal or constructive obligation at the period end and it is probable that settlement of the obligation will require an outflow of resources and the amount of the liability can be reliably measured.

Provisions primarily cover commercial, employee-related and tax-related risks and litigation (other than those related to income tax) arising in the course of operating activities, and are measured using assumptions that take account of the most likely outcomes.

Where the effect of the time value of money is material, the amount of the provision is determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the liability.

A provision for onerous contracts is established where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

2.17 Employee benefits

2.17.1 Short-term benefits

Group employees receive short-term benefits such as vacation pay, sick pay, bonuses and other benefits (other than termination benefits), whose payment is expected within 12 months of the related service period.

These benefits are reported as current liabilities.

2.17.2 Post-employment benefits

In accordance with IAS 19 "Employee Benefits", Sodexo measures and recognizes post-employment benefits as follows:

- contributions to defined-contribution plans are recognized as an expense; and
- defined benefit plans are measured using actuarial valuations.

Sodexo uses the projected unit credit method as the actuarial method for measuring its post-employment benefit obligations, on the basis of the national or company-wide collective agreements effective within each entity.

Factors used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover, and macro-economic assumptions specific to countries in which Sodexo operates (such as inflation rate and discount rate).

Remeasurement of the net obligation under defined benefit plans, including actuarial gains and losses, differences between the return on plan assets and the corresponding interest income recognized in the income statement, and any changes in the effect of the asset ceiling, is recognized in other comprehensive income and have no impact on profit for the period.

Plan amendments and the establishment of new defined benefit plans result in past service costs that are recognized immediately in the income statement.

The accounting treatment applied to defined benefit plans is as follows:

- the obligation, net of plan assets, is recognized as a non-current liability in the consolidated statement of financial position if the obligation exceeds the plan assets;
- if the value of plan assets exceeds the obligation under the plan, the net amount is recognized as a non-current asset. Plan surpluses are recognized as assets only if they represent future economic benefits that will be available to Sodexo. Where the calculation of the net obligation results in an asset for Sodexo, the amount recognized for this asset may not exceed the present value of all future refunds and reductions in future contributions under the plan;
- the expense recognized in the income statement comprises:
  - current service cost, past service cost, if any, and the effect of plan settlements, all of which are recorded in operating income,
  - the interest expense (income) on the net defined benefit obligation (asset), calculated by multiplying the obligation (asset) by the discount rate used to measure the defined benefit obligation at the beginning of the period.

Sodexo contributes to multiemployer plans, primarily in the United States. These plans are accounted for as defined contribution plans, as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans (see note 4.17.1.3).

2.17.3 Other long-term employee benefits

Other long-term employee benefits are measured in accordance with IAS 19. The expected cost of such benefits is recognized as a non-current liability over the employee's period of service. Actuarial gains and losses and past service costs arising from plan amendments and the establishment of new plans are recognized immediately in the income statement.

2.18 Vouchers payable

Vouchers payable are recognized as a current liability at fair value, which is the face value of vouchers in circulation or returned to Sodexo but not yet reimbursed to affiliates.

2.19 Share-based payment

Some Group employees receive compensation in the form of share-based payments, for which payment is made in equity instruments.

The services compensated by these plans are recognized as an expense, with the offset recognized in shareholders' equity, over the vesting period. The amount of expense recognized in each period is determined by reference to the fair value of the equity instruments granted, as of the grant date.

Each year, Sodexo reassesses the number of potentially exercisable stock options that are expected to vest as well as the number of shares that is likely to be delivered to beneficiaries of free shares based on the applicable vesting conditions. The impact of any change in estimates is recognized in the income statement, with the offset recognized in shareholders' equity.

The features of the Group's share-based payment plans are set out in note 4.22 "Share-based payment".

2.20 Deferred taxes

Deferred taxes are recognized on temporary differences between the carrying amount of an asset or liability and its tax base, using the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that are enacted or substantially enacted at the period end.

Deferred taxes are not recognized on the following items:

- initial recognition of goodwill;
- initial recognition of an asset in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit; and
- temporary differences on investments in subsidiaries that are not expected to reverse in the foreseeable future.

Taxes on items recognized directly in shareholders' equity or in other comprehensive income are recognized in shareholders' equity or in other comprehensive income, respectively, and not in the income statement.

Residual deferred tax assets on temporary differences and tax loss carry-forwards (after offset of deferred tax liabilities) are only recognized if their recovery is considered probable.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets and liabilities and the deferred taxes relate to the same taxable entity and tax authority.

2.21 Trade and other payables

Trade and other payables are classified as financial liabilities measured at amortized cost, as defined in IFRS 9 "Financial instruments" (see note 2.1.2). They are initially recognized at their nominal amount, which represents a reasonable estimate of fair value in light of their short maturities.

2.22 Income statement

2.22.1 Income statement by function

Sodexo presents its income statement by function.

Operating profit comprises the following components:

- gross profit;
- administrative and Sales Department costs; and
- other operating income and expenses.

In order to better focus the Group's financial communication on recurring operating profit and to simplify benchmarking with competitors, the consolidated income statement has changed as from Fiscal 2018 to include a new indicator, "Underlying operating profit", which corresponds to operating profit before "Other operating income" and "Other operating expenses".

Other operating income and expenses include the following:

- gains and losses arising from changes in the scope of consolidation;
- gains and losses arising from changes in post-employment benefit obligations;
- restructuring and rationalization costs;
- M&A costs;
- amortization and impairment of client relationships and trademarks;
- goodwill impairment;
- impairment of non-current assets and other unusual or non-recurring items representing material amounts.

Underlying operating profit also comprises the Group's share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

Underlying operating profit has replaced operating profit in the segment information, as it is now the main indicator reviewed regularly by the Executive Committee, which is the Group's main operating decision-maker.

2.22.2 Revenues

Revenues reported by Sodexo relate to the sale of services in connection with the ordinary activities of fully consolidated companies as follows:

- **On-site Services:** revenues include all revenues stipulated in the contract, considering whether Sodexo acts as principal (the vast majority of cases) or agent.

  Food services revenues are recognized when the customer pays at the check-out (the date on which control of the goods is transferred to the customer, since the sales do not represent any other unsatisfied performance obligation at that date). Facilities management services mainly represent routine or recurring services, whose benefits are simultaneously received and consumed by customers as they are performed by the Group, and therefore correspond to performance obligations satisfied over time. Consequently, the Group applies the practical expedient provided for in IFRS 15 and recognizes the revenue for its right to bill (invoicing based on contractual prices, which represent the transaction prices of the different promised services).

  A a result, revenue recognition matches with billing for most of the On-site Services.

  Principal versus Agent considerations:

  When a third party is involved in providing goods or services to the customers (for example, a subcontractor), the Group evaluates whether or not it obtains control of goods or services before transferring control to the customer. When the Group controls the good or service before it is transferred to the customer, the revenue is recognized on a gross basis. Otherwise, the revenue is recognized on a net basis. It should be noted that the changes in revenue recognition principles introduced by IFRS 15 led us to reassess the accounting treatment of some contracts (revenue now recognized on a gross basis for instances where we subcontract part of our facilities management services, and on a net basis in some specific cases).

  Consideration payable to customers:

  In certain cases, and mainly upon client requirements, the Group pays fees or rent for the use of space or equipment made available to us on sites that enable us to deliver our services. In accordance with IFRS 15 principles applicable to consideration payable to customers, we have considered that such expenses should be recognized as a deduction from the corresponding revenues (previously recognized as operating expenses);
- **Benefits & Rewards Services:** revenues include mainly commissions received from clients and affiliates, financial income from the investment of cash generated by the activity, and profits from vouchers and cards not reimbursed.

Commissions received from clients in the Benefits & Rewards Services activity are recognized when the vouchers are issued and sent to the client or the cards are credited. Commissions received from affiliates are recognized when the vouchers are reimbursed or the cards are used. Profits from unreimbursed vouchers and cards are recognized based on their expiration date and the deadline for presentation for reimbursement by the affiliate. It should be noted that the implementation of IFRS 15 has no significant impact on revenue recognition for Benefits & Rewards Services.

Revenues are measured at the fair value of the consideration received or to be received, net of discounts and rebates as well as Value Added Tax (VAT) and other taxes. The financial component of each commercial transaction is considered as negligible and therefore is not recognized separately in accordance with IFRS 15 provisions.

2.22.3 Discount Allowances

As part of its food or other material supply contracts with manufacturers and distributors, the Group can earn discounts, rebates, or credits related to the purchases made under those contracts. Vendor Discounts and Allowances (VDA) are earned by the volume of materials purchased under the contract, by the periodic purchase volumes exceeding certain contractually-defined thresholds, or as fixed amounts in exchange for certain commitments such as vendor exclusivity arrangements. The Group retains VDAs to the extent consistent with its client contracts and applicable law. Our accounting policy for VDAs is as follows:

- VDAs earned on purchases made through Sodexo-managed food or facilities services contracts are recognized as a reduction to Cost of Sales;
- VDAs earned on purchases made through procurement management services contracts are recognized as Revenues.

VDAs are typically recognized in the period the purchases are made based on the volume of materials purchased in the period and the contractual VDA rate. VDAs earned based on purchase volumes reaching contractually-defined thresholds are recognized in proportion with the purchases made as soon as the Group considers it probable that the thresholds will be reached. If the Group does not consider it probable that its purchase volumes will reach the contractually-defined thresholds, any VDAs earned are recognized if and when the thresholds are reached. Fixed-amount VDAs are recognized immediately unless certain conditions need to be met in order for them to be earned or if there is a clear link between the amount promised and the future purchase volumes. In such cases, fixed-amount VDAs are recognized over the period of the related commitment.

2.22.4 Income tax expense

Income tax expense for the year comprises current taxes and deferred taxes. It includes the *cotisation sur la valeur ajoutée des entreprises* (CVAE), a business tax assessed on corporate value-added generated by the French subsidiaries, which is reported under income tax expense because the Group considers that it meets the definition of a tax on income contained in IAS 12 "Income Tax".

Tax credits that do not affect taxable profit and are always refunded by the French government if they have not been deducted from corporate income tax (including the Competitiveness and Employment Tax Credit (CICE) introduced in France under the third amended 2012 Finance Bill) are recognized as subsidies and therefore deducted from the expenses to which they relate.

2.23 Earnings per share

Earnings per share is calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period, net of treasury shares.

In the calculation of diluted earnings per share, the denominator is increased by the number of potentially dilutive shares, and the numerator is adjusted for all dividends and interest recognized in the period and any other change in income or expenses that would result from conversion of the potentially dilutive shares.

Potential ordinary shares are treated as dilutive if and only if their conversion to shares would decrease earnings per share or increase loss per share.

A reconciliation between the weighted average number of ordinary shares for the period and the weighted average number of shares for the period adjusted for the effects of potentially dilutive ordinary shares is presented in note 4.4 "Earnings per share".

2.24 Cash flow statement

The cash flow statement analyzes changes in net cash and cash equivalents, defined as cash and cash equivalents less current bank overdrafts and credit bank balances payable on demand that form an integral component of treasury management.

3. OPERATING SEGMENTS

The segment information presented below has been prepared based on internal management data as monitored by the Group Executive Committee, which is Sodexo's chief operating decision-maker: On-site Services and Benefits & Rewards Services.

For On-site Services, since the beginning of Fiscal 2017, the Group has monitored this activity based on global client segments rather than geographies to reflect the gradual reorganization of the Group since September 2015. The Group has progressively adapted the way it conducts its On-site Services business, building an organization by global client segment to better support clients wherever they are, both locally and internationally, and by global function to ensure optimized and standardized processes in all service offerings and functional activities. These global client segments meet the definition of operating segments in IFRS 8.

As explained in note 2.22.1, since Fiscal 2018, the Group has introduced a new indicator, "Underlying operating profit", which is monitored by segment along with revenues, replacing operating profit. Consequently, Sodexo's operating segments and groups of operating segments are now as follows:

- On-site Services:
  - Business & Administrations, which includes Corporate Services, Energy & Resources, Government & Agencies, Sports & Leisure and other non-segmented activities,
  - Healthcare, combined with Seniors,
  - Education, comprising Schools and Universities;
- Benefits & Rewards Services.

The operating segments that have been aggregated carry out similar operations – both in terms of type of services rendered and the processes and methods used to deliver the services – and have similar economic characteristics (notably in terms of the margins they generate).

Segment assets and liabilities are not presented as they are not included in the chief operating decision-maker's measurement of segment performance.

Since the beginning of the 2018-2019 fiscal year, some contracts have been reallocated between segments. The most important change concerns some European countries where, after several years of restructuring, the activity is now segmented. Thus, the activities operated in Hospitals and Seniors were transferred from the Business & Administration segment (where all non-segmented activities are reported) to the Healthcare & Seniors segment.

No single Group client or contract accounts for more than 2% of consolidated revenues.

3.1 By business segment

FISCAL 2019 (in millions of euro)	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTHCARE & SENIORS	EDUCATION	BENEFITS & REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	GROUP TOTAL
Revenues (third-party)	21,067	11,577	5,210	4,280	888		21,954
Inter-segment sales (Group)					4	(4)	
TOTAL REVENUES	**21,067**	**11,577**	**5,210**	**4,280**	**892**	**(4)**	**21,954**
Underlying operating profit	1,049	487	342	220	276	(126)	1,200

FISCAL 2018 (in millions of euro)	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTHCARE & SENIORS	EDUCATION	BENEFITS & REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	GROUP TOTAL
Revenues (third-party)	19,561	10,938	4,768	3,855	846		20,407
Inter-segment sales (Group)					4	(4)	
TOTAL REVENUES	**19,561**	**10,938**	**4,768**	**3,855**	**850**	**(4)**	**20,407**
Underlying operating profit	986	458	306	222	262	(120)	1,128

3.2 By significant country

The Group's operations are spread across 67 countries, including two that each represent over 10% of consolidated revenues: France (the Group's home country) and the United States. Revenues and non-current assets in these countries are as follows:

AUGUST 31, 2019 (in millions of euro)	FRANCE	UNITED STATES	OTHER	TOTAL
Revenues (third-party)	2,852	9,069	10,033	21,954
Non-current assets*	1,168	4,085	3,016	8,269

* Property, plant and equipment, goodwill, other intangible assets, and client investments.

AUGUST 31, 2018 (in millions of euro)	FRANCE	UNITED STATES	OTHER	TOTAL
Revenues (third-party)	2,721	8,243	9,443	20,407
Non-current assets*	1,084	3,827	2,635	7,546

* Property, plant and equipment, goodwill, other intangible assets, and client investments.

3.3 By type of service

Revenues by type of service are as follows:

(in millions of euro)	FISCAL 2019	FISCAL 2018
Food services	13,998	13,172
Facilities management services	7,068	6,389
TOTAL ON-SITE SERVICES REVENUES	**21,067**	**19,561**
Benefits & Rewards Services	892	850
Eliminations	(4)	(4)
TOTAL CONSOLIDATED REVENUES	**21,954**	**20,407**

4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2019

4.1 Operating expenses by nature and other operating income and expenses

4.1.1 Operating expenses by nature

(in millions of euro)	FISCAL 2019	FISCAL 2018
Depreciation, amortization and impairment losses	(382)	(326)
Employee costs		
• Wages and salaries	(8,246)	(7,615)
• Other employee costs(1)	(2,379)	(2,283)
Purchases of consumables and change in inventory	(5,784)	(5,445)
Other operating expenses(2)	(4,107)	(3,745)
TOTAL NET OPERATING EXPENSES	**(20,897)**	**(19,414)**

(1) Other employee costs primarily comprise payroll taxes. They also include costs associated with defined benefit plans (note 4.17), defined contribution plans (note 4.17) and free shares (note 4.22).
(2) Other operating expenses mainly include operating lease expenses (349 million euro for Fiscal 2019 and 343 million euro for Fiscal 2018), professional fees, other purchases, sub-contracting costs and travel expenses.

4.1.2 Other operating income and expenses

(in millions of euro)	FISCAL 2019	FISCAL 2018
Gains related to consolidation scope changes	9	3
Gains on changes of post-employment benefits	1	
Other	1	7
TOTAL OTHER OPERATING INCOME	**11**	**10**
Restructuring and rationalization costs	(46)	(42)
Acquisition-related costs	(11)	(15)
Losses related to consolidation scope changes		(18)
Losses on changes of post-employment benefits	(4)	
Amortization and impairment of purchased intangible assets	(85)	(52)
Other	(6)	(14)
TOTAL OTHER NET OPERATING EXPENSES	**(152)**	**(141)**

4.2 Financial income and expense

(in millions of euro)	FISCAL 2019	FISCAL 2018
Gross borrowing cost[1]	(121)	(110)
Interest income from short-term bank deposits and equivalent	29	31
NET BORROWING COST	**(92)**	**(79)**
Interest income from loans and receivables at amortized cost	5	3
Other financial income[2]	7	12
Other financial expense	(11)	(10)
Net foreign exchange gains/(losses)	2	(2)
Net interest cost on net defined benefit plan obligation	(6)	(7)
Monetary adjustment for hyperinflation	(1)	
Change in fair value of derivative financial instruments not qualified for hedge accounting		
Other	(4)	(7)
NET FINANCIAL EXPENSE	**(100)**	**(90)**
Of which Financial income	**44**	**46**
Of which Financial expense	**(144)**	**(136)**

(1) Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.
(2) Including, in Fiscal 2018, 8 million euro in late payment interest received in relation to a refund of dividend tax and other taxes.

3

4.3 Income tax expense

4.3.1 Income tax rate reconciliation

(in millions of euro)	FISCAL 2019	FISCAL 2018
Profit for the year before tax	963	909
Share of profit of companies consolidated by the equity method	(6)	(6)
Profit before tax excluding share of profit of companies consolidated by the equity method	**957**	**903**
Tax rate applicable to Sodexo S.A.	34.43%	34.43%
Theoretical income tax expense	**(330)**	**(311)**
Effect of jurisdictional tax rate differences	101	77
Reimbursement of additional tax on dividends paid	0	44
Permanently non-deductible expenses or non-taxable income	(49)	(7)
Other tax repayments/(charges), net	(9)	(13)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	12	5
Tax loss carry-forwards arising during the period or prior years but not recognized as a deferred tax asset	6	(34)
Actual income tax expense	**(269)**	**(239)**
Withholding taxes	(8)	(6)
TOTAL INCOME TAX EXPENSE	**(277)**	**(245)**

4.3.2 Components of income tax expense

(in millions of euro)	FISCAL 2019	FISCAL 2018
Current income taxes	(295)	(217)
Adjustments to current income tax payable in respect of prior periods	(5)	(1)
Provision for tax exposures	2	(1)
Utilization of tax credits, tax losses and temporary difference carry-forwards	41	59
CURRENT INCOME TAXES	**(257)**	**(160)**
Deferred taxes on temporary differences arising or reversing during the period	(29)	(55)
Deferred taxes on changes in tax rates or liability for taxes at new rates	0	(21)
Utilization of tax credits, tax losses and tax loss carry-forwards	16	(4)
DEFERRED INCOME TAXES	**(12)**	**(80)**
ACTUAL INCOME TAX EXPENSE	**(269)**	**(239)**

The effective tax rate, calculated on the basis of profit for the period before tax and excluding the share of profit of companies consolidated by the equity method, decreased from 27.1% for Fiscal 2018 to 29% for Fiscal 2019. This increase is partially due to the dividend contribution repayment which occurred in 2017-2018 for 44 million euro.

4.4 Earnings per share

The table below presents the calculation of basic and diluted earnings per share:

	FISCAL 2019	FISCAL 2018
Profit for the year attributable to equity holders of the parent (in millions of euro)	665	651
Basic weighted average number of shares	145,721,534	148,077,776
Basic earnings per share* (in euro)	**4.56**	**4.40**
Average dilutive effect of stock option and free share plans	2,054,363	2,033,657
Diluted weighted average number of shares	147,775,897	150,111,433
Diluted earnings per share* (in euro)	**4.50**	**4.34**

* Basic and diluted earnings per share do not reflect the effect of the dividend premium to be paid on certain registered shares meeting the criteria described in note 4.14. Based on the number of registered shares as of August 31, 2019, such shares total 9,336,529 (7,227,652 as of August 31, 2018).

All of the Group's stock option and free share plans had a dilutive impact in both Fiscal 2018 and Fiscal 2019.

4.5 Property, plant and equipment

4.5.1 Gross value of property, plant and equipment

The tables below include assets held under finance leases.

(in millions of euro)	LAND AND BUILDINGS	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS AND OTHER	TOTAL
Gross value as of August 31, 2017	**137**	**1,529**	**191**	**1,856**
Increase	6	175	44	226
Decrease	(8)	(106)	(15)	(129)
Translation Adjustments	(1)	(45)	0	(45)
Reclassifications	(32)	32	(21)	(20)
Change in scope of consolidation	(4)	45	7	47
Other				
Gross value as of August 31, 2018	**98**	**1,630**	**206**	**1,935**
Increase	3	197	51	251
Decrease	(1)	(102)	(12)	(115)
Translation Adjustments		23	4	27
Reclassifications	2	6	(33)	(25)
Change in scope of consolidation	39	27	-	66
Other	-	-	-	-
Gross value as of August 31, 2019	**141**	**1,781**	**216**	**2,138**

No item of property, plant and equipment is pledged as collateral for a liability.

4.5.2 Amortization and impairment of property, plant and equipment

(in millions of euro)	LAND AND BUILDINGS	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS AND OTHER	TOTAL
Amortization and impairment as of August 31, 2017	**(80)**	**(1,069)**	**(117)**	**(1,266)**
Depreciations and impairment	(3)	(178)	(18)	(199)
Reversals	7	92	11	110
Translation Adjustments	0	27	(0)	27
Reclassifications	22	(5)	(2)	15
Change in scope of consolidation	3	(5)	(0)	(2)
Other				
Amortization and impairment as of August 31, 2018	**(51)**	**(1,138)**	**(126)**	**(1,316)**
Depreciations and impairment	(9)	(185)	(22)	(216)
Reversals	-	84	13	97
Translation Adjustments	-	(14)	(3)	(17)
Reclassifications	1	21	3	25
Change in scope of consolidation	(14)	(14)	-	(28)
Other	-	-	-	-
Amortization and impairment as of August 31, 2019	**(73)**	**(1,246)**	**(135)**	**(1,454)**

Depreciation and impairment losses are reported under either cost of sales or Administrative and Sales Department costs.

4.5.3 Net book value of property, plant and equipment

(in millions of euro)	BUILDINGS	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS AND OTHER	TOTAL
Net carrying amount as of August 31, 2017	57	460	73	590
Net carrying amount as of August 31, 2018	47	492	80	619
Net carrying amount as of August 31, 2019	**68**	**535**	**81**	**684**

4.5.4 Property, plant and equipment held under finance leases

(in millions of euro)	BUILDINGS	PLANT AND EQUIPMENT	TOTAL
Net carrying amount as of August 31, 2017	4	9	13
Net carrying amount as of August 31, 2018	2	8	10
Net carrying amount as of August 31, 2019	**1**	**5**	**6**

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Gross value	31	32
Amortization and impairment	(25)	(22)
Net book value	**6**	**10**

Maturities of payments under finance leases are provided in note 4.15.5.

4.6 Goodwill

Changes in goodwill were as follows during the fiscal year:

(in millions of euro)	AUGUST 31, 2018	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	CURRENCY TRANSLATION ADJUSTMENT	AUGUST 31, 2019
Corporate Services	1,001			23	1,024
Government & Agencies	359			3	362
Sports & Leisure	415	6		18	439
Energy & Resources	320			10	329
Other non-segmented activities	325	107		7	438
Business & Administrations	**2,420**	**113**		**62**	**2,595**
Healthcare	998			42	1,040
Seniors	424	117		14	554
Healthcare & Seniors	**1,422**	**117**		**56**	**1,595**
Schools	352	78		11	441
Universities	855			46	901
Education	**1,207**	**78**		**57**	**1,342**
On-site Services	**5,049**	**307**		**174**	**5,531**
Benefits & Rewards Services	**615**			**15**	**630**
TOTAL	**5,664**	**307**		**188**	**6,158**

During the Fiscal year 2019 goodwill totaling 304 million euro was recognized on the acquisition of *Novae Restauration, Alliance in Partnership* in Schools, *Pronep* in Homecare, *Crèches de France, The Good Care Group, Domicil +* and *Elly & Stoffl* in Homecare and *International Club of Suppliers*, as well as the adjustment on Sports & Leisure related to prior year's acquisition of *Centerplate Inc.*

The goodwill amounts for the above acquisitions are provisional.

In the meantime, some contracts have been reallocated between segments since the beginning of Fiscal 2019. The most important change concerns some European countries where, after several years of restructuring, the activity is now segmented. Goodwill previously disclosed among non-segmented activities has been revised accordingly. The activities operated in Healthcare & Seniors have been therefore transferred from the Business & Administration segment (where all non-segmented activities were reported until then) to the Healthcare & Seniors segment.

(in millions of euro)	AUGUST 31, 2017	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	CURRENCY TRANSLATION ADJUSTMENT	AUGUST 31, 2018
Corporate Services	1,022	4		(25)	1,001
Government & Agencies	357			2	359
Sports & Leisure	64	353		(2)	415
Energy & Resources	302	35	(1)	(16)	320
Other non-segmented activities	303	39		(17)	325
Business & Administrations	**2,048**	**431**	**(1)**	**(58)**	**2,420**
Healthcare	992			6	998
Seniors	416	5		3	424
Healthcare & Seniors	**1,408**	**5**		**9**	**1,422**
Schools	339	12		1	352
Universities	842			13	855
Education	**1,181**	**12**		**14**	**1,207**
On-site Services	**4,637**	**448**	**(1)**	**(35)**	**5,049**
Benefits & Rewards Services	**671**	**14**		**(70)**	**615**
TOTAL	**5,308**	**462**	**(1)**	**(105)**	**5,664**

Increases in goodwill recognized in Fiscal 2018 primarily relate to (i) the acquisitions of The Good Eating Company (United Kingdom) in the Corporate Services activity, Morris Corporation (Australia) in the Energy & Resources activity, Centerplate Inc. (United States) in the Sports & Leisure activity, Gym4less (Spain) in the Benefit & Rewards activity, Kim Yew (Singapore) in the Education activity, and the acquisition of a controlling interest in FoodChéri (France).

3

4.7 Other intangible assets

4.7.1 Gross value of other intangible assets

(in millions of euro)	LICENSES AND SOFTWARE	CLIENT RELATIONSHIPS, TRADEMARKS A ND OTHER	TOTAL
Gross value as of August 31, 2017	**525**	**629**	**1,154**
Increase	82	29	111
Decrease	(25)	(3)	(28)
Translation Adjustments	(13)	(27)	(40)
Reclassifications	3	1	3
Change in scope of consolidation	5	219	224
Other			
Gross value as of August 31, 2018	**577**	**847**	**1,424**
Increase	106	82	188
Decrease	(36)	(6)	(42)
Translation Adjustments	9	28	37
Reclassifications	(4)	(13)	(17)
Change in scope of consolidation	-	42	42
Other	-	-	-
Gross value as of August 31, 2019	**652**	**980**	**1,632**

4.7.2 Depreciation and impairment of other intangible assets

(in millions of euro)	LICENSES AND SOFTWARE	CLIENT RELATIONSHIPS, TRADEMARKS AND OTHER	TOTAL
Depreciation and impairment August 31, 2017	**(350)**	**(293)**	**(643)**
Depreciations	(50)	(49)	(99)
Impairments	(1)	(18)	(20)
Reversals	15	1	16
Translation Adjustments	9	16	25
Reclassifications	1	(1)	0
Change in scope of consolidation	(0)	(0)	(0)
Other			
Depreciation and impairment August 31, 2018	**(376)**	**(344)**	**(720)**
Depreciations	(63)	(63)	(126)
Impairments	-	(24)	(24)
Reversals	34	4	38
Translation Adjustments	(5)	(6)	(11)
Reclassifications	2	10	12
Change in scope of consolidation	-	-	-
Other	-	-	-
Depreciation and impairment August 31, 2019	**(408)**	**(423)**	**(831)**

Amortization and impairment losses are reported under either cost of sales or Administrative and Sales Department costs, except for amortization and impairment of client relationships and trademarks, which are recognized in "Other operating expenses".

4.7.3 Net value of other intangible assets

(in millions of euro)	LICENSES AND SOFTWARE	CLIENT RELATIONSHIPS, TRADEMARKS AND OTHER	TOTAL
Net carrying amount as of August 31, 2017	175	336	511
Net carrying amount as of August 31, 2018	201	503	704
Net carrying amount as of August 31, 2019	**244**	**557**	**801**

4.8 Client investments

(in millions of euro)	FISCAL 2019	FISCAL 2018
Carrying amount as of September 1	**558**	**547**
Increases during the fiscal year	137	83
Decreases during the fiscal year	(105)	(94)
Newly consolidated companies	1	18
Currency translation adjustment and other movements	35	5
Carrying amount as of August 31	**626**	**558**

4.9 Companies consolidated by the equity method

When Sodexo is legally or constructively obligated to make payments on behalf of companies consolidated by the equity method, a provision is made under liabilities in the consolidated statement of financial position for its share in the negative shareholders' equity of the said companies (see note 4.18). Changes in the Group's share of the net assets of companies consolidated by the equity method in Fiscal 2018 and Fiscal 2019 are shown below:

(in millions of euro)	FISCAL 2019	FISCAL 2018
Carrying amount as of September 1	**77**	**82**
Of which Companies consolidated by the equity method	***83***	***89***
Of which Provisions	***(6)***	***(7)***
Share of profit for the period	6	6
Other comprehensive income (loss)*	(7)	(1)
Dividend paid for the period	(10)	(19)
Changes in scope of consolidation		
Currency translation adjustment	2	
Other movements	(17)	9
Carrying amount as of August 31	**51**	**77**
Of which Companies consolidated by the equity method	***62***	***83***
Of which Provisions	***(9)***	***(6)***

* Corresponding to changes in fair value of derivatives used for hedging purposes, net of tax (note 4.14).

4.10 Impairment of assets

Accumulated impairment losses against property, plant and equipment and intangible assets (including goodwill) amounted to 58 million euro as of August 31, 2019 (38 million euro as of August 31, 2018), taking into account a net charge of 24 million euro in Fiscal 2019 (*versus* a net reversal of 18 million euro in Fiscal 2018).

Assets with indefinite useful lives were tested for impairment as of August 31, 2019 using the methods described in note 2.8.2.

The main assumptions used were as follows (and any impairment losses were recognized in other operating expenses):

	FISCAL 2019		FISCAL 2018	
	DISCOUNT RATE(1)	LONG-TERM GROWTH RATE(2)	DISCOUNT RATE(1)	LONG-TERM GROWTH RATE(2)
Corporate Services	6.8%	2.4%	7.3%	2.4%
Energy & Resources	7.2%	3.0%	7.6%	3.0%
Government & Agencies	6.4%	2.2%	6.9%	2.2%
Sports & Leisure	6.3%	2.3%	6.8%	2.3%
Healthcare	6.4%	2.4%	6.9%	2.4%
Seniors	6.6%	2.2%	6.8%	2.0%
Schools	6.3%	2.2%	6.9%	2.2%
Universities	6.2%	2.5%	6.7%	2.5%
Other non-segmented activities	6.4%	2.0%	7.1%	2.2%
Benefits & Rewards Services	8.0%	3.2%	8.2%	3.2%

(1) The discount rate defined by the Group has been increased for certain operating segments in order to incorporate more significant risk factors affecting certain countries in which the operating segment concerned conducts business.
(2) The long-term growth rate serves to calculate the terminal value based on data in management's business plans.

The discount rates used by segment were set based on the weighted average of the discount rates for each geographic region, taking into account the relative weighting of each segment in the Group's revenues:

	DISCOUNT RATE	
	FISCAL 2019	FISCAL 2018
Continental Europe	6.4%	7.0%
North America	6.2%	6.7%
United Kingdom and Ireland	6.3%	6.8%
Latin America	8.5%	8.7%
Rest of the world (excluding Latin America)	7.0%	7.4%
Group	6.2%	6.7%

SENSITIVITY ANALYSIS

Sodexo has analyzed the sensitivity of goodwill impairment test results to different long-term growth rates and discount rates.

- The results of this sensitivity analysis indicated no probable scenario where a change in the discount rate or long-term growth rate would result in the recoverable amount of a CGU or group of CGUs becoming less than its carrying amount. In fact, the results of the impairment testing demonstrate that even an increase of 200 basis points in the discount rate or a reduction of 200 basis points in the long-term growth rate would not result in an impairment of the assets tested for any of the CGUs or groups of CGUs tested.
- The Group also performed a sensitivity analysis on the operational assumptions used in order to determine whether a 5% decrease in projected net cash flows over the time period of the business plans prepared by management and in terminal value would result in the recognition of an impairment loss in the Group's consolidated financial statements as of August 31, 2019. The results of this analysis did not indicate any risk of impairment for any of the CGUs or groups of CGUs.

In addition, the Group is particularly attentive to economic trends in the Sport & Leisure segment, which accounted for approximately 8% of consolidated revenue in Fiscal 2019. Indeed, some of the assets are sensitive to the tourism level, which can be highly impacted by events out of the control of the Group, particularly in France, the United Kingdom and the United States. This has been taken into account in the business plans prepared by the management, but actual results may nonetheless differ from business plan estimates if assumptions or conditions change.

4.11 Financial assets

4.11.1 Current and non-current financial assets

(in millions of euro)	AUGUST 31, 2019		AUGUST 31, 2018	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Investments in non-consolidated companies – OCI				
Cost		902		97
Impairment		(6)		(6)
Carrying amount		**896**		**91**
Financial assets related to the Benefits & Rewards Services activity, including restricted cash				
Cost*	1,120		1,042	
Impairment				
Carrying amount	**1,120**		**1,042**	
Receivables from investees				
Cost		17		18
Impairment				
Carrying amount		**17**		**18**
Loans and deposits				
Cost	59	103	36	101
Impairment		(16)		(20)
Carrying amount	**58**	**86**	**36**	**81**
TOTAL FINANCIAL ASSETS	**1,178**	**999**	**1,078**	**190**
Cost	1,178	1,022	1,078	216
Impairment		(23)		(26)
Carrying amount	**1,178**	**999**	**1,078**	**190**

* The split between financial assets at amortized cost and cash and cash equivalent is presented in note 4.21.

PRINCIPAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES

The Group holds 19.61% of the shares in Bellon SA, the Parent company of Sodexo S.A., carried at a value of 708 million euro. In accordance with IFRS 9, this financial asset is, as from September 1, 2018, measured at fair value through other comprehensive income (the impact of the shares revaluation has been recognized in opening equity, as explained in note 2.1.2). The method used for determining the fair value of this investment is described in note 4.21 “Financial instruments”.

RESTRICTED CASH AND FINANCIAL ASSETS RELATED TO THE BENEFITS & REWARDS SERVICES ACTIVITY

Restricted cash of 678 million euro included in “Financial assets related to the Benefits & Rewards Services activity” primarily in funds set aside to comply with regulations governing the issuance of service vouchers in France (304 million euro), Romania (161 million euro), China (53 million euro) and India (49 million euro). The funds remain the property of Sodexo but are subject to restrictions on their use. They may not be used for any purpose other than to reimburse affiliates and must be kept separate from the Group’s unrestricted cash. Restricted cash is invested in interest-bearing instruments.

Restricted cash and financial assets related to the Benefits & Rewards Services activity breaks down as follows by currency:

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Euro	432	400
U.S. dollar (USD)	5	8
Brazilian real (BRL)	343	323
Other currencies	340	311
TOTAL RESTRICTED CASH AND FINANCIAL ASSETS RELATED TO THE BENEFITS & REWARDS SERVICES ACTIVITY	**1,120**	**1,042**

4.11.2 Changes in current and non-current financial assets

CARRYING AMOUNT (in millions of euro)	AUGUST 31, 2018	IFRS 9 IMPACT	SEPTEMBER 1, 2018	INCREASE/ (DECREASE) DURING THE PERIOD	IMPAIRMENT	CHANGES IN SCOPE OF CONSOLIDATION	CHANGE IN FAIR VALUE		CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2019
							INCOME	OCI		
Investments in non-consolidated companies	91	564	655	73				170	(3)	896
Financial assets related to the Benefits & Rewards Services activity, including restricted cash	1,042		1,042	53				4	20	1,120
Receivables from investees	18		18	(1)						17
Loans and deposits	117		117	21		2			4	145
TOTAL FINANCIAL ASSETS	**1,268**	**564**	**1,832**	**146**		**2**		**174**	**22**	**2 ,177**

CARRYING AMOUNT (in millions of euro)	AUGUST 31, 2017	INCREASE/ (DECREASE) DURING THE PERIOD	IMPAIRMENT	CHANGES IN SCOPE OF CONSOLIDATION	CHANGE IN FAIR VALUE	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2018
Investments in non-consolidated companies	88	2		(1)		1	91
Financial assets related to the Benefits & Rewards Services activity, including restricted cash	909	228				(94)	1,042
Receivables from investees	18						18
Loans and deposits	89	25		10		(7)	117
TOTAL FINANCIAL ASSETS	**1,104**	**255**		**9**		**(100)**	**1,268**

4.12 Income tax, trade and other receivables

(in millions of euro)	AUGUST 31, 2019 GROSS AMOUNT	AUGUST 31, 2019 IMPAIRMENT	AUGUST 31, 2019 CARRYING AMOUNT	AUGUST 31, 2018 GROSS AMOUNT	AUGUST 31, 2018 IMPAIRMENT	AUGUST 31, 2018 CARRYING AMOUNT
Other non-current assets	**20**		**20**	**18**		**18**
Income tax receivable*	**125**		**125**	**176**		**176**
Advances to suppliers	7		7	9		9
Trade receivables	3,947	(137)	3,810	3,614	(109)	3,505
Other operating receivables	523	(13)	510	412	(18)	393
Prepaid expenses	289		289	203		203
Non-operating receivables	10		10	8		8
TOTAL TRADE AND OTHER RECEIVABLES*	**4,777**	**(150)**	**4,626**	**4,247**	**(126)**	**4,121**

* After deducting sold receivables, notably 41 million euro worth of CICE tax credits that have been derecognized (46 million euro in Fiscal 2018) as their sale involved the transfer of substantially all of the risks and rewards related to ownership of the receivables.

The maturities of trade receivables as of August 31, 2019 and August 31, 2018 respectively were as follows:

BREAKDOWN OF TRADE RECEIVABLES DUE AS OF AUGUST 31:	AUGUST 31, 2019 GROSS AMOUNT	AUGUST 31, 2019 IMPAIRMENT	AUGUST 31, 2018 GROSS AMOUNT	AUGUST 31, 2018 IMPAIRMENT*
Less than 3 months past due	510	(11)	406	(10)
More than 3 months and less than 6 months past due	88	(8)	68	(7)
More than 6 months and less than 12 months past due	51	(13)	110	(13)
More than 12 months past due	117	(83)	88	(70)
TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31	**765**	**(115)**	**672**	**(100)**
Total trade receivables not yet due as of August 31	3,182	(22)	2,941	(9)
TOTAL TRADE RECEIVABLES AS OF AUGUST 31	**3,947**	**(137)**	**3,614**	**(109)**

* The amount shown for impairment as of August 31, 2018 does not include the additional accrual resulting from the first-time application of IFRS 9 recognized in opening equity (comparative figures not restated, as provided for in the new standard).

During the fiscal years presented, the Group was not affected by any significant change resulting from client bankruptcies. In addition, given the geographic dispersion of the Group's activities and the wide range of client industries, there is no material concentration of risk in individual receivables due but not written down.

4.13 Cash and cash equivalents

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Marketable securities	374	365
Cash*	1,407	1,301
TOTAL CASH AND CASH EQUIVALENTS	**1,781**	**1,666**
Bank overdrafts	(35)	(28)
TOTAL CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**1,746**	**1,638**

* Including 8 million euro allocated to the liquidity contract signed with an investment services provider, which complies with the Code of conduct drawn up by the French financial markets association (Association française des marchés financiers – AMAFI) and approved by the French securities regulator (Autorité des Marchés Financiers – AMF), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations.

Marketable securities comprised:

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Short-term notes	197	199
Term deposits	150	138
Mutual funds and other	27	29
TOTAL MARKETABLE SECURITIES	**374**	**365**

Cash and cash equivalents break down as follows by currency:

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Euro	(116)	(43)
U.S. dollar (USD)	580	493
Brazilian real (BRL)	261	242
Pound sterling (GBP)	305	280
Canadian dollar (CAD)	125	106
Other currencies	590	560
TOTAL CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**1,746**	**1,638**

More than 72% of the Group's cash and cash equivalents, restricted cash and financial assets related to the Benefits & Rewards Services activity, is held with A1- or A2-rated financial institutions.

No significant amount of cash or cash equivalents was subject to any restrictions as of August 31, 2019.

4.14 Statement of changes in shareholders' equity

As of August 31, 2019, the share capital of Sodexo S.A. was made up of 147,454,887 shares (unchanged from August 31, 2018), with a par value of 4 euro each.

As part of the share buyback program launched by the Board of Directors on April 10, 2018 using the authorization given in the seventeenth resolution of the January 23, 2018 Annual Shareholders Meeting, during Fiscal 2018 Sodexo purchased 3,356,732 of its own shares, representing 2.2% of its share capital, for 299 million euro, and on August 29, 2018 it carried out a 300 million euro capital reduction by canceling 3,375,562 shares. The Company's share capital was therefore comprised of 147,454,887 shares as of August 31, 2018 (compared to 150,830,449 as of August 31, 2017), with a par value of 4 euro each.

As of August 31, 2019, the Group held 1,448,566 Sodexo shares with a carrying amount of 145 million euro to cover its obligations under free share plans for Group employees. These treasury shares are deducted from shareholders' equity at cost.

As of August 31, 2018, the Group held 1,869,352 Sodexo shares with a carrying amount of 177 million euro to cover its obligations under stock option and free share plans for Group employees.

Total dividends paid out in Fiscal 2019, adjusted for treasury shares, amounted to 403 million euro (411 million euro in Fiscal 2018), representing a dividend of 2.75 euro per share and, where applicable, a dividend premium of 0.275 euro per share.

The Company's bylaws confer double voting rights on shares held in registered form for more than four years.

Furthermore, since Fiscal 2013, shares held in registered form for at least four years and still held in that form when the dividend becomes payable, are entitled to a dividend premium equal to 10% of the dividend paid on the other shares. The number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder.

Items recognized directly in Other Comprehensive Income (OCI) (Group share) are shown below:

	FISCAL 2019			FISCAL 2018		
(in millions of euro)	INCREASE/ (DECREASE) DURING THE YEAR, PRE-TAX	INCOME TAX (EXPENSE)/ BENEFIT	INCREASE/ (DECREASE) DURING THE YEAR, NET OF TAX	INCREASE/ (DECREASE) DURING THE YEAR, PRE-TAX	INCOME TAX (EXPENSE)/ BENEFIT	INCREASE/ (DECREASE) DURING THE YEAR, NET OF TAX
Financial assets measured at fair value through other comprehensive income	175	(4)	170			
Share of other components of comprehensive income (loss) of companies consolidated by the equity method	(8)	1	(7)	(1)		(1)
Remeasurements of net defined benefit obligation	5	(1)	4	79	(13)	66
Currency translation adjustment	190		190	(245)		(245)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) (GROUP SHARE)	**362**	**(4)**	**356**	**(167)**	**(13)**	**(180)**

4.15 Borrowings

Changes in borrowings during Fiscal 2019 and Fiscal 2018 were as follows:

(in millions of euro)	AUGUST 31, 2018	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2019
Bond issues	2,191	277	0	4	(4)	0	2,468
Private Placements and bank borrowings	1,727	0	(244)	(1)	79	16	1,577
Finance lease obligations	9	0	(4)	(0)	0	0	5
Other borrowings	30	1	(11)	(6)	(5)	27	34
TOTAL BORROWINGS	**3,957**	**278**	**(260)**	**(4)**	**71**	**43**	**4,084**
Net fair value of derivative financial instruments	(17)	0	2	(1)	9	0	(6)
TOTAL BORROWINGS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,940**	**278**	**(257)**	**(5)**	**80**	**43**	**4,078**

(in millions of euro)	AUGUST 31, 2017	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2018
Bond issues	1,889	298	0	4	0	0	2,191
Private Placements and bank borrowings	1,582	344	(211)	0	11	1	1,727
Finance lease obligations	11	2	(4)	0	0	0	9
Other borrowings	27	3	(2)	(2)	1	3	30
TOTAL BORROWINGS EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,509**	**647**	**(217)**	**2**	**12**	**4**	**3,957**
Net fair value of derivative financial instruments	(9)	0	2	(2)	(8)	0	(17)
TOTAL BORROWINGS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,500**	**647**	**(215)**	**0**	**4**	**4**	**3,940**

4.15.1 Borrowings by currency

(in millions of euro)	AUGUST 31, 2019		AUGUST 31, 2018	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bond issues				
Euro	9	2,184	15	2,176
Sterling pound	1	274		
TOTAL	**10**	**2,458**	**15**	**2,176**
Private Placements(1) and bank borrowings				
U.S. dollar (USD)	23	1,409	152	1,334
Euro	141	4	240	1
TOTAL	**164**	**1,413**	**392**	**1,335**
Finance lease obligations				
Euro	3	2	3	4
Other currencies	0	0	1	1
TOTAL	**3**	**2**	**4**	**5**
Other borrowings(2)				
Euro	1	11		8
Other currencies	4	18	9	13
TOTAL	**5**	**29**	**9**	**21**
TOTAL BORROWINGS EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**181**	**3,903**	**420**	**3,537**
Net fair value of derivative financial instruments(3)	(7)	1	(14)	(3)
TOTAL BORROWINGS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**174**	**3,904**	**406**	**3,534**

(1) Including the proceeds of the U.S. private placements described in note 4.15.3.2 and the commercial paper issued by Sodexo S.A. described in note 4.15.3.3.
(2) Including 23 million euro as of August 31, 2019 (18 million euro as of August 31, 2018) corresponding to liabilities recognized in connection with put options written over non-controlling interests in certain subsidiaries.
(3) Described in note 4.16.

For borrowings other than bond issues, amortized cost is equivalent to historical cost (nominal amount) insofar as no significant transaction costs are incurred.

4.15.2 Bond issues

On June 24, 2014, Sodexo S.A. completed a bond issue structured in two tranches:

- a 600-million euro tranche redeemable at par on January 24, 2022 and bearing interest at an annual rate of 1.75%, with interest payable annually on January 24;
- a 500-million euro tranche redeemable at par on June 24, 2026 and bearing interest at an annual rate of 2.50%, with interest payable annually on June 24.

Accrued interest on these bonds amounted to 9 million euro as of August 31, 2019.

On October 14, 2016 Sodexo S.A. issued bonds for 600 million euro redeemable in April 2027 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 14. On August 1, 2017, the Company increased this issue with an additional 200 million euro of bonds. Accrued interest on these bonds was 2 million euro as of August 31, 2019.

On May 22, 2018, Sodexo S.A. issued bonds for 300 million euro redeemable in May 2025 and bearing interest at an annual rate of 1.125%, with interest payable annually on May 22. Accrued interest on this bond was 1 million euro as of August 31, 2019.

On June 26, 2019, Sodexo S.A. issued bonds for 250 million pounds sterling redeemable in June 2028 and bearing interest at an annual rate of 1.75%, with interest payable annually on June 26. Accrued interest on this bond was 1 million euro as of August 31, 2019.

None of the above-described bonds are subject to financial covenants.

4.15.3 Other borrowings

4.15.3.1 CREDIT FACILITIES

4.15.3.1.1 July 2011 multicurrency confirmed credit facility

On July 18, 2011, Sodexo S.A. contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars, with an original maturity date of July 18, 2016. This facility has been amended on a number of occasions with the most recent amendment being in July 2019 with a new maturity date of July 2024, with two options to extend the maturity by one year each, up to July 2026. The maximum available limits under this facility now are 589 million euro plus 785 million U.S dollars.

The most recent amendment also incorporates a sustainability clause that links the credit facility cost to Sodexo's ability to comply with its public commitment to reduce its food waste by 50% by 2025.

Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenants.

No amounts had been drawn down on the facility as of either August 31, 2019 or August 31, 2018.

4.15.3.1.2 Bilateral confirmed credit facility

On December 20, 2017, the Group obtained two 150-million euro bilateral confirmed credit facility, both are due to expire in December 2019.

On March 5, 2018, the Group obtained a third 150-million euro bilateral confirmed credit facility expiring in March 2020.

No amounts had been drawn down on any of these facilities as of August 31, 2019.

4.15.3.2 U.S. PRIVATE PLACEMENTS

During Fiscal 2019, Sodexo, Inc. redeemed the full outstanding balance of the first tranche of its March 4, 2014 U.S. Private Placement (150 million U.S. dollars).

The features of the Group's outstanding private placements as of August 31, 2019 are as follows:

DATE OF THE PLACEMENT	PRINCIPAL OUTSTANDING (in millions of U.S. dollars)	FIXED INTEREST RATE	MATURITY
March 29, 2011	133	4.85%	March 2021
	74	4.95%	March 2023
TOTAL PLACEMENT DATED MARCH 29, 2011	**207**		
March 4, 2014	150	3.44%	March 2021
	525	3.99%	March 2024
	175	4.14%	March 2026
	100	4.34%	March 2029
TOTAL PLACEMENT DATED MARCH 4, 2014	**950***		
TOTAL PLACEMENT DATED JUNE 27, 2018	**400**	3.70%	June 2023
TOTAL U.S. PRIVATE PLACEMENTS	**1,557**		

* After deducting 150 million U.S. dollars redeemed on March 4, 2019.

These borrowings are subject to two financial covenants calculated by reference to the Group's consolidated financial statements:

- net debt (excluding restricted cash) must not exceed 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative foreign exchange gains or losses since August 31, 2007 must not be less than 1.3 billion euro.

If the covenants are not respected, the lenders may, with a qualified majority, require early reimbursement of these borrowings.

The Group was in compliance with these covenants as of August 31, 2019, February 28, 2019 and August 31, 2018.

4.15.3.3 COMMERCIAL PAPER

As of August 31, 2019, 140 million euro of the commercial paper programs set up by Sodexo S.A. and Sodexo Finance had been used, compared to 240 million euro as of August 31, 2018.

4.15.4 Interest rates

In order to comply with the Group's financing policy, substantially all borrowings are long term and at fixed interest rates.

As of August 31, 2019, 97% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 2.6%. As of August 31, 2018, 94% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 2.5%.

The bond issues and borrowings from financial institutions described above include customary early redemption clauses. These clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

4.15.5 Maturity of borrowings

AUGUST 31, 2019 CARRYING AMOUNTS (in millions of euro)	**LESS THAN 3 MONTHS**	**MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS**	**MORE THAN 6 MONTHS AND LESS THAN 1 YEAR**	**1 TO 5 YEARS**	**MORE THAN 5 YEARS**	**TOTAL**
Bond issues	2		7	589	1,869	2,468
Private placements and bank borrowings	164			1,165	248	1,577
Finance lease obligations	1	1	2	2		5
Other borrowings	0		4	27	2	34
TOTAL BORROWINGS	**167**	**1**	**13**	**1,784**	**2,119**	**4,084**

Excluding the impact of derivative financial instruments described in note 4.16.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest accrued as of the period end.
Credit facility renewal rights are taken into account in determining maturities.

AUGUST 31, 2019 UNDISCOUNTED CONTRACTUAL MATURITIES (in millions of euro)	**LESS THAN 3 MONTHS**	**MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS**	**MORE THAN 6 MONTHS AND LESS THAN 1 YEAR**	**1 TO 5 YEARS**	**MORE THAN 5 YEARS**	**TOTAL**
Bond issues	2	4	28	710	1,929	2,673
Private placements and bank borrowings	165	5	28	1,327	275	1,799
Finance lease obligations	1	1	2	2		5
Other borrowings	1		5	29	2	37
Impact of derivative financial instruments excluding those related to PPP companies						
TOTAL BORROWINGS	**168**	**10**	**62**	**2,068**	**2,206**	**4,515**

The undiscounted contractual maturities include payment of future interest not yet due.

AUGUST 31, 2018 CARRYING AMOUNTS (in millions of euro)	**LESS THAN 3 MONTHS**	**MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS**	**MORE THAN 6 MONTHS AND LESS THAN 1 YEAR**	**1 TO 5 YEARS**	**MORE THAN 5 YEARS**	**TOTAL**
Bond issues		7	8	599	1,577	2,191
Private placements and bank borrowings	264		128	649	686	1,727
Finance lease obligations	1	1	2	5		9
Other borrowings	2	6	1	21		30
TOTAL BORROWINGS	**267**	**14**	**139**	**1,274**	**2,263**	**3,957**

Excluding the impact of derivative financial instruments described in note 4.16.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest accrued as of the period end.
Credit facility renewal rights are taken into account in determining maturities.

AUGUST 31, 2018 UNDISCOUNTED CONTRACTUAL MATURITIES (in millions of euro)	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues		11	24	721	1,640	2,396
Private placements and bank borrowings	264	4	156	836	731	1,991
Finance lease obligations	1	1	2	8	1	13
Other borrowings	2	6	1	22		31
Impact of derivative financial instruments excluding those related to PPP companies		1	1	1		3
TOTAL BORROWINGS	**267**	**23**	**184**	**1,588**	**2,372**	**4,434**

The undiscounted contractual maturities include payment of future interest not yet due.

4.16 Derivative financial instruments

The fair values of Sodexo's derivative financial instruments are as follows:

DERIVATIVE FINANCIAL INSTRUMENTS (in millions of euro)	IFRS CLASSIFICATION	AUGUST 31, 2019	AUGUST 31, 2018
Currency instruments		**6**	**10**
Assets	Trading	12	11
Liabilities	Trading	(6)	(1)
Cross-currency swaps*		**(1)**	**7**
Assets	Cash flow hedge	0	8
Liabilities	Cash flow hedge	(1)	(1)
NET DERIVATIVE FINANCIAL INSTRUMENTS		**5**	**17**

* Corresponds to a euro-BRL cross-currency swap with a notional value of 120 million BRL as of August 31, 2019 for which accrued interest of 1 million euro was recognized as a liability as of August 31, 2019.

The face values and fair values of currency instruments and cross-currency swaps are as follows by maturity:

	AUGUST 31, 2019				AUGUST 31, 2018			
(in millions of euro)	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Currency lender positions	**92**	**29**		**121**	**20**			**20**
Czech crown/Euro	77	29		106				
Polish zloty/Euro	15			15	15			15
Mexican peso/Euro					5			5
Currency borrower positions	**(46)**	**(55)**	**(1)**	**(103)**	**(88)**	**(31)**		**(119)**
Pound sterling/Euro	(3)	(3)		(6)	(3)	(6)		(9)
Brazilian real/Euro	(18)	(9)		(27)	(18)			(18)
Mexican peso/Euro					(5)			(5)
Swedish krona/Euro	(13)			(13)	(10)	(6)		(16)
Other	(12)	(43)	(1)	(57)	(52)	(19)		(71)
TOTAL FACE VALUE	**46**	**(26)**	**(1)**	**19**	**(68)**	**(31)**		**(99)**
Fair value	**6**	**(1)**		**5**	**14**	**3**		**17**

The face value represents the nominal value of currency hedging instruments, including amounts related to forward agreements. Foreign currency amounts are translated at year-end closing rates.

4.17 Long-term employee benefits

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Net defined benefit plan assets*	(4)	(3)
Net defined benefit plan obligation	244	237
Other long-term employee benefits	159	152
Employee benefits	**399**	**386**

* Included in "Other non-current assets" in the consolidated statement of financial position.

4.17.1 Post-employment benefits

4.17.1.1 DEFINED CONTRIBUTION PLANS

Under a defined contribution plan, periodic contributions are made to an external entity that is responsible for the administrative and financial management of the plan. Under such a plan, the employer is relieved of any future obligation (the external entity is responsible for paying benefits to employees as they become due and the employer is not required to make additional payments related to prior or current years if the entity does not have sufficient funds).

Contributions to defined contribution plans – which were recognized in operating expenses – were 446 million euro for Fiscal 2019, compared to 404 million euro for Fiscal 2018.

Contributions made by the Group are expensed in the period to which they relate.

4.17.1.2 DEFINED BENEFIT PLANS

The characteristics of Sodexo's principal defined benefit plans are described below:

- in France, the obligation primarily represents lump-sum benefits payable on retirement if the employee is still with the Company at retirement age. These obligations are covered by specific provisions in the consolidated statement of financial position;
- in the United Kingdom, Sodexo's obligation relates to a complementary retirement plan funded by externally held assets, and calculated on the basis of:
  - for managers working in the private sector, a percentage of final base salary,
  - for managers working on public sector contracts, benefits comparable to those offered in the public sector,
  - this plan was closed to new employees effective July 1, 2003 and the level of contributions was increased in order to cover the shortfall in the fund.

The United Kingdom plan is regularly evaluated by the plan's actuary in compliance with UK law. A formal actuarial valuation by the plan's actuary is required to be conducted every three years, and any shortfall identified at that time must be addressed through mutual agreement between the plan's Trustee and Sodexo UK. Following a consultation process with the members of the pension plan carried out with a view to freezing benefit accruals for certain members, an agreement was signed in October 2012 between the plan's Trustee and Sodexo UK whereby from November 1, 2012 the plan would remain open only to employees who transferred to Sodexo UK from the public sector, as Sodexo UK has a legal obligation to pay them certain benefits. As part of the 12-year plan to address the funding shortfall, Sodexo UK also agreed to pay annual contributions of (i) 10 million pounds sterling per year over the five years from January 1, 2013 and (ii) 7.5 million pounds sterling per year over the following seven years. Lastly, in October 2012, Sodexo S.A. issued a Parent company guarantee to the Trustee in order to cover Sodexo UK's obligations in connection with the plan. This guarantee is for up to 100 million pounds sterling for a duration of 12 years. On completion of the most recent valuation of the fund in July 2016, Sodexo UK and the Trustee agreed to keep unchanged the amount of contributions and the terms and conditions of the Parent company guarantee as set in October 2012.

On October 26, 2018, a judgment was rendered by the High Court of Justice of London in a case concerning the pension plan of another company, on the subject of the equalization of Guaranteed Minimum Pensions ("GMP equalization") between women and men. This judgment clarifies the applicable statutory provisions and confirms the obligation for trustees of the United Kingdom pension plans to eliminate inequalities in the minimum guaranteed pensions of participants in these plans. The impact of this decision has been recognized in Fiscal 2019 and was not significant.

In Continental Europe other than France, the main defined benefit plans are as follows:

- in the Netherlands, certain employees are entitled to complementary retirement or early retirement benefits.

  In Fiscal 2017 Sodexo negotiated an agreement to convert its pension plans in the Netherlands from defined benefit to defined contribution plans as from January 1, 2016. The entitlements accumulated up until that date under the plans in their previous defined benefit form have been frozen and the plans are still accounted for as defined benefit plans in view of the related indexation commitments given by Sodexo. These plans are fully funded;
- in Italy, there is a legal obligation to pay a lump-sum retirement benefit ("TFR").

Changes in the present value of the defined benefit plan obligation and the fair value of plan assets are shown below:

	FISCAL 2019			FISCAL 2018		
(in millions of euro)	BENEFIT OBLIGATION	PLAN ASSETS	NET BENEFIT OBLIGATION	BENEFIT OBLIGATION	PLAN ASSETS	NET BENEFIT OBLIGATION
As of September 1	**1,201**	**(967)**	**234**	**1,293**	**(980)**	**313**
Expense/(income) recognized in the income statement	48	(25)	23	46	(23)	23
Current service cost	*17*	*0*	*17*	*17*		*17*
Past service cost	*1*	*0*	*1*	*(1)*		*(1)*
Effect of settlements	*0*	*0*	*0*			
Interest cost/(income)	*31*	*(25)*	*6*	*30*	*(23)*	*7*
Remeasurement losses/(gains)	145	(151)	(7)	(88)	9	(79)
Actuarial losses/(gains) arising from changes in demographic assumptions	*(8)*	*0*	*(8)*	*(4)*		*(4)*
Actuarial losses/(gains) arising from changes in financial assumptions	*199*	*(151)*	*48*	*(81)*	*9*	*(72)*
Experience adjustments	*(47)*	*0*	*(47)*	*(3)*		*(3)*
Currency translation adjustment	(6)	8	2	22	(19)	3
Contributions made by plan members	1	0	1			
Employer contributions	0	(16)	(16)		(26)	(26)
Benefits paid from plan assets	(35)	35	0	(55)	55	
Benefits paid other than from plan assets	(9)	0	(9)			
Changes in scope of consolidation and other*	105	(93)	12	(18)	17	(1)
As of August 31	**1,450**	**(1,210)**	**240**	**1,201**	**(967)**	**234**
Of which:						
Partially funded plans	1,321	(1,210)	111	1,076	(967)	109
Unfunded plans	129		129	125		125

* Including a benefit obligation increase amounting to 53 million euro in Fiscal 2019, and assets for the same amount, linked to the retirement benefit obligations in six UK companies for which the client (public sector) contractually bears all the deficit of the plan.

The amounts recorded in the income statement for defined benefit plans totaled 23 million euro in Fiscal 2019 (23 million euro in Fiscal 2018) and break down as follows:

- net expense of 7 million euro (net expense of 7 million euro in Fiscal 2018) in cost of sales;
- net expense of 10 million euro (net expense of 9 million euro in Fiscal 2018) in Administrative and Sales Department costs;
- net expense of 6 million euro in financial expenses (see note 4.2).

Defined benefit plan assets comprise:

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Equities	256	158
Bonds	16	14
Real estate	71	39
Cash	26	17
Investment funds	238	353
Insurance and other	603	386
TOTAL DEFINED BENEFIT PLAN ASSETS	**1,210**	**967**

Recognized net actuarial gains arising from changes in financial assumptions amounted to 200 million euro, of which 157 million euro in the United Kingdom, 23 million euro in Netherlands, 6 million euro in Switzerland and 1 million euro in the United States. In the United Kingdom, these gains were mainly due to the updated discount rate.

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2019 and 2018:

AUGUST 31, 2019	FRANCE	NETHERLANDS	UNITED KINGDOM(4)	ITALY
Discount rate(1)	0.75%-1.25%	1.25%-2.25%	1.8%-2.8%	0.30%
Salary long-term inflation rate(2)	2.75%	2%	3.5%	N/A
General long-term inflation rate	1.75%	1.75%	2%-3%(3)	1.75%
Net liability (in millions of euro)	89	10	38	20
Average term of the plans (in years)	12	20	19	8

(1) Discount rates in each country have been adapted to reflect the term of the plans. For the euro zone and United Kingdom, the Group uses discount rates based on yield curves for high quality corporate bonds drawn up by an external actuary.
(2) The salary inflation rate disclosed includes general inflation.
(3) Retail Price Index (RPI): 3%; Consumer Price Index (CPI): 2% for Fiscal 2019.
(4) Excluding 89 million euro in retirement benefit obligations in the 6 UK companies (offset by an asset in the same amount).

AUGUST 31, 2018	FRANCE	NETHERLANDS	UNITED KINGDOM(4)	ITALY
Discount rate(1)	0.75%-1%	1.25%-2%	2.5%-2.8%	1%
Salary long-term inflation rate(2)	2.75%	2%	3.5%-3.6%	N/A
General long-term inflation rate	1.75%	1.75%	2%-3%(3)	1.75%
Net liability (in millions of euro)	83	9	65	21
Average term of the plans (in years)	11	19	22	8

(1) Discount rates in each country have been adapted to reflect the term of the plans. For the euro zone and United Kingdom, the Group uses discount rates based on yield curves for high quality corporate bonds drawn up by an external actuary.
(2) The salary inflation rate disclosed includes general inflation.
(3) Retail Price Index (RPI): 3%; Consumer Price Index (CPI): 2% for Fiscal 2018.
(4) Excluding 36 million euro in retirement benefit obligations in the 6 UK companies (offset by an asset in the same amount).

With respect to the assumptions provided in the above table, for Fiscal Year 2019, and excluding the 89 million euro retirement benefit obligations in the 6 UK companies (offset by an asset in the same amount), a reduction of 1% in the discount rate would increase the gross obligation to 1,633 million euro (compared to 1,361 million euro based on the assumptions used as of August 31, 2019), while a rise of 0.5% in the general long-term inflation rate would increase the gross obligation to 1,462 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 18 million euro into defined benefit plans in Fiscal 2020.

4.17.1.3 MULTIEMPLOYER PLANS

In the USA, as of August 31, 2019, the Company contributed to 45 multiemployer defined benefit pension plans under the terms of collective-bargaining agreements ("CBA") that cover its union-represented employees. The risks of participating in these multiemployer plans are different than those of single-employer plans in the following respects:

- assets contributed to the multiemployer plan by the Company are used to provide benefits to all beneficiaries of the plan, including beneficiaries of other participating employers;
- if a multiemployer plan is considered to be in "critical" status as defined by the U.S. Pension Protection Act of 2006, the plan will be required to adopt a rehabilitation plan which may require the Company to increase its required contributions to the plan;
- if a participating employer ceases to contribute to the plan, the unfunded obligations of the plan may have to be borne by the Company and the other remaining participating employers; and
- if the Company ceases to participate in a multiemployer plan, entirely or partially in excess of a threshold, or if substantially all of the participating employers of a given plan cease to participate, the Company may be required to pay that plan an amount based on the value of unfunded vested benefits of the plan and the Company's *pro-rata* share of total plan contributions, referred to as withdrawal liability.

The Company does not have the ability to account for these multiemployer plans as defined benefit plans because it does not have timely access to information about plan assets, plan obligations, actuarial gains and losses, service costs, and interest costs. As such, the multiemployer plans are accounted for as defined contribution plans.

The Company contributed 13 million euro for U.S. multiemployer defined benefit plans in 2019 and in 2018. Of the contributions made by the Company, 43% and 6% were made to plans considered to be in "critical" status or "endangered" status, respectively, as defined by the U.S. Pension Protection Act of 2006 and per each plan's most-recent notice of plan funding status. Plans are generally considered to be in "critical" status when they are funded at less than 65%, among other factors, and are considered to be "endangered" when they are funded at 65% or more, but at less than 80%, among other factors.

4.17.2 Other employee benefits

Other employee benefits, in the amount of 159 million euro as of August 31, 2019 (152 million euro as of August 31, 2018), mainly comprise a liability related to a deferred compensation program in the United States and obligations relating to long-service awards.

The total expense recognized with respect to these benefits in Fiscal Year 2019 was 9 million euro (12 million euro in Fiscal 2018), of which 2 million euro (unchanged from Fiscal 2018) related to a deferred compensation program in the United States and was reported in financial expenses.

3

4.18 Provisions

(in millions of euro)	AUGUST 31, 2018	INCREASES/ CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2019
Tax and social security exposures	34	4	(12)	(4)	(1)		22
Employee claims and litigation	47	13	(13)	(6)	1		43
Contract termination and loss-making contracts	18	3	(7)	(1)		1	13
Reorganization costs	5	2	(2)	(1)			4
Client/supplier claims and litigation	35	2	(9)	(5)	(6)	1	18
Negative net assets of associates*	6				4		9
Other provisions	16	16	(13)	(7)	11	14	37
TOTAL PROVISIONS	**161**	**39**	**(57)**	**(24)**	**10**	**17**	**146**

* Investments in companies consolidated by the equity method that have negative net assets (see note 4.9).

(in millions of euro)	AUGUST 31, 2017	INCREASES/ CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2018
Tax and social security exposures	34	4	(1)		(3)		34
Employee claims and litigation	63	17	(20)	(8)	(6)	1	47
Contract termination and loss-making contracts	7	8	(6)	(1)		10	18
Reorganization costs	13	1	(8)	(1)			5
Client/supplier claims and litigation	13	8	(4)	(3)		21	35
Negative net assets of associates*	7				(1)		6
Other provisions	17	4	(3)	(2)	(1)	1	16
TOTAL PROVISIONS	**154**	**42**	**(42)**	**(15)**	**(11)**	**33**	**161**

* Investments in companies consolidated by the equity method that have negative net assets (see note 4.9).

Provisions for exposures and litigation are determined on a case-by-case basis and rely on management's best estimate of the outflows deemed likely to satisfy legal or implicit obligations to which the Group is exposed as of the end of the fiscal year.

Current and non-current provisions are as follows:

	AUGUST 31, 2019		AUGUST 31, 2018	
(in millions of euro)	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Tax and social security exposures	2	20	6	28
Employee claims and litigation	23	20	26	21
Contract termination and loss-making contracts	8	5	8	10
Reorganization costs	2	2	3	2
Client/supplier claims and litigation	16	2	28	7
Negative net assets of associates*		9		6
Other provisions	7	29	2	14
TOTAL PROVISIONS	**58**	**88**	**73**	**88**

* Investments in companies consolidated by the equity method that have negative net assets (see note 4.9).

4.19 Trade and other payables

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Operating payables	158	163
Non-operating payables	13	27
TOTAL OTHER NON-CURRENT LIABILITIES	**171**	**190**
Advances from clients	483	341
Trade payables	2,517	2,226
Employee-related liabilities	1,184	1,101
Tax liabilities	327	285
Other operating payables	151	114
Deferred revenues	135	120
Non-operating payables	94	35
TOTAL TRADE AND OTHER CURRENT PAYABLES	**4,892**	**4,222**
TOTAL TRADE AND OTHER PAYABLES	**5,063**	**4,412**

Employee-related liabilities mainly include short-term employee benefits.

The Sodexo Group has set up several reverse factoring programs in its main operating countries, which give its suppliers the opportunity of being paid in advance. In practice these programs involve sales of trade receivables to a factor, organized by Sodexo.

Relations between the parties concerned are governed by two totally separate contracts:

- the Sodexo Group signs a master agreement with the factor, pursuant to which it undertakes to pay on the scheduled due dates the invoices sold by its suppliers to the factor (which have been approved in advance). Each supplier is free to choose whether or not to sell each of its invoices;
- Sodexo's suppliers can, if they wish, sign a master agreement with the factor enabling them to sell their invoices before their scheduled due date, under conditions that take into consideration the Group's credit risk.

As of August 31, 2019, the total amount of receivables sold by Sodexo's suppliers under these reverse factoring programs was 431 million euro (370 million euro as of August 31, 2018).

Trade payables that have been financed through a reverse factoring program as of the fiscal year-end are still classified as trade payables and included in the total trade payables figure.

MATURITIES OF TRADE AND OTHER PAYABLES (in millions of euro)	CARRYING AMOUNT	UNDISCOUNTED CONTRACTUAL VALUE
Less than 3 months	3,592	3,592
More than 3 months and less than 6 months	306	306
More than 6 months and less than 12 months	917	917
More than 1 year and less than 5 years	156	164
More than 5 years	91	101
TOTAL TRADE AND OTHER PAYABLES	**5,063**	**5,080**

4.20 Deferred taxes

Movements in deferred taxes were as follows in Fiscal 2019:

(in millions of euro)	AUGUST 31, 2018	IFRS 9 IMPACT	SEPTEMBER 1, 2018	DEFERRED TAX BENEFIT/ (EXPENSE)	DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2019
• Employee-related liabilities	156		156	(13)	(1)	(3)	140
• Fair value of financial instruments	15		15	(3)	1	(6)	8
• Intangible assets	(51)		(51)	13	0	(4)	(42)
• Other temporary differences	(212)	(17)	(229)	(26)	(4)	8	(251)
• Tax loss carry-forwards	71		71	16	0	6	93
TOTAL NET DEFERRED TAX	**(21)**	**(17)**	**(38)**	**(12)**	**(3)**	**1**	**(52)**
Of which Deferred tax assets	**105**		**105**				**99**
Of which Deferred tax liabilities	**(126)**	**(17)**	**(143)**				**(151)**

Movements in deferred taxes were as follows in Fiscal 2018:

(in millions of euro)	AUGUST 31, 2017	DEFERRED TAX BENEFIT/ (EXPENSE)	DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2018
• Employee-related liabilities	268	(117)	(12)	17	156
• Fair value of financial instruments	1			14	15
• Intangible assets	(70)	21		(2)	(51)
• Other temporary differences	(218)	20		(14)	(212)
• Tax loss carry-forwards	69	(4)		6	71
TOTAL NET DEFERRED TAX	**50**	**(80)**	**(12)**	**21**	**(21)**
Of which Deferred tax assets	**187**				**105**
Of which Deferred tax liabilities	**(137)**				**(126)**

Deferred tax assets arising on tax loss carry-forwards and not recognized because their recovery is not considered probable totaled 93 million euro as of August 31, 2019 (99 million euro as of August 31, 2018), including 19 million euro generated by subsidiaries prior to their acquisition (9 million euro as of August 31, 2018).

Temporary differences on employee-related liabilities relate primarily to post-employment benefits.

Other temporary differences mainly include deferred taxes recognized on the tax-deductible portion of the amortization that is recognized on goodwill in certain countries, which amounted to 248 million euro as of August 31, 2019 (225 million euro as of August 31, 2018).

4.21 Financial instruments

The table below presents the categories of financial instruments, their carrying amount and their fair value, by item in the consolidated statement of financial position.

The levels used for the classification of financial instruments are as follows:

- Level 1: Instruments traded on an active market;
- Level 2: Instruments measured through inputs other than quoted prices included within Level 1 and that are observable;
- Level 3: Instruments whose fair value is determined using valuation techniques based on unobservable inputs.

FAIR VALUE LEVEL 3: MEASUREMENT OF BELLON SA SECURITIES

The Group holds, through its wholly-owned subsidiary Sofinsod, a 19.61% stake in Bellon SA, a company that controls Sodexo S.A. with 42.22% of its shares and 56.58% of its voting rights exercisable on August 31, 2019. This shareholding does not give the Group significant influence over Bellon SA, as voting rights attached to Bellon SA shares cannot be exercised by SOFINSOD, in accordance with the provisions of article L.233-31 of *Code de Commerce*.

Due to the application of IFRS 9, the Group has assessed for the first time this investment at its fair value, determined in accordance with IFRS 13, and opted for accounting for subsequent changes in fair value in other non-recyclable items of consolidated comprehensive income.

The management conducted a fair value assessment of the equity participation in the first application of IFRS 9, with the support of two independent experts. The valuation of the fair value of the investment depends, among other things, on the revalued net asset value (NAV) of Bellon SA which has limited debt and holds no assets other than shares of Sodexo S.A. These shares are valued at their closing share price for the calculation of the NAV of Bellon SA.

The bylaws of Bellon SA include a clause which restricts the sale of Bellon SA shares to non-shareholder third parties, subject to the prior approval of its Supervisory Board. Bellon SA is controlled 72.6% by Mr. and Mrs. Pierre Bellon, and their four children who signed in June 2015 a 50-year agreement preventing the direct descendants of Mr. and Mrs. Pierre Bellon from freely disposing of their Bellon SA shares. The sole asset of Bellon SA being its interest in Sodexo, it can be inferred that Bellon SA does not intend to sell this interest to third parties.

These specifications imply very limited liquidity of the interest that Sofinsod holds in Bellon SA. The valuation method used by management (Level 3 of the hierarchy defined by IFRS 13) incorporates this illiquidity on the one hand, as well as all the characteristics of the holding's ownership structure, on the other hand. This method results in a discount to net asset value on Bellon SA estimated at 40% as of September 1, 2018 and August 31, 2019.

As of September 1, 2018, the fair value of the investment was assessed at 596 million euro, leading the Group to recognize a gross impact of 564 million euro. The after-tax impact of 547 million euro as of September 1, 2018 was recorded in the opening balance sheet, after recognition of a 3.1% deferred tax liability.

As of August 31, 2019, the fair value of the investment is assessed at 708 million euro, and its change since the opening of the year has been recorded in other non-recyclable items of comprehensive income.

FINANCIAL ASSETS (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2019 CARRYING AMOUNT	AUGUST 31, 2019 FAIR VALUE	FAIR VALUE LEVEL LEVEL 1	FAIR VALUE LEVEL LEVEL 2	FAIR VALUE LEVEL LEVEL 3	FAIR VALUE LEVEL TOTAL
Marketable securities	Financial assets at fair value through profit or loss	4.13	374	374	27	347		374
Restricted cash and financial assets related to the Benefits & Rewards Services activity	Financial assets at amortized cost	4.11	804	804				
	Cash and cash equivalents	4.11	315	315	315			315
Trade and other receivables	Financial assets at amortized cost	4.12	4,626	4,626				
Other financial assets	Financial assets at fair value through other comprehensive income	4.11	896	896			896	896
	Financial assets at amortized cost	4.11	162	162				
Derivative financial instrument assets		4.16	12	12		12		12

FINANCIAL LIABILITIES (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2019 CARRYING AMOUNT	AUGUST 31, 2019 FAIR VALUE	FAIR VALUE LEVEL LEVEL 1	FAIR VALUE LEVEL LEVEL 2	FAIR VALUE LEVEL LEVEL 3	FAIR VALUE LEVEL TOTAL
Bond issues*	Financial liabilities at amortized cost	4.15	2,468	2,553				
Bank borrowings	Financial liabilities at amortized cost	4.15	1,577	1,636				
Other borrowings	Financial liabilities at amortized cost	4.15	39	39				
Bank overdrafts	Financial liabilities at amortized cost	4.13	35	35				
Trade and other payables	Financial liabilities at amortized cost	4.19	4,892	4,892				
Vouchers payable	Financial liabilities at amortized cost		2,981	2,981				
Derivative financial instrument liabilities		4.16	(7)	(7)		(7)		(7)

* Fair value is calculated on the basis of listed bond prices as of August 31, 2019.

FINANCIAL ASSETS (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2018 CARRYING AMOUNT	FAIR VALUE	FAIR VALUE LEVEL LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Marketable securities	Financial assets at fair value through profit or loss	4.13	365	365	29	336		365
Restricted cash and financial assets related to the Benefits & Rewards Services activity	Financial assets at amortized cost	4.11	862	862				
	Cash and cash equivalents	4.11	180	180	180			180
Trade and other receivables	Loans and receivables at amortized cost	4.12	4,121	4,121				
Other financial assets	Available-for-sale financial assets	4.11	91	N/A				
	Loans and receivables at amortized cost	4.11	135	135				
Derivative financial instrument assets		4.16	18	18		18		18

FINANCIAL LIABILITIES (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2018 CARRYING AMOUNT	FAIR VALUE	FAIR VALUE LEVEL LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Bond issues*	Financial liabilities at amortized cost	4.15	2,191	2,266	2,266			2,266
Bank borrowings	Financial liabilities at amortized cost	4.15	1,727	1,715	240	1,475		1,715
Other borrowings	Financial liabilities at amortized cost	4.15	39	39				
Bank overdrafts	Financial liabilities at amortized cost	4.13	28	28				
Trade and other payables	Financial liabilities at amortized cost	4.19	4,222	4,222				
Vouchers payable	Financial liabilities at amortized cost		2,780	2,780				
Derivative financial instrument liabilities		4.16	1	1		1		1

* Fair value is calculated on the basis of listed bond prices as of August 31, 2018.

There were no transfers between the various fair value hierarchy levels between Fiscal 2018 and Fiscal 2019.

4.22 Share-based payment

4.22.1 Stock option plans

PRINCIPAL FEATURES OF STOCK OPTION PLANS

Rules governing stock option plans are as follows:

- the option exercise price has no discount;
- contractual life of options: 6-7 years.

ESTIMATION OF FAIR VALUE AT DATE OF GRANT

The fair value of options granted and settled by delivery of equity instruments is estimated at the date of grant using a binomial model, which takes into consideration the terms and conditions of grant and assumptions about exercise behavior.

MOVEMENTS DURING FISCAL 2019 AND FISCAL 2018

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during Fiscal 2019 and Fiscal 2018:

	FISCAL 2019		FISCAL 2018	
	NUMBER	WAP (in euro)	NUMBER	WAP (in euro)
Outstanding at the beginning of the year	**45,765**	**51.40**	**529,443**	**50.39**
Forfeited during the year	(1,250)	51.40	(11,075)	51.06
Exercised during the year	(44,515)[(1)]	0	(472,603)[(2)]	50.27
Outstanding at the end of the year	**0**	**0**	**45,765**	**51.40**
Exercisable at the end of the year	**0**	**0**	**45,765**	**51.40**

(1) The weighted average share price at the exercise date of options exercised in Fiscal 2019 was 90.87 euro.
(2) The weighted average share price at the exercise date of options exercised in Fiscal 2018 was 101.43 euro.

There were no longer any stock option plans outstanding at August 31, 2019, since the last stock option grants in 2011 expired in December 2018.

4.22.2 Free share plans

PRINCIPLE FEATURES OF FREE SHARE PLANS

Rules governing free share plans are as follows:

- free shares vest only if the beneficiary is still working for the Group on the vesting date; in addition, some free share grants are subject to a performance condition;
- for the free shares awarded in 2015, for beneficiaries who are French tax residents the vesting period is two years for shares not subject to any performance condition and three years for performance shares, provided in both cases that the beneficiary is still working for the Group on the vesting date. For non-French tax residents, the vesting period is four years. Free shares awarded to French tax residents are also subject to a two-year lock-up period as from the vesting date;
- for the free shares awarded since 2016, the vesting period for all beneficiaries is four years, with no subsequent lock-up period. In addition, beneficiaries must still be working for the Group on the vesting date in order for the shares to vest;
- until 2018, the proportion of shares subject to a performance condition ranges from 0% to 80% (depending on the total number of shares awarded), except for the shares granted to the Group Chief Executive Officer which consist solely of performance shares;
- since 2019, all shares granted to the members of the Group Executive Committee consist of performance shares.

The performance conditions other than those related to stock market performance (“non-market performance conditions”) were as follows:

- for the free shares awarded in 2015, the non-market performance condition is based on annual growth in Group net income over a three-year period;
- for the free shares awarded since 2016, the non-market performance condition is based on annual growth in consolidated underlying operating profit (before exceptional items and excluding currency effects) over a four-year period. For the 2018 plan, a portion of the shares is also subject to the achievement of Corporate Responsibility objectives. In 2019, a condition based on organic growth has been added.

Since the 2015 plan, a portion of the free shares awarded has also been subject to a stock market performance condition as follows:

- for the 2015 plan, a portion of the shares awarded to members of the Group Executive Committee is subject to a Total Shareholder Return (TSR) target. TSR is a measure of the performance of a company’s shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. For the free shares awarded in 2015, the TSR must have increased by at least 20% between August 31, 2014 and the Annual Shareholders Meeting called to approve the Fiscal 2018 financial statements, in January 2018;
- for the 2016 and 2017 plans, a portion of the shares awarded to the members of the Group Executive Committee and to beneficiaries of more than 1,000 shares under the 2017 plan, are subject to a TSR performance condition. For the shares subject to this condition to vest, Sodexo’s TSR must be positive and outperform the CAC 40 GR (Gross Total Return) index, published by Euronext, between (i) January 27, 2016 and the date of the Annual Shareholders Meeting called to approve the Fiscal 2019 financial statements for the 2016 plan, and (ii) January 25, 2017 and the date of the Annual Shareholders Meeting called to approve the Fiscal 2020 financial statements for the 2017 plan;
- for the 2018 plan, a portion of the shares awarded to the members of the Group Executive Committee and to beneficiaries of more than 250 shares, Sodexo’s TSR will be compared to that of two peer groups. The first peer group is made up of 12 companies selected based on their size, the similarity of their operations to those of Sodexo and the fact that they all operate in the outsourcing and shared services industry. The second peer group comprises CAC 40 companies. In both cases, the number of shares that will vest will depend on Sodexo’s ranking within the peer group, with no shares vesting if Sodexo’s ranking is below the third quartile. The starting share price used will be the average of the share prices quoted over the thirty (30) calendar days preceding the plan grant date. The end share price used to measure the overall stock market performance will be the average of the share prices quoted over the thirty (30) calendar days preceding the performance assessment date (March 27, 2022);
- for the 2019 plan, Sodexo’s TSR will be compared to that of the peer group made up of 12 companies selected based on their size, the similarity of their operations to those of Sodexo and the fact that they all operate in the outsourcing and shared services industry. This condition is only applicable to the shares awarded to the Group Chief Executive Officer and to the members of the Group Executive Committee.

ESTIMATED FAIR VALUE AT DATE OF GRANT

The fair value of free shares is estimated at the date of grant based on the share price at that date after deductions for dividends on the shares that will not be paid to beneficiaries during the vesting period and, where applicable, a lock-up discount. The lock-up discount is determined based on the cost for the employee of a two-step strategy consisting of selling the shares forward for delivery at the end of the lock-up period and purchasing the same number of shares for immediate delivery, with the purchase financed by a loan, taking into account market inputs.

The fair value of free shares subject to a performance condition based on Total Shareholder Return is estimated using a binomial model that takes into account the vesting conditions.

MOVEMENTS IN FISCAL 2019 AND FISCAL 2018

The table below shows movements in free shares in Fiscal 2019 and Fiscal 2018:

	FISCAL 2019	FISCAL 2018
Outstanding at the beginning of the year	**3,025,219**	**2,801,195**
Granted during the year	845,090	931,880
Forfeited during the year	(170,620)	(145,391)
Delivered during the year	(458,225)	(583,325)
Outstanding at the end of the year	**3,241,464**	**3,025,219**

The weighted average fair value of the free shares granted in Fiscal 2019 was 91.3 euro for shares granted in Fiscal 2019 (66.61 euro for shares granted in Fiscal 2018).

The table below shows the grant dates of free shares outstanding as of August 31, 2019, the assumptions used to estimate their fair value at the grant date and the number of free shares outstanding at the period end:

DATE OF GRANT		VESTING PERIOD (in years)	LOCK-UP PERIOD (in years)	EXPECTED DIVIDEND YIELD (in %)	RISK-FREE INTEREST RATE (in %)	LOAN INTEREST RATE (in %)	VOLATILITY* (in %)	NUMBER OF SHARES OUTSTANDING AS OF AUGUST 31, 2018
April 27, 2015	France	3	2	2.5%	0.1%	5.2%	21%	0
April 27, 2015	International	4	N/A	2.5%	0.2%	5.2%	21%	0
December 1, 2015	France	2	2	2.5%	0%	4.3%		0
December 1, 2015	France	3	2	2.5%	0%	4.3%	22.5%	0
December 1, 2015	International	4	N/A	2.5%	0%	4.3%	22.5%	2,350
April 27, 2016	International	4	N/A	2.5%	0%	N/A	22%	715,355
September 30, 2016	International	4	N/A	2.5%	0%	N/A	22%	11,600
November 30, 2016	International	4	N/A	2.5%	0%	N/A	22%	10,000
April 20, 2017	International	4	N/A	2.4%	0%	N/A	18.1%	792,379
September 14, 2017	International	4	N/A	2.4%	0%	N/A	18.1%	13,000
April 27, 2018	International	4	N/A	2.7%	0%	N/A	21.3%	854,520
September 13, 2018	International	4	N/A	2.7%	0%	N/A	21.3%	34,100
June 19, 2019	International	4	N/A	3%	0%	N/A	21.9%	808,160
TOTAL								**3,241,464**

* Applicable for the portion of the free share grants subject to the TSR performance condition. Volatility is determined by reference to the share's historical weighted average volatility over five years and the implicit volatility expected by the market.

4.22.3 Expense recognized during the fiscal year

The expense recognized in the Fiscal 2019 income statement for free shares was 33 million euro (44 million euro in Fiscal 2018).

4.23 Business combinations

The main acquisitions carried out by the Group during the year are presented in note 4.6, "Goodwill". A summarized amount of assets acquired and liabilities assumed at the acquisition dates, measured on a provisional basis as of August 31, 2019, is provided in the table below:

(in millions of euro)	AUGUST 31, 2019
Intangible assets*	42
Property, plant and equipment	39
Other non-current assets (including client investments)	2
Trade receivables	27
Other current assets	22
Cash and cash equivalents	8
Borrowings	(44)
Other non-current liabilities	(36)
Net deferred tax liabilities	3
Other current liabilities	(76)
TOTAL IDENTIFIABLE NET ASSETS	**(13)**
Goodwill	307
Commitments written over non-controlling interests	0
Impact of acquisitions of control of companies consolidated by the equity method	0
CONSIDERATION TRANSFERRED	**(307)**
Cash acquired	8
Change in liabilities related to acquisitions of subsidiaries	
IMPACT ON THE CASH FLOW STATEMENT	**(299)**

* Intangible assets mainly include customer relationships and trademarks. The amortization periods for these intangible assets have been set by Management at a maximum of 20 years based on the estimated attrition rate for the contracts concerned and the probable useful lives of the trademarks. Goodwill corresponds to the positive difference between the acquisition price and the total fair value of the identifiable net assets.

Companies acquired during Fiscal 2019 contributed 223 million euro to consolidated revenues and 12 million euro to consolidated underlying operating profit following their consolidation.

Significant entities acquired during the fiscal year are disclosed in chapter 6 (N).

4.24 Commitments and contingencies

4.24.1 Sureties

Commitments arising from surety arrangements (pledges, charges secured against plant and equipment, and real estate mortgages) contracted by Sodexo S.A. and its subsidiaries in connection with operating activities during Fiscal 2019 are not material.

4.24.2 Operating lease commitments

Outstanding commitments arising in respect of operating leases are as follows:

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Less than 1 year	188	144
1 to 5 years	431	376
More than 5 years	220	141
TOTAL OPERATING LEASES COMMITMENTS	**839**	**662**

These commitments correspond to the rent to be paid over the non-cancellable terms of leases taking into account the contractual or legal provisions enabling leases to be terminated before the end of the lease term (future minimum lease payment due of the non-cancellable term of operating lease). They arise under contracts worldwilde, the terms of which are negociated locally, and relate primarily to:

- equipment on sites, office equipment and vehicles for 112 million euro (109 million euro as of August 31, 2018);
- the rent for office premises of 244 million euro (330 million euro as of August 31, 2018), related mainly to the Group's corporate headquarters in Issy-les-Moulineaux (23 million euro), the offices of Sodexo France (18 million euro) and Sodexo, Inc. (52 million euro);
- minimum concession fee payments for sites in France and the United States (404 million euro).

4.24.3 Other commitments given

	AUGUST 31, 2019				AUGUST 31, 2018
(in millions of euro)	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL	TOTAL
Financial guarantees to third parties	1			1	2
Site management commitments	1			1	2
Performance bonds given to clients	44	22	115	181	183
Other commitments	10	15	111	136	134
TOTAL OTHER COMMITMENTS GIVEN	**55**	**38**	**226**	**319**	**321**

Financial guarantees to third parties mainly comprise bank subordinated debt commitments under Public-Private Partnership (PPP) contracts (see note 2.3.2) totaling 1 million euro.

The performance bonds given to clients relate to around twenty sub-contracting contracts where the Group considers that it may be exposed to indemnity payments if it is unable to fulfill the service obligation. These bonds are subject to regular review by the management of the business unit and a provision is recorded as soon as payment under a bond becomes probable. For all other contracts with a performance bond, Sodexo considers that it can deploy the additional resources needed to avoid paying compensation under the bond.

The Group also has performance obligations to clients, but regards these as having the essential features of a performance guarantee rather than an insurance contract designed to compensate the client in the event of non-fulfillment of the service obligation (compensation is generally due only where Sodexo is unable to provide alternative or additional resources to fulfill the obligation to the client).

In practice, given its size and geographical reach, Sodexo considers itself capable of providing the additional resources required to avoid paying compensation to clients protected by such clauses.

At this time, no provision has been recorded in the consolidated statement of financial position with respect to these guarantees.

The "Other commitments" line mainly includes the 12-year guarantee given by Sodexo S.A. in October 2012 to the Trustee of the UK pension plan (*i.e.*, until October 2024) for a maximum of 100 million pounds sterling in order to cover Sodexo UK's obligations in connection with the plan.

4.25 Related parties

4.25.1 Principal shareholder

As of August 31, 2019, Bellon SA held 42.22% of the capital of Sodexo and 56.58% of the exercisable voting rights.

Bellon SA invoiced 3.3 million euro to Sodexo S.A. in Fiscal 2019 under an assistance and advisory services contract (3.7 million euro in Fiscal 2018).

Bellon SA received dividends of 171.4 million euro from Sodexo S.A. in February 2019 and the Group received dividends of 2.9 million euro from Bellon SA during Fiscal 2019.

4.25.2 Non-consolidated companies

Other transactions with related companies comprise loans advanced, commercial transactions, and off-balance sheet commitments involving associates and non-consolidated companies.

	AUGUST 31, 2019			AUGUST 31, 2018
(in millions of euro)	GROSS	IMPAIRMENT	CARRYING AMOUNT	CARRYING AMOUNT
Loans	44	0	44	44

OFF-BALANCE SHEET COMMITMENTS	AUGUST 31, 2019	AUGUST 31, 2018
Financial guarantees to third parties	1	2
Performance bonds given to clients	181	183

TRANSACTIONS	FISCAL 2019	FISCAL 2018
Revenues	238	228
Operating expenses	(3)	0
Financial income and expense, net	2	2

3

4.26 Compensation, loans, post-employment benefits and other benefits granted to Board members, the Executive Committee, and the Group Chief Executive Officer of Sodexo

The compensation, loans, post-employment benefits and other benefits granted to Board members, the Executive Committee, and the Group Chief Executive Officer of Sodexo in office as of August 31, 2019 and August 31, 2018 respectively for Fiscal 2019 and Fiscal 2018 comprise the following:

(IN EURO)	FISCAL 2019	FISCAL 2018
Short-term benefits	15,429,580	15,424,760
Post-employment benefits	1,264,567	882,048
Fair value of free shares at the grant date	14,022,288	8,304,389

These benefits include directors' fees, and all forms of compensation and benefits paid (or earned during the period for offices held) by Bellon SA, Sodexo S.A. and/or other Sodexo Group companies.

Denis Machuel, Group Chief Executive Officer since January 23, 2018, is paid by Sodexo S.A. but he likewise does not have an employment contract with Sodexo S.A.

The Company has entered into non-compete clauses with the Group Chief Executive Officer and the members of the Executive Committee with a maximum term of 24 months in order to protect the Group by restricting their freedom to hold a position as employee or director, or carry out any consulting work, for any of Sodexo's competitors, either directly or through another legal entity.

4.27 Group employees

The following table shows the breakdown of Group employees:

	AUGUST 31, 2019	AUGUST 31, 2018
TOTAL HEADCOUNT AS OF AUGUST 31	**470,237**	**460,663**

4.28 Disputes and litigation

- The Company is in dispute with the Brazilian tax authorities regarding the tax deductibility of the amortization of goodwill recognized on the purchase of VR in March 2008. For the record, in Fiscal year 2017, Sodexo Pass do Brasil received a tax reassessment notice from the Brazilian tax authorities for fiscal years 2010, 2011 and 2012 relating to the deductibility for tax purposes of the amortization of goodwill recognized on the purchase of VR in March 2008. The reassessment amounted to 102 million euro (breaking down as 30 million euro in principal and 72 million euro in penalties and late payment interest).

  Sodexo Pass do Brasil is firmly disputing this reassessment, which the Brazilian tax authorities originally envisaged during a previous tax audit covering fiscal years 2008 and 2009 but then abandoned. The Company considers that the goodwill amortization was valid, both in terms of its underlying reasons and the way it has been recorded. Therefore, the Company considers that there is a strong probability of winning the dispute with the tax authorities, and this has been confirmed by its tax advisors. Consequently, no provision was recorded for this dispute in the consolidated statement of financial position as of August 31, 2017.

  This dispute was presented on August 14, 2018 for a judgment of the competent administrative court. The court ruled in favor of Sodexo Pass do Brasil as it considered that the goodwill and corresponding amortization were legitimately recognized on the acquisition of VR. The judgment therefore confirms that Sodexo Pass do Brasil acquired a full business structure when it purchased VR.

  This judgment can be reversed on appeal. The Group believes, however, that the risk of change in this judgement is low.

  In addition, the tax savings generated by this tax depreciation were offset in the consolidated accounts of the Group by a deferred tax expense of the same amount for each of the financial periods concerned, in accordance with the IFRS rules. The balance of the related deferred tax liability amounts to 69 million of euro at the end of the financial year (65 million of euro as of August 31, 2018).
- On October 9, 2015, *Octoplus* filed a complaint with the French Competition Authority (*Autorité de la concurrence*) concerning several French meal voucher issuers, including Sodexo Pass France SA. Following the hearing of the parties concerned, the Competition Authority decided on October 6, 2016 to pursue investigation on the merits, without requesting protective measures.

  On February 27, 2019, the prosecution services sent their final investigation report to Sodexo Pass France. The Group contested both grievances in its response filled on April 29, 2019. The hearing before the college of the Competition Authority took place on July 18, 2019 and its decision may be issued before the end of the 2019.

  The Competition Authority has broad discretion to determine on a case-by-case basis the financial fines it may impose in accordance with the principles of proportionality and individuality. In view of the difficulty in assessing the extent to which the Competition Authority may take into account the arguments which have been put forward by Sodexo Pass France in its defense and due to the multiple factors contributing, where appropriate, to the determination of a fine, it is not possible to reliably estimate the amount of the potential fine that might be incurred in the event of an adverse decision, even though it might have a significant impact on the Group's consolidated financial statements. In this context, no provision has been made as at August 31, 2019, at this stage of the investigation.
- In Brazil, Sodexo and its main competitors have a different interpretation from that of the Tax Administration on the deductibility of PIS/COFIN on certain purchases that are made at a zero rate. Proceedings are pending before the Superior Courts and, based on the opinion of our counsel, the Group considers that its chances of success in these proceedings are good and therefore did not consider necessary at this stage to provision for appropriations deducted to date.
- On January 28, 2019, the International Center for Settlement of Investment Disputes (ICSID) delivered its decision in Sodexo's arbitration claim against the Hungarian State in the Group's favor. Due to changes in the regulatory and fiscal environment in Hungary related to the issuance of food and meal vouchers, Sodexo had filed a claim for ICSID arbitration in July 2014 against the Hungarian state.

  This decision represents an important step in the process of resolving this dispute. However, the Hungarian state having applied for annulment of this decision on May 27, 2019, the Group has considered it was too early to record an income based on the decision of ICSID.

To the best of the Company's knowledge, there have been no governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threatened of which Sodexo is aware) which may have, or have had in the past 12 months, material effects on Sodexo and/or the Group's financial position or profitability.

Sodexo is also involved in litigation arising from its ordinary activities. The Group does not believe that liabilities relating to such litigation will in aggregate be material to its activities or to its consolidated financial position.

4.29 Subsequent events

No significant event has occurred between the year end and the date on which the consolidated financial statements were approved by the Board of Directors.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

5.1 Group exposure to foreign exchange and interest rate risk

The policies and procedures are designed to prevent speculative positions. Furthermore, under them:

- substantially all borrowings must be at fixed rates of interest, or converted to fixed-rate using hedging instruments;
- in the context of financing policy, foreign exchange risk on loans to subsidiaries must be hedged;
- the maturity of hedging instruments must not exceed the maturity of the borrowings they hedge.

5.1.1 Analysis of sensitivity to interest rates

As of August 31, 2019 and August 31, 2018, a 0.5% increase or decrease in interest rates would have had no material impact on profit before tax or on shareholders' equity as substantially all liabilities at those dates were at a fixed rate of interest.

5.1.2 Analysis of sensitivity to foreign exchange rates and exchange rate exposures on principal currencies

Because Sodexo has operations in 67 countries, all components of the financial statements are influenced by foreign currency translation effects, and in particular by fluctuations in the U.S. dollar. However, exchange rate fluctuations do not generate any operational risk, because each of the Group's subsidiaries invoices its revenues and incurs its expenses in the same currency.

Sodexo S.A. uses derivative instruments to manage the Group's risk exposure resulting from the volatility of exchange rates.

SENSITIVITY TO EXCHANGE RATES

IMPACT OF A 10% APPRECIATION OF THE EXCHANGE RATE OF THE FOLLOWING CURRENCIES AGAINST THE EURO (in millions of euro)	AUGUST 31, 2019				AUGUST 31, 2018			
	IMPACT ON REVENUES	IMPACT ON OPERATING PROFIT	IMPACT ON PROFIT BEFORE TAX	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON REVENUES	IMPACT ON OPERATING PROFIT	IMPACT ON PROFIT BEFORE TAX	IMPACT ON SHAREHOLDERS' EQUITY
U.S. dollar (USD)	911	45	37	245	828	55	40	237
Brazilian real (BRL)	112	20	20	86	104	21	19	77
Pound sterling (GBP)	190	16	16	66	178	10	14	83

5.2 Exposure to liquidity risk

The nature of the Group's bank borrowings and bond issues as of August 31, 2019 is described in detail in note 4.15.

As of August 31, 2019 and August 31, 2018, more than 99% of the Group's consolidated borrowings was raised on capital markets and bank financing covered less than 1% of the Group's financing needs. The maturity dates of the main borrowings range between Fiscal 2019 and Fiscal 2029.

In addition, 97% of the Group's borrowings correspond to long-term fixed-rate debt raised on the capital markets. The remaining 3% corresponds to short-term variable-rate debt, also raised on the capital markets. This amount can be refinanced at any time thanks to:

(i) the Group's multi-currency confirmed credit facility of 589 million euro plus 785 million U.S. dollars which expires in July 2024; and

(ii) three bilateral confirmed lines of credit amounting to 150 million euro each two of which are expiring in December 2019 and the third in March 2020.

As of August 31, 2019, none of these facilities had been used.

5.3 Exposure to counterparty risk

Exposure to counterparty risk is limited to the carrying amount of financial assets.

Group policies and procedures are to manage and spread counterparty risk. For derivative financial instruments, each transaction with a bank is required to be based on a master contract modeled on the standard contract issued by the French Bankers' Association (AFB) or the International Swaps and Derivatives Association (ISDA).

Counterparty risk relating to customer accounts receivable is immaterial. Due to the Group's geographic and segment spread, there is no concentration of risk on past due individual receivables for which no provision has been recorded. Moreover, the Group has not observed any significant change in impacts relating to customer default during the year.

The main counterparty risk is bank-related. The Group has limited its exposure to counterparty risk by diversifying its investments and limiting the concentration of risk held by each of its counterparties. Transactions are conducted with highly creditworthy counterparties taking into consideration country risk. The Group has instituted a regular reporting of the risk spread between counterparties and of their quality.

To reduce this risk further, in Fiscal 2011 the Group implemented an international cash pooling mechanism between its main subsidiaries (with a netting facility), reducing the amount of liquidity held by third parties by concentrating it in the Group's financial holding companies.

The maximum counterparty represents approximately 18% (14% as of August 31, 2018) of the Group's operating cash (including restricted cash and financial assets related to the Benefits & Rewards Services activity) and is with a banking group whose rating is A-1.

5.4 Policy for managing the Company's capital structure

Sodexo takes a long-term view in managing its capital structure, with the objective of ensuring the Group's liquidity, optimizing its financial structure and allowing shareholders to benefit from its strong cash flow generation.

Contributing to decisions made may be objectives for earnings per share or estimated future cash flows, or for balancing various components of the consolidated statement of financial position in order to meet the net debt criteria defined by Group management and communicated to the marketplace, notably a net debt to equity ratio of less than 75%. The net debt to equity ratio corresponds to net debt as a proportion of total shareholders' equity (including minority interests), with net debt defined as the difference between gross borrowings and total cash, and total cash defined as cash and cash equivalents plus restricted cash and financial assets related to the Benefits & Rewards Services activity less bank overdrafts.

6. SCOPE OF CONSOLIDATION

The main companies consolidated as of August 31, 2019 and presented in the table below together represent over 80% of consolidated revenues, operating profit, profit for the period attributable to equity holders of the parent, and shareholders' equity. The other entities individually represent less than 0.8% of each of these items.

The first column shows the percentage interest held by the Group, and the second column the percentage of voting rights held by the Group. Percentage interests and percentages of voting rights are only shown if less than 97%.

Companies newly consolidated during the year are indicated by the letter "N".

	% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
France				
Sodexo S.A.			Holding	France
Sodexo Entreprises (consolidated)			On-site	France
Sodexo Santé Médico Social			On-site	France
Société Française de Restauration et Services (consolidated)			On-site	France
Segsmhi (Le Lido)			On-site	France
Sogeres			On-site	France
Lenôtre SA (consolidated)			On-site	France
Sodexo Pass France SA			Benefits & Rewards	France
Crèche Attitude (consolidated)			On-site	France
Foodchéri	87%	87%	On-site	France
Sodexo Pass International SAS			Holding	France
Sofinsod SAS			Holding	France
Etin SAS			Holding	France

		% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
Americas					
	Sodexo do Brasil Comercial SA (consolidated)			On-site	Brazil
	Sodexo Pass do Brasil Serviços E Comércio SA			Benefits & Rewards	Brazil
	Sodexo Pass do Brazil Servicos de Inovacao Ltda			Benefits & Rewards	Brazil
	Sodexo Facilities Services Ltda			On-site	Brazil
	Sodexo S.A.S.			On-site	Colombia
	Sodexo Canada Ltd (consolidated)			On-site	Canada
	Centerplate Canada			On-site	Canada
	Sodexo Chile SPA (consolidated)			On-site	Chile
	Sodexo Soluciones de Motivacion Chile SA			Benefits & Rewards	Chile
	Sodexo, Inc. (consolidated)			On-site	United States
	Centerplate Ultimate Holdings, Corp.			On-site	United States
	Sodexo Remote Sites LLC			On-site	United States
	Sodexo Remote Sites USA Inc.			On-site	United States
	CK Franchising Inc.			On-site	United States
	Circle Company Associates, LLC			On-site	United States
	Denali Universal Services LLC			On-site	United States
	Inspirus LLC			Benefits & Rewards	United States
	Sodexo Global Services, LLC			Holding	United States
	Sodexo Peru SAC			On-site	Peru
Europe					
	Sodexo Services GmbH (consolidated)			On-site	Germany
	Sodexo Beteiligungs BV & Co. KG			On-site	Germany
	GA-tec Gebäude und Anlagentechnik GmbH			On-site	Germany
	Sodexo Services Solutions Austria GmbH			On-site	Austria
	Sodexo Belgium SA (consolidated)			On-site	Belgium
	Imagor SA			Benefits & Rewards	Belgium
	Sodexo Pass Belgium SA (consolidated)			Benefits & Rewards	Belgium
	Compagnie Financière Aurore International			Holding	Belgium
	Rydoo NV			Benefits & Rewards	Belgium
	Sodexo Iberia SA (consolidated)			On-site	Spain
	Centerplate ISG Espana SL	60%	60%	On-site	Spain
N	Novae Restauration SA			On-site	Switzerland
	Sodexo Italia SpA (consolidated)			On-site	Italy

		% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
	Sodexo Nederland BV (consolidated)			On-site	Netherlands
	Sodexo Pass Česka Republika AS			Benefits & Rewards	Czech Republic
	Centerplate UK Ltd			On-site	United Kingdom
	Sodexo Ltd (consolidated)			On-site	United Kingdom
	Sodexo Global Services UK Ltd			Holding	United Kingdom
	Sodexo Motivation Solutions UK Ltd			Benefits & Rewards	United Kingdom
	Sodexo Ventures UK Limited			Holding	United Kingdom
N	AIP Catering Limited			On-site	United Kingdom
N	GCG Holdings Limited			On-site	United Kingdom
	Sodexo Finances USD Ltd			Holding	United Kingdom
	Sodexo Holdings Ltd			On-site	United Kingdom
	Purchasing Systems Ltd			On-site	United Kingdom
	Sodexo Management Services Ltd			On-site	United Kingdom
	Sodexo Finance Designated Activity Company			Holding	Ireland
	Sodexo Pass Romania Srl			Benefits & Rewards	Romania
	Sodexo Avantaj Ve Odullendirme Hizmetleri AS			Benefits & Rewards	Turkey
	Sodexo AB			On-site	Sweden
Asia, Pacific, Middle East, Africa					
	Sodexo Australia Pty Ltd (consolidated)			On-site	Australia
	Sodexo Remote Sites Australia Pty Ltd			On-site	Australia
	Sodexo Food Solutions India Private Ltd			On-site	India
	Sodexo (China) Enterprise Management Services Co., Ltd			On-site	China
	Sodexo Management Company Ltd Shanghaï			On-site	China
	Sodexo Services Asia			Holding	Singapore
	Teyseer Services Company LLC	49%	49%	On-site	Qatar
	Kelvin Catering Services (Emirates) LLC	49%	49%	On-site	United Arab Emirates

7. AUDITORS' FEES

	PRICEWATERHOUSECOOPERS				KPMG			
	AUDITORS : PRICEWATERHOUSECOOPERS AUDIT		NETWORK		AUDITORS : KPMG SA		NETWORK	
(in millions of euro excluding VAT)	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Audit of individual company financial statements and consolidated financial statements								
Issuer	0,7	58%	n/a	n/a	0,7	39%	n/a	n/a
Consolidated subsidiaries	0,3	25%	4,4	88%	1,0	56%	2,8	88%
TOTAL AUDIT SERVICES	1,0	83%	4,4	88%	1,7	94%	2,8	88%
Other services								
Issuer	0,0	0%	0,0	0%	0,1	6%	0,0	0%
Consolidated subsidiaries	0,2	17%	0,6	12%	0,0	0%	0,4	12%
TOTAL OTHER SERVICES	0,2	17%	0,6	12%	0,1	6%	0,4	12%
TOTAL FEES	**1,2**	**100%**	**5,0**	**100%**	**1,8**	**100%**	**3,2**	**100%**

Services other than the certification of accounts provided by PricewaterhouseCoopers Audit to the consolidated subsidiaries mainly consist of professional services in the context of acquisition due diligence, technical consultations and tax compliance services.

Services other than the certification of accounts provided by KPMG SA to the consolidating entity mainly consist of professional services in the context of the non-financial performance; Services other than the certification of accounts provided to the consolidated subsidiaries mainly consist of professional services in the context of acquisition due diligence, issuance of attestations and tax compliance services.

3.5 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(For the year ended August 31, 2019)

SODEXO

255 Quai de la Bataille de Stalingrad

92866 Issy-les-Moulineaux Cedex 9, France

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Sodexo for the year ended August 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 at August 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.

BASIS OF THE AUDIT 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from September 1, 2018 to the date of our report, and, in particular, we did not provide any non audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to note 2.1.2 "New accounting standards and interpretations required to be applied" to the consolidated financial statements, which describes the methods used and the impact of the first-time application at September 1, 2018 of IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers".

JUSTIFICATION OF OUR 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 the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill

(Notes 2.8.2 and 4.10 to the consolidated financial statements)

Description of risk

At August 31, 2019, the goodwill balance amounted to 6,158 million euro, representing the largest item on the balance sheet. An impairment loss is recognized if the recoverable amount of goodwill as determined during the annual impairment test or during a specific test carried out where there is an indication of impairment, is lower than its carrying amount.

Recoverable amount is typically determined based on the present value of future cash flows and requires significant judgment from management, in particular as regards the preparation of business forecasts, as well as the discount and long-term growth rates used.

Accordingly, we deemed the measurement of the recoverable amount of goodwill to be a key audit matter, due to the size of the goodwill balance and the inherent uncertainty of certain inputs, in particular the likelihood of achieving forecast results included in such measurement.

How our audit addressed this risk

We performed a critical review of the methods applied by management to determine the recoverable amount of goodwill. Our audit work consisted in:

- assessing the components of the carrying amount of cash-generating units (CGUs) or groups of CGUs, corresponding to the level at which goodwill is monitored by the Group, and their consistency with those used in projecting future cash flow forecasts;
- assessing the consistency of the projected future cash flows with the economic environments in which the Group operates;
- assessing the consistency of the growth rates used to project future cash flows with available external analyses;
- assessing the reasonableness of the discount rates applied to estimated future cash flows, verifying in particular that the various inputs used to calculate the weighted average cost of capital for each CGU or group of CGUs were sufficient to approximate the return expected by market participants for similar activities;
- verifying that note 4.10 to the consolidated financial statements contains the appropriate disclosures on the sensitivity of the recoverable amount of goodwill to changes in the main assumptions used.

Supplier discount allowances

(Note 2.22.3 to the consolidated financial statements)

Description of risk

Vendor Discount Allowances (VDA) received by the Group from suppliers in the context of Sodexo managed food or facilities services contracts are recognized as a reduction in cost of sales.

The Group has a large number of supplier purchasing agreements that provide for VDAs based on quantities purchased or other contractual conditions, including exceeding thresholds or respecting commitments, such as vendor exclusivity arrangements. These agreements may be signed at a local, regional or global level.

Due to the number of such agreements within the Group and the fact that their anniversaries do not always coincide with the Group's fiscal year, the measurement of VDAs requires significant estimates from management and is therefore deemed to be a key audit matter.

3

How our audit addressed this risk

We tested the effectiveness of the controls implemented by management to avert or detect any errors in estimating the value of VDAs.

Our audit procedures included, on a sample basis:

- analyzing supplier agreements and the proper application of their terms and conditions in determining the VDAs recognized for the fiscal year, in particular as regards purchasing volumes, including the estimation of VDA accruals at the end of the reporting period;
- verifying the existence of the most material receivables recognized at the end of the reporting period with regard to accrued VDAs, as well as the consistency of their calculation with the terms and conditions of the supplier agreements;
- comparing the VDAs effectively received after the end of the reporting period with the receivables recognized at the end of the reporting period in order to assess the reliability of the Group's estimates.

Post-employment benefits

(Notes 2.17.2 and 4.17 to the consolidated financial statements)

Description of risk

The Group contributes to defined benefit pension plans, mainly in France, the United Kingdom, the Netherlands and Italy.

At August 31, 2019, the Group recognized a net benefit obligation of 244 million euro, corresponding to the difference between the fair value of the plan assets and the present value of the net benefit obligation.

Assumptions used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover, and the discount and inflation rates, and therefore involve the judgment of management. Any change in these key assumptions could have a significant impact on the net benefit obligation. Accordingly, this subject was deemed to be a key audit matter.

How our audit addressed this risk

We were informed of the procedures implemented by the Group for measuring the net benefit obligation.

With the support of our actuaries, we assessed the key assumptions and data used by the Group's actuaries to measure the net benefit obligation with regard to the main defined benefit plans, most notably in France, the United Kingdom, the Netherlands and Italy, and evaluated their findings.

We compared the key assumptions taken from the measurement models with external data and tested the sensitivity of the net benefit obligation to changes in these key assumptions.

We also obtained external confirmation of the plan assets or implemented other audit procedures to confirm their existence and proper valuation.

Tax risks

(Notes 2.16, 4.18 and 4.28 to the consolidated financial statements)

Description of risk

The Group has operations in numerous countries around the world and, in the normal course of business, is subject to regular inspections by local tax authorities.

Such inspections, covering corporate income tax, as well as other taxes, levies and similar payments, may give rise to tax adjustments and disputes with tax authorities.

Estimates of the impacts of these tax risks and any related provisions involve significant judgment by management, especially as regards the expected outcome of disputes in progress or the probability of identified risks occurring. Accordingly, we deemed this subject to be a key audit matter.

How our audit addressed this risk

We held meetings with management to gain an understanding of the internal control procedures implemented to identify tax risks and uncertain tax positions, and, when necessary, determine any provisions.

With the support of our tax experts, we also:

- held meetings with the Group tax department and local management to assess the latest status of any inspections in progress and tax adjustments notified by the tax authorities, and to monitor developments in any disputes in progress;
- consulted the recent decisions and correspondence of Group companies with the tax authorities, and gained an understanding of the correspondence between the companies concerned and their tax advisors;
- analyzed the responses of the tax advisors to our requests for information or their analyses of disputes in progress;
- conducted a critical review of the estimates and positions adopted by management;
- verified that the latest developments had been factored into the risk analysis and the estimates of the provisions set aside in the statement of financial position.

Measurement of the fair value of the Group's interest in Bellon SA

(Notes 2.1.2, 2.12.1, 4.11 and 4.21 to the consolidated financial statements)

Description of risk

Through its subsidiary Sofinsod, the Group holds a 19.61% interest in Bellon SA, which holds a controlling interest in Sodexo SA with 42.22% of the share capital and 56.58% of the exercisable voting rights at August 31, 2019.

In accordance with IFRS 9, the Group accounts for its investment as a non-current financial asset at fair value through other comprehensive income (not recyclable).

Following the first-time application of IFRS 9 at September 1, 2018, the Group measured the fair value of the investment at 596 million euro. At August 31, 2019, management determined that the fair value was 708 million euro using the same methods.

With the support of two independent experts, management developed a method to measure the fair value of the investment based on the net asset value (NAV) of Bellon SA, taking into account the specific characteristics of this investment as described in note 4.21 to the consolidated financial statements. Management therefore considered that the investment's fair value corresponded, at both September 1, 2018 and August 31, 2019, to the Group's share in Bellon SA's NAV, less a 40% discount.

Determining the fair value of Sodexo's interest in Bellon SA requires significant judgment from management as regards the choice of measurement method and the use thereof, in particular the discount applied to Bellon SA's NAV.

Accordingly, we deemed the measurement of the fair value of Sodexo's interest in Bellon SA to be a key audit matter, due to the size of the item on the balance sheet and the degree of judgment inherent in certain inputs used to determine fair value.

How our audit addressed this risk

We performed a critical review of the methods applied by management to determine the fair value of the interest in Bellon SA.

With the assistance of our asset valuation experts, our procedures consisted in:

- familiarizing ourselves with the work of management and the management-appointed independent experts to develop a measurement method for the investment and determine the terms and conditions of its implementation;
- assessing the consistency of the measurement method used with the specific characteristics of the investment;
- assessing the appropriateness of the inputs used to determine the 40% discount applied to Bellon SA's NAV in measuring the fair value of the investment;
- verifying that note 4.21 to the consolidated financial statements contains the appropriate disclosures on the measurement method used by management and the terms and conditions of its implementation.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group provided in the management report includes the consolidated non-financial information statement required under article L. 225-102-1 of the French Commercial Code. However, in accordance with the requirements of article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Sodexo by the Shareholders' Meetings held on February 22, 1994 for PricewaterhouseCoopers Audit and on February 4, 2003 for KPMG Audit.

At August 31, 2019, PricewaterhouseCoopers Audit and KPMG Audit were in the twenty-sixth and seventeenth consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of 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 expects 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 risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective 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 of 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 taken by users on the basis of these consolidated financial statements.

As specified in article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess 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 the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain 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 Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee 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 any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute 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, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, November 6, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Département de KPMG SA
Jean-Christophe Georghiou	Caroline Bruno Diaz

3.6 SUPPLEMENTAL INFORMATION AND CONDENSED GROUP ORGANIZATION CHART

3.6.1 Financial ratios

		FISCAL 2019	FISCAL 2018
Gearing ratio	Borrowings (1) – operating cash (2) / Shareholders' equity and non-controlling interests	27%	37.9%
Net debt ratio	Borrowings (1) – operating cash (2) / Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) (3)	0.9	1.0
Debt coverage	Borrowings / Operating cash flow	3.6 years	3.5 years
Financial independence	Non-current borrowings / Shareholders' equity and non-controlling interests	86.8%	106.3%
Return on equity	Profit attributable to equity holders of the parent / Equity attributable to equity holders of the parent (before profit for the period)	17.6%	24.7%
Return on capital employed (ROCE)	Operating profit after tax (4) / Capital employed (5)	15.5%	16.4%
Interest cover	Operating profit / Net borrowing cost	11.6	12.6

Financial ratios have been computed based on the following key indicators:

		FISCAL 2019	FISCAL 2018
(1) Borrowings	Non-current borrowings	3,909	3,537
	+ current borrowings excluding overdrafts	183	421
	- derivative financial instruments recognized as assets	(12)	(18)
		4,079	**3,940**
(2) Operating cash	Cash and cash equivalents	1,781	1,666
	+ financial assets related to the Benefits & Rewards Services activity	1,120	1,042
	- bank overdrafts	(35)	(28)
		2,866	**2,680**
(3) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Operating profit	1,059	997
	+ depreciation and amortization	365	317
		1,446	**1,314**
(4) Operating profit after tax	Operating profit	1,059	997
	Effective tax rate	29,0%	27.1%
		753	**727**
(5) Capital employed	Property, plant and equipment	684	619
	+ goodwill	6,158	5,664
	+ other intangible assets	801	704
	+ client investments	626	558
	+ working capital excluding restricted cash and financial assets of the Benefits & Rewards Services activity	(3,408)	(3,104)
		4,861	**4,441**

3.6.2 Two-year financial summary

	FISCAL 2019	FISCAL 2018
Total shareholders' equity	**4,498**	**3,328**
Equity attributable to equity holders of the parent	4,456	3,283
Non-controlling interests	42	45
Borrowings(1)	**4,079**	**3,940**
Non-current borrowings	3,903	3,534
Current borrowings	176	406
Cash and equivalent, net of bank overdrafts	**1,746**	**1,638**
Financial assets of the Benefits & Rewards Services activity (including restricted cash)	**1,120**	**1,042**
Net borrowings(2)	**1,213**	**1,260**
Revenue	**21,954**	**20,407**
Operating profit	1,059	997
Profit for the period	686	664
Profit attributable to non-controlling interests	21	13
Profit attributable to equity holders of the parent	**665**	**651**
Weighted average number of shares	**145,721,534**	**148,077,776**
Earnings per share (in euro)	4.56	4.40
Dividend per share paid during the fiscal year (in euro)	2.75	2.75
Share price at August 31 (in euro)	103	89.72
Highest share price in the fiscal year (in euro)	104.95	114.05
Lowest share price in the fiscal year (in euro)	84.92	78.10

(1) Including net financial instruments at fair value, excluding bank overdrafts.
(2) Cash and cash equivalents + restricted cash and financial assets of the Benefits & Rewards Services activity – borrowings.

3.6.3 Exchange rates

			CLOSING EXCHANGE RATE AT AUGUST 31, 2019	AVERAGE EXCHANGE RATE FISCAL 2019
ISO CODES	COUNTRIES	CURRENCY	1 EURO =	1 EURO =
CFA	Africa	CFA (thousands)	0.655957	0.655957
ZAR	South Africa	Rand	16.829900	16.166472
DZD	Algeria	Dinar (thousands)	0.132452	0.134551
SAR	Saudi Arabia	Riyal	4.145800	4.251915
ARS	Argentina	Peso	63.975290	63.975290
AUD	Australia	Dollar	1.639800	1.600774
BRL	Brazil	Real	4.587900	4.383893
BGN	Bulgaria	Lev	1.955800	1.955800
CAD	Canada	Dollar	1.465800	1.503486
CLP	Chile	Peso (thousands)	0.796240	0.772224
CNY	China	Yuan	7.890800	7.762257
COP	Colombia	Peso (thousands)	3.798000	3.628884
KRW	South Korea	Won (thousands)	1.333210	1.295776
CRC	Costa Rica	Colon (thousands)	0.627210	0.669458
DKK	Denmark	Krone	7.456200	7.463240
AED	United Arab Emirates	Dirham	4.060300	4.163829
USD	United States	Dollar	1.103600	1.133866
GNF	Guinea	Guinea Franc (thousands)	10.136770	10.310348
HKD	Hong Kong	Dollar	8.654900	8.885842
HUF	Hungary	Forint (thousands)	0.331070	0.322743
INR	India	Rupee (thousands)	0.078837	0.079854
IDR	Indonesia	Rupiah (thousands)	15.654570	16.273843
ILS	Israel	Shekel	3.889900	4.115329
JPY	Japan	Yen (thousands)	0.117280	0.125195
KZT	Kazakhstan	Tenge (thousands)	0.428010	0.427054
KWD	Kuwait	Dinar	0.335900	0.344107
LBP	Lebanon	Pound (thousands)	1.662670	1.706952
MGA	Madagascar	Ariary (thousands)	4.088000	4.011068
MYR	Malaysia	Ringgit	4.641200	4.690382
MAD	Morocco	Dirham	10.621200	10.839473
MXN	Mexico	Peso	22.156700	22.009574
MZN	Mozambique	Metical	67.440000	69.726782
NOK	Norway	Kroner	10.038000	9.713779
NZD	New Zealand	Dollar	1.749000	1.695499
OMR	Oman	Rial	0.425341	0.436251
PEN	Peru	Sol	3.751000	3.774781

ISO CODES	COUNTRIES	CURRENCY	CLOSING EXCHANGE RATE AT AUGUST 31, 2019 1 EURO =	AVERAGE EXCHANGE RATE FISCAL 2019 1 EURO =
PHP	Philippines	Peso	57.462000	59.300456
PLN	Poland	Zloty	4.381200	4.294881
QAR	Qatar	Riyal	4.025700	4.129098
CZK	Czech Republic	Koruna (thousands)	0.025914	0.025746
RON	Romania	New Lei	4.728400	4.711225
GBP	United Kingdom	Pound	0.905650	0.885108
RUB	Russia	Ruble (thousands)	0.073415	0.074334
SGD	Singapore	Dollar	1.531200	1.547685
SEK	Sweden	Krona	10.839500	10.480621
CHF	Switzerland	Swiss Franc	1.090900	1.125652
TZS	Tanzania	Shilling (thousands)	2.534910	2.609144
THB	Thailand	Baht	33.754000	36.072825
TND	Tunisia	Dinar	3.170577	3.323496
TRY	Turkey	New Lira	6.441800	6.348273
UYU	Uruguay	Peso	40.472000	38.033444
VEF	Venezuela	Bolivar (thousands)	2,448,545.229907	2,448,545.229907
VND	Vietnam	Dong	25,642.070000	26,387.457098

3.6.4 Investment policy

(in millions of euro)	FISCAL 2019	FISCAL 2018
Acquisitions of property, plant equipment and intangible assets, plus client investments	415	286
Acquisitions of equity interests	301	697

Investments in progress as of August 31, 2019:

- other firm commitments to acquire equity interests: as of the date of this document Sodexo has not made any significant firm commitment to acquire equity interests.

Because of the nature of the Group's activities, investments represent less than 2% of revenues and mainly relate to investments on the Group's sites, which are used to support operating activities and are financed by operating cash. None of these investments is individually significant in Fiscal 2018.

The main acquisitions made during Fiscal 2019 are indicated in note 4.6, "Goodwill", to the consolidated financial statements.

A detailed description of changes in investments is provided in notes 4.5, 4.7 and 4.8 to the consolidated financial statements.

3.6.5 Condensed Group organization chart

SODEXO SA

Holds directly or indirectly 100% of the subsidiaries indicated

UNITED KINGDOM	SODEXO LTD SODEXO HEALTHCARE SERVICES LTD SODEXO PRESTIGE LTD SODEXO DEFENCE SERVICES LTD KALYX LIMITED SODEXO EDUCATION SERVICES LTD SODEXO IRELAND LTD
NORTH AMERICA	SODEXO, INC CENTERPLATE ULTIMATE HOLDINGS, CORP. CK FRANCHISING, INC SODEXO REMOTE SITES LLC SODEXO CANADA LTD
FRANCE	SOGERES SA SODEXO ENTREPRISES SAS SODEXO SANTE MEDICO SOCIAL SAS SOCIETE FRANCAISE DE RESTAURATION ET SERVICES SODEXO SPORTS ET LOISIRS SODEXO JUSTICE SERVICES
EUROPE	SODEXO ITALIA SPA SODEXO BELGIUM SA SODEXO GERMANY BV SODEXO IBERIA SA SODEXO AB (SWEDEN) SODEXO NEDERLAND BV
SOUTH AMERICA	SODEXO CHILE SA SODEXO DO BRASIL COMERCIAL SA SODEXO FACILITIES MANAGEMENT SCES LTDA (BRASIL) SODEXO PEROU SAC SODEXO SAS (COLOMBIA)*
ASIA AUSTRALIA	SODEXO MANAGEMENT CO. LTD SHANGHAÏ SODEXO SINGAPORE PTE LTD SODEXO AUSTRALIA PTY LTD SODEXO REMOTE SITES AUSTRALIA PTY LTD SODEXO FOOD SOLUTIONS INDIA PRIVATE LTD SODEXO FACILITIES MANAGEMENT SERVICES INDIA PRIVATE LTD KELVIN CATERING SERVICES (UNITED ARAB EMIRATES) *
BENEFITS AND REWARDS SERVICES	SODEXO PASS INTERNATIONAL SAS (FRANCE) SODEXO PASS FRANCE SA SODEXO PASS DO BRASIL SERV. E COMERCIO SA SODEXO PASS CESKA REPUBLICA AS SODEXO PASS BELGIUM SA SODEXO MOTIVATION SOLUTIONS UK LTD INSPIRUS LLC (USA)

** Third party non-controlling interest*

NB: The operating subsidiaries indicated for each geographic area or activity are those with the highest revenues for Fiscal year 2019.

4

INFORMATION ON THE ISSUER

4.1 SODEXO S.A. INDIVIDUAL COMPANY FINANCIAL STATEMENTS

4.1.1 Income statement

(in millions of euro)	NOTES	FISCAL 2019	FISCAL 2018
Revenues	**3**	**128**	**114**
Other operating income		317	238
Purchases		(1)	(1)
Employee costs		(76)	(64)
Other operating expenses		(337)	(251)
Taxes other than income taxes		(9)	(10)
Depreciation, amortization and increase in provisions		(6)	(2)
Operating profit		**16**	**24**
Financial income/(expense), net	4	580	459
Exceptional income/(expense), net	5	(22)	(64)
Employee profit-sharing		-	-
Income taxes	6	23	62
Net income		**597**	**481**

4.1.2 Balance sheet

Assets

(in millions of euro)	NOTES	AUGUST 31, 2019	AUGUST 31, 2018
NON-CURRENT ASSETS, NET			
Intangible assets	7	38	9
Property, plant and equipment	7	4	1
Financial investments	7-9	6,618	5,897
TOTAL NON-CURRENT ASSETS	**7**	**6,660**	**5,907**
CURRENT AND OTHER ASSETS			
Accounts receivable	9	66	70
Prepaid expenses, other receivables and other assets	9	471	436
Marketable securities	11	145	177
Cash		84	112
TOTAL CURRENT AND OTHER ASSETS		**766**	**795**
TOTAL ASSETS		**7,426**	**6,702**

Liabilities and equity

(in millions of euro)	NOTES	AUGUST 31, 2019	AUGUST 31, 2018
SHAREHOLDERS' EQUITY			
Share capital		590	590
Additional paid-in capital		248	248
Reserves and retained earnings		2,010	1,818
Restricted provisions		**15**	**15**
TOTAL SHAREHOLDERS' EQUITY	**13**	**2,863**	**2,671**
Provisions for contingencies and losses	10	384	342
LIABILITIES			
Borrowings	14-15	3,609	3,407
Accounts payable	14	44	28
Other liabilities	14	526	254
TOTAL LIABILITIES AND PROVISIONS		**4,563**	**4,031**
TOTAL LIABILITIES AND EQUITY		**7,426**	**6,702**

4.2 NOTES TO THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

DETAILED LIST OF NOTES

1. SIGNIFICANT EVENTS

1.1 Capital transactions

During Fiscal year 2019, Sodexo S.A. purchased 1,431,455 of its own shares for 138 million euro, to be used for restricted shares grants.

1.2 Acquisition and investments in subsidiaries

On October 31, 2018 Sodexo acquired Novae, significantly expanding its footprint in the attractive Swiss market. Founded in 2003, the company is the leading independent player in high-end catering services for French-speaking Switzerland, with 700 employees serving a network of over 80 prestigious client sites.

1.3 Borrowings

On June 26, 2019, Sodexo S.A. issued bonds for 250 million pounds sterling redeemable in June 2028 and bearing interest at an annual rate of 1.75%, with interest payable annually on June 26. Accrued interest of this bond was 1 million euro as of August 31, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The individual company financial statements have been prepared in accordance with the *plan comptable général* of 2014 and regulation no. 2014-03 issued by the *Autorité des normes comptables* (ANC), as amended by regulation no. 2016-07 dated November 4, 2016.

The accounting policies applied in preparing the individual company financial statements for Fiscal 2019 are the same as those applied for Fiscal 2018. The financial statements have been prepared using the historical cost convention.

In accordance with regulation no. 2015-06 issued by the ANC, merger deficits are included in "Other financial assets" (see note 7, "Non-current assets").

ANC regulation no. 2015-05 concerning forward financial instruments and hedging transactions has been effective for Sodexo S.A. since September 1, 2017 (see note 2.5 below for further details).

The amounts presented in the tables in these notes are in millions of euro.

Exceptional items comprise items that do not relate to ordinary activities, and certain items that do relate to ordinary activities but are of an exceptional nature.

The balance sheet and income statement of Sodexo S.A. include amounts for branches in metropolitan France and in French overseas departments and regions.

2.1 Non-current assets

Non-current assets are valued at acquisition cost or historical cost. Acquisition cost comprises the amount paid plus all incidental costs directly related to the acquisition or to the installation of the asset, and incurred to enable the asset to function as intended.

Depreciation is calculated over the useful life of the asset using the straight-line method, which is considered to best reflect the underlying economic reality.

2.1.1 Intangible assets

Software is amortized over four to five years and integrated management software packages are amortized over three to seven years, depending on their expected useful lives.

The difference between the accounting and tax amortization of intangible assets is recognized as exceptional amortization.

2.1.2 Property, plant and equipment

The straight-line depreciation lives generally used are:

Buildings	20 years
General fixtures and fittings	3-10 years
Plant and machinery	4-10 years
Vehicles	4 years
Office and computer equipment	3-10 years
Other property, plant and equipment	5-10 years

2.1.3 Financial investments

Equity investments and other financial investments are carried on the balance sheet at cost. At each balance sheet date, a provision for impairment is recorded if the value in use of these assets is less than their net carrying amount including any merger deficits allocated to the assets for accounting purposes.

The value in use of investments is determined on the basis of net asset value, profitability and the future prospects of the investee.

When the carrying amount of an investment is higher than the net book value of the share of net assets of the subsidiary, the valuation is also supported by comparing the carrying amount of the investment to its value in use based on discounted future cash flows, using the following parameters:

- after-tax cash flows derived from business plans and a terminal value calculated by extrapolating the data for the final year of the business plan using a long-term growth rate specific to the business activity and geographic region Business plans generally cover one to five years;
- the cash flows are discounted using a rate based on the weighted average cost of capital.

Based on the estimated value in use, an investment may be maintained at a carrying amount in excess of the share of book net assets held.

Costs incurred to acquire shares in companies recognized at cost are recognized for tax purposes as exceptional amortization over a five-year period.

Receivables related to equity investments are recognized at face value. A provision for impairment is recorded where the recoverable amount is less than the carrying amount.

When an equity investment is sold or liquidated, any provision for impairment previously recognized against that investment is released and recorded as exceptional income.

2.2 Accounts receivable

Accounts receivable are recognized at face value. An allowance for doubtful accounts is recorded where the recoverable amount is less than the carrying amount.

2.3 Marketable securities (excluding treasury shares)

Marketable securities are recognized at acquisition cost, with any unrealized losses at the balance sheet date covered by a provision for impairment.

2.4 Treasury shares – restricted share and stock option plans

A provision is recorded when it is probable that stock option or restricted share plans will give rise to an outflow of resources. The amount of the provision is based on the cost of the treasury shares acquired (or to be acquired) for allocation to each plan. For stock option plans, the provision is net of the option exercise price.

Depending on the plan terms, the provision is recognized over the period in which the services are rendered by the beneficiaries, as applicable.

The provision is released upon delivery of the shares and recognition of a capital loss in an amount equal to the average cost of the delivered shares, less the option exercise price in the case of shares delivered upon exercise of stock options.

When treasury shares are neither allocated to a plan nor held for the purpose of being cancelled, they are valued at the lower of the average purchase price and the average market price for the last month of the fiscal year.

Treasury shares acquired for cancellation purposes are recognized in other financial assets and no provision for impairment is recorded.

2.5 Foreign currency transactions

Foreign currency revenues and expenses are translated using the exchange rate as of the transaction date. Foreign currency liabilities and receivables are translated in the balance sheet at the exchange rate prevailing as of the balance sheet date. Any difference arising from the retranslation of foreign currency liabilities and receivables at the closing exchange rate is recorded in the balance sheet. Unrealized foreign exchange losses at the balance sheet date are recognized to the extent the underlying balance is not hedged.

In accordance with the ANC regulation no. 2015-05, for foreign currency transactions a distinction is now made between commercial transactions and financial transactions, with the exchange gains and losses on these transactions recognized as follows:

- within operating profit, under “Other operating expenses” for commercial transactions;
- within “Financial income/(expense), net” for financial transactions. It includes the premiums on currency hedges recognized over the duration of the contracts.

2.6 Debt issuance costs

Debt issuance costs are recognized as a deferred charge asset in the balance sheet and amortized straight-line over the term of the debt.

2.7 Retirement benefits

Retirement benefit obligations due to active employees by law or under collective agreements are included in off-balance sheet commitments. Commitments under supplementary retirement plans are estimated using the projected unit credit method based on final salary and are also included in off-balance sheet commitments, net of any plan assets.

2.8 French tax consolidation

Sodexo S.A. is the lead company in the French tax consolidation, and has sole liability for income taxes for the entire French tax group. Each company included in the French tax consolidation recognizes the income tax for which it would have been liable had there been no French tax consolidation. Any income tax gains or losses arising from the French tax consolidation are recognized in the Sodexo S.A. financial statements.

In connection with position statement no. 2005-G issued on October 12, 2005 by the Urgent Issues Committee of the *Conseil national de la comptabilité* on the conditions under which a provision may be recognized by a Parent company covered by a French tax consolidation, Sodexo S.A. has elected the following accounting treatment: a provision for taxes is recognized in the financial statements of Sodexo S.A. to cover tax losses of subsidiaries which are used to offset income in the French tax consolidation and which will probably be reclaimed by the subsidiary. All tax losses incurred by operating subsidiaries are regarded as probable of being reclaimed by the subsidiary, given that the subsidiary will be able to offset such losses against income once it returns to profitability.

3. ANALYSIS OF NET REVENUES

(in millions of euro)	FISCAL 2019	FISCAL 2018
Revenues by business activity		
On-site Services	-	4
Holding company services	128	110
TOTAL	**128**	**114**
Revenues by geographic region		
France	128	110
French overseas departments and regions	-	4
TOTAL	**128**	**114**

4. FINANCIAL INCOME AND EXPENSE, NET

(in millions of euro)	FISCAL 2019	FISCAL 2018
Dividends received from subsidiaries and equity investments	711	541
Interest income	16	20
Interest expense	(82)	(72)
Net foreign exchange gain/(loss)	(45)	(6)
Net change in provisions for financial items	(20)	(24)
TOTAL	**580**	**459**

The amount of interest expense includes a merger deficit of 2 million euro relating to the reorganization of the Group’s legal structure.

The net change in provisions for financial items primarily corresponds to the net total of charges to and releases of provisions for impairment of equity investments for 17 million euro.

5. EXCEPTIONAL ITEMS, NET

(in millions of euro)	FISCAL 2019	FISCAL 2018
Net change in provision for negative net assets of subsidiaries and equity investments	(17)	(3)
Net expense on treasury shares and commitments under stock option plans	(8)	(14)
Net change in restricted provisions and exceptional depreciation	-	2
Net change in provisions for tax losses reclaimable by subsidiaries included in the French tax consolidation	(5)	(13)
Debt forgiveness/subsidies given	-	-
Net gain/(loss) on asset disposals	8	(36)
Other	-	-
TOTAL	**(22)**	**(64)**

The net loss on asset disposals includes gains and losses on equity investments sold in connection with the reorganization of the Group's legal structure.

The 8 million euro net expense on treasury shares and commitments under stock option plans comprises:

- a 41 million euro loss on the sale of treasury shares in connection with the exercise of stock options and delivery of restricted shares;
- a 33 million euro net decrease in the provision for restricted share grants.

6. ANALYSIS OF INCOME TAX EXPENSE

(in millions of euro)	PRE-TAX INCOME	INCOME TAXES	AFTER-TAX INCOME
Operating income	16	(9)	7
Financial income/(expense), net	580	5	585
Exceptional income/(expense), net	(22)	27*	5
Employee profit-sharing	-	-	-
TOTAL	**574**	**23**	**597**

* This amount includes the 24 million euro tax gain arising from the French tax consolidation.

7. NON-CURRENT ASSETS

(in millions of euro)	GROSS VALUE AT AUGUST 31, 2018	ADDITIONS DURING THE PERIOD	DECREASES DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	GROSS VALUE AT AUGUST 31, 2019	NET VALUE AT AUGUST 31, 2019
Intangible assets	14	20	-	55	89	38
Property, plant and equipment	12	1	-	4	17	4
Financial investments						
• Equity investments	5,981	932	197	(79)	6,637	6,488
• Receivables related to equity investments	52	41	39	-	54	43
• Other financial assets	15	9	-	63	87	87
TOTAL FINANCIAL INVESTMENTS	**6,048**	**982**	**236**	**(16)**	**6,778**	**6,618**
TOTAL	**6,074**	**1,003**	**236**	**43**	**6,884**	**6,660**

In accordance with ANC regulation no. 2015-06, the merger deficits are included in "Other financial assets" for 74 million euro.

Sodexo S.A. participated in the recapitalization of its subsidiaries in Brazil and Ireland.

In addition, Sodexo S.A. created and acquired new foreign subsidiaries in connection with the Group's international expansion during the fiscal year and participated in the share capital increases of several of its existing subsidiaries.

"Other movements during the period" were due to the reorganization of the Group's legal structure.

8. DEPRECIATION AND AMORTIZATION

(in millions of euro)	ACCUMULATED DEPRECIATION AND AMORTIZATION AUGUST 31, 2018	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	ACCUMULATED DEPRECIATION AND AMORTIZATION AUGUST 31, 2019
Intangible assets	5	4	-	42	51
Property, plant and equipment	10	1	-	2	13
TOTAL	**15**	**5**	**-**	**44**	**64**

9. AMOUNT AND MATURITY OF RECEIVABLES AND OTHER ASSETS

(in millions of euro)	GROSS VALUE	LESS THAN 1 YEAR	MORE THAN 1 YEAR	AMORTIZATION AND PROVISIONS	CARRYING AMOUNT
Equity investments	6,637	-	6,637	149	6,488
Receivables related to equity investments	54	45	9	11	43
Other financial assets	87	13	74	-	87
TOTAL FINANCIAL INVESTMENTS	**6,778**	**58**	**6,720**	**160**	**6,618**
Accounts receivable	68	68	-	2	66
Prepaid expenses, other receivables and other assets	471	306	165	-	471
TOTAL ACCOUNTS AND OTHER RECEIVABLES*	**539**	**374**	**165**	**2**	**537**
TOTAL	**7,317**	**432**	**6,885**	**162**	**7,155**

* After deducting sold receivables, notably 41 million euro worth of CICE tax credits that have been derecognized as their sale involved the transfer of substantially all of the risks and rewards related to ownership of the receivables.

There is no commercial paper included in accounts receivable.

10. PROVISIONS AND IMPAIRMENT

(in millions of euro)	AUGUST 31, 2018	INCREASES AND CHARGES DURING THE PERIOD	DECREASES, RELEASES AND RECLASSIFICATIONS DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	AUGUST 31, 2019
Provisions for contingencies and losses	342	124	82	-	384
Impairment					
• financial investments	152	45	28	(9)	160
• current assets	3	-	1	-	2
TOTAL IMPAIRMENT	**155**	**45**	**29**	**(9)**	**162**
TOTAL	**497**	**169**	**111**	**(9)**	**546**
Increases and decreases:					
• operating items		9	3		
• financial items		75	57		
• exceptional items		84	51		

As of August 31, 2019, the main provisions for contingencies and losses were for the following:

- restricted share grants for 209 million euro;
- losses reclaimable by subsidiaries included in the French tax consolidation for 111 million euro;
- subsidiaries in negative net equity positions for 22 million euro;
- foreign exchange losses for 30 million euro.

11. MARKETABLE SECURITIES

(in millions of euro)	GROSS VALUE AUGUST 31, 2019	NET VALUE AUGUST 31, 2019	NET VALUE AUGUST 31, 2018
Treasury shares	137	137	160
Cash in the liquidity contract account	8	8	17
TOTAL	**145**	**145**	**177**

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE FISCAL YEAR

	MARKETABLE SECURITIES	OTHER FINANCIAL ASSETS
Number of shares held		
September 1, 2018	1,869,352	-
Acquisitions	1,431,455*	-
Disposals	(1,852,241)*	-
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	-	-
Allocation as treasury shares held for cancellation	-	-
August 31, 2019	1,448,566	-
Gross value of shares held (in millions of euro)		
September 1, 2018	177	-
Acquisitions	138*	-
Disposals	(170)*	-
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	-	-
Allocation as treasury shares held for cancellation	-	-
August 31, 2019	145	-

* Acquisitions and disposals include the implementation of the liquidity contract signed with an investment services provider, which complies with the decision 2018-01 of the French securities regulator (*Autorité des marchés financiers* – AMF), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations.
Disposals of treasury shares also include those resulting from the exercise of stock options and delivery of free shares granted to employees in prior years.

4

13. SHAREHOLDERS' EQUITY

13.1 Share capital

As of August 31, 2019, the Company's share capital totaled 589,819,548 euro and comprised 147,454,887 shares, including 68,751,968 with double voting rights.

Since Fiscal 2013, all shares held in registered form for at least four years and still held in that form when the dividend becomes payable for the related fiscal year, qualify for a 10% dividend premium, provided that they do not represent over 0.5% of the capital per shareholder.

13.2 Changes in shareholders' equity

(in millions of euro)

Shareholders' equity at end of previous fiscal year	2,671
Dividends approved by Shareholders Meeting and paid	(407)
Dividends on treasury shares	5
Net income for the fiscal year	597
Restricted provisions	-
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	-
Other – Premiums/discounts on currency forwards	(3)
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	**2,863**

In accordance with article L.225-210 of the French Commercial Code, Sodexo has reserves in addition to the legal reserve at least equal to the value of treasury shares held.

14. AMOUNT AND MATURITY OF LIABILITIES

LIABILITIES (in millions of euro)	GROSS AMOUNT	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Bond issues	2,493	13	600	1,880
Borrowings from related companies	618	17	21	580
Other borrowings	498	7	491	-
SUB-TOTAL BORROWINGS	**3,609**	**37**	**1,112**	**2,460**
Accounts payable*	44	44	-	-
Other liabilities	526	526	-	-
TOTAL	**4,179**	**607**	**1,112**	**2,460**

* Only accounts payable and accrued expenses are included in this line item.

There is no commercial paper included in payables.

ACCOUNTS PAYABLE BY AMOUNT AND DUE DATE (in millions of euro)	TOTAL	< 30 DAYS	31-44 DAYS	45-75 DAYS	76-90 DAYS	> 90 DAYS
Non-Group accounts payable*	37	37	-	-	-	-
Group accounts payable	7	7	-	-	-	-
TOTAL	**44**	**44**	**-**	**-**	**-**	**-**

* Only accounts payable and accrued expenses are included in this line item.

15. BOND ISSUES AND OTHER BORROWINGS

15.1 Bond issues

On June 24, 2014, Sodexo S.A. completed a bond issue structured in two tranches:

- a 600-million euro tranche redeemable at par on January 24, 2022 and bearing interest at an annual rate of 1.75%, with interest payable annually on January 24;
- a 500-million euro tranche redeemable at par on June 24, 2026 and bearing interest at an annual rate of 2.50%, with interest payable annually on June 24.

Accrued interest on these bonds amounted to 9 million euro as of August 31, 2019.

On October 14, 2016 Sodexo S.A. issued bonds for 600 million euro redeemable in April 2027 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 14. On August 1, 2017, the Company increased this issue with an additional 200 million euro of bonds. Accrued interest on these bonds was 2 million euro as of August 31, 2019.

On May 22, 2018, Sodexo S.A. issued bonds for 300 million euro redeemable in May 2025 and bearing interest at an annual rate of 1.125%, with interest payable annually on May 22. Accrued interest on this bond was 1 million euro as of August 31, 2019.

On June 26, 2019, Sodexo S.A. issues bonds for 250 million pounds sterling redeemable in June 2028 and bearing interest at an annual rate of 1.75%, with interest payable annually on June 26. Accrued interest on this bond was 1 million euro as of August 31, 2019.

None of the above-described bonds are subject to financial covenants.

15.2 Other borrowings

15.2.1 July 2011 multicurrency confirmed credit facility

On July 18, 2011, Sodexo S.A. contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars, with an original maturity date of July 18, 2016. This facility has been amended on a number of occasions with the most recent amendment being in July 2019 with a new maturity date of July 2024, with two options to extend the maturity by one year each, up to July 2026. The maximum available limits under this facility now are 589 million euro plus 785 million U.S dollars.

The most recent amendment also incorporates a sustainability clause that links the credit facility cost to Sodexo's ability to comply with its public commitment to reduce its food waste by 50% by 2025.

Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenants.

No amounts had been drawn down on the facility as of either August 31, 2019 or August 31, 2018.

15.2.2 U.S. Private Placements

The features of the Group's outstanding U.S. private placements as of August 31, 2019 are as follows:

DATE OF THE PLACEMENT	PRINCIPAL OUTSTANDING (in millions of U.S. dollars)	FIXED INTEREST RATE	MATURITY
March 29, 2011	133 74	4.85% 4.95%	March 2021 March 2023
SUB-TOTAL	**207***		
June 27, 2018	400	3.7%	June 2023
SUB-TOTAL	**400**		
TOTAL	**607**		

* After deducting 147 million U.S. dollars redeemed on March 29, 2018.

The borrowing is subject to two financial covenants calculated by reference to the Group's consolidated financial statements:

- net debt (excluding restricted cash) must not exceed 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative foreign exchange gains or losses since August 31, 2007 must not be less than 1.3 billion euro.

If the covenants are not respected, the lenders may, with a qualified majority, require early reimbursement of these borrowings.

The Group was in compliance with these covenants as of August 31, 2019, February 28, 2019 and August 31, 2018.

15.2.3 Commercial paper

As of August 31, 2019, borrowings under the Sodexo S.A. commercial paper programs are nil, compared with 80 million euro as of August 31, 2018.

The bond issues and borrowings from financial institutions described above have customary early redemption clauses. There clauses include cross-default and change in control clauses, which apply to all of the borrowings.

15.3 Borrowings from related companies

On September 14, 2017, Sodexo S.A. borrowed 580 million euro from its subsidiary Sodexo Finance Designed Activity Company redeemable in September 2034. Accrued interest on this borrowing was 15 million euro as of August 31, 2019.

16. ACCRUED EXPENSES – DEFERRED REVENUES AND PREPAID EXPENSES

ACCRUED EXPENSES (in millions of euro)	
Borrowings	36
Accounts payable	18
Tax and employee-related liabilities	25
TOTAL	**79**

DEFERRED REVENUES AND PREPAID EXPENSES (in millions of euro)	
Deferred revenues	1
Prepaid expenses	18

17. RELATED-PARTY INFORMATION

(in millions of euro)	RELATED PARTIES	ASSOCIATED COMPANIES	OTHER	TOTAL
Assets – Gross values				
Equity investments	6,613	24	-	6,637
Receivables related to equity investments	42	12	-	54
Other investment securities	-	-	-	-
Advances to suppliers	-	-	-	-
Accounts receivable	65	-	-	65
Other operating receivables	814	-	-	814
Due from related companies	14	-	-	14
Non-operating receivables	-	-	-	
TOTAL	**7,548**	**36**	**-**	**7,584**
Liabilities				
Accounts payable	6,596	-	-	6,596
Due to related companies	342	-	-	342
TOTAL	**6,938**	**-**	**-**	**6,938**
Income statement				
Revenues	126	-	-	126
Other operating income	250	-	-	250
Other operating expenses	(228)	-	-	(228)
Financial income	751	-	-	751
Financial expenses	(65)	-	-	(65)
Exceptional income	233	-	-	233
Exceptional expenses	(219)	-	-	(219)

Related parties: fully consolidated companies.

Associated companies: companies accounted for under the equity method, and non-consolidated companies in which Sodexo S.A. has an equity interest of more than 10%.

Other: companies accounted for under the equity method, and non-consolidated companies in which Sodexo S.A. has an equity interest of less than 10%.

There has been no related-party transaction that is both material and falls outside the framework of normal business dealings concuded at conditions that are not arms-length.

4

18. FINANCIAL COMMITMENTS

18.1 Commitments made by Sodexo S.A.

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Performance bonds given to Sodexo Group clients	1,606	1,559
Financial guarantees to third parties	5,598	4,137
Retirement benefit commitments	13	12
Other commitments	137	142
TOTAL	**7,354**	**5,850**

Financial guarantees to third parties concern (i) guarantees for loans granted to Sodexo S.A. subsidiaries, (ii) guarantees related to reverse factoring programs set up by Sodexo S.A. subsidiaries, capped at 580 million euro (of which 123 million euro was guaranteed as of August 31, 2019), and (iii) a 1,400 million euro guarantee given in Fiscal 2018 for a new commercial paper program.

Sodexo S.A. has issued a guarantee for the repayment of bonds for 1,100 million U.S. dollars issued in March 2014 by Sodexo, Inc. in a private placement with U.S. investors.

The leases for the Group's corporate headquarters in Issy-les-Moulineaux increased commitments for office leases by 23 million euro.

Other commitments notably include the guarantee issued by Sodexo S.A. in October 2012 to cover Sodexo UK's retirement plan obligation in the United Kingdom (*i.e.*, until October 2024). This guarantee was issued to the plan trustee for a maximum 100 million pounds sterling with a 12-year term.

18.2 Commitments received by Sodexo S.A.

(in millions of euro)	AUGUST 31, 2019	AUGUST 31, 2018
Commitments received	2,950	2,921

Commitments received mainly correspond to counter-guarantees by Sodexo, Inc. of Sodexo S.A.'s financial borrowings, which increased due to the new borrowings set up during the year.

18.3 Financial instrument commitments

The ongoing commitments as of the end of the year were as follows:

DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	NOMINAL AMOUNT	MARKET VALUE AS OF AUGUST 31, 2019
Forward currency purchase	April 2011 June 2019	April 2021 June 2028	USD 633 million GBP 250 million	EUR 118 million EUR 4 million
Swap hedging the currency and interest rate risk on loans to Sodexo do Brasil Comercial SA	November 2018	May 2020 November 2020	BRL 120 million	< EUR 1 million

Sodexo may use derivative financial instruments in order to hedge its exposure to volatility in interest and currency exchange rates.

19. PRINCIPAL FUTURE ADJUSTMENTS TO THE TAX BASIS

INCREASES (in millions of euro)	
Exceptional amortization	15

DECREASES (in millions of euro)	
Employee profit-sharing	-
Other non-deductible provisions	2

The future tax liability related to this unrealized tax difference was 4 million euro, calculated at a rate of 34.43%.

20. RETIREMENT BENEFIT COMMITMENTS

20.1 Retirement benefits payable by law or under collective agreements

Sodexo S.A. is required to pay benefits to retiring employees on the terms stipulated in a company-wide collective agreement. The amount of the commitment has been calculated on the basis of rights vested at the balance sheet date, taking into account assumptions about final salary, discount rates and employee turnover.

This commitment, which is not recognized as a liability in the balance sheet, was estimated at 5 million euro as of August 31, 2019.

20.2 Commitments related to a supplemental pension plan

Commitments related to a supplemental pension plan were estimated using the projected unit credit method based on final salary and net of funding for the plan. These commitments, amounting to 8 million euro, are not recognized in the financial statements.

21. DIRECTORS' FEES

Directors' fees paid to Board members during the fiscal year represented less than 1 million euro (refer to section 5.5.3.1).

22. FRENCH TAX CONSOLIDATION

22.1 Benefit arising from French tax consolidation

Sodexo S.A. recognized a benefit of 24 million euro from the French tax consolidation for Fiscal 2019. This benefit represents the difference between the aggregate of the income tax benefits recognized by the French subsidiaries included in the French tax consolidation and the income tax liability of Sodexo S.A. as lead company in the French tax consolidation.

22.2 Tax losses reclaimable as of August 31, 2019

The amount of potentially reclaimable tax losses from subsidiaries included in the French tax consolidation as of August 31, 2019 was 321 million euro, resulting in a provision of 111 million euro (using a rate of 34.43%).

23. AVERAGE NUMBER OF EMPLOYEES

	AUGUST 31, 2019	AUGUST 31, 2018
Managers	358	303
Supervisors	30	29
Other	37	31
Apprentices	9	7
TOTAL	**434**	**370**

The average number of employees is an average of the number of employees who were present at the end of each quarter, and includes employees working at Sodexo S.A. branches in France and the French overseas departments and regions.

24. CONSOLIDATION

Sodexo S.A. is consolidated in the financial statements of Bellon SA, which has its registered office at 17-19, place de la Résistance, Issy-les-Moulineaux, France. The consolidated financial statements of the Sodexo Group are presented in chapter 3 of this Universal Registration Document.

25. POST-BALANCE SHEET EVENTS

No significant events occurred between the end of the reporting period and the date on which the Board of Directors approved the financial statements.

26. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(in thousands of euro)	CAPITAL	OTHER SHAREHOLDERS' EQUITY	PERCENTAGE INTEREST IN CAPITAL	BOOK VALUE OF INVESTMENT		LOANS AND ADVANCES GRANTED, NET	GUARANTEES GIVEN	REVENUES FOR MOST RECENT FISCAL YEAR	INCOME FOR MOST RECENT FISCAL YEAR	DIVIDENDS RECEIVED DURING THE FISCAL YEAR
				GROSS	NET					
Detailed information										
French subsidiaries										
Sodexo Pass International SAS	406,656	290,193	100,00%	662,056	662,056	-	-	-	95,493	80,823
Sodexo Entreprises	51,697	17,798	100,00%	201,669	201,669	-	1,250	701,235	12,214	16,132
Sofinsod SAS	82,683	267,137	100,00%	133,860	133,860	-	-	-	261,851	11,104
Sogeres	2,153	17,204	92,26%	107,717	107,717	-	-	479,554	2,448	8,500
Sodexo GC	15,095	(2,840)	100,00%	72,218	72,218	-	-	-	(650)	-
Lenôtre SA	2,606	(25,898)	100,00%	62,394	1,517	-	-	97,602	(10,607)	-
SEVPTE	92	5,896	100,00%	34,659	34,659	-	-	54,890	5,823	6,599
Société Française de Restauration et Services	1,899	(17,142)	100,00%	31,741	16,411	-	2,140	268,373	(17,387)	-
Foodchéri	273	(808)	86,99%	29,920	29,920	-	200	9,394	(7,950)	-
Sodexo Ventures France	143	(1,345)	100,00%	23,425	2,900	-	-	-	(592)	-
Sodexo Afrique SARL	1,624	(2,816)	100,00%	14,539	17	-	-	-	(379)	-
Ouest Catering	516	240	100,00%	7,900	7,900	-	-	-	(148)	1,535
French equity investments										
-	-	-	-	-	-	-	-	-	-	-
Foreign subsidiaries										
Sodexo, Inc.	4	1,642,206	100,00%	2,120,844	2,120,844	-	1,342,011	8,201,700	228,987	301,641
Sodexo Finance Designed Activity Company	379,830	491,764	100,00%	807,830	807,830	-	2,730,308	-	45,084	-
Sodexo Holdings Ltd	419,197	7,775	100,00%	555,305	555,305	-	1,104	-	-	140,700
Sodexo do Brasil Comercial SA	119,991	221,377	98,58%	446,729	446,729	27,207	9,062	625,785	25,476	-
Sodexo Beteiligungs BV & Co. KG	192	178,290	100,00%	195,456	195,456	-	-	-	5,035	-
Sodexo Australia Pty Ltd	96,838	(51,606)	100,00%	117,928	117,928	-	23,600	72,516	(13,716)	-
Novae Holding SA	229	84	100,00%	112,045	112,045	-	-	-	302	-
Sodexo Food Solutions India Private Limited	12,177	(4,606)	100,00%	110,442	110,442	-	-	117,610	883	-
Sodexo AB	10,000	31,727	100,00%	101,264	101,264	-	-	344,431	7,537	-
Sodexo Services Asia	86,466	23,823	100,00%	89,462	89,462	-	27,184	-	4,134	16,314

(in thousands of euro)	CAPITAL	OTHER SHAREHOLDERS' EQUITY	PERCENTAGE INTEREST IN CAPITAL	BOOK VALUE OF INVESTMENT GROSS	BOOK VALUE OF INVESTMENT NET	LOANS AND ADVANCES GRANTED, NET	GUARANTEES GIVEN	REVENUES FOR MOST RECENT FISCAL YEAR	INCOME FOR MOST RECENT FISCAL YEAR	DIVIDENDS RECEIVED DURING THE FISCAL YEAR
Sodexo Nederland B.V.	45	25,205	100,00%	80,435	80,435	-	800	274,256	(23,734)	-
Compagnie Financière Aurore International	58,010	210,516	100,00%	68,920	68,920	-	-	-	517	-
Sodexo Belgium SA	16,765	22,277	98,54%	43,428	43,428	-	3,957	328,889	1,699	1,867
Sodexo Iberia SA	3,467	14,678	98,86%	26,804	26,804	-	-	246,674	2,188	2,796
Sodexo Entegre Hizmet Yonetimi AS	9,305	-	100,00%	25,530	25,530	-	4,657	54,542	878	-
Sodexo Global Services UK Limited	24,844	100,346	100,00%	24,391	24,391	-	-	-	89,221	64,832
Sodexo Technical Services India Pvt. Ltd	621	6,264	100,00%	20,994	20,994	-	-	38,408	1,505	-
Sodexo Mexico SA de CV	5,838	1,395	100,00%	17,434	17,434	-	-	65,811	1,246	-
Sodexo Inversiones SA	14,187	24,536	100,00%	16,100	16,100	-	46,359	-	3,830	-
Sodexo Facilities Management Services India Private Ltd	10,726	(500)	100,00%	14,191	14,191	-	-	106,429	1,810	-
Sodexo One-Site Services Israel Ltd	-	878	100,00%	12,869	12,869	-	5,270	41,656	(87)	-
Sodexo Argentina SA	201	3,716	99,57%	12,822	12,822	-	2,949	50,714	(2,160)	-
Sodexo Chile SpA	11,563	11,824	100,00%	10,999	10,999	-	26,414	366,782	4,730	-
Kalyx Limited	17	201,871	100,00%	9,430	9,430	-	-	175,983	27,975	-
Sodexo SRL	7,622	(5,720)	100,00%	8,872	-	-	300	14,154	(2,478)	-
Sodexo Singapore Pte Ltd	8,817	3,142	100,00%	8,614	8,614	-	-	65,257	845	-
Sofinsod Insurance Designed Activity Company	7,868	(626)	100,00%	7,868	7,868	-	5,500	-	400	-
Sodexo Maroc SA	2,608	(1,752)	100,00%	7,667	3,461	-	1,883	23,316	(255)	-
Sodexo OY	5,046	3,661	100,00%	7,054	7,054	-	-	139,061	2,123	919
Sodexo Italia SPA	1,898	72,682	100,00%	7,029	7,029	-	-	419,322	17,732	14,311
Sodexo S.R.O.	2,608	(2,174)	100,00%	6,420	434	-	-	29,400	(1,532)	-
Sodexo Euroasia	63	16,263	100,00%	6,214	6,214	-	-	74,778	8,101	-

(in thousands of euro)	CAPITAL	OTHER SHAREHOLDERS' EQUITY	PERCENTAGE INTEREST IN CAPITAL	BOOK VALUE OF INVESTMENT GROSS	BOOK VALUE OF INVESTMENT NET	LOANS AND ADVANCES GRANTED, NET	GUARANTEES GIVEN	REVENUES FOR MOST RECENT FISCAL YEAR	INCOME FOR MOST RECENT FISCAL YEAR	DIVIDENDS RECEIVED DURING THE FISCAL YEAR
Foreign equity investments										
Sodexo GmbH	308	307,301	37,37%	38,702	38,702	-	-	-	(82)	-
Mentor Technical Group Corporation	3	19,968	45,00%	18,423	18,423	-	-	-	1,590	599
Eat Club, Inc.	49,021	(27,478)	17,05%	18,395	18,395	-	-	56,965	(6,264)	-
Socat LLC	600	3,237	49,00%	11,372	11,372	-	-	31,034	1,153	824
Aggregate information										
Other French subsidiaries	-	-	-	18,779	16,692	10	43,576	-	-	26,451
Other foreign subsidiaries	-	-	-	35,766	21,935	13,498	44,048	-	-	22,526
Other French equity investments	-	-	-	1,787	1,419	-	1,786	-	-	86
Other foreign equity investments	-	-	-	10,155	7,584	272	-	-	-	8,656
TOTAL	**-**	**-**	**-**	**6,636,866**	**6,487,692**	**40,987**	**4,324,358**	**-**	**-**	**727,215**

4

4.3 SUPPLEMENTAL INFORMATION ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

4.3.1 Five-year financial summary

(in millions of euro)	FISCAL 2019(1)	FISCAL 2018	FISCAL 2017	FISCAL 2016	FISCAL 2015
Capital at end of period					
Share capital	590	590	603	615	629
Number of ordinary shares outstanding	147,454,887	147,454,887	150,830,449	153,741,139	157,132,025
Maximum number of potential new shares issuable by conversion of bonds	-	-	-	-	-
Income statement data					
Revenues excluding taxes	128	114	119	132	86
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	632	450	428	587	370
Income tax	24	62	14	(15)	(14)
Employee profit-sharing	-	-	-	-	-
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	597	481	396	616	324
Dividend payout	430	407	417	371	347
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	4.44	3.47	2.93	3.72	2.27
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	4.05	3.26	2.62	4.01	2.06
Net dividend per share(2)	2.90	2.75	2.75	2.40	2.20
Dividend premium per eligible share(2)	0.29	0.275	0.275	0.24	0.22

(1) Subject to approval by the Annual Shareholders Meeting to be held on January 21, 2020.
(2) The Board of Directors proposes that the Annual Shareholders Meeting on Juanuary 21, 2020 approve the payment of a cash dividend of 2.90 euro per share. In addition, and in accordance with the system adopted by the Annual Shareholders Meeting held on January 24, 2011, shares held in registered form since at least August 31, 2011 and still held in that form when the dividend becomes payable February 3, 2020, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.29 euro per share (provided that the shares eligible for the dividend premium do not represent over 0.5% of the share capital for any single shareholder).

(in millions of euro)	FISCAL 2019	FISCAL 2018	FISCAL 2017	FISCAL 2016	FISCAL 2015
Employee data					
Average number of employees during the fiscal year	434	370	360	337	301
Salary expense for the fiscal year	55	44	40	40	39
Social security and other employee benefits paid during the fiscal year	22	20	16	16	21

4.3.2 Appropriation of earnings

(in millions of euro)	FISCAL 2019[1]	FISCAL 2018	FISCAL 2017	FISCAL 2016	FISCAL 2015
Net income	597	481	396	616	324
Retained earnings	1,276	1,202	1,223	966	981
Retained earnings[2]	23	18	11	12	8
Retained earnings[3]	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-
Transfer from long-term capital gains reserve	**-**	**-**	**-**	**-**	**-**
Distributable earnings	1,896	1,701	1,630	1,594	1,313
Net dividend	427	405	415	369	346
Dividend premium[4]	3	2	2	2	1
Reserves	-	-	-	-	-
Retained earnings	**1,465**	**1,294**	**1,213**	**1,223**	**966**
Number of shares outstanding	**147,454,887**	**147,454,887**	**150,830,449**	**153,741,139**	**157,132,025**
Number of shares entitled to a dividend	**147,454,887**	**147,454,887**	**150,830,449**	**153,741,139**	**157,132,025**
Earnings per share (in euro)	**4.05**	**3.26**	**2.62**	**4.01**	**2.06**

(1) Subject to approval by the Annual Shareholders Meeting to be held on January 21, 2020.
(2) Corresponding to dividends not paid on treasury shares.
(3) Corresponding to the 10% dividend premium not paid.
(4) The Board of Directors proposes that the Annual Shareholders Meeting on January 21, 2020 approve the payment of a cash dividend of 2.90 euro per share. In addition, shares held in registered form since at least August 31, 2011 and still held in that form when the dividend becomes payable on February 3, 2020, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.29 euro per share (provided that the shares eligible for the dividend premium do not represent over 0.5% of the share capital for any single shareholder).

4

4.3.3 Supplier and client dues

INVOICES RECEIVED AND PAST DUE AS OF AUGUST 31, 2019

(in millions of euro)	0 DAYS	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 91 DAYS	TOTAL (1 DAY AND OVER)
Classified as late payment						
Number of invoices	562	-	-	-	-	968
Amount (incl. VAT)	17	6	2	1	-	9
% of total purchases (net of VAT) for the fiscal year	9.3%	3.1%	1.3%	0.5%	0.2%	5.1%
Invoices related to disputed or unrecognized payables and not classified as late payment						
Number of invoices			-			
Amount (incl. VAT)			-			
Reference payment terms used						
			Contractual payment terms			

INVOICES ISSUED AND PAST DUE AS OF AUGUST 31, 2019

(in millions of euro)	0 DAYS	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 91 DAYS	TOTAL (1 DAY AND OVER)
Classified as late payment						
Number of invoices	291	-	-	-	-	1,486
Amount (incl. VAT)	30	5	9	-	22	35
% of total purchases (net of VAT) for the fiscal year	8.1%	1.2%	2.4%	-	5.7%	9.3%
Invoices related to disputed or unrecognized receivables and not classified as late payment						
Number of invoices				67		
Amount (incl. VAT)				2		
Reference payment terms used						
				Contractual payment terms		

4.4 STATUTORY AUDITORS' REPORT

4.4.1 Statutory Auditors' Report on the financial statements

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended August 31, 2019

SODEXO
255, quai de la Bataille-de-Stalingrad
92866 Issy-les-Moulineaux Cedex 9, France

To the shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders Meeting, we have audited the accompanying financial statements of Sodexo for the year ended August 31, 2019.

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 at August 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 of the audit opinion

Audit reference 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 these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from September 1, 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Justification of our 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 the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Valuation of equity investments

Description of risk

The balance of equity investments at August 31, 2019 represented 6,488 million euro, the largest asset on the balance sheet. Equity investments are carried at cost, and at each balance sheet date, may be impaired based on their value in use.

As described in note 2.1.3 to the financial statements, value in use is determined by management on the basis of net asset value, profitability and the future prospects of the investee.

When the carrying amount of an investment is higher than the net book value of the share of net assets of the subsidiary, value in use is determined based on discounted future cash flows, using business plans prepared by management and covering one to five years. In preparing such business plans, management is required to exercise judgment.

Accordingly, we deemed the valuation of equity investments and any related receivables or provisions for contingencies to be a key audit matter, due to the inherent uncertainty of certain components of the valuation, in particular the likelihood of achieving forecast results used to calculate value in use.

How our audit addressed this risk

In order to assess the reasonableness of the estimate of the value in use of equity investments, based on the information provided to us, our audit work consisted mainly in verifying that the estimated values determined by management were based on an appropriate measurement method and underlying data, and, depending on the investee concerned:

- for valuations based on historical data: verifying that the equity values used were consistent with the financial statements of the entities concerned, and that any adjustments to equity were based on documentary evidence;
- for valuations based on forecast data:
  - obtaining forecast future cash flows of the investees concerned, and assessing their consistency with the business plans drawn up by management,
  - assessing the consistency of the growth rates used for projected cash flows with available external analyses, in light of the economic environments in which the investees operate,
  - assessing the reasonableness of the discount rates applied to estimated future cash flows, verifying in particular that the various inputs used to calculate the weighted average cost of capital for each investee were sufficient to approximate the return expected by market participants for similar activities.

Our audit work also consisted in:

- assessing the recoverability of receivables related to equity investments;
- verifying the recognition of provisions for contingencies where the Company is exposed to the losses of investees with negative equity.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the Management Report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' Management Report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-4 of the French Commercial Code.

Information with respect to Corporate Governance

We attest that the section of the Board of Directors' Report relating to 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 relating to remuneration and benefits received by corporate officers 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 companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L. 225-37-5 of the French Commercial Code relating to those items your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to 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 Statutory Auditors

We were appointed Statutory Auditors of Sodexo by the Shareholders Meetings held on February 22, 1994 for PricewaterhouseCoopers Audit and on February 4, 2003 for KPMG Audit.

At August 31, 2019, PricewaterhouseCoopers Audit and KPMG Audit were in the twenty-sixth and the seventeenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of 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 expects 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 risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective 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 of 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 taken by users on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their 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;
- obtain an understanding of the internal control procedures 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess 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 the Audit Report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the Audit Report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee 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 any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute 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, as defined in particular in articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, November 6, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Caroline Bruno-Diaz

4.4.2 Statutory Auditors' Report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' Special Report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Shareholders' Meeting held to approve the financial statements for the year ended August 31, 2019

SODEXO
255, quai de la Bataille-de-Stalingrad
92866 Issy-les-Moulineaux Cedex 9, France

To the shareholders,

In our capacity as Statutory Auditors of Sodexo, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

4

Agreements and commitments to be approved by the Shareholders Meeting

Agreements and commitments authorized and entered into during the year

We were not informed of any agreement or commitment authorized and entered into during the year to be submitted for approval at the Shareholders' Meeting pursuant to the provisions of article L. 225-38 of the French Commercial Code.

Agreements and commitments authorized and entered into since the year end

We were informed of the following commitment, authorized and entered into since the year end, which was authorized in advance by the Board of Directors.

SUPPLEMENTAL PENSION PLAN FOR DENIS MACHUEL, GROUP CHIEF EXECUTIVE OFFICER

- Purpose and reasons given as to why they are beneficial for the Company:

Since he was appointed a member of the Sodexo Group's Executive Committee in September 2014, Denis Machuel has been a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code (Code général des impôts) and article L. 137-11-1 of the French Social Security Code (Code de la sécurité sociale), set up for the Group's most senior executives who hold an employment contract with one of its French companies.

Following his appointment as Group Chief Executive Officer, at its meeting on April 27, 2018, on the recommendation of the Compensation Committee, the Board of Directors decided to authorize Denis Machuel to continue to be a beneficiary of this plan.

This commitment to Denis Machuel was approved by the Shareholders' Meeting of January 22, 2019. According to the Board of Directors, it is intended to help Sodexo reward and retain its Group Chief Executive Officer.

Following the publication of France's new law on Business Growth and Transformation dated May 22, 2019 (known as the "Pacte Act") and the government order dated July 3, 2019 on supplemental occupational pension plans transposing the pension portability directive, the Board of Directors, on the recommendation of the Compensation Committee, decided at its meeting on November 6, 2019 to:

- close, with effect from December 31, 2019, the supplemental defined benefit pension plan governed by article L. 137-11-1 of the French Social Security Code of which Denis Machuel is currently a beneficiary;

- set up, with effect from January 1, 2020, a new supplemental defined benefit pension plan governed by article L. 137-11-2 of the French Social Security Code of which Denis Machuel will be a beneficiary, regardless of whether or not he is a corporate officer of the Company at the time of his retirement.

According to the Board of Directors, this commitment to extend and replace the previous pension plan is intended to help Sodexo reward and retain its Group Chief Executive Officer.

- Terms and conditions:

In accordance with article L. 137-11-2 of the French Social Security Code, Denis Machuel's entitlements under the new supplemental pension plan – expressed as a percentage of his compensation for the year concerned – will accrue subject to the achievement of conditions related to his professional performance.

Denis Machuel's entitlements under the plan will correspond to 0.5% of his total fixed and variable compensation for the first five years, then to 1% per year thereafter, up to 10% of said compensation, to which will be added the pensions due to him by the compulsory plans.

Additionally, his entitlements will accrue subject to the same performance condition as that set for the previous supplemental pension plan, namely the achievement of at least 80% of the annual targets set by the Board of Directors for the Group Chief Executive Officer's variable compensation.

Agreements and commitments already approved by the shareholders' meeting

Agreements and commitments approved in previous years

a) that were implemented during the year

In accordance with article R. 225-30 of the French Commercial Code, we were informed of the following agreements and commitments, which were approved by the Shareholders' Meeting in previous years and implemented during the year.

SERVICE AGREEMENT BETWEEN BELLON SA AND SODEXO

- Persons concerned:

Sophie Bellon, Nathalie Bellon-Szabo, Astrid Bellon, François-Xavier Bellon, members of the Board of Directors of Sodexo and members of the Management Board of Bellon SA.

- Purpose and reasons given as to why they are beneficial for the Company:

A service agreement has been in place between the Company and Bellon SA, Sodexo's managing holding company, since 1991.

At its meetings on November 15, 2016 and July 10, 2017, the Board of Directors, on the recommendation of the Audit Committee, approved the revision of this agreement, which was approved by the Shareholders' Meeting of January 23, 2018.

The new agreement came into effect on November 17, 2016 for a period of five years.

According to the Board of Directors, under the terms of this agreement, Sodexo can call upon the professional experience and expertise of the three Bellon SA managers holding the positions of Chief Financial Officer, Chief Human Resources Officer and Chief Strategy Officer.

- Terms and conditions:

Under the terms of this agreement, Bellon SA invoices Sodexo for the compensation of the Chief Financial Officer, Chief Human Resources Officer and Chief Strategy Officer during the secondment period. Their compensation is rebilled for the exact amount and includes a fixed and variable portion, as well as any related payroll taxes.

The total fees rebilled under this agreement, and changes compared with the previous year, are reviewed by the Audit Committee annually. In addition, and in compliance with the law, the agreement is reviewed every year by the Board of Directors.

The annual rebilled fees payable to Bellon SA are approved each year by the Board of Directors of Sodexo, without directors who are members of the Bellon family taking part in the deliberations or the vote.

For the year ended August 31, 2019, the fees billed by Bellon SA under this agreement amounted to 3,162,500 million euro excluding taxes, relating to the compensation (including payroll taxes) paid to the Chief Financial Officer, Chief Human Resources Officer and Chief Strategy Officer.

Supplemental health and benefit plans for Sophie Bellon, Chairwoman of the Board of Directors

- Purpose and reasons given as to why they are beneficial for the Company:

Sophie Bellon is a member of the national social welfare plans governed by the French general social security regime, as required by article L. 311-3, 12° of the French Social Security Code, which states that the Chairs of the Boards of Directors of French joint stock corporations (sociétés anonymes) must be members of such plans.

At its meeting on November 17, 2015, on the recommendation of the Compensation Committee, the Board of Directors decided that, following the termination of her employment contract, in her capacity as Chairwoman of the Board of Directors, Sophie Bellon would continue to be a member of the supplemental health and benefit plans set up by Sodexo. Her membership of these plans will be subject to the same conditions as all of the Sodexo employees who are plan members.

This commitment to Sophie Bellon was approved by the Shareholders' Meeting of January 24, 2017. According to the Board of Directors, it is intended to help Sodexo retain its Chairwoman of the Board of Directors by allowing her to continue to be covered by supplemental health and benefit plans.

- Terms and conditions:

Sophie Bellon is a member of the following plans under the same conditions as all of the Sodexo employees who are plan members:

- an "incapacity, disability or death" benefit plan, financed in part by Sodexo, which, in the event of an employee's death, provides for the payment of a death benefit equal to 215% of their annual compensation, up to a maximum amount of eight (8) times the French Social Security Code's annual ceiling, and which is increased for dependent children;
- an additional "incapacity, disability or death" benefit plan, financed in full by Sodexo, which is reserved for employees whose annual gross compensation is greater than eight (8) times the French Social Security Code's annual ceiling and which, in the event of an employee's death, provides for the payment of a death benefit equal to 200% of the portion of their annual compensation that is greater than eight (8) times the French Social Security Code's annual ceiling;
- a supplemental health insurance plan, which all Sodexo employees are entitled to, financed in part by Sodexo.

Supplemental health and benefit plans for Denis Machuel, Group Chief Executive Officer

- Purpose and reasons given as to why they are beneficial for the Company:

Denis Machuel is a member of the national social welfare plans governed by the French general social security regime, as required by article L. 311-3, 12º of the French Social Security Code, which states that the Chief Executive Officers of French joint stock corporations must be a member of such plans.

At its meeting on January 23, 2018, on the recommendation of the Compensation Committee, the Board of Directors decided that, following the termination of his employment contract as a result of his appointment as Group Chief Executive Officer, Denis Machuel would continue to be a member of the supplemental health and benefit plans set up by Sodexo. His membership of these plans will be subject to the same conditions as all of the Sodexo employees who are plan members.

This commitment to Denis Machuel was approved by the Shareholders' Meeting of January 22, 2019. According to the Board of Directors, it is intended to help Sodexo retain its Group Chief Executive Officer by allowing him to continue to be covered by supplemental health and benefit plans.

- Terms and conditions:

Denis Machuel is a member of the following plans under the same conditions as all of the Sodexo employees who are plan members:

- an "incapacity, disability or death" benefit plan, financed in part by Sodexo, which, in the event of an employee's death, provides for the payment of a death benefit equal to 215% of their annual compensation, up to a maximum amount of eight (8) times the French Social Security Code's annual ceiling, and which is increased for dependent children;
- an additional "incapacity, disability or death" benefit plan, financed in full by Sodexo, which is reserved for employees whose annual gross compensation is greater than eight (8) times the French Social Security Code's annual ceiling and which, in the event of an employee's death, provides for the payment of a death benefit equal to 200% of the portion of their annual compensation that is greater than eight (8) times the French Social Security Code's annual ceiling;
- a supplemental health insurance plan, which all Sodexo employees are entitled to, financed in part by Sodexo.

Supplemental pension plan for Denis Machuel, Group Chief Executive Officer

- Purpose and reasons given as to why they are beneficial for the Company:

Since he was appointed a member of the Sodexo Group's Executive Committee in September 2014, Denis Machuel has been a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code and article L. 137-11-1 of the French Social Security Code, set up for the Group's most senior executives who hold an employment contract with one of its French companies.

Following his appointment as Group Chief Executive Officer, at its meeting on April 27, 2018, on the recommendation of the Compensation Committee, the Board of Directors decided to authorize Denis Machuel to continue to be a beneficiary of this plan.

This commitment to Denis Machuel was approved by the Shareholders' Meeting of January 22, 2019. According to the Board of Directors, it is intended to help Sodexo reward and retain its Group Chief Executive Officer.

- Terms and conditions:

Under this supplemental pension plan (subject to a minimum of five (5) years presence in the plan), as a member of the plan for at least fifteen (15) years, the pension paid to Denis Machuel can represent up to 15% of the average of his last three (3) years' fixed compensation preceding his retirement, to which are added the pensions due to him under compulsory pension plans, provided that he is employed by, or is a corporate officer of, the Company at the time of his retirement.

The Chief Executive Officer's entitlements under this plan (1% per year up to a maximum of 15%) will accrue subject to the achievement of at least 80% of his annual variable compensation targets. If the achievement rate is reached, then an additional 1% contribution to the defined benefit plan will accrue for the year concerned. However, if the achievement rate is less than 80%, no defined benefit contribution will accrue for that year.

b) That were not implemented during the year

In addition, we were informed that the following agreements and commitments, which were approved by the Shareholders' Meeting in previous years, were not implemented during the year.

NON-COMPETE AGREEMENT ENTERED INTO WITH DENIS MACHUEL, GROUP CHIEF EXECUTIVE OFFICER

- Purpose and reasons given as to why they are beneficial for the Company:

On April 27, 2018, on the recommendation of the Compensation Committee, the Board of Directors approved in advance the conclusion of a non-compete agreement, the purpose of which is to restrict Denis Machuel's freedom to carry out certain activities following the end of his term as Chief Executive Officer of the Company. The activities concerned are (i) holding any position as a corporate officer, employee or consultant, and (ii) carrying out any consulting work for certain of the Sodexo Group's competitors, as set out in the agreement, either directly or through another legal entity.

Because of his duties within the Group, Denis Machuel has knowledge of Sodexo's business, strategy and customers in each of its activities, which, according to the Board of Directors, justifies the need for a non-compete agreement.

This non-compete agreement entered into between the Company and Denis Machuel on August 30, 2018, and amended on November 6, 2018, will apply for a period of twenty-four months (24) as from the date on which his duties as Chief Executive Officer cease.

However, the Board of Directors may decide to waive the Company's right to enforce this agreement when Denis Machuel leaves the Group.

This commitment to Denis Machuel was approved by the Shareholders' Meeting of January 22, 2019.

- Terms and conditions:

As consideration for this agreement, Denis Machuel will receive an indemnity representing twentyfour (24) months of the gross fixed compensation that he received during the twelve (12) months preceding the entry into force of this agreement. This indemnity will not be paid if Denis Machuel retires, and in any event will not be paid once he reaches the age of sixty-five (65).

If Denis Machuel fails to fulfill his obligations under this agreement, he will not receive the indemnity described above, and he will have to repay any amounts that he has already received. In addition, he will be liable to pay a fixed penalty representing twelve (12) months of his most recent gross annual compensation.

Neuilly-sur-Seine and Paris-La Défense, November 19, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Caroline Bruno-Diaz

5

CORPORATE GOVERNANCE

In accordance with article L.225-37 of the French Commercial Code, this chapter includes the Board of Directors' Corporate Governance Report. It provides information on (i) the composition of the Board of Directors and the preparation and organization of the Board's work and any restrictions placed by the Board on the Chief Executive Officer's powers, (ii) the components of corporate officers' compensation packages and compensation policy (disclosed in compliance with article L.225-37-2 of the French Commercial Code), (iii) transactions in Sodexo shares disclosed by corporate officers during the fiscal year ended August 31, 2019, and (iv) Sodexo's ownership structure.

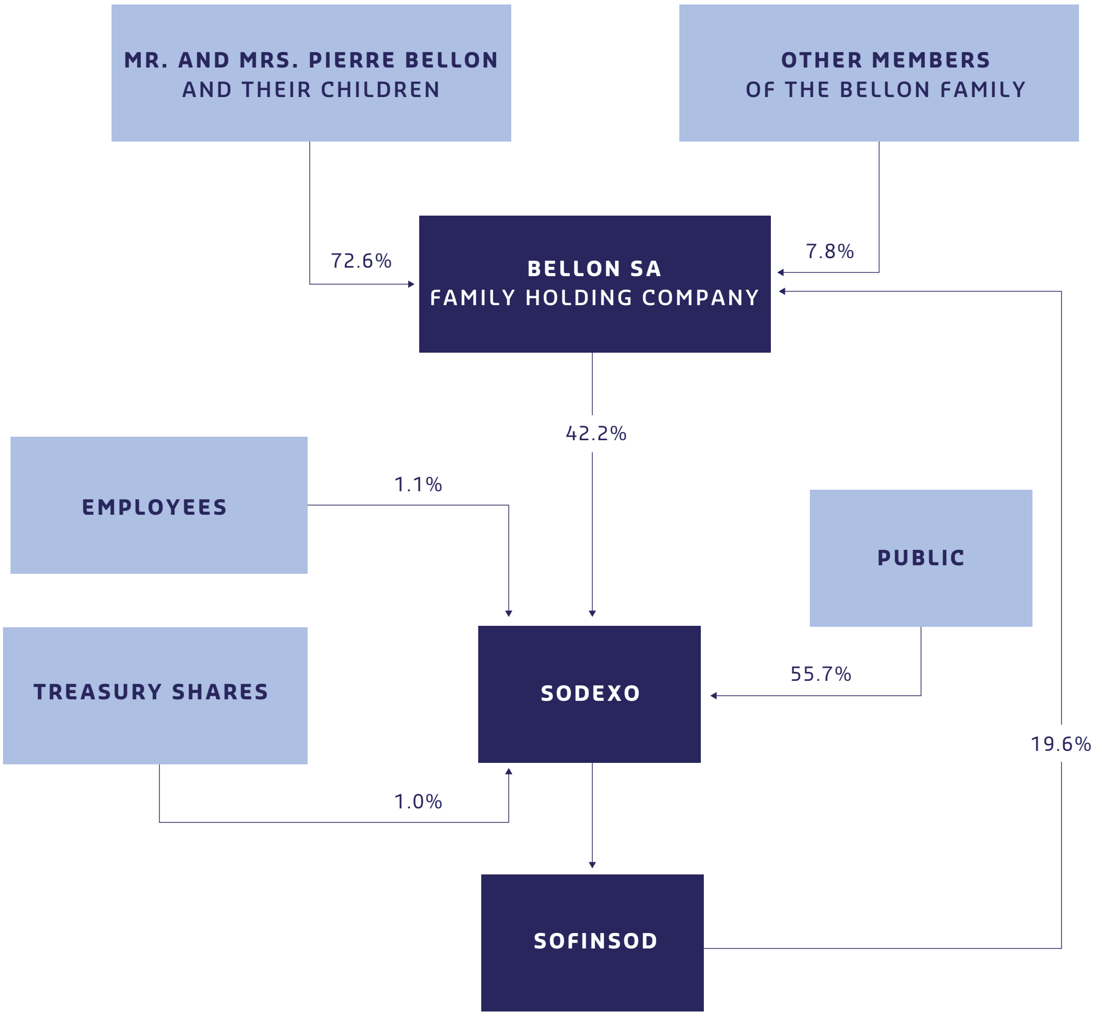
Certain information that forms an integral part of the Corporate Governance Report is provided in other sections of this Universal Registration Document. Information on shareholder participation in Annual Shareholders Meetings is set out in chapter 6, section 6.4.12; the table of authorizations for share capital increases is in section 6.3.8; and information that could have an impact in the event of a public tender offer is provided in section 6.3.

In accordance with article L.225-235 of the French Commercial Code, the Board of Directors' Corporate Governance Report has been submitted in full to the Company's Statutory Auditors.

The Corporate Governance reference framework used by Sodexo is the AFEP-MEDEF corporate governance Code for listed companies in France (hereafter the "AFEP-MEDEF Code"). The Company's application of the recommendations contained in this Code is presented in section 5.2.2 below.

Lastly, this chapter also describes the Group's risk management and internal control procedures (section 5.4) as well as its corporate responsibility vigilance plan drawn up in compliance with the applicable French legislation on companies' duty of vigilance in this domain (section 5.3.4).

5.1 SHAREHOLDING STRUCTURE*



For further information about the Group's shareholding structure, see chapter 6 of this Registration document.

* Percentages have been rounded to the nearest tenth.

5.2 BOARD OF DIRECTORS

5.2.1 Composition and operating procedures of the Board of Directors

Sodexo is a French public limited company (*société anonyme*) governed by a Board of Directors. Since September 1, 2005, the roles of Chairman of the Board of Directors and Chief Executive Officer have been separated. This governance structure creates a clear segregation between the strategic planning and oversight functions that are the responsibility of the Board of Directors, and the operational and executive functions that are the responsibility of senior management.

The rules and operating procedures of the Board of Directors are defined by law, the Company's by-laws and the Internal Rules of the Board. In addition, three specialized Committees have been set up by the Board in order to enhance the Board's effectiveness and the Company's governance.

Directors hold office for a term of three years and may be reappointed. Exceptionally, the Shareholders Meeting may, on the recommendation of the Board of Directors, appoint or reappoint one or several directors for a period of one or two years.

5.2.1.1 Composition as of August 31, 2019

	Name	Date of birth	Nationality	Number of director/officer positions held in other listed companies	First appointment to the Board	Term expires (at the Annual Shareholders Meeting called to approve the financial statements for the year indicated)	Seniority (years)	Number of Sodexo shares held	Independent director[1]	Board Committees: Member of the Audit Committee	Board Committees: Member of the Nominating Committee	Board Committees: Member of the Compensation Committee
Chairwoman of the Board of Directors	Sophie Bellon	08/19/1961		1	07/26/1989	Fiscal 2020	30	7,964			●	
Independent directors	Emmanuel Babeau	02/13/1967		2	01/26/2016	Fiscal 2021	3	400	X	●		
Independent directors	Robert Baconnier	04/15/1940			02/08/2005	Fiscal 2019[2]	14	410	X[3]			
Independent directors	Françoise Brougher	09/02/1965		1	01/23/2012	Fiscal 2020	7	400	X		●	●
Independent directors	Soumitra Dutta	08/27/1963		1	01/19/2015	Fiscal 2020	4	400	X	●		
Independent directors	Sophie Stabile[4]	03/19/1970		3	07/01/2018	Fiscal 2019	1	100	X	Chair		●
Independent directors	Cécile Tandeau de Marsac[4]	04/17/1963			01/24/2017	Fiscal 2019	2	400	X		Chair	Chair
Director	Astrid Bellon	04/16/1969			07/26/1989	Fiscal 2021	30	39,000				
Director	François-Xavier Bellon	09/10/1965			07/26/1989	Fiscal 2021	30	36,383		●		
Director	Nathalie Bellon-Szabo	01/26/1964			07/26/1989	Fiscal 2020	30	1,147			●	
Director representing employees	Philippe Besson	09/21/1956			06/18/2014	Fiscal 2019[5]	5	-	N/A[6]			●
Director representing employees	Cathy Martin	06/05/1972			09/10/2015	Fiscal 2020	4	-	N/A[6]	●		

(1) Independent director based on the criteria set out in the AFEP-MEDEF Code.
(2) Robert Baconnier, who has been a director of Sodexo since February 8, 2005 and whose term of office expires at the close of the Annual Shareholders Meeting to be held on January 21, 2020, has stated that he does not wish to stand for reappointment as a director.
(3) For further information on the qualification of Robert Baconnier as an independent director, see the note on "Compliance with the AFEP-MEDEF Code" at section 5.2.2 below.
(4) At the Annual Shareholders Meeting to be held on January 21, 2020, the Board of Directors will recommend that shareholders reappoint Sophie Stabile and Cécile Tandeau de Marsac as directors for a three-year term, expiring in 2023.
(5) Philippe Besson was originally appointed as a director representing employees in 2014 by the most representative trade union in the Group's French entities, as defined in the applicable legislation. He was reappointed in 2017 by that same trade union, and his current term of office expires at the close of the Annual Shareholders Meeting to be held on January 21, 2020.
(6) In accordance with French law and the AFEP-MEDEF Code, directors representing employees are not included in the calculation of the representation of men and women on the Board or the percentage of independent directors.

Independent directors (excluding directors representing employees)	Average age of directors	Female directors (excluding directors representing employees)
60%	**56**	**60%**

5

Changes in the composition of the Board of Directors and the specialized Board Committees in Fiscal 2019

	DEPARTURE	APPOINTMENT	REAPPOINTMENT
Board of Directors	***January 22, 2019:*** Bernard Bellon		***January 22, 2019:*** Emmanuel Babeau Robert Baconnier (one-year term) Astrid Bellon François-Xavier Bellon
Audit Committee	***January 22, 2019:*** Robert Baconnier		
Compensation Committee	***April 9, 2019:*** Emmanuel Babeau	***April 9, 2019:*** Sophie Stabile	
Nominating Committee			

On April 9, 2019, Sophie Stabile was appointed Chairwoman of the Audit Committee, taking over from Emmanuel Babeau who previously chaired this Committee, and Cécile Tandeau de Marsac replaced Françoise Brougher as Chairwoman of the Nominating Committee.

5.2.1.2 Chairman Emeritus

PIERRE BELLON

Born January 24, 1930
Nationality: French
Graduate of the *École des hautes études commerciales* (HEC)

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Number of Sodexo shares held: **12,900**

Main role: Chairman of the Supervisory Board, Bellon SA, and Chairman Emeritus, Sodexo S.A.

Background

Pierre Bellon joined Société d'Exploitations Hôtelières, Aériennes, Maritimes et Terrestres in 1958 as Assistant Manager. He later served as Managing Director and then Chairman and Chief Executive Officer.

In 1966 he founded Sodexo S.A, where he served as Chairman and Chief Executive Officer until August 31, 2005. Following the Board decision to separate the roles of Chairman of the Board of Directors and Chief Executive Officer, Pierre Bellon remained as Chairman of the Board of Directors until the Shareholders Meeting of January 26, 2016, when he was named Chairman Emeritus.

In 1988, Pierre Bellon was appointed Chairman and Chief Executive Officer of Bellon SA before serving as Chairman of the Management Board from 1996 to 2002 and Chairman of the Supervisory Board since February 2002.

Pierre Bellon has also served as:

- Vice President of CNPF (subsequently MEDEF), 1980-2005;
- President of the French National Center for Young Business Leaders (formerly the Center for Young Employers), 1968-1970;
- President of the French National Federation of Hotel and Restaurant Chains, 1972-1975;
- Member of the French Economic and Social Council, 1969-1979.

Other positions and corporate offices held

Companies linked to Sodexo

- **Chairman of the Supervisory Board:** Bellon SA

Companies not linked to Sodexo

- **Chairman of the Supervisory Board:** Sobelnat SCA
- **Member of the Board of Directors:** *Association progrès du management* (APM), created by Pierre Bellon in 1987
- **Chairman and Founder:** Pierre Bellon Foundation

Other positions and corporate offices held within the past five years but no longer held

- **Chairman of the Board of Directors:** Sodexo SA (France) *(Term ended: January 2016)*

5.2.1.3 Board members as of August 31, 2019

SOPHIE BELLON – CHAIRWOMAN OF THE BOARD OF DIRECTORS

Born August 19, 1961
Nationality: French
Graduate of the *École des hautes études commerciales du Nord* (EDHEC)
First appointed: July 26, 1989
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2020

Member of the Nominating Committee

Number of Sodexo shares held: **7,964**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chairwoman of the Board of Directors, Sodexo

Background

Sophie Bellon began her career in 1985 with Crédit Lyonnais in the United States as a mergers and acquisitions advisor for the bank's French clientele in New York.

She joined Sodexo in 1994 as a senior analyst in the Group Finance Department. In 2001, she was appointed Project Manager – Strategic Financial Planning within the Group Strategic Planning Department to develop and implement key performance indicators for the Group. In September 2005, she was named Group Vice President of Client Retention and was responsible for the worldwide deployment of the initiative on client retention.

In September 2008, she was appointed Chief Executive Officer of Corporate Services for Sodexo France. In that capacity, she also took over responsibility for facilities management (FM) activities in France in September 2010.

In November 2013, Sophie Bellon was appointed Vice Chairwoman of the Sodexo Board of Directors (replacing Robert Baconnier), with specific responsibility for increasing the pace of Research, Development and Innovation, particularly in Quality of Life services.

On January 26, 2016, Sophie Bellon became Chairwoman of the Board of Directors of Sodexo S.A.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

- **Member of the Management Board:** Bellon SA

FOREIGN COMPANIES

None.

Companies not linked to Sodexo

FRENCH COMPANIES

- **Chairwoman:** PB Holding SAS
- **Member of the Board of Directors:** L'Oréal*, Chairwoman of the Human Resources and Remuneration Committee, Chairwoman of the Nominations and Governance Committee, Member of the Audit Committee
- **Member of the Board of Directors:** *Association nationale des sociétés par actions* (ANSA); *Association française des entreprises privées* (AFEP); *Association Comité France Chine*

FOREIGN COMPANIES

None.

Other positions and corporate offices held within the past five years but no longer held

- **Vice Chairwoman of the Board of Directors:** Sodexo S.A. *(Term ended: January 2016)*
- **Chairwoman of the Management Board:** Bellon SA (France) *(Term ended: September 2015)*
- **Founding member:** Pierre Bellon Foundation *(Term ended: September 2018)*
- **Co-Chair:** Sodexo Women's international Forum for Talent (SWIFT) *(Term ended: June 2018)*

* Listed company.

5

EMMANUEL BABEAU

Born February 13, 1967

Nationality: French

Graduate of the *École supérieure de commerce de Paris* (ESCP Europe); degree in accounting and finance (DESCF)

First appointed: January 26, 2016

Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2021

Member of the Audit Committee

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Deputy Chief Executive Officer, Schneider Electric SE

Background

Emmanuel Babeau is Deputy Chief Executive Officer in charge of Finance and Legal Affairs at Schneider Electric SE.

He began his career at Arthur Andersen in late 1990. In 1993, he joined the Pernod Ricard Group as Internal Auditor and was appointed Head of Internal Audit, Corporate Treasury and Consolidation in 1996. He subsequently held several executive positions at Pernod Ricard, notably outside France, before becoming Vice President, Development in 2001. In June 2003, he was appointed Chief Financial Officer and in 2006 he was named Group Deputy Managing Director of Finance.

He joined Schneider Electric in 2009 as Executive Vice President, Finance and a member of the Management Board. In 2013 he became Deputy Chief Executive Officer in charge of Finance and Legal Affairs and he was re-appointed in this role on April 25, 2017.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None.

FOREIGN COMPANIES

None.

Companies not linked to Sodexo

FRENCH COMPANIES

- **Deputy Chief Executive Officer:** Schneider Electric SE*
- **Member of the Board of Directors:** Sanofi*; Schneider Electric Industries SAS**
- **Member of the Supervisory Board:** Aster Capital Partners SAS**; Schneider Electric Energy Access** representing Schneider Electric Industries SAS
- **Managing partner:** SCI GETIJ

FOREIGN COMPANIES

- **Vice Chairman:** Aveva Group plc* ** (UK)
- **Member of the Board of Directors:** Schneider Electric USA Inc.** (USA); Schneider Electric (China) Co., Ltd.** (China); Samos Acquisition Company Ltd.** (UK); Schneider Electric Holdings Inc.** (USA); Carros Sensors Topco (formerly InnoVista Sensors Topco Ltd)** (UK); Aveva Group plc* ** (UK); AO Schneider Electric (Russia)

Other positions and corporate offices held within the past five years but no longer held

- **Chairman of the Managing Board:** Schneider Electric Services International Sprl** (Belgium) (*Term ended: July 2014*)
- **Member of the Board of Directors:** Invensys Ltd.** (UK) (*Term ended: July 2018*)
- **Member of the Supervisory Board:** InnoVista Sensors SAS** (France) (*Term ended: January 2018*)
- **Member of the Steering Committee:** Aster Capital

* Listed company.
** Schneider Electric Group company.

ROBERT BACONNIER

Born April 15, 1940

Nationality: French

Degree in Literature, graduate of the *Institut d'études politiques de Paris* and of the *École nationale d'administration*

First appointed: February 8, 2005

Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2019

Number of Sodexo shares held: **410**

Address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Director

Background

Robert Baconnier began his career in 1967 as a civil servant at the French Ministry of Economy and Finance and was assigned to the Internal Revenue Service (*Direction générale des impôts*). From 1977 to 1979, he was Technical Advisor to the office of the Minister of Economy and Finance, then Deputy Director in the office of the Minister for the Budget. From 1979 to 1983, he was Deputy Director in charge of the International Division of the Tax Legislation Department. In 1983, he was appointed head of the Litigation Department of the French Internal Revenue Service. In 1986, he became head of the French Internal Revenue Service. From 1990 to 1991, he was Paymaster General at the French Treasury.

In 1991, he joined the law firm Bureau Francis Lefebvre, where he served as Chairman of the Management Board until 2004.

He then held office as Chairman and Chief Executive Officer of *Association nationale des sociétés par actions* (ANSA) until January 2012, when he was named Chairman Emeritus. From 2010 to November 2013, he was Vice Chairman of the Board of Directors of Sodexo.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Companies not linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Other positions and corporate offices held within the past five years but no longer held

None.

ASTRID BELLON

Born April 16, 1969

Nationality: French

Graduate of the *École supérieure libre des sciences commerciales appliquées* (ESLSCA)

Master of Arts in Cinema Studies, New York

First appointed: July 26, 1989

Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2021

Number of Sodexo shares held: **39,000**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Member of the Orientation Committee of the Pierre Bellon Foundation

Background

Astrid Bellon is a member of the Management Board of Bellon SA.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
- **Member of the Management Board:** Bellon SA

FOREIGN COMPANIES
None.

Companies not linked to Sodexo

FRENCH COMPANIES
- **Member of the Orientation Committee:** Pierre Bellon Foundation
- **Chairwoman:** Sofrane SAS
- **Legal Manager:** Sobelnat SCA (permanent representative of Sofrane SAS); SCI Lodestar

FOREIGN COMPANIES
None.

Other positions and corporate offices held within the past five years but no longer held

None.

FRANÇOIS-XAVIER BELLON

Born September 10, 1965
Nationality: French
Graduate of the European Business School
First appointed: July 26, 1989
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2021

Member of the Audit Committee

Number of Sodexo shares held: **36,383**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chief Executive Officer of LifeCarers Ltd

Background

François-Xavier Bellon joined the Adecco Group in 1990 as agency head in Orsay-les-Ulis (France). In 1992 he was appointed agency head in Barcelona, before becoming Catalonia Regional Director.

In 1995, François-Xavier Bellon joined the Sodexo Group as Head of Sector and became Healthcare Head of Development in France. In 1999, he was appointed Regional Director in Mexico, and subsequently held the role of Chief Executive Officer of the Mexican subsidiary until 2004.

In January 2004, he was appointed Chief Executive Officer of Sodexo UK and Ireland but later left the Group due to health problems.

From 2004 to 2006, he rejoined the Adecco Group and was Sales and Marketing Director of the Global Temporary Work Division of the Adecco Group, based in Zurich and London.

In 2007, François-Xavier Bellon founded LifeCarers, a company based in the United Kingdom that provides home care services to dependent people (people living in social isolation, people in recovery or people living with dementia), of which he is also the Chief Executive Officer..

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
- **Chairman of the Management Board:** Bellon SA

FOREIGN COMPANIES
None.

Companies not linked to Sodexo

FRENCH COMPANIES
- **Chief Executive Officer:** PB Holding SAS

FOREIGN COMPANIES
- **Chief Executive Officer:** LifeCarers Ltd. (UK)
- **Member of the Board of Directors:** LifeCarers Ltd. (UK)

Other positions and corporate offices held within the past five years but no longer held

- **Advisor:** Dr Clic Sociedad Limitada (Spain) (*Term ended: June 2013*); French Foreign Trade Commission (*Term ended: December 2018*)
- **Chief Executive Officer:** Bright Yellow Group** (UK) (*Term ended: April 2016*)
- **Member of the Board of Directors:** Bright Yellow Group** (UK) *(Term ended: April 2016);* Bright Yellow Solutions Ltd.** (UK) *(Term ended: April 2016);* Footprint Ltd (*Term ended: April 2016*); U1st Sports SA (Spain) (*Term ended: January 2019*); House of HR (Belgium) (*Term ended: January 2019*)

** LifeCarers Ltd Group company.

NATHALIE BELLON-SZABO

Born January 26, 1964
Nationality: French
Graduate of the European Business School
First appointed: July 26, 1989
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2020

Member of the Nominating Committee

Number of Sodexo shares held: **1,147**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chief Executive Officer, Sodexo Sports and Leisure

Background

Nathalie Bellon-Szabo began her career in the foodservices industry in 1987. From 1989, she was an account manager for Scott Traiteur, and then Sales Manager of Le Pavillon Royal.

She joined Sodexo in March 1996 as Sales Director for Sodexo Prestige in France, becoming a Regional Manager in 1999. In September 2003, she was appointed Managing Director of Sodexo Prestige, and Managing Director of L'Affiche in January 2006. She was named Chairwoman of the Management Board of the Lido in 2009. She became Chief Executive Officer of Sodexo Prestige Sports and Leisure in France on September 1, 2010 and Chairwoman of the Management Board of Lenôtre in 2012.

On September 1, 2015, Nathalie Bellon-Szabo was appointed Chief Executive Officer Sports and Leisure France, On-site Services and Chief Operating Officer Sports and Leisure Worldwide, On-site Services. On June 19, 2018, she was appointed Chief Executive Officer Sports and Leisure Worldwide and joined the Group Executive Committee.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

- **Member of the Management Board:** Bellon SA
- **Chairwoman:** Compagnie d'armateur fluvial et maritime SAS; Gedex SAS; Umanis SAS
- **Chairwoman of the Management Board:** Société du Lido (SEGSMHI); Lenôtre SA

FOREIGN COMPANIES

None.

Companies not linked to Sodexo

FRENCH COMPANIES

None.

FOREIGN COMPANIES

None.

Other positions and corporate offices held within the past five years but no longer held

- **Chairwoman:** Yachts de Paris SAS (France) (*Term ended: November 2018*); Société d'exploitation des vedettes Paris Tour Eiffel SAS (France) (*Term ended: November 2018*); Sodexo Sports et Loisirs SAS (France) (*Term ended: November 2018*)
- **Chairwoman of the Board of Directors:** Millenia SA (France) (*Term ended: December 2018*)
- **Member of the Board of Directors:** Altima SA (France) (*Term ended: December 2018*)

5

PHILIPPE BESSON - DIRECTOR REPRESENTATING EMPLOYEES

Born September 21, 1956
Nationality: French
First appointed: June 18, 2014
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2019

Member of the Compensation Committee

Number of Sodexo shares held: **N/A**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Head of Projects for Sponsorship at Sodexo

Background

Philippe Besson joined the Sodexo Healthcare Division in 1981, as foodservices manager for the Paris Île de France region. He took part in the World Youth Days in Paris, Rome and Cologne, was responsible for the *Tour de France* departure villages for Sodexo and managed athlete foodservices for the Pacific Games.

He has been Head of Projects for Sponsorship since 2014.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Companies not linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Other positions and corporate offices held within the past five years but no longer held

None.

FRANÇOISE BROUGHER

Born September 2, 1965
Nationality: dual French and American
Graduate of ICAM-Lille (*Institut catholique d'arts et métiers*) (France) and Harvard University (United States)
First appointed: January 23, 2012
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2020

Member of the Nominating Committee
Member of the Compensation Committee

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chief Operating Officer, Pinterest

Background

Françoise Brougher began her career in 1989 in a production unit of L'Oréal in Japan.

After receiving her MBA in 1994, she joined the strategy consulting firm Booz Allen & Hamilton, dividing her time between Europe and the United States.

In 1998, she joined the San Francisco-based Ocean Gem Pearl Corporation, an importer of black Tahitian pearls, as Chief Executive Officer.

From 2000 to 2005, she was Vice President of Strategy at California-based brokerage firm Charles Schwab Corporation.

In March 2005, she joined Google, where she managed the Business Operations Group for four years, becoming Vice President, Global SMB Sales & Operations in 2009.

In April 2013, she joined San Francisco-based Square as Business Lead.

She has been Chief Operating Officer at Pinterest since February 2018.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None.

FOREIGN COMPANIES

None.

Companies not linked to Sodexo

FRENCH COMPANIES

None.

FOREIGN COMPANIES

- **Executive Officer:** Pinterest* (USA)
- **Member of the Board of Directors:** Blackbird Air (USA)

Other positions and corporate offices held within the past five years but no longer held

- **Business Lead:** Square* (USA) (*Term ended: May 2017*)

5

* Listed company.

SOUMITRA DUTTA

Born August 27, 1963
Nationality: Indian
Doctorate in Computer Science, Artificial Intelligence, University of California, Berkeley, USA
First appointed: January 19, 2015
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2020

Member of the Audit Committee.

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Dean and professor of Management, Cornell University

Background

Soumitra Dutta began his career in 1985 as a research assistant at University of California, Berkeley, USA.

Between 1988 and 1990, he gained further research experience at General Electric. He then joined Insead, the international management school based in Fontainebleau (France), where he served as lecturer then dean of technology and e-learning.

In 1999, he set up eLab@Insead, the school's research and analytics center focused on big data analytics for businesses, which he headed until 2012. In 2002, he was named dean of Executive Education at Insead. During his tenure at Insead, Soumitra Dutta also participated in setting up and managing three strategy consultancies specialized in new technologies and innovation, which he developed before selling them.

Since 2012, he has been dean and professor of Management at Cornell SC Johnson College of Business at Cornell University, Ithaca, New York.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Companies not linked to Sodexo

FRENCH COMPANIES
- **Member of the Board of Directors:** Dassault Systèmes*

FOREIGN COMPANIES
- **Chairman of the Board of Directors:** The Global Business School Network (GBSN) (USA)

Other positions and corporate offices held within the past five years but no longer held

- **Member of the Board of Directors:** The Association to Advance Collegiate Schools of Business (AACSB) (USA) (*Term ended: February 2018*)

* Listed company.

CATHY MARTIN – DIRECTOR REPRESENTING EMPLOYEES

Born June 5, 1972
Nationality: Canadian
First appointed: September 10, 2015
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2020

Member of the Audit Committee

Number of Sodexo shares held: **N/A**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Regional Manager, On-site Services, Education segment (Sodexo Canada)

Background

After completing her studies in nutrition, Cathy Martin began her career in the foodservices industry in 1998.

In January 2000, she joined Sodexo as an on-site foodservices manager. Over the past 15 years, she has held various operating and project management positions. In December 2014, she was named Regional Manager, On-site Services in the Education segment in Quebec, Canada.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Companies not linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Other positions and corporate offices held within the past five years but no longer held

None.

5

SOPHIE STABILE

Born March 19, 1970
Nationality: French
Graduate of the *École supérieure de gestion et finances* (ESGF) *de Paris*.
First appointed: July 1, 2018
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2019 (Renewal proposed)

Chairwoman of the Audit Committee
Member of the Compensation Committee

Number of Sodexo shares held: **100**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Founder and Managing Partner of Révérence

Background

Sophie Stabile began her career as a financial auditor before joining the Accor group in 1999. In 2006, she was appointed Group Controller-General, in charge of the consolidation process, the International Finance Departments and the Financial Control and Internal Audit Departments as well as the Accor holding company and the group's finance back offices. In 2010 she became Chief Financial Officer.

From 2015 to 2017 she served as Chief Executive Officer, HotelServices France and Switzerland, for AccorHotels.

In February 2018, she founded Révérence – a consulting, investment and private equity firm – of which she has been Managing Partner since that date.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None.

FOREIGN COMPANIES

None.

Companies not linked to Sodexo

FRENCH COMPANIES

- **Member of the Supervisory Board:** Unibail-Rodamco Westfield*
- **Member of the Board of Directors:** Ingenico*, SPIE*; Bpifrance Participations SA; Bpifrance Investissement SAS
- **Managing Partner:** Révérence

FOREIGN COMPANIES

None.

Other positions and corporate offices held within the past five years but no longer held

- **Chairwoman of the Supervisory Board:** Orbis (Poland) (*Term ended: 2016*)
- **Chief Executive Officer:** HotelServices France and Switzerland, AccorHotels (France) (*Term ended: 2017*)
- **Member of the Supervisory Board:** Altamir* (France) (*Term ended: March 2019*)

* Listed company.

CÉCILE TANDEAU DE MARSAC

Born April 17, 1963
Nationality: French
Graduate of the École supérieure de commerce de Rouen
First appointed: January 24, 2017
Expiration of current term: at the Annual Shareholders Meeting held to approve the financial statements for Fiscal 2019 *(Renewal proposed)*

Chairwoman of the Compensation Committee
Chairwoman of the Nominating Committee

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Director

Background

Cécile Tandeau de Marsac began her career with Nestlé in 1987, holding various positions in Marketing and Communications before joining the Human Resources Department in 2002, where she was in charge of career development in France. In 2005, she became Human Resources Director for certain businesses and corporate functions at Nestlé France.

In 2007, she joined Rhodia as HR Director of a business unit in France, responsible for talent development for the Group. She subsequently took part in two major projects, the transformation of Rhodia's organizational structure and the subsequent integration of Rhodia's teams following its acquisition by Solvay.

From September 2012 to June 2019 she served as Chief Human Resources Officer, Solvay Group.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Companies not linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Other positions and corporate offices held within the past five years but no longer held

- **Chief Human Resources Officer,** Solvay Group (*Term ended: June 2019*).

5

5.2.1.4 Directors proposed for appointment at the January 21, 2020 Annual Shareholders Meeting

VÉRONIQUE LAURY

Born June 29, 1965
Nationality: French
Graduate of the *Institut d'études politiques* (IEP) of Paris

Number of Sodexo shares held: **0**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Director

Background

After graduating from Sciences Po in 1988, Véronique Laury joined Leroy Merlin and took over various functions in the marketing and sales field for about 15 years.

In 2003, she joined Kingfisher, the European giant do-it-yourself company and Parent company of B&Q, Brico Dépôt, Castorama and Screwfix. She was in charge of the Sales and Marketing Department of Castorama (France) and later of B&Q (UK) before being named Head of the Group sales and marketing strategy, taking over the responsibility of Group purchasing and brand development.

In 2013, Véronique Laury became Chief Executive Officer of Castorama France.

From September 2014 to September 2019, she was Chief Executive Officer of Kingfisher, which is listed in the FTSE 100 (UK).

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Companies not linked to Sodexo

FRENCH COMPANIES
None.

FOREIGN COMPANIES
None.

Other positions and corporate offices held within the past five years but no longer held

- **Chief Executive Officer:** Kingfisher plc.*

* Listed company.

LUC MESSIER

Born April 21, 1964
Nationality: dual Canadian and American
Graduate of the University of Sherbrooke (civil engineering) and of UC Davis (Viticulture and Enology)

Business address:
Reus Technologies LLC
1999 Bryan Street
Dallas, TX 75201 (USA)

Number of Sodexo shares held: **0**

Main role: President of Reus Technologies LLC (USA)

Background

Luc Messier began his career in engineering and project management at Pomerleau. He joined the Bouygues group in 1993 as an engineer, project manager in Hong-Kong and in South Africa and was later appointed Chief Executive Officer of the Bouygues subsidiary handling construction work in Hong Kong.

In 2003, he joined Technip as Chief Operating Officer and was then named President and Chief Executive Officer of Technip Offshore Inc. before being appointed President and Chief Executive Officer of Technip USA.

Between 2007 and 2015, he served as Senior Vice President for ConocoPhillips, where he was responsible for projects, aviation and procurement.

Since 2015, he has been President of Reus Technologies LLC.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None.

FOREIGN COMPANIES

None.

Companies not linked to Sodexo

FRENCH COMPANIES

None.

FOREIGN COMPANIES

- **Member of the Board of Directors:** Bird Construction Inc.* (Canada)
- **Member of the Board of Directors:** Ocean Installer (Norway)

Other positions and corporate offices held within the past five years but no longer held

- **Member of the Board of Directors:** Mercury (USA)
- **Member of the Board of Directors:** Da Camera (USA)
- **Member of the Board of Directors:** Australia Pacific LNG (Australia)
- **Member of the Board of Directors:** Junior Achievement (USA)

5

* Listed company.

5.2.1.5 Departure of two directors at the close of the January 21, 2020 Annual Shareholders Meeting

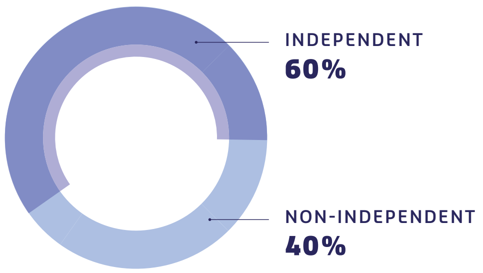
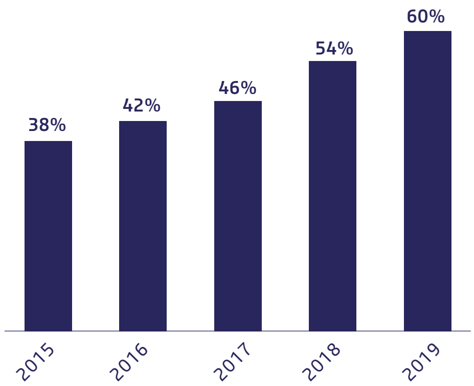
Robert Baconnier will step down from the Board of Directors at the close of the Annual Shareholders Meeting on January 21, 2020. As a widely recognized financial expert, Robert Baconnier has made a significant contribution to the discussions of the Board and the Audit Committee, notably in relation to finance, mergers and acquisitions, tax, risk analysis and internal control. Robert Baconnier served with great dedication and conviction as Chairman of the Audit Committee, a role that was strengthened by his in-depth knowledge of the Group and his financial expertise. The Board of Directors has benefited greatly from the objectivity he has always shown during the Board's debates and discussions, as well as his ability to convey his opinions and beliefs and make balanced judgments in all circumstances. The Chairwoman of the Board and all the other members commend Robert Baconnier for his individual input to the Board's work.

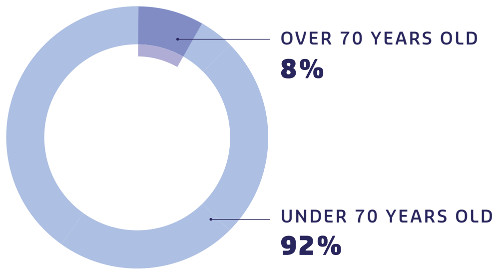
Astrid Bellon will also leave the Board of Directors at the close of the January 21, 2020 Annual Shareholders Meeting in order to fully devote herself to her role on the Orientation Committee of the Pierre Bellon Foundation as well as to her personal projects. The Chairwoman of the Board and all the other members thank Astrid Bellon for her contribution to the Board of Directors, of which she has been a member since 1989.

5.2.1.6 Principles governing the composition of the Board of Directors

The Board of Directors regularly assesses whether the composition of the Board and of its specialized Committees is well balanced, particularly in terms of diversity (gender mix, nationality, age, competencies, etc.).

Diversity policy of the Board of Directors

<table>
<tr><th>CRITERIA</th><th>OBJECTIVES</th><th>IMPLEMENTATION AND RESULTS ACHIEVED IN FISCAL 2019</th></tr>
<tr><td>Director independence*</td><td>Have at least one third of the Board's members considered independent in accordance with the recommendations for controlled companies in the AFEP-MEDEF Code.</td><td>
</td></tr>
<tr><td>Gender balance*</td><td>Maintain an optimal gender mix on the Board of Directors.</td><td>
</td></tr>
<tr><td></td><td colspan="2">As of August 31, 2019 the Board of Directors had 12 members (including two directors representing employees), comprising seven women (including one female director representing employees) and five men (including one male director representing employees). This 60%/40% ratio of women to men gives the Board a good gender balance and complies with the legal requirements in France, which require that the proportion of women and men on corporate boards be at least 40% for each gender.</td></tr>
</table>

CRITERIA	OBJECTIVES	IMPLEMENTATION AND RESULTS ACHIEVED IN FISCAL 2019
Directors' ages	No more than one third of the directors to be over 70 years old, in accordance with the applicable legal requirements.	
Director nationality	The Board includes members from France, the United States, Canada and India.	
Directors representing employees	Appointment of directors representing employees.	Since 2015, the Company has had two directors representing employees. Philippe Besson is on the Compensation Committee and Cathy Martin is on the Audit Committee.

* In accordance with French law and the AFEP-MEDEF Code, directors representing employees are not included in the calculation of the representation of men and women on the Board or the percentage of independent directors.

COMPETENCIES MATRIX

The image below shows the number of directors who have the competencies considered important for the Board:

	EXECUTIVE MANAGEMENT OF INTERNATIONAL COMPANIES	FINANCE	SUSTAINABLE DEVELOPMENT, SOCIETAL COMMITMENT AND HUMAN RESOURCES	DIGITAL - NEW TECHNOLOGIES	MARKETING AND SALES	STRATEGY - MERGERS AND ACQUISITIONS	KNOWLEDGE OF THE SERVICE SECTOR
TOTAL	8	8	6	4	6	7	6

Executive management of international companies

Experience as a Chief Executive Officer, Executive Committee member or other executive management position in a large international company or a group with a global operating presence.

Finance

Extensive experience in business finance and financial reporting processes, risk management, accounting, cash management, tax, mergers and acquisitions, and the financial markets.

Sustainable development, Societal Commitment and Human Resources

Experience in managing Environmental, Social and Governance (ESG) issues, as well as human resources management.

Digital – New Technologies

Expertise or recent experience in developing and implementing digital strategies; experience in companies with a strong digital focus.

Marketing and Sales

Experience in marketing, sales, distribution, and BtoC brand management.

Strategy – Mergers and Acquisitions

Experience in defining strategies and managing strategic issues; experience in external growth transactions.

Knowledge of the service sector

Experience in the services industry, knowledge of the Group's business areas and competitive environment.

5

Competencies

The Board of Directors takes particular care in the selection of its members. Directors are chosen for their ability to act in the interests of all shareholders and for their expertise, experience and understanding of the strategic challenges in markets where the Group operates. The composition of the Board of Directors is intended to adhere closely to the principles of diversity and to reflect the geographic mix of the business (insofar as possible), to provide a range of technical skills, and to include individuals with in-depth knowledge of Sodexo's activities.

In a continuous process of Board renewal, the Board will propose at the January 21, 2020 Annual Shareholders Meeting two new candidates, Véronique Laury and Luc Messier, for appointment as directors of the Company.

Véronique Laury was Chief Executive Officer of the Kingfisher Group, based in London, from 2014 to September 2019. Kingfisher, which is a FTSE100 listed company, is the parent company of the do-it-yourself retail chains Bricorama and B&Q. Véronique Laury will bring to the Board her solid expertise in consumer culture and sales and marketing.

Luc Messier, who has dual Canadian/American nationality, will bring to the Group his international operational experience, gained notably in the energy industry, where he held executive positions in several large French and American multinationals. He has lived and worked in Canada, Asia, Africa, Europe, and more recently, the United States where he currently resides.

INDEPENDENCE

ANALYSIS BY THE BOARD OF DIRECTORS OF EACH DIRECTOR'S STATUS BASED ON THE INDEPENDENCE CRITERIA DEFINED IN ARTICLE 8 OF THE AFEP-MEDEF CODE

	AFEP-MEDEF CODE INDEPENDENCE CRITERION							
	EMPLOYEE/ CORPORATE OFFICER IN THE PAST 5 YEARS	CROSS-DIRECTORSHIPS	SIGNIFICANT BUSINESS RELATIONSHIPS	CLOSE FAMILY TIES	AUDITOR IN THE PAST 5 YEARS	PERIOD OF OFFICE EXCEEDING 12 YEARS	STATUS OF NON-EXECUTIVE CORPORATE OFFICER	STATUS OF MAJOR SHAREHOLDER
Sophie Bellon		✓	✓		✓		✓	
Emmanuel Babeau	✓	✓	✓	✓	✓	✓	N/A	✓
Robert Baconnier	✓	✓	✓	✓	✓		N/A	✓
Astrid Bellon	✓	✓	✓		✓		N/A	
François-Xavier Bellon	✓	✓	✓		✓		N/A	
Nathalie Bellon-Szabo		✓	✓		✓		N/A	
Françoise Brougher	✓	✓	✓	✓	✓	✓	N/A	✓
Soumitra Dutta	✓	✓	✓	✓	✓	✓	N/A	✓
Sophie Stabile	✓	✓	✓	✓	✓	✓	N/A	✓
Cécile Tandeau de Marsac	✓	✓	✓	✓	✓	✓	N/A	✓

In this table, ✓ indicates an independence criterion that is met.

Business relationships

During Fiscal 2019, six[1] Board members were deemed independent directors (see also section 5.2.2 below). No independent director, the group or entity of which he or she is a member and in which he or she exercises executive powers, has any significant business ties with the Company, its group or its management.

When examining the independent status of its directors, the Board of Directors pays particular attention to any business relations existing between the Sodexo Group and the entity or group of which each independent director is a member or director.

Cécile Tandeau de Marsac served as Chief Human Resources Officer of Solvay until June 2019 and Emmanuel Babeau is Deputy Chief Executive Officer of Schneider Electric and a director of Sanofi. The Board carried out a quantitative and qualitative analysis of their situations and the business relationships that the Solvay, Schneider Electric and Sanofi groups have with Sodexo. In this analysis, the Board of Directors determined that agreements are negotiated between the parties at arm's length. The Board also determined that the business flows between these groups (all activities combined and at the global level) are

1 In accordance with the AFEP-MEDEF Code, directors representing employees are not included in the calculation of the percentage of independent directors on the Board.

significantly lower than the 1% materiality threshold retained by the Board of Directors. Consequently, the Board of Directors considers that Cécile Tandeau de Marsac and Emmanuel Babeau are independent directors and that it should continue to benefit from their valuable experience in their respective fields.

Management of conflicts of interest

Since 2014 Sophie Stabile has been a member of the Board of Directors of SPIE, which, in a number of limited and clearly identified cases in the technical services field, could be considered to be a competitor of Sodexo in Europe. Sodexo's Board of Directors has therefore put measures in place to minimize this conflict of interest risk. In particular, no commercially sensitive information concerning activities in which Sodexo competes with SPIE may be disclosed or discussed in her presence.

Accordingly, the Board of Directors considers that Sophie Stabile complies with the recommendations of the AFEP-MEDEF Code to which the Company refers and with the provisions of the Internal Rules of the Board concerning conflict of interest situations.

In addition, the Board of Directors' Internal Rules state that directors are required to disclose to the Board any actual or potential conflicts of interest and must abstain from discussing and voting on any matters associated with such conflicts of interest.

Directors representing employees

On January 21, 2014, the Shareholders Meeting decided on the conditions of appointment to the Board of Directors of one or more directors representing employees. Directors representing employees are appointed for a period of three years.

A first director representing employees, Philippe Besson, was appointed by the trade union that obtained the most votes in the first round of the most recent elections in France of union representatives and took his seat on the Board at its meeting on June 18, 2014. Philippe Besson was reappointed in 2017 by this trade union for a three-year term which expires at the end of the Annual Shareholders Meeting to be held on January 21, 2020.

A second director representing employees, Cathy Martin, was appointed by the European Works Council and became a member of the Board at its meeting on September 10, 2015. Cathy Martin was reappointed by the European Works Council for a three-year term, effective from the Annual Shareholders Meeting held on January 23, 2018.

The Board does not have any directors representing employee shareholders, as the amount of the Company's capital held by employees does not exceed the 3% threshold that triggers the requirement for such a director, as set in article L.225-23 of the French Commercial Code.

5.2.1.7 Organization, operating procedures and preparation of the work of the Board of Directors

Sodexo is governed by a Board of Directors, which has been chaired by Sophie Bellon since January 26, 2016.

Role of the Chairwoman of the Board of Directors

The Chairwoman of the Board of Directors represents the Board and organizes and directs its work, and reports to the shareholders at the Shareholders Meeting. The Chairwoman also represents the Board of Directors in matters concerning third parties such as employee representatives and Statutory Auditors. In addition, she is responsible for shareholder relations, particularly concerning Corporate Governance matters, and reports to the Board of Directors on this role. The Chairwoman oversees the functioning of all of the Company's Corporate Governance structures and, in particular, ensures that the Board members are able to fulfill their duties. Moreover, in order to make the roles of the Chairwoman of the Board of Directors and the Chief Executive Officer more complementary, the Chairwoman assists the Chief Executive Officer by providing him with support and acting as a strategic sounding board. In addition to these duties, Sophie Bellon plays an important role as ambassador of the Group.

Operating procedures of the Board of Directors – Internal Rules

In addition to the Company's bylaws, the Board of Directors is governed by the Board's Internal Rules, which notably set out the Board's mission, the minimum and maximum number of Board members, the rules of the Directors' charter, the minimum number of Board meetings and the rules for allocating directors' fees. The Internal Rules also set the criteria for assessing the performance of the Board, organize the powers of the Chief Executive Officer, and define the policy for issuing guarantees.

The Internal Rules were amended by the Board of Directors in late 2018, in particular to comply with the new recommendations of the June 2018 revised version of the AFEP-MEDEF Code.

The full version of the Board of Directors' Internal Rules is available on the Group's website (www.sodexo.com) and a summary of the principal components thereof is provided below.

The Directors' charter

The main elements of the Directors' charter are described below.

Each director should constantly be mindful of the corporate interest, exercise good judgment (particularly of situations, strategies and people), and look to the future in order to identify the risks and strategic challenges that lie ahead. Each director should also be focused, active and engaged, and act with integrity.

Each director must personally own at least 400 Sodexo shares by the end of their first year of office (except for directors representing employees to whom no such requirement applies in accordance with French law).

Except in cases of *force majeure*, all directors of Sodexo must attend Shareholders Meetings.

Any director of Sodexo who obtains undisclosed information during the course of his or her duties is subject to insider trading legislation. In accordance with the European Market Abuse Regulation, the Company may draw up specific insider lists if insider information has been identified but a decision has been taken to postpone the publication of the relevant information.

Directors are prohibited from trading in Sodexo securities as follows:

- during the period commencing 30 calendar days prior to the date of publication of the half-year and annual consolidated financial statements and up to and including the date of their publication;
- during the period commencing 15 calendar days prior to the date of publication of the consolidated financial information for the first and third quarters up to and including the date of their publication.

Transactions in the Company's securities carried out by directors must be disclosed to the French securities regulator (*Autorité des marchés financiers* – AMF) within three trading days of the transaction date. Directors are required to inform the Group Legal Department of all transactions in Sodexo securities.

Induction and training of directors

Upon joining the Board, all directors receive training adapted to their specific needs. They meet the Chairwoman of the Board of Directors, the Chief Executive Officer and Group executives. Meetings are also organized with certain executives and external advisors. Site visits are arranged to provide an overview of the Group's businesses and a better understanding of each activity. Directors may also receive additional training on Corporate Responsibility or other matters. Board member training is a continuous process, throughout a mandate.

In addition, the Board ensures that directors representing employees are given the necessary time to prepare their participation in each Board meeting and that they receive the number of training hours required under the applicable legal provisions. Since joining Sodexo's Board of Directors, Philippe Besson and Cathy Martin have participated in several training seminars organized by the French Institute of Directors (IFA) as well as in-house training courses delivered by several of the Company's corporate functions, which are open to all of Sodexo's directors. Both Philippe Besson and Cathy Martin have been offered training that leads to certification as Board directors, and they began this training in Fiscal 2019.

Mission of the Board of Directors

The Board of Directors is a collegial body that acts in the Company's best interests, in line with the Group's corporate mission, and in the best interests of all of the Company's shareholders.

The Board defines Sodexo's strategy, long-term objectives and overall policies, in consideration of the social and environmental issues related to its activities, and ensures that they are properly implemented.

It regularly carries out the controls and verifications that it deems appropriate (particularly concerning progress made on the performance metrics set by the Board).

It appoints the corporate officers responsible for managing the Group's general policies.

The Board of Directors ensures the existence and effectiveness of the management of the Group's commitments, risks and internal control procedures, and oversees the quality of the information provided to shareholders and the financial markets in the financial statements and in connection with major financial transactions.

It ensures the implementation of a mechanism for the prevention and detection of corruption and influence peddling and receives all the information necessary for this purpose.

The Board of Directors also ensures that the Chief Executive Officer implements non-discrimination and diversity policies and a vigilance plan.

As required by law, the Board of Directors approves the financial statements for publication, decides on appropriation of net income, proposes dividends, and makes decisions on significant investments and the Group's financial policy.

At least five days ahead of Board meetings, each director is given briefing documents so that he or she can review and/or investigate the issues to be discussed.

The Group's senior executives make regular presentations to the Board of Directors, in particular at the meeting during which the budget is discussed:

- the Chief Executive Officer and the other operational executives, each in their area of responsibility, discuss the potential for growth, competitive positions, the ambition, the strategy for achieving it and the principal elements of their action plans;
- Group executives in each functional area (Human Resources, Finance and Strategy) present their recommendations regarding strategy and policy developments, progress achieved and to be achieved and action plans for implementation in the Group.

The Board of Directors performs periodic in-depth reviews of the financial statements at meetings attended as necessary by members of the Group's operational and functional management teams as well as by the external auditors.

The Board of Directors meets at least once a year without the presence of executive management and employee representatives.

The Board of Directors is also kept regularly informed of questions, comments or criticism from shareholders, whether at meetings with shareholders or by mail, e-mail or conference call.

Board meetings during the fiscal year

BOARD MEETINGS

The Board of Directors met eight times during Fiscal 2019, fulfilling the minimum requirement of six meetings per year as stated in the Board of Directors' Internal Rules. The Board's work during the year mainly related to the following areas:

Corporate Governance

- approving the Management Report of the Board of Directors and the Corporate Governance Report for Fiscal 2018;
- reviewing the Fiscal 2018 Registration document;
- assessing the operating procedures and membership structure of the Board of Directors and the specialized Committees;

- proposing the reappointment of directors whose terms of office were due to expire;
- proposing the appointment of a new director;
- assessing directors' independence;
- reviewing the Board of Directors' Internal Rules in order to align them with the AFEP-MEDEF Code;
- reviewing the charters of the specialized Committees;
- carrying out its annual review of related-party agreements and commitments;
- calling the Annual Shareholders Meeting, preparing the Board of Directors' Report to the Annual Shareholders Meeting, reviewing the resolutions to be put to the shareholders' vote, and drafting replies to the written questions received from shareholders prior to the meeting;
- reviewing employee engagement;
- reviewing corporate responsibility issues; and
- more generally, examining the work carried out and recommendations issued by the Nominating Committee and the Compensation Committee.

Compensation

- reviewing the compensation of Board members;
- approving the compensation and benefits of the Chief Executive Officer;
- approving the compensation and benefits of the Chairwoman of the Board of Directors;
- approving a new compensation policy for corporate officers to be submitted to the Annual Shareholders Meeting;
- reviewing gender pay equality;
- adopting the restricted and performance share plans (previously referred to as "free shares").

Financial statements and financial management

- reviewing and approving the financial statements of the Company and the Group for Fiscal 2018;
- appropriating net income for Fiscal 2018 and deciding on a dividend payment;
- examining the Group budget for Fiscal 2019;
- examining Sodexo's share performance and investors/analysts feedback;
- regularly renewing the authorizations granted to the Chief Executive Officer for issuing guarantees up to a certain threshold;
- reviewing and approving the consolidated financial statements for the first half of Fiscal 2019 and the Interim Financial Report;
- examining business trends for the end of Fiscal 2019;
- approving forecast documents; and
- more generally, examining the Statutory Auditors' Reports and analyzing the work of the Audit Committee and approving its recommendations.

Group business and strategy

- regularly reviewing the Group's various business activities and segments, as well as their growth outlook and competitive environments;
- analyzing client retention and sales effectiveness;
- regularly reviewing strategic opportunities, especially in terms of external growth.

Each year, a whole day is devoted to presentations on strategic issues given to the Board by operations and support teams, in addition to the plans that are regularly presented during the year at other Board meetings. These annual presentations are an occasion for high-quality discussions between the directors and the Company's senior management team, and are extremely appreciated by everyone involved.

ASSESSMENT OF BOARD OPERATING PROCEDURES

At least once a year, the Board of Directors devotes an agenda item to discussing its operating procedures, and every three years it organizes a formal external assessment.

The most recent formal assessment took place in 2017 and its findings were presented and discussed at the Board meeting on June 14, 2017 and, more recently, the Board's annual discussion on this issue took place at its meeting on June 19, 2019.

From these discussions, it appeared that the general view of the Board's operating procedures was very positive and the directors particularly appreciated their freedom of expression and the Board's spirit of collective intelligence. The directors also consider that Board meetings are highly participative.

The Board's membership structure has recently been strengthened with the arrival of new independent directors with solid competencies in finance, human resources and operations, and the overall age profile is gradually getting younger. Similarly, there has been a renewal of skills within the Board Committees.

The induction and training courses offered both to new directors and directors representing employees are considered to be particularly useful in terms of their impact on the quality of the work of the Board and its specialized Committees as they enhance each director's individual contribution.

In response to the findings of previous assessments of Board's operating procedures, Board and Audit Committee agendas now include closer monitoring of performance and regular updates on strategic plans.

Lastly, in this year's discussion, the Board expressed its desire that a Board meeting be held outside France.

Specialized Committees of the Board

To support its decision-making process, the Board of Directors has three specialized Committees, each with its own charter approved by the Board of Directors setting out its role, responsibilities and operating procedures.

Broadly, the role of these specialized Committees is to examine specific issues ahead of Board meetings and to submit opinions, proposals and recommendations to the Board of Directors.

AUDIT COMMITTEE

Composition as of August 31, 2019:

- Sophie Stabile*, Chairwoman since April 2019, independent director;
- Emmanuel Babeau*, independent director (Chairman of the Committee until March 2019);

* Deemed a "financial expert" as defined in article L.823-19 of the French Commercial Code.

- François-Xavier Bellon, director;
- Soumitra Dutta, independent director;
- Cathy Martin, director representing employees.

The Audit Committee is responsible for ensuring that the Group's accounting policies are appropriate and consistently applied, particularly with respect to material transactions. It also verifies that the procedures used for preparing and processing accounting information (both financial and extra-financial) are effective and it issues recommendations for ensuring the integrity of such information.

It examines the Company's fraud detection procedures and its whistleblowing system. It is notably in charge of ensuring that a procedure is in place for dealing with complaints from third parties or employees (which may be anonymous) about any irregularities concerning accounting or internal control practices or any other area.

It issues observations and recommendations to the Company's senior management team about risks, particularly the structure, scope and organization of risk management. Accordingly, it periodically reviews senior Management Reports on risk exposure (including social and environmental risks) and prevention, and ensures that effective internal controls are applied. It also regularly reviews the Internal Audit Reports and is informed of the internal audit plan.

All Audit Committee members have recognized competencies in finance and accounting, as confirmed by their professional background (see section 5.2.1.3). When Cathy Martin was appointed as a member of the Audit Committee, she was given specific in-house training on the Company's accounting, financial and operating procedures.

The Audit Committee performs an annual review of the fees paid to the Statutory Auditors of Sodexo and its subsidiaries, assesses auditor independence and pre-approves certain non-audit services. When necessary, it carries out the process for appointing and re-appointing the Statutory Auditors.

In addition, it reviews the annual payment due under the service agreement signed between Sodexo and Bellon SA (detailed in section 5.3.2 of this Universal Registration Document), as well as any changes in its amount from one year to the next.

To perform its role, the Audit Committee is assisted by the Chief Executive Officer, the Chief Financial Officer, the Senior Vice President Group Internal Audit and the Statutory Auditors, who present their work to the Committee and answer any questions that it may have. The Committee may also make inquiries of any Group employee, without any Company executives being present, and seek advice from outside experts. It meets at least once a year with the Statutory Auditors without management.

The Audit Committee met five times in Fiscal 2019 and the attendance rate was 97%.

In addition to the above matters, the Committee's work during the year concerned the following:

- the impact of the first-time application of IFRS 9, IFRS 15 and IFRS 16;
- the internal control system and combating cyber-risks;
- a review of the internal control process;
- the risk map, the audit plan and monitoring audit engagements;
- update of the internal audit charter;
- monitoring the Group's financing;
- monitoring the guarantees issued by the Company and the related authorizations granted to the Chief Executive Officer by the Board of Directors, and, more generally, monitoring the Group's off balance-sheet commitments;
- reviewing the non-audit services performed by the Statutory Auditors;
- reviewing the fees paid to Bellon SA under the service agreement with the Company;
- examining the Group's scope of consolidation, the integration process for newly acquired companies, and the accounting restatements carried out in relation to acquisitions.

The Audit Committee also reviewed the annual consolidated financial statements for Fiscal 2018 and the interim consolidated financial statements for the first half of Fiscal 2019. In addition, it examined the sections of the Fiscal 2018 Registration document relating to risk management and internal control procedures as well as the content of the Interim Financial Report, and reviewed the draft financial press releases before they were submitted to the Board of Directors.

Part of the meetings dedicated to reviewing the Group's annual and half-yearly results took place with the Statutory Auditors and without management.

In addition to formal Committee meetings, the Chair of the Audit Committee also had meetings during the fiscal year with the Chief Executive Officer, the Senior Vice President Group Internal Audit, the Chief Financial Officer and the Statutory Auditors.

NOMINATING COMMITTEE

Composition as of August 31, 2019:

- Cécile Tandeau de Marsac, Chairwoman since April 2019, independent director;
- Sophie Bellon, Chairwoman of the Board of Directors;
- Nathalie Bellon-Szabo, director;
- Françoise Brougher, independent director (Chairwoman of the Committee until March 2019).

This Committee:

- assesses regularly the competencies and experience represented on the Board of Directors, and more generally the situation of directors in relation to the criteria concerning the composition of the Board of Directors specified in the relevant legislation, the AFEP-MEDEF Code and the Board's Internal Rules;
- examines proposals made by the Chairwoman of the Board of Directors in relation to director nominations. It may retain the services of external executive search firms to identify candidates, while ensuring that the backgrounds of short-listed candidates are adapted to its current needs;
- provides an opinion to the Board of Directors on the appointment of the Chief Executive Officer and, as appropriate, one or more Deputy Chief Executive Officers;
- prepares succession plans for corporate officers;

- ensures that it is able to propose potential replacements at any time if the position of Chief Executive Officer were to suddenly become vacant, while maintaining confidentiality;
- ensures that succession plans are in place for the members of the Group Executive Committee and regularly reviews those plans.
- regularly reviews the training plans for directors as well as the welcome and induction process for new directors.

The Nominating Committee met four times in Fiscal 2019 and the attendance rate was 100%.

Other than the above matters, the Committee's work during the year included examining the following:

- the resolutions submitted to the Annual Shareholders Meeting;
- the sections within its remit of the Corporate Governance Report published in the Fiscal 2018 Registration document;
- succession plans;
- the Group's talent retention strategy;
- a specific training plan for directors representing employees;
- regular updates on the recruitment of new directors;
- directors' independence;
- the Board's diversity policy;
- a skills matrix for directors identifying their competencies and determining the profiles sought for future candidates.

COMPENSATION COMMITTEE

Composition as of August 31, 2019:

- Cécile Tandeau de Marsac, Chairwoman, independent director;
- Sophie Stabile, independent director;
- Françoise Brougher, independent director;
- Philippe Besson – director representing employees.

This Committee makes proposals to the Board of Directors relating to the compensation policy and packages of the Group's executives (corporate officers and non-corporate officers). It also puts forward proposals about the Group's executive incentive policy, in particular performance share grants (including the underlying performance conditions), and examines the implementation of employee share ownership plans. Lastly, it issues recommendations concerning the budget and allocation procedures for directors' fees.

The principles and rules applied by the Board of Directors in determining the compensation and fringe benefits provided to the corporate officers are described in section 5.5 of this Registration document.

In connection with its work, the Compensation Committee may use external specialists.

The Compensation Committee met five times in Fiscal 2019 and the attendance rate was 100%.

Its work carried out during the year notably concerned:

- corporate officer compensation packages (*ex post* and *ex ante* say-on-pay votes);
- recent developments and new regulations concerning executive pay, including pension plans;
- the Corporate Governance Report included in the Fiscal 2018 Registration document;
- the overall compensation policy for Executive Committee members and the Group's Top 200 managers;
- reviewing the budget for directors' fees, which it kept unchanged;
- the Group's restricted and performance share plans;
- reviewing the Compensation Committee's charter; and
- more generally, issuing recommendations to the Board of Directors concerning corporate officers' compensation and the Group's executive incentive system.

On June 19, 2019, the Committee recommended to the Board that 810,990 restricted shares be granted to 2,144 people (with some of the shares subject to performance conditions), and expressed its opinion on the individual grants proposed and the performance conditions defined for the Chief Executive Officer.

DIRECTORS' ATTENDANCE RATES AT BOARD AND COMMITTEE MEETINGS DURING FISCAL 2019

	BOARD MEETINGS(1)	AUDIT COMMITTEE MEETINGS(2)	COMPENSATION COMMITTEE MEETINGS(3)	NOMINATING COMMITTEE MEETINGS(4)
Sophie Bellon	100%			100%
Emmanuel Babeau	100%	80%	100%	
Robert Baconnier	100%	100%		
Astrid Bellon	63%			
Bernard Bellon	100%			
François-Xavier Bellon	81%	100%		
Nathalie Bellon-Szabo	100%			100%
Philippe Besson	100%		100%	
Françoise Brougher	81%		100%	100%
Soumitra Dutta	100%	100%		
Cathy Martin	75%	100%		
Sophie Stabile	88%		100%	
Cécile Tandeau de Marsac	100%		100%	100%
Average rate	91%	97%	100%	100%

(1) Number of Board meetings: 8.
(2) Number of Audit Committee meetings: 5.
(3) Number of Compensation Committee meetings: 4.
(4) Number of Nominating Committee meetings: 5.

ROLE OF THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

The Chief Executive Officer has the authority to manage the operations and functions of the Group. Limits are placed on the powers of the Chief Executive Officer. These limits are set by the Board of Directors based on the recommendations of the Chairwoman of the Board.

The Chief Executive Officer is required to obtain the prior consent of the Board to make any pledge, endorsement or guarantee as follows:

- term greater than 15 years, regardless of the amount; however, where the term is less than 25 years and the amount is less than 100 million euro, and with prior approval of the Chairwoman of the Audit Committee, this prior consent is not required;
- term between 10 and 15 years and amount greater than or equal to 15 million euro;
- term between 5 and 10 years and amount greater than or equal to 30 million euro;
- term less than 5 years and amount greater than or equal to 50 million euro.

The total amount for which the Chief Executive Officer may make any pledge, endorsement or guarantee between Board meetings is limited to 150 million euro.

The Chief Executive Officer must also obtain prior consent from the Board of Directors to commit the Company beyond certain amounts related notably to acquisitions of interests in companies for more than 50 million euro (enterprise value) per transaction (100 million euro with the approval of the Chairwoman of the Board), to disposals of shares in companies for more than 20 million euro (enterprise value) per transaction, and for medium- and long-term new financing of more than 100 million euro. The Chief Executive Officer must also obtain the prior consent of the Board for decisions relating to the startup of new activities.

Denis Machuel was appointed Chief Executive Officer on January 23, 2018 to replace Michel Landel, who had held the position since September 1, 2005. Following his appointment as Chief Executive Officer, Denis Machuel's employment contract with a Sodexo subsidiary was terminated.

DENIS MACHUEL – CHIEF EXECUTIVE OFFICER

Born April 19, 1964
Nationality: French
Graduate of the *École nationale supérieure d'informatique et de mathématiques appliquées de Grenoble* (ENSIMAG)
Holds a Master of Science degree in Computer Science from Texas A&M University
First appointed: January 23, 2018
Expiration of current term: Unlimited period
Number of Sodexo shares held: **23,100**

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chief Executive Officer, Sodexo

Background

Denis began his career with Schneider Electric in Egypt, before assuming a position as consultant at Altran, with Dassault Électronique as client. He remained with Altran for 16 years, holding several management positions including Altran Technologies UK's Chief Executive Officer, where he created the subsidiary. He then became Chief Executive Officer of Altran Technologies France before becoming Director of Strategy and Offshore Operations.

In 2007, he joined Sodexo as Benefits and Rewards Services Chief Executive Officer for Central and Eastern Europe. In 2010, Denis took the lead of Benefits and Rewards Services activity in Europe and Asia, before being appointed as Benefits and Rewards Services Chief Executive Office worldwide in January 2012. Denis joined Sodexo's Executive Committee in January 2014. In January 2015, he also became Group Chief Digital Officer and in September 2016, Denis was also appointed as Personal and Home Services Chief Executive Officer.

On January 23, 2018, Denis Machuel was appointed Chief Executive Officer of Sodexo.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

- **Chairman of the Board of Directors:** Sodexo Pass International

FOREIGN COMPANIES

- **Chairman of the Board of Directors:** Sodexo Pass Tunisie (Tunisia); Shangai Sodexo Pass Service Limited (China); Sistemas de Incentivos Empresariales (Panama)
- **Member of the Board of Directors:** Sodexo Pass Portugal Unipessoal Lda (Portugal); Inspirus LLC (USA)
- **Member of the Management Board:** Sodexho Pass Venezuela CA (Venezuela)
- **Member of the Supervisory Board:** iAlbatros Poland SA (Poland)

Companies not linked to Sodexo

FRENCH COMPANIES

None.

FOREIGN COMPANIES

- **Member of the Board of Directors:** Catalyst

Other positions and corporate offices held within the past five years but no longer held

Denis Machuel has held numerous corporate offices in Sodexo Group subsidiaries within the past five years. For ease of reference, not all of these offices are listed here.

Executive Committee

The Chief Executive Officer is supported by an Executive Committee.

The Executive Committee meets regularly, and is the linchpin of the management structure. It is responsible not only for discussing and developing strategies to be recommended to the Board of Directors, but also for monitoring the implementation of these strategies once the Board of Directors has approved them. The Executive Committee tracks the implementation of action plans, monitors business unit performance, and assesses the potential benefits of growth opportunities and the risks inherent in its business operations.

During Fiscal 2019 the following change took place in relation to the Executive Committee's members:

- Sarosh Mistry, CEO Home Care Services Worldwide, joined the Executive Committee, having also been appointed as Region Chair for North America (On-site Services), replacing Lorna Donatone, who continued in her role as CEO, Geographic Regions.

5

As of August 31, 2019, Sodexo's Executive Committee had 20 members (including Denis Machuel), 35% women with eight different nationalities. These members are as follows:

Denis Machuel	Chief Executive Officer
Nathalie Bellon-Szabo	CEO, Sports and Leisure Worldwide, On-site Services
Cathy Desquesses	Group Chief People Officer
Johnpaul Dimech	Region Chair, Asia Pacific, On-site Services
Lorna Donatone(1)	Region Chair, Latin America and CEO, Geographic Regions
Sean Haley	CEO, Service Operations Region Chair, UK & Ireland, On-site Services
Nicolas Japy(2)	CEO Energy & Resources Worldwide, On-site Services
Tony Leech	CEO, Government & Agencies Worldwide, On-site Services
Satya-Christophe Menard	CEO, Schools & Universities Worldwide, On-site Services
Sylvia Metayer	CEO, Corporate Services Worldwide, On-site Services
Sarosh Mistry	Region Chair, North America, On-site Services CEO, Home Care Services Worldwide
Belen Moscoso Del Prado	Group Chief Digital and Innovation Officer
Anna Notarianni	Region Chair, France, On-site Services
Marc Plumart	CEO, Healthcare & Seniors Worldwide, On-site Services
Marc Rolland	Group Chief Financial Officer
Dianne Salt	Group Chief Communications Officer
Didier Sandoz	CEO Personal and Home Services
Aurélien Sonet	CEO, Benefits and Rewards Services
Bruno Vanhaelst	Group Chief Sales and Marketing Officer
Damien Verdier	Group Chief Corporate Responsibility Officer

(1) Will retire on December 31, 2019.
(2) Has retired on September 1, 2019.

On September 1, 2019 the following changes took place:

- Simon Seaton replaced Nicolas Japy as CEO Energy & Resources Worldwide (On-site Services);
- Sunil Nayak replaced Sylvia Metayer as CEO Corporate Services Worldwide (On-site Services);
- Sylvia Metayer became Chief Growth Officer;
- Johnpaul Dimech replaced Lorna Donatone as CEO, Geographical Regions;
- Damien Verdier's role was changed to focus exclusively on Corporate Responsibility and institutional relationships.

In relation to gender diversity within the Executive Committee, the Board of Directors complies with applicable law, the recommendations set out in the AFEP-MEDEF Code and best market practices. In line with this, 20% of the performance shares granted to Executive Committee members are subject to a specific diversity and inclusion vesting condition aimed at promoting women to top management positions, *i.e.* posts reporting directly to a member of the Group Executive Committee. The targets are for 37% of top management posts to be held by women in 2022 and 40% in 2025.

The Executive Committee is supported by a **Group Investment Committee** whose members comprise the Chief Executive Officer, the Chief Financial Officer and one or more CEOs depending on the investment projects concerned. This Committee considers and approves:

- significant new contracts for the Group;
- any plan to invest in property, plant and equipment or intangible assets as well as cumulative overruns of any investment budget approved at the beginning of the fiscal year;
- any plan to invest in or acquire companies;
- disposals of shareholdings.

The Executive Committee meets regularly in plenary meetings and *ad hoc* meetings are held when required.

5.2.2 Compliance with the AFEP-MEDEF Code

Sodexo uses the AFEP-MEDEF Code as its Corporate Governance framework. The latest version of this Code, as revised in June 2018, is available on the websites of the AFEP (www.afep.com) and the MEDEF (www.medef.com). The Company has opted not to apply certain of the Code's recommendations, for the reasons set out in the table below.

AFEP-MEDEF RECOMMENDATIONS	SODEXO PRACTICE
Independence criteria for Board members (section 8.5.6 of the Code) Among the criteria to be evaluated in considering whether a Board member is independent is that of not having been a Board member for more than 12 years.	Robert Baconnier's terms of office as a director of Sodexo have exceeded 12 years since February 9, 2017. In its analysis of whether Robert Baconnier could still qualify as an independent director, the Board of Directors took the following factors into account: • his financial expertise; • the objectivity he has always shown during the Board's debates and discussions; • his ability to convey his opinions and beliefs and make balanced judgments in all circumstances; • his deep understanding of the Group's challenges and goals, which facilitates the continuity of discussion and provides perspective on decisions. The Board of Directors considers that his personality, leadership qualities and underlying commitment are all evidence of his independent mindset. Taking all of these factors into consideration, the Board has decided not to apply the independence criterion limiting Board members' terms of office to 12 years and to continue to consider Robert Baconnier an independent director. Furthermore, Robert Baconnier chose to resign from the Audit Committee as of January 22, 2019 and his directorship was only renewed for one year at the Annual Shareholders Meeting of January 22, 2019. Consequently, his final term of office will end on January 21, 2020.
Proportion of independent members on the Nominating Committee (section 16.1 of the Code) The Code recommends that the majority of the members of the Nominating Committee be independent directors.	Sodexo's Nominating Committee comprises four members, 50% of whom are independent directors. However, it is important to note that: • its members do not include any executive corporate officer, as recommended by the Code; • like the Board's other Committees, it is chaired by an independent director.

ATTENDANCE OF SHAREHOLDERS AT THE ANNUAL SHAREHOLDERS MEETING

Specific procedures pertaining to the participation of shareholders at the Shareholders Meeting are indicated in article 16 of Sodexo's bylaws (see section 6.4.12 of this Universal Registration Document).

INFORMATION THAT COULD HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

The Company considers that its ownership structure and voting rights, which are described in section 6.3.2 of this Universal Registration Document, are the items that it is required to disclose pursuant to article L.225-100-3 of the French Commercial Code, which provides a list of items that require disclosure if they could have an impact in the event of a public tender offer.

5.3 OTHER INFORMATION

5.3.1 Other information concerning corporate officers and senior management of the Company

Family relationships within the Board of Directors are as follows:

- Astrid Bellon, Nathalie Bellon-Szabo and François-Xavier Bellon (directors) are the sisters and brother of Sophie Bellon, Chairwoman of the Board of Directors;
- Nathalie Bellon-Szabo (director) is a member of Sodexo's Executive Committee.

No loans or guarantees have been made or given to either members of the Board of Directors or senior management by Sodexo or by any Group company.

No assets necessary for the Group's operations are owned by either members of the Board of Directors or senior management or by their families.

There are no potential conflicts of interest between the duties to Sodexo of members of the Board of Directors or senior management and their private interests. In particular:

- Mr. and Mrs. Pierre Bellon and their four children control 72.6% of Bellon SA, which in turn holds 42.2% of the share capital of Sodexo and 56.6% of the exercisable voting rights as of August 31, 2019. Mr. and Mrs. Pierre Bellon and their children entered into an agreement in June 2015 to prevent direct descendants of Mr. and Mrs. Pierre Bellon from freely disposing of their Bellon SA shares for 50 years. Bellon SA's only asset is its holding in Sodexo; Bellon SA has no intention of selling this holding to a third party;
- other members of the Bellon family hold 7.8% of the shares of Bellon SA.

As far as the Company is aware, no member of the Board of Directors or of the senior management has during the past five years been:

- convicted of fraud;
- associated with a bankruptcy, receivership or liquidation;
- officially incriminated and/or subject to any official public sanction issued by a statutory or regulatory authority;
- prohibited by a court from acting as a Board member, a Supervisory Board member, or a member of senior management of an issuer, or from participating in the management or business affairs of an issuer.

Transactions in Sodexo shares carried out by corporate officers, Board members, members of their family and related persons

As required under article 223-26 of the French securities regulator's (*Autorité des marchés financiers* – AMF) General Regulation, transactions in Company shares by corporate officers, directors and persons with personal ties to these officers and directors declared to the AMF pursuant to article L.621-18-2 of the French Monetary and Financial Code were as follows during Fiscal 2019:

	TRANSACTION TYPE	TRANSACTION DATE	AVERAGE PRICE
Soumitra Dutta (director)	Sale of 500 ADRs	September 24, 2018	U.S.$21.86
Person with close ties to Bernard Bellon (director)	Sale of 5,400 shares	November 20, 2018	€91.25
Person with close ties to Bernard Bellon (director)	Sale of 165 shares	November 29, 2018	€91.66

Measures to prevent abuse from controlling shareholder

Sodexo has put in place a series of measures in order to ensure that the control over the Company is not exercised in an abusive manner. Examples of these measures include:

(a) the presence of six independent directors among the twelve members of the Board of Directors (including two directors representing employees) as of August 31, 2019;

(b) the fact that the Company has put in place three specialized Committees, which are all chaired by independent directors and whose members include independent directors, as recommended by the AFEP-MEDEF Code;

(c) the separation of the roles of Chairman of the Board and Chief Executive Officer;

(d) the disclosures within this document of the relationship between Sodexo and Bellon SA:

- these include the ownership interest of Bellon SA in Sodexo (disclosed in section 6.3 of this document),
- the Sodexo shares are the only assets held by Bellon SA; consequently, the interests of Sodexo's shareholders are aligned with those of Bellon SA's shareholders and the capital ties between the two companies do not generate any conflict of interest,
- since 1991, a service agreement between Bellon SA and Sodexo has been in operation (described below in the paragraph concerning related-party agreements). The fees payable under this agreement and changes in these fees are reviewed annually by the Audit Committee.

5.3.2 Related-party agreements and commitments

Related-party agreements and commitments submitted for approval at the Annual Shareholders Meeting of January 21, 2020

The Company did not enter into any related-party agreements or commitments governed by articles L.225-38 or L.225-42-1 of the French Commercial Code during Fiscal 2019.

After the close of Fiscal 2019, the Company entered into the following commitment, governed by article L.225-42-1 of the French Commercial Code, which was authorized by the Board of Directors on November 6, 2019:

Regulated commitment benefiting Denis Machuel (pension plan)

In order to comply with the France's Business Growth and Transformation Act dated May 22, 2019 (the "PACTE Act") as well as with the Ordonnance of July 3, 2019 transposing the pension portability directive, the Board of Directors decided to close as of December 31, 2019 the defined benefit pension plan benefiting Denis Machuel and to implement another benefit pension plan governed by article L.137-11-2 of the French Social Security Code. This new plan which will benefit Denis Machuel will grant annual rights amounting to 0.5% of his fixed and variable compensation for the first five years and to 1% beyond those five years, up to a total of 10%. The acquisition of rights will remain subject to the same performance condition as the one set for the previous plan, *i.e.* an achievement rate of his annual variable compensation targets of at least 80%.

Related-party agreements and commitments approved by the shareholders in previous years that remained in force during Fiscal 2019

Service agreement between Bellon SA and Sodexo, in which Sophie Bellon, Nathalie Bellon-Szabo, Astrid Bellon and François-Xavier Bellon are corporate officers in both companies and exercise control as defined in article L.233-3 of the French Commercial Code

The service agreement between Bellon SA and Sodexo, which falls within the scope of article L.225-38 of the French Commercial Code and was approved by shareholders in previous years, remained in force during Fiscal 2019. This agreement was subject to an annual review by the Board of Directors and the Statutory Auditors were informed thereof.

Information on this service agreement is provided below as well as in the Statutory Auditors' Special Report set out in section 4.4.2 of this Registration document.

A service agreement has been in place between the Company and Bellon SA since 1991.

At its meetings on November 15, 2016 and July 10, 2017, the Board of Directors, on the recommendation of the Audit Committee, approved changes to this agreement that became effective on November 17, 2016 and were approved at the Shareholders Meeting of January 23, 2018.

Under the terms of this agreement, Sodexo benefits from the professional experience and expertise of the three Bellon SA managers.

Under the terms of the agreement, Bellon SA invoices Sodexo for the compensation of the Chief Financial Officer, Chief People Officer, and Chief Strategy Officer during the secondment period. In compliance with the law, their compensation is fully rebilled, including the fixed and variable portions, as well as any related payroll taxes.

The total fees billed under this agreement, and changes compared with the prior year, are reviewed annually by the Audit Committee. In addition, and in compliance with the law, the agreement and the annual billed fees are reviewed every year by the Board of Directors (with none of the directors from the Bellon family taking part in either the vote or the related discussions).

In Fiscal 2019, the fees billed by Bellon SA under this agreement amounted to 3,162,500 euro excluding taxes, relating to the compensation (including payroll taxes) paid to the Chief Financial Officer, Chief People Officer, and Chief Strategy Officer. This is down from 3,709,500 million euro in the previous year, reflecting lower bonus payout in Fiscal 2018.

Other agreements and commitments

The commitments made by the Company to Sophie Bellon, Chairwoman of the Board of Directors (concerning her supplemental health and benefit plans) and Denis Machuel, Chief Executive Officer (concerning his supplemental health and benefit plans and supplemental pension plan), governed by article L.225-42-1 of the French Commercial Code and approved by shareholders in previous years, remained in force during Fiscal 2019.

The commitment made by the Company to Denis Machuel, Chief Executive Officer, relating to his non-compete obligation (governed by article L.225-42-1 of the French Commercial Code) also remained in force in Fiscal 2019 but was not executed.

These commitments were subject to an annual review by the Board of Directors and the Statutory Auditors were informed thereof. Information on these commitments is provided in the Statutory Auditors' Special Report set out in section 4.4.2 of this document.

Assessment procedure for related-party agreements and other agreements

On November 6, 2019, on the recommendation of the Audit Committee, the Board of Directors adopted an internal charter for the Group to be used for identifying those agreements that need to undergo the procedure for related-party agreements, and distinguishing them from other agreements entered into in the ordinary course of business. This charter will help ensure that Sodexo complies with new French legislation on these agreements, which requires companies to regularly assess the conditions under which such agreements are entered into and to analyze their classification.

In addition to describing the regulatory framework applicable to the various types of agreements that may be entered into by the Group, the charter provides for a regular assessment to be carried out by the Audit Committee of the conditions under which agreements are entered into in the ordinary course of business, with any parties that have a direct or indirect interest in an agreement being prohibited from taking part in the corresponding assessment.

5.3.3 Ethics and compliance

Conducting business with integrity is critical to Sodexo's success and constitutes a fundamental pillar of the Group's responsible business conduct commitments. Sodexo's management has a zero tolerance policy for any form of unethical practice, such as bribery, corruption, or breaches of human rights.

In line with this, Sodexo has chosen to appoint a Group Chief Ethics Officer, who reports directly to the Chief Executive Officer and is responsible for promoting ethical principles and relaying the Group's Responsible Business Conduct program.

5.3.3.1 Organizational structure

Since 2011, the Sodexo Ethics and Compliance Committee ensures that business is conducted responsibly, by:

- deploying an ethics and compliance culture, and related programs and policies across the Group;
- addressing a range of issues relating to anti-corruption, the duty of vigilance, anti-money laundering, and preventing conflicts of interests;
- supporting all of the Group's Ethics and Compliance Committees worldwide;
- examining all specific issues brought to its attention.

This Committee is co-chaired by the Group General Counsel and the Group Chief Ethics Officer and comprises representatives from the Group's various support functions: Legal, Internal Control, Internal Audit, Human Resources, Supply Management, and Corporate Responsibility, Communication as well as heads of certain Group activities (some of these representatives are also Group Executive Committee members). Two other Group Executive Committee members take part in the work of the Ethics and Compliance Committee (a region President and a worldwide segment CEO). These two members change every year so that all of the Group's functions can be represented. The Ethics and Compliance Committee makes a quarterly report on its work to the Group Executive Committee.

A local network of Compliance Committees is also being gradually set up across the Group. Local Ethics and Compliance Committees that report to the regional Executive Committees are being put in place in regions and/or countries that did not have them before France's "Sapin II" Act took effect.

5.3.3.2 Ethics and Compliance program

Sodexo has further strengthened its Ethics and Compliance program, notably with a view to meeting the requirements provided for under new French legislation (the "Sapin II" Act of December 9, 2016 and the Duty of Vigilance Act of March 27, 2017). The program now includes the following:

- Code of conduct: Sodexo's Code of conduct – which sets out the Group's ethical principles – was updated in 2018. It provides practical examples showing employees how to do the right thing when faced with a dilemma and is available on the Sodexo website;
- Whistleblowing system: The Sodexo Speak Up Ethics Line, available in over 30 languages, enables all Sodexo employees and partners to report anything that they suspect to be unethical, illegal or unsafe, through a dedicated website or by phone. The Speak Up Line replaces the local alert systems that previously existed;
- Risk mapping: New risks specific to responsible business conduct have been assessed for each country and aggregated within the global risk map. These risks cover major issues such as bribery, corruption, breaches of human rights, anti-trust practices and environmental damage;
- Third-party assessments: Sodexo introduced its Supplier Code of conduct in 2008 and updates it every three years. The Group's suppliers are required to respect this Code, which is included as an appendix to all sales contracts, and also to pass on its terms and conditions to all of the players in their own supply chains.

  In addition, Sodexo is continuing the deployment of its online registration tool in order to centralize information about its suppliers. This tool incorporates all of Sodexo's requirements relating to capacity, certification, geographical coverage, and regulation. It is also used to collect data on social responsibility. Suppliers benefit from a simple interface, which enables them to provide all the required information easily. The advantage for Sodexo is that the tool provides a "gateway" for the collection of information adapted to the Group's social responsibility requirements. Suppliers are invited to respond to various questions linked to the Group's social responsibility commitments and are required to update them throughout their relationship with Sodexo. At the end of August 2019, more than 16,500 suppliers were registered in the tool;

- Training: Specific training courses on responsible business conduct are developed and delivered within the Group to the staff categories with the highest level of exposure. E-learning modules on anti-corruption and conflicts of interest have been put in place for all of the Group's managers, as well as associated in-house communication campaigns;
- Accounting control procedures: The internal control and risk management procedures relating to the preparation and processing of financial and accounting information form an integral part of the Group's anti-corruption measures;
- Internal control and audit procedures: Internal and external audits are performed on a regular basis, notably covering the following topics: anti-corruption, anti-money laundering, environmental protection, respect of human rights and fundamental labor rights, and occupational health and safety.

5.3.3.3 Sodexo Group tax policy

The Sodexo Group has established a tax policy that has been published on its website. This policy mainly states that the Sodexo Group undertakes to respect local tax laws and regulations that apply and pay its fair share of taxes in all countries where it operates, in line with the substance of the economic activity of the business locally. Sodexo is not using intended tax structures for tax avoidance nor investing in tax structures located in so-called "tax havens" in order to avoid taxes. The tax policy complies with principles of Business Integrity and the Code of Ethics of the Sodexo Group. Therefore, the Group considers that it is complies with the requirements of the new article L.225-102-1 of the French Commercial Code combating tax fraud.

5.3.4 Vigilance Plan

Sodexo has been actively managing its risks for a long time. The new legal requirements regarding the duty of vigilance therefore reflect the values and actions long championed by the Group and its founder, Mr Pierre Bellon.

In accordance with France's Duty of Vigilance Act, the Vigilance Plan presents the measures put in place within the Group to identify risks and prevent serious impacts in terms of (i) human rights and fundamental freedoms, (ii) the health and safety of persons, and (iii) environmental damage that may result from the Group's activities and those of its subcontractors and suppliers.

As Sodexo operates in 67 countries in a variety of complex economic and socio-cultural contexts, it adapts its approach to the above issues in accordance with its different businesses and host countries. The Vigilance Plan covers Sodexo and its subsidiaries' activities and is perfectly in line with its Corporate Responsibility roadmap.

In Fiscal 2019, Sodexo Group created a dedicated governance relating to ethics and compliance issues (including those that fall within the scope of the French Duty of Vigilance Act). The organization of the Group Ethics and Compliance Committee has been reviewed. This Committee now reports regularly to the Group Executive Committee and local network of regional Committees reporting to the regional and country executive Committees is also being progressively put in place (see section 5.3.3 above).

Issues that fall within the scope of the Duty of Vigilance cover all businesses and involve numerous teams, including corporate responsibility, supply management, legal affairs, internal control, internal audit, human resources, ethics and operations. The Group's work on these issues also involves its customers, suppliers and subcontractors.

The diagram below details the measures implemented by the Group in accordance with the five obligations concerning three categories of issues (human rights and fundamental freedoms, health and safety, environment). These measures are described in more detail in chapter 2 of this Universal Registration Document.

THE MAIN MEASURES CONTAINED IN THE VIGILANCE PLAN ARE PRESENTED BELOW:

	RISK MAPPING	REGULAR EVALUATION PROCEDURES COMPANY-WIDE	APPROPRIATE ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS HARM

HUMAN RIGHTS	• Risk map including human rights risks, prepared by all countries
	• Taking into account the risk of sexual harassment in the social dialogue (employee Sodexo)
	• New Materiality Assessment (see Materiality Assessment, Chapter 1)
	• Identification of three supply chain risk categories and specific monitoring:
	  • Textile: Uniforms
	  • Seafood: Tuna
	  • Agricultural products: Beef
		• Implementation of the Responsible Business Conduct program
		• Supplier Code of conduct
		• Matrix audit categories textile (uniforms)
		• Assessment* using the Supplier Information Management (SIM) system
			• Specific clauses in customer and employee contracts
			• Sodexo Code of conduct (statement of integrity)
			• Supplier and Subcontractor Contract Management (Contract clauses, Right Supplier, Right Terms)

HEALTH AND SAFETY	• Risk map including health & safety risks, prepared by all countries (see section 5.4 Risk Management) • New materiality assessment (see Materiality Assessment, Chapter 1) • Culture of « Zero harm »	• Implementation of the Responsible Business Conduct program • Sodexo Safety Net (evaluation and monitoring of high risk sites) • Supplier Code of conduct • Assessment* using the Supplier Information Management (SIM) system	• Deployment of Global Health Policies - Workplace Safety • Culture of « Zero harm » • Specific clauses in customer and employee contracts • Sodexo Code of conduct (statement of integrity) • Supplier and Subcontractor Contract Management (Contract clauses, Right Supplier, Right Terms)
ENVIRONMENT	• Risk map including environmental risks, prepared by all countries (see section 5.4 Risk Management) • New materiality Assessment (see Materiality Assessment, Chapter 1)	• Standard Operating Procedures (SOPs) for Site Managers • Implementation of the Responsible Business Conduct program • Supplier Code of conduct • Assessment* using the Supplier Information Management (SIM) system	• Sales Academy (Environment dedicated session) • Site Manager Academy (Environment dedicated session) • Deployment of Group Policies: Palm Oil, Seafood, Eggs, Animal Welfare • Customer and employee contractual clauses • Sodexo Code of conduct (Integrity Principles) • Supplier and Subcontractor Contract Management (Contract Clauses, Right Supplier, Right Terms)

* Self-assessments

ALERT AND REPORTING MECHANISM	FOLLOW-UP ON IMPLEMENTED MEASURES AND EVALUATION OF THEIR EFFECTIVENESS	INDICATORS AND EXAMPLES OF EFFECTIVENESS	OPPORTUNITY CREATED
• “Speak up” alert system accessible to people impacted by Sodexo’s activities	• Third-party independent audit (KPMG) • Biennial Engagement Survey • Regular supplier review process (external certification, mitigation and prevention)	• 94.5% of Sodexo’s Senior Leaders received training on sexual harassment • 100% of Sodexo’s textile suppliers are evaluated by an independent organization	• Strengthening social dialogue through global framework agreement on sexual harassment • Strengthening the relationship with suppliers through the Seafood Task Force and the Global Sustainable Seafood Initiative
• “Speak up” alert system accessible to people impacted by Sodexo’s activities • Health and safety reporting tool (Salus)	• Third-party independent audit (KPMG) • Biennial Engagement Survey • Regular supplier review process (external certification, mitigation and prevention) • External certifications and compliance with standards (*e.g.*, OHSAS 18001)	• Lost Time Injury Rate (LTIR): 0.86 (improved by 11.1%) • 88% of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certifications	• Attraction and customer loyalty • Reduction of insurance costs
• “Speak up” alert system accessible to people impacted by Sodexo’s activities	• Third-party independent audit (KPMG) • Biennial Engagement Survey • Regular supplier review process (external certification, mitigation and prevention)	• 89,1% of On-site Services revenues of countries having the Sodexo Animal Welfare Supplier charter available in at least one official language • 77,9% of sustainable fish and seafood which is sustainable as a % of total seafood (in kg) • 57,0% of cage free shell eggs (of the total of shell eggs purchased by Sodexo)	• Sodexo has a reputation as an attractive employer • Sodexo continues to expand its ecosystem to reduce greenhouse gas emissions and meet growing stakeholder expectations

5.3.5 Personal data protection

Respecting people's private lives and protecting their personal data are critical to Sodexo for it to maintain relationships of trust with its employees, customers, consumers and shareholders.

In view of this, in Fiscal 2017 Sodexo appointed a Group Data Protection Officer who reports to the Group General Counsel.

2018 was the year of the implementation of the European General Data Protection Regulation[1] (the "**GDPR**"), which entered into force on May 25, 2018, as well as the adaptation of the French *Informatique et libertés* law (Data Protection Act)[2]. This new legal framework for the protection of personal data, applicable beyond the borders of the European Union, was an opportunity for the Sodexo Group to roll out the required governance and a comprehensive personal data protection program.

Protecting personal data is the responsibility of everyone at Sodexo and is one of the pillars of the Group's Responsible Business Conduct program.

5.3.5.1 Organizational structure

Sodexo's Group Data Protection Officer has a team of experts at the Group level which has recently been further strengthened with the addition of a project management specialist.

A network of data protection single points of contact now covers all of the Group's geographic regions and business segments. This network is overseen by the Group Data Protection Officer and her team at Group level in order to ensure that data management best practices are harmonized and that data protection policies and procedures are deployed consistently.

A reporting system has been set up and the reporting packages submitted by the data protection correspondents are used as the basis of the reports given on a quarterly basis by the Group Data Protection Officer to the Chief Executive Officer.

In Fiscal 2019, a shared governance system for personal data protection was set up at Group level with the teams responsible for information systems security. This system is structured around two Committees:

- **a cyber-security and personal data protection review Committee**, comprising the Group Information Systems Security Officer, the Group Data Protection Officer, the Group General Counsel, the Chief Information Systems Officer, the Group Internal Control Officer and seven members of the Executive Committee.

  The role of this Review Committee, which meets three to four times a year, is to (i) approve the strategies and programs drawn up by the information systems security officers and the Group Data Protection Officer, and monitor the implementation of their respective roadmaps, (ii) draw lessons from major security incidents and data breaches and adjust the corresponding programs where necessary, (iii) review the reports of the internal and external auditors and the responses to be put in place for any identified weaknesses, and (iv) identify any major residual risks for the Group and decide on the appropriate remedial actions;
- **a Compliance Management Committee**, comprising the Group Information Systems Security Officer, the Group Data Protection Officer, and members of their respective teams at Group level.

  This Committee meets on a regular basis and is assisted, when required, by representatives of the Group's business activities, segments and support functions. Its role is to ensure that the IT-related technical and organizational measures implemented to guarantee security and confidentiality adequately cover personal data protection risks.

A personal data protection governance system has also been set up in some regions and its deployment for the remaining regions is a priority for Fiscal 2020.

5.3.5.2 Program for compliance with GDPR and other personal data protection laws

The Group has deployed a compliance program to ensure that it fully respects the new requirements provided for in the GDPR and other personal data protection laws. This program includes the following:

Governance

The governance measures undertaken to structure the organization of the overall personal data protection system are described above.

Responsibility

In conjunction with the IT teams, in Fiscal 2018 an inventory was performed of (i) the types of personal data processing, by purpose, carried out by Sodexo entities operating in the European Union and the European Economic Area, and (ii) the associated IT applications in place. This work resulted in the creation of registers, an overall data protection policy, and a practical GDPR compliance guide aimed at providing a standard set of procedures to be followed by the entities concerned when deploying GDPR-compliance measures (for further details on the Group's overall data protection policy, see section 5.4.1).

This inventory exercise was extended in Fiscal 2019 to the Asia Pacific region, the United States and Brazil.

Sodexo has also decided to submit Binding Corporate Rules to the French supervisory authority for data protection, the National Commission for Information Technology and Civil Liberties ("**CNIL**"), which Sodexo considers as its competent lead supervisory authority. This is a legal framework proposed in the GDPR, which allows multinational companies to submit a binding Code of conduct for personal data protection. Once approved by the CNIL, this Code will enable Sodexo to even more effectively share common compliance management rules with all Group entities and have a Group-wide data transfer framework.

1 Regulation (EU) 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, and repealing Directive 95/46/EC.

2 French Act No. 78-17 of January 6, 1978 relating to information technology, data files, and civil liberties, as amended by Act No. 2018-493 of June 20, 2018.

Data sharing

The Group Data Protection Officer has drawn up a best practice code for sharing data as well as template clauses for supplier agreements on processing personal data. These documents have been relayed throughout the network of data protection single points of contact so that all Group entities apply the same practices where data processing operations are either fully or partially outsourced.

Additionally, a map of the applicable personal data protection laws has been drawn up with the aim of providing a clear overall view of the formalities that need to be carried out in each of the Sodexo entities and therefore to prepare for implementation of the Binding Corporate Rules.

Risk management and control

To make certain that personal data is protected right from its collection, the Group has tightened its existing procedures by incorporating a review of risks related to privacy and fundamental rights.

A systematic and automated review of these risks is carried out on Group suppliers before any contracts are signed with them.

Following the inventory conducted in Fiscal 2018, internal controls and a recent audit of risks and any residual non-compliance issues was performed on all Sodexo entities operating in the European Union and the European Economic Area. A regular monitoring plan has been put in place for the data protection single points of contact in order to assist them with ongoing compliance management.

The next planned major project in this area will be to create a register of risks and a list of control points to verify that the Group's data protection procedures and best practices are being effectively implemented.

Response protocols and execution measures

To ensure that any security incidents resulting from personal data breaches are properly managed, the Group Data Protection Officer and the Group Information Systems Security Officer have jointly drafted a Group directive to be adapted locally by all of the Sodexo entities. A dedicated system is also currently being deployed so that any such security incidents can be even more efficiently dealt with.

Transparency, managing personal data rights, and awareness raising

As well as providing information on data processing and the Group's confidentiality and cookie management policies to people whose data may be collected by Sodexo entities, the Group has put in place a policy and procedure for managing these people's rights so that any requests they make are handled rapidly and efficiently.

As an extension to the global GDPR training program set up in Fiscal 2018 for all of Sodexo's employees, the Group has launched a new practical campaign, based on ten golden rules and designed in a fun and engaging way, to step up Sodexo's drive to raise employee awareness about confidentiality and data protection.

5.4 RISK MANAGEMENT

5.4.1 Group Policies

Sodexo faces a number of internal and external risks and uncertainties in the conduct of its business and in the implementation of its strategy. To confront these risks and uncertainties, the Group has established an organization and policies intended to identify, evaluate, prevent and manage these risks in order to limit any adverse impacts.

Internal control procedures are established by the Company and implemented under its responsibility, and are intended to ensure:

- compliance with laws and regulations and application of Group policies;
- the effectiveness of the Company's internal processes, notably those concerning the safeguarding of its assets;
- the reliability and integrity of financial and non-financial information.

Internal control procedures play a major role in the conduct of the Group's business, by contributing to the prevention and management of risks.

Strategy, long-term objectives and general policies of the Group

The Group's strategy, long-term objectives and general policies, as defined initially by Mr. Pierre Bellon and subsequently adjusted over the years by the Board of Directors, the Chief Executive Officer and the Executive Committee, are set out in the first chapter of this document and are presented each year during the Shareholders Meeting.

The Group's internal control procedures rely on these principles.

General policies of the Group

Group policies cover such areas as strategic planning, human resources development, finance, procurement, consumer and customer focus, food safety and hygiene, sustainable development and internal audit. They comprise four parts: goals, procedures, improvement metrics, and research and innovation. The Group continues to develop its policies to make them easier to understand and apply.

In light of the Group's changing environment and its expanding portfolio of services and solutions, these policies are regularly updated and approved by the Board of Directors.

Strategic planning process

The Board of Directors and senior management work together to constantly improve the strategic planning process and promote buy-in at all levels of the organization.

The Group's fundamental principles demonstrate how Sodexo was able to start from scratch in 1966 and then become a major international group with 470,000 employees, in 67 different countries, and world leader in Quality of Life services. In a profoundly changing world, Sodexo has defined priorities to enable it to continue to grow its revenues and underlying operating profit in the future.

Periodically, and particularly during the September Board meeting, the Group Chief Executive Officer, the heads of the Group corporate functions and the Chief Executive Officers of the main segments and activities present their strategic plans. Through this process, directors and senior executives all contribute to evolving the strategy and policies of the Group.

The process leads to the preparation of a consolidated annual budget that is submitted to the Board of Directors for approval.

Human resources development policy

The Group's three overriding human resources priorities are:

- to meet staffing requirements in terms of numbers, skills and competencies;
- to promote the development of our people offering training, learning and by giving priority to internal promotions;
- to develop a performance-based culture based on shared priorities and indicators.

The main human resources policies are focused on: the profile of a Sodexo leader and senior manager, Group organizational rules, succession planning for senior managers, senior managers' training and skills enhancement, employee engagement, senior managers' compensation, and innovation and research in the area of human resources administration.

Finally, annual tracking of improvement metrics by the Executive Committee and Board of Directors should serve to validate action plans aimed at advancing these policies, including engagement surveys, employee retention, internal promotion, and the representation of women in senior management.

Sodexo is also making significant advances in the area of diversity, particularly in relation to gender balance at all levels of the organization and is establishing partnerships with organizations for people with disabilities.

Financial policies

The Group's financial objectives are twofold, namely:

TO PRESERVE THE GROUP'S FINANCIAL INDEPENDENCE

Financial independence is a fundamental principle, because it enables the Group to hold firm to its values, pursue a long-term strategic vision, ensure management continuity and guarantee the business's lasting success.

Sodexo's financial independence is guaranteed by the family shareholding. As of August 31, 2019, Sodexo's holding company, Bellon SA, held 42.2% of the shares and 56.6% of the exercisable voting rights. It is based on three simple principles:

- choosing low capital-intensive activities;
- continuously maintaining sufficient liquidity to fund growth, reimburse medium-term debt, and pay dividends to shareholders;
- preserving a strong balance sheet and sound financial ratios.

ENHANCING THE ATTRACTIVENESS OF SODEXO SHARES TO LOYAL, LONG-TERM SHAREHOLDERS

Financial policies establish rules applicable to areas such as investment approvals, and the management of working capital, cash and debt.

Group financial policies require all decisions involving external financing to be made by the Group Chief Financial Officer, the Chief Executive Officer or the Board of Directors, depending on the amount and type of the transaction.

The Group Finance Department prepares a ten-year financing plan for the Group each year.

Group financial policies are designed to prevent any speculative positions being taken and to avoid risk in connection with financing and cash management activities.

Procurement policy

The objectives of the procurement function are documented in the Group's procurement policies and processes. The performance of Sodexo's procurement teams in the main countries where it does business is measured through savings metrics, which enable the Group to gauge the impacts of procurement initiatives and demonstrate the savings achieved.

The Group's priority is to ensure that suppliers and subcontractors that deliver Sodexo products and services have the right skills, capabilities and potential to carry out the tasks assigned to them. Our risk management guidelines set out the procurement procedures that our teams are required to follow in terms of working with and managing suppliers and subcontractors. The level of initial evaluation process and type of on-going management procedures for suppliers and sub-contractors directly depend on the product supplied or service rendered, and include verifying issues such as food safety and traceability.

In line with the Group's procurement policy, suppliers and subcontractors must sign the Sodexo Supplier Code of conduct which sets out Sodexo's requirements for adopting responsible best practices concerning ethical, social and environmental issues.

Business Integrity Guide

The Business Integrity Guide sets forth the Group's standards for achieving business integrity. Adherence to these uncompromising standards is part of what it means to be an employee of an industry-leading, best-in-class company. Sodexo employees must never compromise adherence to this guide for financial or other business objectives or personal gain. Sodexo does not tolerate any practice that is not born of honesty, integrity and fairness, anywhere in the world where it does business.

Corporate Responsibility

Since its creation in 1966, Sodexo's vocation has been to improve the Quality of Life for its employees and all whom it serves and contribute to the economic, social and environmental development of the communities, regions and countries in which it operates. In 2009, the Group formalized its Corporate Responsibility roadmap, the Better Tomorrow Plan. A revised version of this roadmap, Better Tomorrow 2025 was released in 2016.

The roadmap focuses on Sodexo's role as an employer, as a service provider and as a corporate citizen as well as on the impacts that it has on individuals, on communities and on the environment. It has 9 measurable commitments to action by 2025 with interim targets.

Sodexo's **commitment to the environment** as a service provider is to source responsibly and provide management services that reduce carbon emissions. Since 2009, Sodexo has implemented a low carbon strategy which is motivated by our desire to improve Quality of Life. Our strategy takes into account the business opportunities, risks and their financial implications.

In particular, these commitments are demonstrated through the following actions:

- renewal of the technical partnership agreement with World Wildlife Fund (WWF) to work on carbon reduction throughout Sodexo's supply chain;
- membership of the Better Buying Lab initiative led by the World Resources Institute (WRI) to promote the consumption of more plant-based food;
- combined management focus on achievement of the 34% carbon emissions reduction target, compared to 2011 baseline year.

In the **area of nutrition** for the health and wellness of consumers, Sodexo is committed to food safety and the promotion of a balanced diet for its consumers. Sodexo plays a critical role in the fight against obesity and malnutrition and provides solutions to make health and wellness a priority.

In the area of **social, economic and environmental development in the cities, regions or countries where Sodexo is present**, we focus on the following actions:

- Sodexo has been supporting the fight against hunger and malnutrition through Stop Hunger a global network created 20 years ago;
- working with local and small businesses and contributing to local economies through the Partner Inclusion program which allows thousands of local businesses s to integrate Sodexo's value chain;
- tackling waste by engaging with clients and supply partners to provide innovative solutions on food waste through the deployment of the program WasteWatch;
- promoting gender balance with a target of having at least 40% woman among Sodexo's senior leaders by 2025.

Sodexo is committed to respecting human rights wherever it does business. This commitment, with its core policies and procedures are based on international texts such as the Universal Declaration of Human Rights, the International Labour Organization's Declaration of Fundamental Principles and Rights at Work, and by the principles set forth in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In September 2019, Sodexo, world leader in Quality of Life services, was named Global Sustainability Industry Leader in its sector for the 15th year in a row by the Dow Jones Sustainability Index (DJSI).

Health, safety and environment policy

A world-class HSE performance is essential to our future commercial success and our reputation as a responsible global business. More importantly, at the heart of our HSE commitment is our care for people, for our community of employees as well as for all the tens of millions of consumers we serve every day. Health and safety is the founding pillar on which we base our mission to improve Quality of Life.

Sodexo's global Health, Safety and Environment policy sets out the Company's commitments. In partnership with our clients, consumers, suppliers and local communities, we work towards a zero harm culture where we prevent injuries and ill-health and protect the environment.

Information systems policies

The Group Information Systems and Technologies Department (Global IS&T) has defined three core objectives:

- improve the productivity of the Group's teams and bring them closer to their customers and consumers by leveraging new information and communication technologies;
- resolutely focus on serving users and keep pace with their changing needs and expectations;
- standardize information systems in order to continue to support Sodexo's growth, while also developing more robust performance measurement systems and control environments for our activities.

To meet these three core objectives, the Information Systems and Technologies Department has deployed numerous procedures, notably in the following areas:

- Group Information Systems Governance;
- Information and Systems Security;
- Mobile Terminal Allocation and Security;
- IS&T Capital Expenditure Programs;
- Third Party Security.

Data Protection policy

As Sodexo put individuals at the heart of the Quality of Life services, it was essential for Sodexo to establish a foundation for privacy and the protection of all personal data. The Sodexo's Global Data Protection Policy is aimed to describe how Sodexo entities collect, use, store, share, delete or otherwise process personal data and how data subjects can exercise their rights. This policy applies to the global organization of Sodexo entities when the European data protection law, namely, the General Data Protection Regulation (or "GDPR") is applicable. This policy applies to the processing of personal data collected by Sodexo, directly or indirectly, from all individuals including, but not limited to Sodexo's job applicants, our employees, clients, consumers, suppliers or subcontractors, our shareholders or any third parties (for further details of the compliance program relating to GDPR and other data protection laws, please refer to section 5.3.5.2).

Internal audit policy

Internal audit activities include reviewing and assessing the adequacy and effectiveness of governance, risk management and internal control systems and processes. This includes assessing:

- the reliability of financial and non-financial information;
- compliance with existing policies, procedures, laws and regulations;
- the methods used to safeguard assets;
- the effectiveness of operations and the resources used.

The internal audit team is also responsible for alerting the Chairwoman of the Board of Directors, the Audit Committee and the Executive Committee to any material risks and informing them of the causes of identified weaknesses.

The internal audit team has defined several procedures, primarily covering the identification of internal audit priorities for the coming fiscal year, the planning and execution of internal audits, the drafting of Internal Audit Reports and the follow up of action plans to implement the team's recommendations.

A series of internal audit performance indicators has been developed, covering such issues as the percentage of internal audit recommendations that have been implemented, the average time required to issue Internal Audit Reports, the annual audit plan completion rate, Internal Auditor training and rotation rates, the satisfaction rate among audited units.

Delegations of authority

Principles and policies in this area are supplemented by job descriptions, annual targets and, for senior executives, clearly defined delegations, which are reviewed annually and formally communicated to each executive by his or her superior.

The Chief Executive Officer delegates certain authority to the members of the Group Executive Committee, who themselves delegate to members of their executive teams.

Delegations of authority cover business development, human resources, procurement, investments and finance.

Delegations of authority must comply with the Group's policies.

Improvement metrics

All progress can be measured. Accordingly, Sodexo has developed improvement metrics allowing for progress to be measured in five main areas: Business Development, Management, Procurement, Human Resources and Corporate Responsibility.

The Group Finance Department coordinates the process and monitors operational improvement metrics for activities and entities using a Group scorecard.

Making progress in these areas is critical for future growth in underlying operating profit, operating cash flow and revenue.

The improvement metrics are presented each year to the Board of Directors and the Group Executive Committee in order to track progress in the areas concerned.

Development metrics:

- client retention rate;
- client and consumer satisfaction rates;
- comparable unit growth;
- new business development rate;
- return on investments in development (particularly non-tangible investments).

Management metrics:

- contract profitability;
- profitability of the different activities and client segments;
- gross operating margin and on-site costs;
- general and administrative expenses by subsidiary, by client segment and by function.

Procurement metrics:

- percentage of purchases made from referenced suppliers;
- number of referenced products, reduction in the number of deliveries on a site, etc.

Corporate Responsibility metrics

Employer metrics, including:

- employee engagement rate for which the Group has targeted a level comparable to that of firms ranked as the best employers worldwide. This indicator is measured every two years by an engagement survey;
- employee retention for all personnel and for site managers;
- internal promotion, which is measured by the number of employees promoted to site manager, to a middle manager or a senior management position;
- representation of women in senior management;
- percentage reduction in LTIR;
- percentage of workforce working in countries implementing action plans to integrate people with disabilities into the workplace.

Nutrition, health and wellness metrics, including:

- percentage of client sites implementing actions that proactively address the Sodexo 10 Golden Rules of Nutrition, Health and Wellness.

Economic, social and environmental development metrics, including:

- percentage of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct;
- business value benefiting SMEs (in euro).

Environmental protection metrics, including:

- measure of the consumption of products, identified as having an impact on the environment (for example palm oil);
- percentage of sustainable fish and seafood;
- percentage reduction in carbon emissions intensity (compared to 2011 baseline).

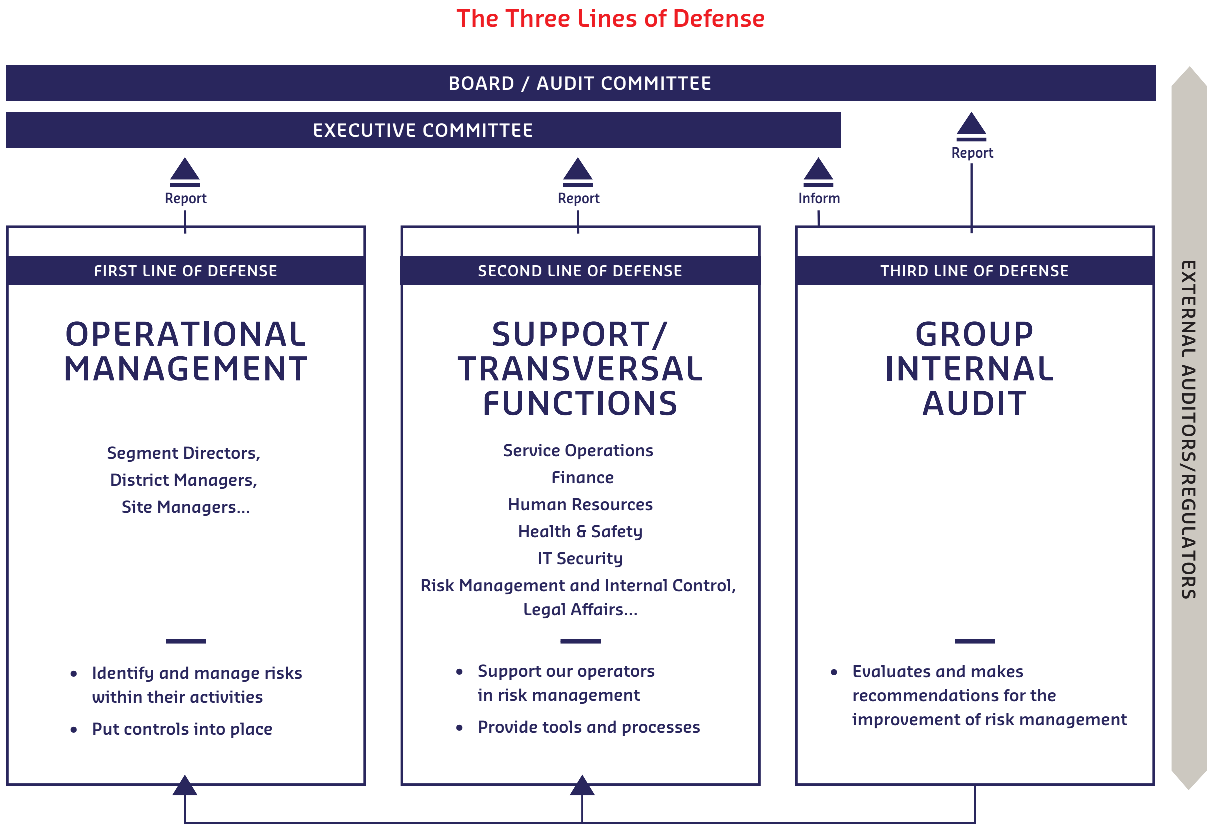
Sodexo selected an independent firm to audit a representative selection of social, environmental and societal data demonstrating the progress made in the area of Corporate Social Responsibility. The conclusions of this audit are presented in section 3.2.9 of this document.

5.4.2 Description of the risk management approach

5.4.2.1 Organization of the risk management and internal control model

The risk management and internal control process is built using the 3 Lines of Defense model, as shown below:

SODEXO'S RISK MANAGEMENT AND INTERNAL CONTROL MODEL



The first line of defense mainly consists of our operational managers who identify and manage risks within their activities. They put controls and action plans in place for the risks identified.

The second line of defense is our support functions who are there to support operators in their risk management. They define the procedures and standards and provide standardized tools and processes to enable operational staff to put in place the appropriate controls.

The third line of defense is internal audit, which gives an independent evaluation of the risk management and internal control process to the Executive Committee and Board of Directors. It makes recommendations to the first and second lines of defense for the improvement of risk management and internal control, and carries out monitoring in relation to action plans.

Sodexo has put in place a robust procedure for the identification and assessment of major risks, designed to ensure that risks are evaluated and managed at the appropriate level within the organization. Measures to manage risks are implemented either at the site, country, regional or global level, depending on their nature.

The Group's internal control procedures rely on the fundamental principles defined by the Board of Directors.

5.4.2.2 Approach to Risk Assessment

Sodexo uses a hybrid risk assessment approach, both "bottom-up" from operators and "top-down" from senior management.

On an operational level, the leadership Committees of each of Sodexo's main entities carry out an annual risk assessment, facilitated by risk and internal control managers. The results of these assessments are recorded in a global risk management tool. Risks thus identified are owned and managed at the local level.

Additionally, a series of interviews with Sodexo's senior leaders across the world is carried out by Group Internal Audit on an annual basis to identify key risks impacting Sodexo's business and the achievement of its objectives.

The results of all the risk assessments and the senior leader interviews are taken into account in the Group risk profile that consists of the principal risks that might impact Sodexo's Strategic Agenda. The profile is shared with Sodexo's Executive Committee for comment, before being submitted to the Audit Committee and the Board of Directors.

5.4.2.3 Risk Assessment Methodology

Sodexo assesses its risks in 3 stages using a standard global methodology:

- **risk Identification:** the first step is the identification of risks that may impact Sodexo's ability to achieve its objectives, whether it be at site, country, regional or global level. A number of risk identification methods are used, including surveys and risk registers, but the recommended and most widely used method for both bottom-up and top down assessments is by individual interview with key stakeholders;
- **risk evaluation:** risks identified in the previous step are then evaluated using three risk criteria:
  - impact – the effect or consequence the risk will have,
  - likelihood - the frequency or probability of the risk occurring,
  - level of control - the level of control already in place to reduce the risk;
- **risk prioritization:** following evaluation, risks are then prioritized for further actions to treat them.

The main risk factors to which the Group is exposed are described in section 5.4.3 of this Universal Registration Document.

5.4.2.4 Link between internal control and risk assessment

As described above, risk assessment is used to identify, evaluate and prioritize risks. Once they have been assessed, risks are treated to reduce their effect. Ways of treating risks include putting in place action plans and implementing controls. Controls therefore form an important part of the range of measures that can be used to mitigate risks, and Sodexo's internal control procedures are part of an ongoing process of managing the Group's risk exposure.

Sodexo's risk management and internal control system is based on the internal control reference framework recommended by the French securities regulator (*Autorité des marchés financiers* – AMF). The five components of the reference framework are the control environment (integrity, ethics, competencies, etc.), evaluation of risks (identification, analysis and management of risks), control activities (methods and procedures), information and communication (collection and sharing of information) and monitoring (follow-up and eventual updating of processes).

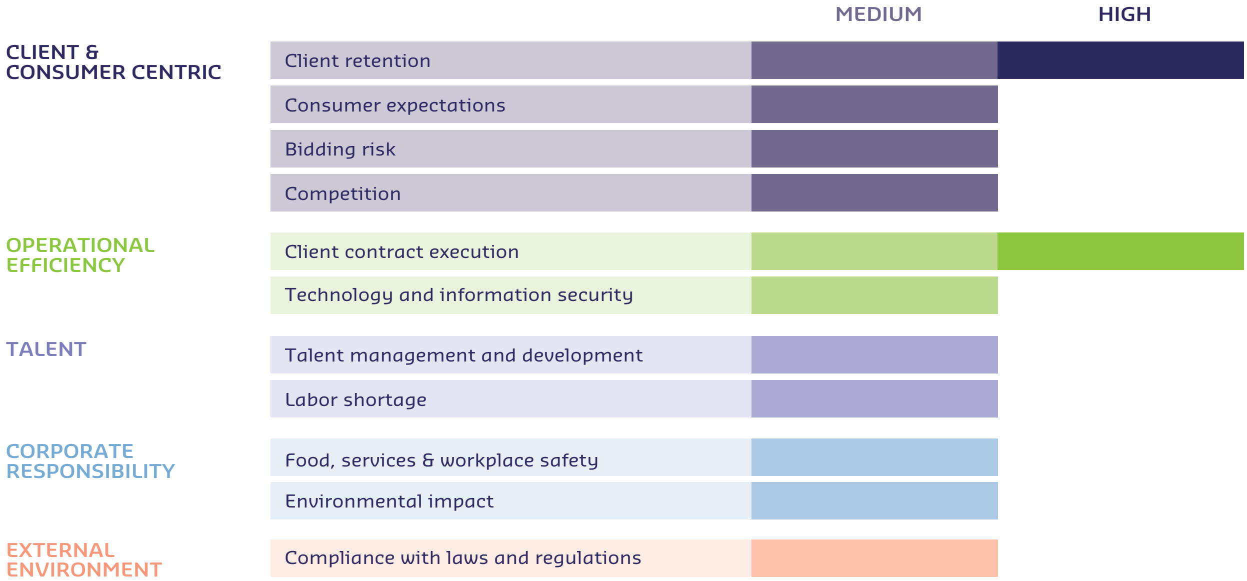
5.4.3 Risk factors

5.4.3.1 Principal Risks & Risk Management Measures

Summary of Sodexo's Principal Risk Factors

The summary table of Sodexo's principal risks shows a classification of the risks by reference to the pillars of Sodexo's Strategic Agenda, as well as risks from the external environment. As outlined in 5.4.2.3, each risk is assessed using impact and probability to give an evaluation of the inherent risk, and then a third criteria "level of control" is used to evaluate the overall net risk. The table below shows the net risk assessment. The most significant risks are presented at the top of each category, and the materiality of each risk shown is using a two-level rating scale, as follows:

RISK MANAGEMENT AND MAIN RISKS



Description of Principal Risk Factors

The tables describing Sodexo's principal risk factors (see below) give an estimate of their timeframe (short term, medium term or long term), their possible impact and examples of measures implemented to reduce these risks.

The risk timeframe is shown as follows:

Short Term (less than a year)

Medium Term (1 to 3 years)

Long Term (over 3 years)

CLIENT RETENTION

Risk of not keeping and renewing contracts with Sodexo's existing clients.

Risk Timeframe: **Long Term** Category: **Client & Consumer Centric**

Impact

Growth is an essential ingredient in Sodexo's business model, and the most efficient way to grow is by retaining the clients it already has. Sodexo's FY19 retention rate is 93.3% compared to an objective of 95%. Any lack of quality in services, lack of ability to provide certain services or exaggeration in the cost of services or any changes in client outsourcing strategy could mean that the client is not retained, possibly leading to:

- less growth;
- decrease in profitability;
- loss of credibility in the market place.

Examples of Mitigating Activities

- On-site teams continually listening to the client and the consumer.
- Strengthening of the client relationship management process to ensure alignment with client expectations on an on-going basis.
- Renewed client relationship management tool.
- Combined offer of On-site Services and Benefits and Rewards Services widens the choice for clients.
- Continual refining of service offers to respond to client challenges (*e.g.* healthy eating choices, development of energy management services).
- Monitoring at global level of retention in the client portfolio.

CONSUMER EXPECTATIONS

Increasing consumer expectations around personalized and innovative services, healthy food choices and a comfortable environment; increasing consumer expectations in relation to Company business conduct and environmental impact.

Risk Timeframe: **Short/Medium Term** Category: **Client & Consumer Centric**

Impact

"Empowered consumers" is one of 11 megatrends that Sodexo has identified in its markets. Consumers are increasingly voicing their opinions and clients are taking their opinions into account. Consumers expect more choice, more convenience, more healthy options and socially responsible behavior from the companies from which they receive service. Specific examples that Sodexo has had to take into account include:

- increased use of digital platforms for delivery of meals;
- rise of demand from our consumers for plant-based food that is less carbon intensive;
- reduction of single use plastics to reduce marine pollution.

If Sodexo cannot anticipate and interpret such consumer expectations or cannot meet their expectations for innovation and in relation to environmental impact or business conduct, its revenues, as well as its reputation, could be affected.

Examples of Mitigating Activities

- Partnering with startups
- Sodexo is a partner of Vivatech, a digital fair that brings *together* startups and large companies.
- Better Tomorrow Program: Sodexo's corporate responsibility roadmap, that sets out 9 commitments based on their impact on individuals, communities and the environment.
- Roll-out of 10 Golden rules of nutrition, health and well-being.
- Sodexo employs more than 5,000 dieticians worldwide.
- Sodexo's Code of conduct, the" Business Integrity Guide" sets out Sodexo's standards for business integrity.
- Global Ethics & Compliance Committee supports programs throughout the Company.

BIDDING RISK

Risks relating to the commercial and contractual model and the scope of services included in a client contract.

Risk Timeframe: **Long Term** — Category: **Client & Consumer Centric**

Impact

Some of Sodexo's client contracts are long-term and may run between five and ten years at a time. This is particularly relevant for the Business & Administrations segment.

Inaccurate pricing assumptions, a lack of definition or detail in the scope of services and inadequate contractual clauses during a bid proposal can lead to low margins or even losses on the contract, either in the startup phase or at a later date.

Examples of Mitigating Activities

- Benchmark exercises, site visits, full due diligence and the use of technical expertise are all part of the process to establish unit costs, seasonality of services and base-line estimates (monitoring of cost and performance indicators to verify the relevance and competitiveness of our offer).
- Identification of the main contractual risks (from the analysis) and the deployment of measures to compensate these risks.
- System of review of projects by different stakeholders according to their size, stake and scope.
- Strict execution of Sodexo's key processes for contract design & solution and mobilization.

COMPETITION

Sodexo faces both established competitors and new digital entrants at the local, national and international levels: risk of market share loss and loss of growth momentum.

Risk Timeframe: **Long Term** — Category: **Client & Consumer Centric**

Impact

Losing ground to competitors reflects a lack of understanding of the evolution of client needs and entails a lack of growth in revenues and lower profitability.

As an example, the Healthcare & Seniors and the Education segments in North America have lost market share in recent years, losing momentum in growth and profitability.

Examples of Mitigating Activities

- Growing convergence between On-site Services and Benefits and Rewards Services, with the digital content, widens the choice that can be offered to consumers in both activities.
- Creation of new offers to better respond to consumer expectations.
- Strategic acquisitions to expand Sodexo's offers.
- Roll-out of STEP: Sodexo's performance management framework designed to drive operational performance through common operational indicators.
- Identification of savings to be redeployed in investment for growth.
- Strengthening of commercial teams on the ground.

CLIENT CONTRACT EXECUTION

Risks relating to the execution of a client contract: poor service delivery, non-fulfilment of contractual and performance obligations, over delivery of additional services not defined in the contract, poor management of food and labor costs.

Risk Timeframe: **Short/Medium Term** — Category: **Operational Efficiency**

Impact

Poor service delivery to clients or non-fulfilment of contract obligations could lead to client dissatisfaction, possible contractual penalties and ultimately the loss of the client.

Over-delivery of additional services not defined in the contracts and without related invoicing could lead to a shortfall in revenues and loss of profitability on the contract.

Poor management of food and labor costs could result in reduced profitability on the contract.

Examples of Mitigating Activities

- Strict execution of Sodexo key processes defined for contract mobilization.
- « *I Promise* »: tools and techniques to help site managers manage their contracts and improve the services they deliver.
- Definition of operational standards and best practices that are shared to improve performance (*e.g.* Innovhub).
- Implementation of a tool such as the Site Management System to ensure proper training of employees and the execution of quality inspections.
- DRIVE: integrated food management process.
- STEP: Sodexo's performance management framework.
- Strict monitoring of loss-making contracts.

TECHNOLOGY & INFORMATION SECURITY

Risks around managing the confidentiality, availability and integrity of Sodexo's information technology *assets;* managing cloud systems and third-party suppliers, managing Sodexo and client data; risks from external cyber threats.

Risk Timeframe: **Short/Medium Term** Category: **Operational Efficiency**

Impact

On a daily basis Sodexo IT systems across 67 countries process the data of 470,000 Sodexo employees and 100 million consumers; including patients in hospitals and children in Childcare.

In addition, the demand for new innovative and efficient services creates a fast changing and highly interconnected architecture, while the scale of operations also makes Sodexo a target for cyber criminals who want to exploit its weaknesses and those of the thousands of clients and suppliers, to whom Sodexo is connected.

Within this challenging environment, information security issues such as poor data integrity, loss of data confidentiality and lack of availability of key systems, or collaboration services, could result in high cost and/or high-volume impacts such as:

- inaccurate financial reporting;
- contractual penalties;
- regulatory fines (*e.g.* GDPR, Brazilian data protection law LGPD, card payment standard PCI-DSS);
- reputational damage with shareholders, clients, consumers, suppliers and employees.

Examples of Mitigating Activities

- Group Information & Systems Security Policy aligned to ISO 27001 framework, with detailed security directives on key topics (*e.g.* security by design, cloud *services,* incident management).
- Investment in security infrastructure, tools and services such as multi-factor authentication, laptop encryption, security risk assessments, security operations centre and email monitoring.
- Global Data Centre consolidation strategy focused on using trusted hosting partners (*e.g.* Microsoft Azure) to provide secure and efficient services.
- Company-wide collaboration on security and compliance topics such as data privacy, cyber threats, new technologies and IT internal controls facilitated by formal Governance Committees and cross entity network groups.

TALENT MANAGEMENT AND DEVELOPMENT

Risk of not having the right people in the right place at the right time.

Risk Timeframe: **Short/Medium Term** Category**: Talent**

Impact

Sodexo is a company of people serving people. With 410,000 consumer and client-facing employees and 60,000 managers, Sodexo's employees are central to its long-term growth objectives.

Particular focus is on North America for talent identification (pipeline) and strengthening performance-led culture. In developing markets like APAC, the focus is on talent attraction and talent retention.

A lack of attention to employee performance management and development could lead to:

- a decrease in service quality jeopardizing retention and therefore long-term profitable growth;
- reactive *vs.* proactive talent management, leading to loss of top talent.

Examples of Mitigating Activities

- Sodexo offers training and development programs to reskill and upskill.
- Sodexo has designed a new performance and reward framework to help retain, develop and motivate people.
- Annual talent reviews are run at management level.
- Global New Generation Leader program designed to strengthen leadership bench.
- Succession planning is included in individual management objectives.

LABOR SHORTAGE

Shortage in skills due to significant pressure on labor markets and lack of industry experience.

Risk Timeframe: **Short Term** Category: **Talent**

Impact

On a global scale, Sodexo's ability to recruit enough employees is influenced by:

- demographic issues;
- perceived attractiveness of the jobs available;
- availability of necessary skills (*e.g.* chefs).

Any inability to mobilize the skills needed in terms of quality and volume could lead to client contracts not being served properly.

Examples of Mitigating Activities

- Sodexo develops local training centers to skill current and future employees (*e.g.*; CEDEX in Latam, Food Services Apprenticeship Training Center in France).
- Sodexo designs competency models, career paths to help people grow and stay.
- Sodexo has started to develop and pilot Strategic Workforce Planning in some segments (Energy & Resources) and regions (China) to better anticipate labor needs.

FOOD SERVICES AND WORK PLACE SAFETY

Consumer illness or injury caused by technical services, consumer illness caused by food services, work-related Injury/illness of Sodexo employee or contractor.

Risk Timeframe: **Short/Medium Term** Category: **Corporate Responsibility**

Impact

Potential illness, injury or loss of life of consumers, clients or Sodexo employees could mean:

- loss of client confidence in Sodexo;
- significant lost time due to injury and illness;
- fines and potential litigation;
- impact on Company reputation.

Examples of Mitigating Activities

- Sodexo Safety Nets – 7 measures for accident prevention.
- Employee training.
- Global HSE and food safety policy and standards.
- Leadership Safety Walks.
- Incident and accident reporting.
- Quick Share process to share lessons learned from investigations.
- Global HSE Committee that reviews incidents and the effectiveness of processes on a quarterly basis.

ENVIRONMENTAL IMPACT

Adverse environmental impact from Sodexo's activities: poor management of food waste, ineffective actions to mitigate climate change.

Risk Timeframe: **Long Term** Category: **Corporate Responsibility**

Impact

- Poor food waste management could result in a loss of client and consumer confidence and a decreased ability to attract new clients.
- Ineffective climate change actions could result in Sodexo's carbon emissions staying the same or even increasing.

Examples of Mitigating Activities

- WasteWatch global program to reduce food waste.
- Connecting financing costs of the Group to action on food waste performance.
- Environmental awareness campaigns – WasteLess week.
- Participation in the International Food Waste Coalition.
- Local and responsible sourcing.
- Roll-out of plant-based recipes in units using ingredients selected for their lower environmental impact and higher nutritional value.
- Measurement and tracking of carbon footprint of Sodexo's food purchases.

COMPLIANCE WITH LAWS AND REGULATIONS

The nature of Sodexo's business and its worldwide presence mean that it is subject to a wide variety of laws, including labor law, anti-trust law, anti-corruption law, data protection and privacy, and health, safety and environmental law.

Risk Timeframe: **Medium Term** Category: **External Risk**

Impact

The wide range of services that Sodexo proposes means that it is subject to very specific laws and regulations for each activity at both the global and local level. As examples:

- as a food operator, Sodexo has a legal requirement to provide accurate allergen information about the food and drinks it serves;
- the emission of vouchers and cards in Benefits & Rewards services requires compliance with anti-money-laundering laws in some countries;
- working with sensitive populations like children and seniors in Personal & Home Services requires back-ground checks of our employees.

Any non-compliance of Sodexo with laws and regulations or a lack of knowledge and awareness of laws and regulations either at a country level or a global level could mean:

- harm to employees, clients and consumers;
- damage to Sodexo's reputation;
- potential financial penalties;
- criminal action being brought against the Company and its directors.

Examples of Mitigating Activities

- Legal teams deployed at the central and local levels, who provide advice to operational staff.
- Legal teams specialized by area of expertise, having recourse to external experts.
- Awareness training sessions for our employees.
- Global Ethics and Compliance Committee ensures coordination and coherence of deployment of compliance programs amongst countries.
- Sodexo Speak Up offers Sodexo employees and partners a confidential way to report activities or behaviors contrary to the Code of conduct or illegal.

5.4.3.2 Risk coverage

5.4.3.2.1 Insurance coverage

Sodexo's general policy is to transfer non-retained risks, especially intensity risks, to the insurance market. Insurance programs are contracted with reputable insurers.

The main insurance programs are as follows:

- liability insurance, which covers against personal injury, property damage or consequential loss caused to third parties. This category notably includes operational, product, after-delivery and professional liability insurance. Since June 1, 2016, Sodexo has implemented a worldwide liability insurance program benefiting all countries in which the Group operates, including the USA and Canada;
- property insurance, which mainly covers the risk of fire and explosion, water damage, natural disasters, and (in some countries) acts of terrorism. As a general rule, the sum insured is equal to the value of the insured property; however, some insurance contracts cap the amount paid out under the policy;
- workers' compensation. In countries with no government-provided coverage (primarily the United States, Canada and Australia), Sodexo has contracted workers' compensation programs;
- crime insurance dedicated to Benefits and Rewards Services, to partially transfer to the insurance market the risks of fraud, falsification and theft;
- marine cargo insurance for covering loss or theft of goods during their shipment;
- employment practices liability which provides coverage for wrongful termination, sexual harassment, discrimination and workplace torts. This program was originally implemented in the USA and Canada, but has been expanded globally from June 1, 2017;
- cyber risk insurance, which responds to cyber events such as intrusion, denial of service attacks, data breach. It covers the forensics, privacy breach and data restoration costs as well as any business interruption arising out of a cyber event.

In addition, Sodexo maintains compulsory insurance as legally required in the countries where it operates.

5.4.3.2.2 Self-Insured Risks

Retained or self-insured risks correspond to the deductibles specified in the insurance programs contracted by Sodexo. They consist for the most part of frequency risks (*i.e.*, risks that recur regularly) but from time to time may also include intensity risks (*i.e.*, risks representing substantial amounts). In some countries, these retained risks correspond to deductibles under employer's liability, workers compensation, third-party automobile and property insurance. In North America, deductibles range from 5,000 U.S. dollars to 5,000,000 U.S. dollars per occurrence. Outside North America, deductibles generally range from 7,500 euro to 2,000,000 euro per occurrence. Sodexo also self-insures frequency risks and low amplitude risks through two captive insurance companies. The American company, incorporated in the State of Hawaii, manages the deductibles of the Workers' Compensation, Automobile Liability and General Liability insurance programs. The Irish company, based in Dublin, provides:

- direct insurance and re-insurance for motor own damage and third party liability risks up to 500,000 euro per claim and 2,500,000 euro in aggregate per year;
- reinsurance on the property insurance program for up to 3,000,000 euro per claim and in aggregate per year.

5.4.3.2.3 Placing of risk and total cost

On the occasion of its most recent policy renewals, Sodexo maintained the scope and level of its coverage, as regards in particular, general liability insurance and professional liability insurance, especially for risks associated with facilities management activities.

The total cost of the main insurance programs and self-insured risks (excluding workers' compensation) of fully-consolidated Group companies, represents around 0.25% of consolidated revenue.

5.4.3.3 Description of internal control process, including controls relating to the preparation and accounting disclosure

The risk management and internal control approach applied within the Group consists of:

- the identification and assessment of risks;
- the description of the control environment, both at Group and subsidiary levels;
- documentation and self-assessment of these control points, both at local and Group level;
- independent testing of the effectiveness of these control points, by independent persons.

A very large number of Group entities representing almost 97% of Sodexo's revenues, prepare a detailed report (Company Level Control Report) on their control environment based on the five components of the reference framework and which includes an evaluation of the subsidiary's principal risks, a description of risk management measures and an assessment of their effectiveness.

The most significant Group entities together representing more than 93% of Group revenues, go beyond this initial phase, and evaluate the effectiveness of additional controls determined by their own risk assessment (Process Level Controls). Some of these controls are also subject to effectiveness tests performed by independent persons (Group Internal Auditors).

An executive summary of the status of internal controls and the progress achieved is submitted to the Audit Committee at the end of the fiscal year. For Fiscal 2019, 650 controls were independently tested by Group Internal Audit in different entities. 27% of the recommendations made by Internal Audit in Fiscal 2019 have already been satisfactorily implemented and confirm actual progress, while action plans are underway to implement the other recommendations.

5.4.3.4 Description of internal controls relating to the preparation of accounting and financial disclosure

The **Group Finance Department** is responsible for ensuring the reliability of financial and accounting information.

A process is in place to produce and analyze financial information at both operational sites and in the Group and entity Finance Departments.

The entity Finance Departments produce monthly a cumulative income statement since the beginning of the fiscal year, a balance sheet, and a statement of cash flows. They also regularly produce projections for the full year. Financial statements are consolidated on a monthly basis by the Group Finance Department.

At the half-year, the external auditors conduct a limited review of the interim financial statements.

At the end of the fiscal year, the Chief Executive Officers and Chief Financial Officers of the segments and regions certify the reliability of their financial statements, prepared in accordance with the IFRS standards adopted by the European Union. The external auditors of the main entities express a view on these financial statements in accordance with the mandate given to them by Sodexo's shareholders. The Group Finance Department monitors changes to IFRS standards and interpretations and ensures that the accounting treatments applied by all entities are compliant with Group rules.

Twice a year, the Group Finance Department identifies the events that may have led to one or several assets being impaired, notably goodwill and intangible assets (in accordance with IFRS). Where appropriate, the carrying amount of the asset concerned is written down in the financial statements.

Segment Chief Executive Officers and their Executive Committees, as well as Regional Chairs and Regional Chief Financial Officers review operational and financial reporting (comprising improvement metrics for client retention, sales development and comparable unit revenue growth) before presenting it to the Group Executive Committee, and then to the Chairwoman of the Board of Directors. In addition, quarterly reviews with each of the Group's activities, segments and regions give the Group Chief Executive Officer and Group Chief Financial Officer insight into performance trends for the segments and regions based on the financial reporting and operational information.

Procedures are in place to identify off-balance sheet commitments. This term covers all rights and obligations that may have an immediate or future impact on Sodexo's financial position but are not recognized (or are only partially recognized) in the balance sheet or income statement. These include items such as assets pledged as security; guarantees relating to operating contracts (for example bid bonds or performance bonds), to borrowings, or to claims and litigation; lease obligations not recognized in the balance sheet; commitments under call or put options, etc. Off-balance sheet commitments are presented regularly to the Board of Directors.

The Group Insurance Department works closely with the relevant executives in the entities to:

- implement global insurance programs, negotiated at the Group level, available for all entities and supported by insurance companies recognized within the Insurance Industry for their financial solidity;
- put in place insurance coverage to protect the interests of employees, clients, shareholders and the Group;
- identify and evaluate the key insurable risks faced by Sodexo, with particular attention to the emergence of new risk factors associated with changes in our activities, especially in facilities management;
- reduce contractual risk, in particular by means of limitation of liability clauses or hold-harmless agreements;
- achieve the appropriate balance between risk retention (self-insurance) and the insurance market in covering the potential financial consequences of Sodexo's risk exposure; and
- achieve optimization by financing some of the Group's risks through the use of captive insurance companies.

The Sodexo legal function (comprised of a Group team and regional and local teams) works pro-actively with business development and operational teams to ensure legal compliance and support contract negotiations, so that risks pertain solely to contractual obligations for services and are limited in value and duration.

Lastly, using the financial information reported and consolidated, the Chief Executive Officer, assisted by the Group Finance Department, prepares the Group's financial communication. The Chief Executive Officer also relies on the operating data required to prepare the Universal Registration Document. The interim and annual results press releases are submitted to the Board of Directors for approval.

To enable the Chief Executive Officer to provide reliable information on the Group's financial situation, a Disclosure Committee comprising representatives from the Group's corporate functions reviews all financial information prior to publication. Members represent the following functions: Financial Control, Financial Communications, Legal, Human Resources, Sustainable Development, Communications and Board Secretary.

5.4.4 Group Internal Audit Department

The Senior Vice President Group Internal Audit Reports directly to the Chairwoman of the Board, thus ensuring the independence of the Group Internal Audit Department within the organization. The Senior Vice President Group Internal Audit meets the Chairwoman of the Board on a monthly basis and works closely with the Chairwoman of the Audit Committee, holding informal meetings (approximately four times per year).

Since 2015, Sodexo's Group Internal Audit activities have been certified by the French Internal Audit and Internal Control Institute (IFACI). This internationally recognized certification attests to Sodexo's compliance with and application of 30 general requirements of the Professional Internal Audit Standards (independence, objectiveness, competence, methodology, communication, supervision and continuous assurance program).

IFACI certification is a high-level confirmation of quality and performance that:

- powerfully conveys Sodexo's rigorous approach to evaluating its risk management and internal control processes;
- benchmarks Sodexo's processes against best market practices;
- enables the Group to sustainably strengthen its internal audit practices;
- unites employees around a challenging project.

The Internal Audit Department performs internal audits of Group entities based on an internal audit plan established annually.

The audit plan is based on a risk assessment performed by Group Internal Audit, relying on the Group risk assessment process and input from the Chairwoman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and other key stakeholders from Sodexo. The Audit Committee reviews and approves this annual audit plan.

The responsibilities of the Internal Audit Department include:

- ensuring, with the related functional teams, that employees throughout the organization are aware of and diligently apply Group policies;
- ensuring that delegations of authority and procedures have been established and communicated to the appropriate levels of management, and checking that they are properly implemented;
- helping to assess entities' internal controls, issuing action plans designed to remedy identified control weaknesses, and monitoring implementation of these action plans.

The Internal Audit Department may also conduct special assignments at the request of the Chairwoman of the Board, the Audit Committee, the Chief Executive Officer or the Executive Committee.

66% of the Group internal audit plan approved by the Audit Committee at the start of Fiscal 2019 was completed during the year. The Group Internal Audit Department, with an average of 26 staff, conducted 51 audits in 27 countries. In addition, a network of some 85 internal control coordinators (many of whom report to the Finance Directors) is in place. This network is coordinated by a central internal control team and enables specific support to be given to internal audit engagements and to rectifying weaknesses identified by the internal audit team.

The Internal Audit Department regularly tracks implementation of post-audit action plans by Group entities. An overall progress report is updated regularly and submitted on a semi-annual basis to the Chief Executive Officer, the Group Chief Financial Officer, the Chairwoman of the Board and the Audit Committee. Further progress was achieved in following up recommendations in Fiscal 2019. All audits are followed up within a maximum of 12 months.

Around 92% of recommendations made in years prior to Fiscal 2019 have been implemented by the entities' management. For Fiscal 2019, 27% of the 650 recommendations made by the Group Internal Audit Department have already been implemented and the other recommendations are addressed in action plans. In Fiscal 2019, the Internal Audit Department carried out a survey of a sample of entities. The vast majority (95%) of them considered that the quality of audits was satisfactory. Every year, the Group Internal Audit Department measures the savings achieved and the losses avoided through its audits. In Fiscal 2019, investigations, assistance engagements and process efficiency audits generated added value of 2.4 million euro.

The Group Internal Audit Department also conducts an independent evaluation of internal control.

Finally, the Internal Audit Department assesses the external auditors' independence and reviews the annual budgets for external auditors' fees (for both statutory audit work and other engagements) prior to their approval by the Audit Committee.

Risk management and the reinforcement of internal control are a permanent strategic priority for the Group.

Internal controls cannot provide an absolute guarantee that all risks have been eliminated. Sodexo nevertheless endeavors to ensure that the most effective internal control procedures feasible are in place in each of its entities.

In the preparation of this report, and in compliance with the recommendation issued by the French securities regulator, the French securities regulator (*Autorité des marchés financiers* – AMF), in July 2010, this report is prepared on the basis notably of the "Reference Framework" produced by the French Market Advisory Group and published by the AMF.

5.5 COMPENSATION

The disclosures provided in this section comply with the recommendations contained in the AFEP-MEDEF Code as revised in June 2018 and the recommendations of the French securities regulator (*Autorité des marchés financiers* – AMF) on Corporate Governance and corporate officers' compensation in listed companies.

5.5.1 Compensation policy applicable to corporate officers

The compensation policy applicable to corporate officers sets out the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the total compensation and benefits payable to the Company's corporate officers for the duties performed under the terms of their corporate office.

In accordance with article L.225-37-2 of the French Commercial Code, at the Annual Shareholders Meeting to be held on January 21, 2020, the shareholders will be asked to approve, on the basis of the compensation policy described below, the compensation principles set by the Board of Directors on the recommendation of the Compensation Committee.

In all cases, these principles and criteria shall apply in Fiscal 2020 to any person who holds a corporate officer's position.

5.5.1.1 General principles for corporate officers' compensation

The compensation policy applicable to corporate officers is determined by the Board of Directors on the basis of recommendations made by the Compensation Committee and is reviewed annually. The Compensation Committee is entirely comprised of independent directors, except for one director representing employees in accordance with AFEP-MEDEF recommendations. The Compensation Committee may use the services of external advisors specialized in corporate officers' compensation. It also takes into account feedback from institutional shareholders.

The Board of Directors ensures that the compensation policy is adapted to the Company's strategy and operating context and that its purpose is to enhance Sodexo's medium and long-term performance and competitiveness. The policy is based on the following principles:

COMPLIANCE	The compensation policy for the Company's corporate officers is determined in accordance with the recommendations of the AFEP-MEDEF Code.
COMPETITIVENESS	Research is regularly conducted – including with the assistance of external consulting firms – in order to benchmark the Company's compensation packages against panels of its peers (comparable companies in terms of size and international scope), both in the French market (CAC 40 companies excluding banks and insurance companies) and in international markets (main competitors).
COMPLETENESS – BALANCE	A comprehensive analysis of all of the components of corporate officers' compensation and benefits is conducted using a component-by-component approach. An overall consistency analysis is also performed to ensure that the best balance is achieved between fixed and variable, individual and collective, and short- and long-term compensation.
ALIGNMENT OF INTERESTS	Aligning interests means both ensuring that the Company has the ability to attract, motivate and retain the talent that it needs, and at the same time, meeting the expectations of the Company's shareholders and other stakeholders, particularly in terms of social and environmental responsibility, transparency, and associating compensation with performance.
PERFORMANCE	The performance conditions applicable to corporate officers' compensation are rigorous and are based on the key factors that contribute to the Company's profitable and sustainable growth. They are also in line with the Company's published short, medium and long-term targets.
TRANSPARENCY	The corporate officers' compensation policy is governed by clear, straightforward and transparent rules. The Compensation Committee ensures that all of these principles are appropriately applied in the work it performs and the recommendations it issues to the Board of Directors, both in terms of determining the compensation policy and its implementation, when the actual amounts of the compensation packages are determined.

5.5.1.2 Compensation policy for the Chairwoman of the Board of Directors (non-executive corporate officer)

Compensation package

The compensation package of the Chairwoman of the Board of Directors comprises a fixed compensation payment and collective health and benefit plans.

As the Chairwoman is a non-executive director, in line with market practices in France, she does not receive any short-term annual variable compensation or any multi-year variable compensation, or any long-term incentive plan.

Fixed compensation

The fixed compensation of the Chairwoman of the Board of Directors is determined in line with benchmark studies and is awarded as payment for duties and responsibilities inherent to such position.

Accordingly, the following factors are taken into account:

- the duties specific to the role of chairing the Board of Directors, as provided for by Law and the Board of Directors' Internal Rules, which notably involve ensuring that the Company is properly governed and that its governance bodies (Board of Directors, specialized Committees of the Board and Shareholders Meeting) function effectively;
- her role as ambassador of Sodexo's reputation and image;
- the skills, experience, expertise and professional profile of the holder of the position;
- market analyses and benchmark studies on the compensation awarded for comparable positions in peer companies.

The compensation policy may be modified during the term of the corporate office and prior to its renewal if there is a significant evolution in the scope of responsibility, which may be related to the Company's evolution, or if there is a major disparity with the market. In such specific situations, the nature of any adjustment to the fixed compensation and the related motives would be publicly disclosed.

The annual fixed compensation of the Chairwoman of the Board of Directors has been maintained at 675,000 euro for Fiscal 2019. This amount will remain unchanged in Fiscal 2020.

Collective health and benefit plans

The Chairwoman of the Board of Directors is a member of the Company's collective health and benefit plans, subject to the same terms and conditions as those applicable to the category of employees to which she is deemed to belong for the purpose of determining these benefits.

Accordingly, the Chairwoman of the Board of Directors is a beneficiary under the following plans, subject to the same terms and conditions as all of the Sodexo French entities' employees:

- an "incapacity, disability or death" benefit plan, financed in part by Sodexo, which, in the event of an employee's death, provides for the payment of a death benefit equal to 215% of their fixed compensation, up to a maximum amount of eight times the French Social Security Code's annual ceiling, and which is increased for dependent children;
- an additional "incapacity, disability or death" benefit plan, financed in full by Sodexo, which is reserved for employees whose annual gross compensation is greater than eight times the French Social Security Code's annual ceiling and which, in the event of an employee's death, provides for the payment of a death benefit equal to 200% of the portion of their fixed compensation that is greater than eight times the French Social Security Code's annual ceiling;
- a supplemental health insurance plan, to which all Sodexo employees are entitled, financed in part by Sodexo.

Company car

The Chairwoman of the Board of Directors has the use of a company car. The insurance, maintenance and fuel costs (related to her professional use) are covered by Sodexo.

Other components of compensation

The Chairwoman of the Board of Directors does not receive any directors' fees for attending Board or specialized Committee meetings. In addition, she will not receive a termination benefit if her corporate office is terminated.

5.5.1.3 Compensation policy for the Chief Executive Officer (executive corporate officer)

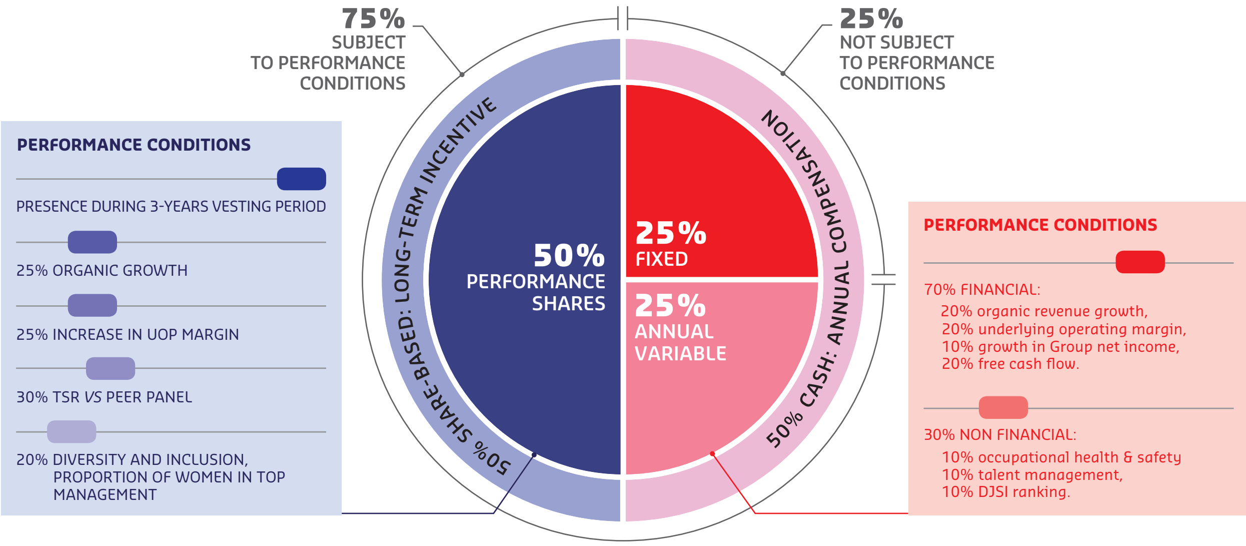
Compensation package

Based on the Compensation Committee's recommendations, each year the Board of Directors ensures that the Chief Executive Officer's variable compensation – which is governed by specific performance criteria – constitutes a sufficiently significant portion of his fixed compensation.

The aim of the compensation policy for the Chief Executive Officer is to achieve a balance between long and short-term performance in order to promote the Group's development for the benefit of all of its stakeholders.

To this end, and with a view to protecting stakeholders' interests, the Company strives to ensure consistency between the Chief Executive Officer's compensation package and Sodexo's performance trends.

FISCAL 2020 STRUCTURE OF CEO COMPENSATION



Fixed compensation

The fixed compensation of the Chief Executive Officer is awarded as payment for the duties and responsibilities inherent to such a position.

Consequently, the following factors are considered:

- the level and complexity of the roles and responsibilities attributed to the Chief Executive Officer, who has the broadest powers to act on behalf of the Company in all circumstances and to represent the Company in its dealings with third parties;
- the skills, experience, expertise and professional profile of the holder of the position;
- market analyses and benchmark studies on the compensation awarded for comparable positions in peer companies.

The Chief Executive Officer's annual fixed compensation is used as the reference for determining his annual variable compensation and long-term compensation. The amount of this fixed compensation is not systematically revised each year.

The Chief Executive Officer's annual fixed compensation is 900,000 euro, unchanged since he was first appointed on January 23, 2018.

Annual variable compensation

CALCULATION METHODS

The Chief Executive Officer's annual variable compensation is intended to encourage the achievement of the annual performance targets determined by the Board of Directors in line with Sodexo's strategy.

Provided that all the applicable targets are achieved, it amounts to 100% of his annual fixed compensation.

It is based mainly on financial criteria, as follows:

- 70% is contingent upon targets based on the Group's financial performance for the fiscal year, including organic revenue growth, underlying operating profit margin, Group net income and free cash flow;
- 30% is contingent upon non-financial targets, primarily quantitative targets (including occupational health and safety, talent management and Sodexo's ranking in the Dow Jones Sustainability Index).

The annual variable compensation due to the Chief Executive Officer is calculated and set by the Board of Directors following the close of the fiscal year to which it applies.

In the first quarter of each year, based on the Compensation Committee's recommendations, the Board of Directors reviews the various targets, their weightings, and the expected performance levels. It then sets:

- the trigger threshold under which no variable compensation is paid;
- the variable compensation target level, corresponding to the amount due when each target is reached; and
- the quantitative performance measurement, which also applies to non-financial criteria.

Consequently:

- 100% of the annual variable compensation is paid if the targets are achieved;
- 150% of the annual variable compensation is paid if the targets are exceeded.

The financial performance targets that are based on financial indicators are determined in a specific manner by reference to the budget pre-approved by the Board of Directors and are subject to the above-mentioned performance thresholds.

The achievement levels will be disclosed on a criterion-by-criterion basis once the Board of Directors has assessed whether the performance targets have been reached.

PAYMENT CONDITION

In accordance with French law, payment of the annual variable compensation is subject to shareholder approval during the Annual Shareholders Meeting.

APPOINTMENT TO OR TERMINATION OF OFFICE

If a new Chief Executive Officer is appointed or the existing Chief Executive Officer's term of office is terminated during the course of a fiscal year, the same principles as above will apply, on a proportional basis by reference to the period during which the Chief Executive Officer concerned actually holds office. However, if a Chief Executive Officer is appointed during the second half of the fiscal year, the performance appraisal will be carried out on a discretionary basis by the Board of Directors, taking into account the recommendations of the Compensation Committee.

Long-term compensation

OBJECTIVE

The Board of Directors considers that the long-term compensation system – which also applies to other key positions within the Company – is particularly suited to the position of Chief Executive Officer in view of the direct contribution that he is expected to make to Sodexo's long-term performance. It is based on (i) the Group achieving organic revenue growth and underlying operating profit margins over a period of several years, in line with market guidance (ii) Sodexo's share performance compared with a peer group, and (iii) Corporate Social Responsibility criteria. The system therefore helps to increase the Chief Executive Officer's motivation and loyalty while aligning his interests with those of the Company's stakeholders.

LONG-TERM COMPENSATION SYSTEM

Sodexo's long-term compensation system currently consists solely of performance share grants.

At its meeting on November 6, 2019, the Board decided to reduce the vesting period of shares granted under future restricted share plans from four years to three years in order to align the vesting periods with the performance assessment periods and to change the timing of when the plans are usually approved or put in place. Until now, the plans were approved in the second half of the fiscal year, sometime in May or June. From now on, the plans will be approved at the beginning of each fiscal year, when the financial statements for the previous fiscal year are published.

Consequently, and in order to maintain a regular annual delivery of performance shares, no performance shares will be granted to the Chief Executive Officer in Fiscal 2020.

The Board of Directors has capped the value of the performance shares granted to the Chief Executive Officer at 150% of his total annual compensation (including fixed compensation and annual variable compensation at targets achieved). In addition, the performance shares granted to him may not represent more than 5% of the total number of restricted shares granted by the Board of Directors in any given fiscal year.

PERFORMANCE CONDITIONS

The proportion of the performance shares that will vest depends on the achievement of both internal and external performance conditions as measured over a three-year period. The achievement levels shall be disclosed on a criterion-by-criterion basis once the Board of Directors has assessed whether the performance targets have been reached.

The aim of the criteria used is to measure the Group's overall performance, reflecting a good balance between the Company's performance, investor confidence in the Group and the Group's Corporate Responsibility performance:

- financial performance: 50%;
- stock market performance: 30%;
- Corporate Responsibility performance: 20%.

CONTINUED PRESENCE CONDITION

For performance shares to vest, the Chief Executive Officer must be present within the Group at the vesting date. However, in accordance with article 24.5.1 of the AFEP-MEDEF Code and the plan rules applicable to all beneficiaries of the Group's performance share plans, in exceptional circumstances, the Board of Directors, on the recommendation of the Compensation Committee, may authorize the Chief Executive Officer to retain his rights to any non-vested shares at the date of his departure.

In such a case, the number of shares that vest would be determined on a proportional basis by reference to the actual time the Chief Executive Officer spent within the Group during the vesting period. The original vesting period would continue to run and the rules of the applicable plan – including the performance conditions – would still apply.

LOCK-UP CONDITION

In accordance with article L.225-197-1 of the French Commercial Code, the Chief Executive Officer is required to hold in registered form, for the duration of his term of office, a number of vested shares whose value has been set by the Board of Directors as equivalent to 30% of his annual fixed compensation at the date the shares are delivered.

Based on the recommendation of the Compensation Committee, the Board reinforced this shareholding obligation by deciding that the Chief Executive Officer must now maintain a portfolio of shares with a value equivalent to 200% of the gross annual fixed compensation. This portfolio must be built up over a maximum period of three years, as from September 1, 2019 for the current Chief Executive Officer. Denis Machuel currently holds a portfolio of shares with a total value exceeding the threshold set by the Board.

In addition, as long as he remains in office, the Chief Executive Officer may not use hedging instruments on any performance shares granted to him.

Multi-year compensation

The Board of Directors has decided not to create a multi-year compensation system, preferring instead to apply a long-term compensation system based on the use of equity instruments, which it considers to be more closely aligned with the interests of the Company's shareholders.

However, the Board may envisage putting in place such a system if any regulatory changes or other changes in circumstances were to render it difficult or impossible to use equity instruments. If a multi-year compensation plan were to be set up, it would be based on the same principles and criteria as those used for determining and allocating performance shares and the same grant cap would apply. The system would be structured based on very similar terms and conditions to those applicable to performance share plans.

Indemnity in the event of termination of office

If the Chief Executive Officer's term of office is terminated for any reason (other than resignation, retirement or gross or willful misconduct) then he may be entitled to an indemnity representing up to twice the amount of his annual gross compensation (fixed and variable) received over the 12 months preceding the termination.

This indemnity will only be paid if, at constant consolidation scope and currency exchange rates, the annual increase in the Sodexo Group's consolidated underlying operating profit is equal to or higher than 5% for each of the three fiscal years ended prior to the termination of the appointment.

Denis Machuel has expressly refused this indemnity and therefore will not benefit from any payment in case of termination of office.

Non-compete agreement

If the Chief Executive Officer's term of office is terminated he is also subject to a non-compete obligation for a maximum term of 24 months, which is intended to protect the Group by restricting the Chief Executive Officer's freedom to carry out certain activities following the end of his term. The activities concerned include holding any position as an employee or corporate officer, or carrying out any consulting work, either directly or through another legal entity, for any of Sodexo's competitors. As consideration for these restrictions, the Chief Executive Officer will be paid an indemnity representing up to 24 months of his fixed compensation paid during the fiscal year preceding the termination of his term of office.

At its meeting on April 27, 2018, the Board decided to approve the conclusion of a non-compete agreement with Denis Machuel for a period of 24 months as from the date on which his duties as Chief Executive Officer would cease.

However, the Board of Directors will have the possibility to decide to waive the Company's right to enforce this non-compete agreement when the Chief Executive Officer leaves the Group. In addition, the maximum aggregate amount paid to the Chief Executive Officer for (i) his non-compete agreement, and/or (ii) his indemnity on termination of office, will not exceed 24 months' worth of his fixed compensation.

This indemnity will not be paid if the Chief Executive Officer retires, and in any event will not be paid once he reaches the age of 65.

Supplemental pension plan

Until December 31, 2019, the Chief Executive Officer is a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code and article L. 137-11-1 of the French Social Security Code, and which has been set up for the most senior executives employed by a French company of the Group. Under this supplemental pension plan (subject to a minimum of five years of presence in the plan), as a member of the plan for at least 15 years, the pension paid can represent up to 15% of the average of his last three years' fixed compensation preceding his retirement, to which are added the pensions due to him under compulsory pension plans, provided that he is a corporate officer of, the Company at the time of his retirement.

The Board of Directors has decided that the Chief Executive Officer's entitlements under this plan will only accrue if the achievement rate for his annual variable compensation targets is at least 80%. If this rate is reached, a 1% contribution to the defined benefit plan will be accrued for the year concerned. However, if the achievement rate is less than 80%, no defined benefit contribution will be accrued for that year.

The entitlements under this plan are financed and provisioned through annual charges, which are revalued each year depending on new commitments and the balance of the account held by the insurer.

This plan has been closed to new members since February 28, 2018. In order to comply with new French law on Business Growth and Transformation (Act 2019-486 dated May 22, 2019 – known as the "PACTE Act") and with the Ordonnance of July 3, 2019 transposing the pension portability directive, rights acquired as at December 31, 2019, will be frozen at such date. As from January 1, 2020, it is expected that a new benefit pension plan governed by article 137-11-2 of the French Social Security Code be implemented, although a circular from the French Social Security Department, which will specify the funding mechanisms of such plans, has not yet been issued. A minimum seniority of one year within the Sodexo Group will be required to benefit from this new plan. It was agreed that this plan shall grant annual rights amounting to 0.5% of fixed and variable compensation for the first 5 years and to 1% of fixed and variable compensation paid to him beyond five years, up to a total of 10%. The acquisition of rights shall remain subject to the same performance condition as the one set for the previous plan, *i.e.* an achievement rate of the Chief Executive Officer's annual variable compensation targets of at least 80%. The resulting pension will top up the pensions provided by the basic mandatory schemes.

Company car

The Chief Executive Officer has the use of a company car, the insurance, maintenance and fuel costs (related to his professional use) of which are covered by Sodexo.

Collective health and benefit plans

The Chief Executive Officer is a member of the collective health and benefit plans set up within the Company, subject to the same terms and conditions as those applicable to the category of employees to which he is deemed to belong for the purpose of determining these benefits.

Unemployment insurance

As the Chief Executive Officer does not have an employment contract, the Company has taken out a private unemployment insurance policy with the French association of unemployment insurance for corporate officers (*Association pour la garantie sociale des chefs et dirigeants d'entreprises* – GSC). Under this policy, if the Chief Executive Officer were to lose his office, he would receive benefits for a maximum period of 24 months.

Exceptional compensation

The compensation policy does not permit the granting of an exceptional compensation to the Chief Executive Officer.

Potential change of governance

If one or more Deputy Chief Executive Officers were appointed, the principles and criteria for determining, allocating and awarding the compensation components provided for in the Chief Executive Officer's compensation policy would also apply to the Deputy Chief Executive Officer(s). In such a case, the Board of Directors, acting on the recommendation of the Compensation Committee, would adapt the principles and criteria to the person(s) concerned in order to determine the applicable targets, performance levels, conditions, compensation structures and maximum percentages of the fixed compensation that their variable compensation may represent (which may not be higher than those set for the Chief Executive Officer).

In the case where the Chief Executive Officer is also a member of the Board of Directors of the Company, he does not receive any director fees.

Signing bonus

Pursuant to article 24.4 of the AFEP-MEDEF Code, if a new Chief Executive Officer is recruited from outside Sodexo, the Board of Directors may decide to grant him or her an indemnity (in cash and/or shares) in order to compensate for any loss of previous remuneration or benefits (excluding pension benefits).

In accordance with article L.225-37-2 of the French Commercial Code, the payment or implementation of any such compensation would be subject to shareholder approval.

5.5.2 Information on the components of compensation paid or awarded to corporate officers

5.5.2.1 Compensation of Sophie Bellon, Chairwoman of the Board of Directors

The amounts paid in Fiscal 2019 for the various components of Sophie Bellon's compensation are presented in the tables below.

These amounts were determined in line with the compensation policy for the Chairwoman of the Board of Directors approved at the January 22, 2019 Annual Shareholders Meeting (15th resolution).

Summary of compensation awarded to the Chairwoman of the Board of Directors

TABLE 2, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

SOPHIE BELLON CHAIRWOMAN OF THE BOARD OF DIRECTORS (in euro)	FISCAL 2019		FISCAL 2018	
	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)
Fixed compensation	675,000	675,000	625,347	625,347
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees paid by Sodexo in her capacity as Chairwoman of the Board of Directors	-	-	-	-
Fringe benefits*	1,739	1,739	1,730	1,730
TOTAL	**676,739**	**676,739**	**627,077**	**627,077**
The following amounts were paid by Bellon SA to Sophie Bellon for her mandate as member of the Management Board of Bellon SA:				
• fixed compensation	185,000	185,000	180,000	180,000
• directors' fees	-	-	-	-

* Sophie Bellon has the use of a company car.

Summary of benefits awarded to the Chairwoman of the Board of Directors

TABLE 11, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		COMPENSATION OR ENTITLEMENTS DUE OR LIKELY TO BECOME DUE AS A RESULT OF TERMINATION OR CHANGE OF POSITION		COMPENSATION RELATING TO A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Sophie Bellon		X		X		X		X
Date appointed: January 26, 2016								
Expiration of current term: 2021 Annual Shareholders Meeting								

5.5.2.2 Compensation of Denis Machuel, Chief Executive Officer

The amounts paid in Fiscal 2019 for the various components of Denis Machuel's compensation, including measurement of the value of performance shares granted, are presented in the tables below. These amounts decided in conformity with the compensation policy for the Chief Executive Officer were approved at the January 22, 2019 Annual Shareholders Meeting (16th resolution).

The figures for Fiscal 2018 reflect his appointment as of January 23, 2018.

Summary of compensation awarded to the Chief Executive Officer

TABLE 2, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

DENIS MACHUEL CHIEF EXECUTIVE OFFICER SINCE JANUARY 23, 2018 (in euro)	FISCAL 2019		FISCAL 2018 (PROPORTIONAL)	
	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)
Fixed compensation	900,000	900,000	545,768	545,768
Variable compensation(1)	892,800	245,596	245,596	
Exceptional compensation	N/A	N/A	N/A	N/A
Fringe benefits(2)	14,930	14,930	7,531	7,531
TOTAL(3)	**1,807,730**	**1,160,526**	**798,895**	**553,299**

(1) Denis Machuel's variable compensation for the year, to be paid the following year (see tables below for details).
(2) Denis Machuel has the use of a company car and is the beneficiary of an unemployment insurance policy.
(3) The total gross amounts paid during Fiscal 2018 including the pre-appointment period amount to 1,138,359 euro.

Breakdown of variable compensation due for Fiscal 2019

Although organic growth has outperformed during Fiscal 2019 compared to the initial objective, the Board of Directors, at Denis Machuel's request, decided that, as the underlying operating profit margin underperformed over the same period, payment of variable compensation due in relation to the organic growth objective will be capped at 100%, both for himself and the Executive Committee members.

		WEIGHTING OF TARGETS	MAXIMUM IN % OF TARGET	ACHIEVEMENT LEVEL	CORRESPONDING AMOUNT (in euro)
70% based on financial targets	Organic growth	20%	175%	100%	180,000
	Underlying operating profit margin	20%	175%	86%	154,800
	Growth in Group net income	10%	175%	0%	0
	Free cash flow	20%	175%	175%	315,000
	Total financial targets	**70%**	**175%**	**103%**	**649,800**
30% based on non-financial targets	Health and safety target	10%	100%	100%	90,000
	Talent management	10%	100%	70%	63,000
	Dow Jones Sustainability Index, industry leader position	10%	100%	100%	90,000
	Total non-financial targets	**30%**	**100%**	**90%**	**243,000**
TOTAL VARIABLE COMPENSATION FOR FISCAL 2019		**100%**	**150%**	**99%**	**892,800**

Breakdown of variable compensation due and paid for Fiscal 2018

		WEIGHTING OF TARGETS	MAXIMUM IN % OF TARGET	ACHIEVEMENT LEVEL	CORRESPONDING AMOUNT (in euro)
70% based on financial targets	Organic growth	20%	175%	0%	0
	Growth in underlying operating profit	20%	175%	0%	0
	Growth in Group net income	10%	175%	0%	0
	Free cash flow	20%	175%	175%	191,019
	Total financial targets	**70%**	**175%**	**35%**	**191,019**
30% based on non-financial targets	Health and safety target	10%	100%	0%	0
	Employee engagement rate	10%	100%	0%	0
	Dow Jones Sustainability Index, industry leader position	10%	100%	100%	54,577
SUBTOTAL BEFORE HIGH-END OPERATING PROFIT GROWTH TARGET		100%	150%	45%	245,596
ACHIEVEMENT OF OUTPERFORMANCE OPERATING PROFIT GROWTH TARGET		50%	50%	0%	0
TOTAL VARIABLE COMPENSATION FISCAL 2018		**150%**	**200%**	**45%**	**245,596**

Performance shares granted to the Chief Executive Officer in Fiscal 2019

TABLE 6, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	DATE OF PLAN	NUMBER OF SHARES GRANTED DURING THE FISCAL YEAR	VALUE OF SHARES(1) (in euro)	VESTING DATE	END OF LOCK-UP PERIOD	PERFORMANCE CONDITION
Denis Machuel	06/19/2019	22,000(2)	1,836,252	06/19/2023	06/19/2023	Yes

(1) Performance shares are measured at the estimated fair value at the grant date, taking into account the terms and conditions of grant (see note 4.22.2 to the consolidated financial statements). An accounting charge for the 4-year share grant is recognized over a period of four years.
(2) Representing 0.015% of the Company's share capital as of August 31, 2019 and 2.71% of all restricted shares granted during the fiscal year by the Board of Directors (within the limits defined in the 18th resolution of the January 22, 2019 Annual Shareholders Meeting). The grants have no dilutive impact as existing shares have been allocated to the plan.

The applicable performance conditions under this plan are as follows:

- 25% of the shares are subject to a performance condition based on average organic revenue growth;
- 25% of the shares are subject to a performance condition based on growth in underlying operating profit margin.

  As the Group's medium-term objectives are not publicly disclosed, the organic growth revenue target and underlying operating margin target will remain confidential. However, at the end of the plan, the Board will fully disclose both the target and actual achievement levels related to these performance conditions;
- for the purpose of simplicity, the Board has decided to simplify Total Shareholder Return (TSR) performance target to compare with a peer group of competitors which accounts for 30% of the vesting. Thirty percent of the shares are therefore subject to a TSR performance condition. Sodexo's TSR will be compared with that of a peer group comprising 12 companies (ABM Industries, Aramark, CBRE, Compass, Edenred, Elior, Elis/Berendsen, G4S, ISS, Jones Lang LaSalle, Rentokil and Securitas), selected based on their size, the similarity of their operations with those of Sodexo and the fact that they all operate in the outsourcing and shared services industry.

In line with the previous year, the shares will be allocated depending on Sodexo's ranking within the peer group:

QUARTILE ACHIEVED BY SODEXO IN RELATION TO THE PEER GROUP'S TSR	% OF THE SHARES SUBJECT TO THE TSR VESTING CONDITION THAT WILL VEST
Top quartile	100%
Second quartile	50%
Third quartile	15%
Fourth quartile	0%

- 20% of the shares are subject to a performance condition based on a diversity and inclusion target set by Sodexo with a view to encouraging the promotion of women to top management positions.

  For the purposes of this target, and based on the Group's current organizational structure, top management comprises all of the executives who report directly to a member of the Group Executive Committee.

  Sodexo's objective is for 37% of its top managers to be women by August 31, 2022 and 40% by 2025.

Summary of compensation and stock options and performance shares granted to the Chief Executive Officer

TABLE 1, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

DENIS MACHUEL CHIEF EXECUTIVE OFFICER (in euro)	FISCAL 2019	FISCAL 2018 (PROPORTIONAL)
Compensation due (gross, before tax)	1,807,730	798,895
Value of stock options granted	N/A	N/A
Value of performance shares granted	1,836,252	1,600,438
TOTAL	**3,643,982**	**2,399,333**

Summary of benefits awarded to the Chief Executive Officer

TABLE 11, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		COMPENSATION OR ENTITLEMENTS DUE OR LIKELY TO BECOME DUE AS A RESULT OF TERMINATION OR CHANGE OF POSITION		COMPENSATION RELATING TO A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Denis Machuel **Chief Executive Officer**		X	X			X	X	
Date appointed: January 23, 2018								
No fixed term								

5.5.2.3 Compensation and benefits paid or awarded for Fiscal 2019 – Say on Pay (*ex post* vote at the Shareholders Meeting of January 21, 2020)

Compensation and benefits paid or awarded for Fiscal 2019 to Sophie Bellon, Chairwoman of the Board of Directors

TYPE OF COMPENSATION OR BENEFITS	AMOUNT	COMMENTS
Fixed compensation	€675,000	Pre-tax gross amount due for the fiscal year.
Fringe benefits	€1,739	Sophie Bellon has the use of a company car.

Sophie Bellon does not receive any of the following types of compensation or benefits: directors' fees, annual variable compensation, multi-year variable compensation, exceptional compensation, stock options, performance shares, indemnity for loss of office, or supplemental pension benefits.

Compensation and benefits paid or awarded for Fiscal 2019 to Denis Machuel, Chief Executive Officer

TYPE OF COMPENSATION OR BENEFITS	AMOUNT	COMMENTS
Fixed compensation	€900,000	Pre-tax gross amount due for the fiscal year.
Variable compensation	€892,800	Variable compensation due for Fiscal 2019 (which will be paid subject to the approval of the Shareholders Meeting of January 21, 2020).
Stock options and performance shares	€1,836,252	On June 19, 2019, the Board of Directors used the authorization granted in the eighteenth resolution of the January 22, 2019 Annual Shareholders Meeting to grant Denis Machuel 22,000 performance shares (representing 2.71% of the total number of restricted shares and performance shares allocated by the Board during the fiscal year). These shares are subject to a four-year vesting period and their vesting will be contingent upon the following: • for 25% of the shares, average organic revenue growth based on the financial statements for Fiscal 2019, 2020, 2021 and 2022; • for 25% of the shares, average growth in underlying operating profit margin based on the financial statements for Fiscal 2019, 2020, 2021 and 2022; • for 30% of the shares, a TSR target, based on Sodexo's TSR as measured against that of a peer group comprising 12 companies (ABM Industries, Aramark, CBRE, Compass, Edenred, Elior, Elis/Berendsen, G4S, ISS, Jones Lang Lasalle, Rentokil and Securitas); • for 20% of the shares, a Corporate Responsibility target corresponding to 37% of the Group's top management posts to be held by women as of August 31, 2022. These performance conditions are described in detail in section 5.5.2.2 of this Document. No stock options were granted to Denis Machuel.
Non-compete indemnity	No amounts paid	In the event of the termination of Denis Machuel's duties as Chief Executive Officer, he is subject to a non-compete obligation. This commitment from the Company, which was approved by the Shareholders Meeting on January 22, 2019, has not been implemented during Fiscal 2019. The related conditions and financial consideration are set out in section 5.5.1.3 (Compensation policy) and in section 4.4.2 (Statutory Auditors' Report on related party agreements and commitments).
Supplemental pension plan	No amounts paid	Since he was appointed a member of the Group's Executive Committee in September 2014, Denis Machuel has been a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code and article 137-11-1 of the French Social Security Code, set up for the Group's senior executives who hold an employment contract with one of its French companies. Following his appointment as Chief Executive Officer, at its meeting on April 27, 2018, the Board of Directors decided to authorize Denis Machuel to continue to be a beneficiary of this plan. Under this supplemental pension plan (subject to a minimum of five years of presence in the plan), as a member of the plan for at least 15 years, the pension paid can represent up to 15% of the average of his last three years' fixed compensation preceding his retirement, to which are added the pensions due to him under compulsory pension plans, provided that he is a corporate officer of the Company at the time of his retirement. Since the enactment of French law of August 6, 2015 known as the "Macron Act", supplemental pension benefits for corporate officers of listed companies must be subject to performance conditions. Consequently, the Board decided that the Chief Executive Officer's entitlements under this plan (1% per year up to a maximum of 15%) will only accrue if the achievement rate for his annual variable compensation targets is at least 80%. If this rate is reached then an additional 1% contribution to the defined benefit plan will be accrued for the year concerned. However, if the achievement rate is less than 80%, no defined benefit contribution will be accrued for that year. The Chief Executive Officer did not acquire any rights in Fiscal 2018. Total commitments in favor of the Chief Executive Officer represent, as at August 31, 2019, an amount of 1,554,905 euro.
Fringe benefits	€14,930	Denis Machuel has the use of a company car and is the beneficiary of an unemployment insurance policy.

Denis Machuel does not receive any of the following types of compensation or benefits: multi-year variable compensation, exceptional compensation or indemnity for loss of office.

5.5.2.4 Pay equity ratio: the ratio between the compensation paid to the Company's executive corporate officers and the average and median compensation received by Sodexo employees

The information in the following table is disclosed in order to immediately comply with France's new law on Business Growth and Transformation (known as the "PACTE Act"), which introduces new requirements on executive pay disclosures.

The ratios set out below were calculated based on the fixed and variable compensation paid during the fiscal years indicated as well as on the performance shares granted during the same periods, measured at fair value. This information is based upon the Social and Economic Unit (*Unité Economique et Sociale*) made up of French holding companies of the Sodexo Group.

	FISCAL 2019	FISCAL 2018	FISCAL 2017	FISCAL 2016	FISCAL 2015
Chief Executive Officer					
Ratio – average compensation	23	25	34	31	32
Ratio – median compensation	41	45	65	61	62
Chairwoman of the Board of Directors					
Ratio – average compensation	5	4	4	4	
Ratio – median compensation	9	8	7	7	

Elements explaining the variation of the ratios related to the compensation of the Chief Executive Officer:

- Michel Landel was the Chief Executive Officer for the full Fiscal 2015, 2016 and 2017;
- Denis Machuel was the Chief Executive Officer for the full Fiscal 2019;
- for the Fiscal 2018, the ratio was calculated based on compensation paid both to Michel Landel and Denis Machuel proportionally to their terms of office.

Elements explaining the variation of the ratios related to the compensation of the Chair of the Board of Directors:

- during Fiscal 2015, Mr Pierre Bellon did not receive any compensation under his mandate of Chairman of the Board of Directors;
- for the purposes of calculating the ratio for Fiscal 2016, Sophie Bellon's compensation as Chairwoman of the Board of Directors has been annualized.

5.5.3 Compensation of directors other than corporate officers

Except for the Chairwoman of the Board, who is a non-executive director, the members of the Board of Directors of Sodexo are not classified as corporate officers.

5.5.3.1 Compensation paid to non-corporate officers for their mandate as Sodexo directors

The total annual amount of compensation available for payment to the directors of Sodexo was set at 900,000 euro at the Annual Shareholders Meeting of January 23, 2018. The total amount actually paid to all directors (both executive and non-executive) for Fiscal 2019 was 822,750 euro, compared to 879,900 euro for Fiscal 2018.

These directors' fees were calculated in accordance with the Board of Directors' Internal Rules, based on the following criteria established for Fiscal 2019:

(in euro)	ANNUAL FIXED FEE	ADDITIONAL ANNUAL FIXED FEE FOR CHAIRING A COMMITTEE	VARIABLE FEE PER ATTENDANCE AT EACH MEETING
Board of Directors	20,000		4,000
Audit Committee	5,500	20,000	2,400
Nominating Committee	5,500	20,000	2,400
Compensation Committee	5,500	20,000	2,400

A travel allowance of 1,250 euro per Board meeting attended is paid to directors travelling from the United States.

Compensation paid to directors other than corporate officers in office as of August 31, 2019 for Fiscal 2019 and Fiscal 2018, based on their attendance at Board and Committee meetings as indicated in section 5.2.1.7, was as follows:

TABLE 3, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

DIRECTORS OTHER THAN CORPORATE OFFICERS (in euro)	FISCAL 2019	FISCAL 2018
Emmanuel Babeau	81,600	100,600
Robert Baconnier	63,100	65,500
Patricia Bellinger	-	58,950
Astrid Bellon	36,000	44,000
Bernard Bellon(1)	38,000	50,000
François-Xavier Bellon	63,500	65,500
Nathalie Bellon-Szabo	63,100	63,100
Philippe Besson(2)	65,500	63,100
Françoise Brougher	98,600	106,950
Soumitra Dutta	67,750	74,250
Michel Landel	-	22,000
Cathy Martin	61,500	65,500
Sophie Stabile(3)	80,500	4,250
Cécile Tandeau de Marsac	105,600	98,200

(1) This total includes 2,000 euro paid by Bellon SA in Fiscal 2019 and Fiscal 2018 for his role as a member of Bellon SA's Supervisory Board. Bernard Bellon completed his term on January 22, 2019 and was not renewed.
(2) Upon Philippe Besson's request, compensation due to him for his role as director representing employees is paid partially to the trade union which designated him (Fiscal 2019: 21,429 euro were paid to him directly and 44,071 euro were paid to his trade union – Fiscal 2018: 21,429 euro were paid to him directly and 41,671 euro were paid to his trade union).
(3) Sophie Stabile was appointed on July 1, 2018.

5.5.3.2 Other compensation paid to non-executive directors by Bellon SA and Sodexo

No stock options or restricted shares have been granted to non-executive directors and they are not eligible for any supplemental pension plan or compensation or benefits potentially resulting from the assumption, termination or change of position.

	FISCAL 2019			FISCAL 2018		
	TOTAL ANNUAL COMPENSATION			TOTAL ANNUAL COMPENSATION		
(in euro)	FIXED	VARIABLE	FRINGE BENEFITS	FIXED	VARIABLE	FRINGE BENEFITS
Astrid Bellon(1)	146,666	-	-	230,000	-	-
François-Xavier Bellon(2)	355,000	-	-	320,000	-	-
Nathalie Bellon-Szabo(3)	524,410	-	3,583	490,923	-	3,583

(1) Compensation paid for her role as a member of the Management Board of Bellon SA.
(2) Compensation paid for his role as Chairman of the Management Board of Bellon SA.
(3) Compensation paid for her role as a member of the Management Board of Bellon SA (275,000 euro in Fiscal 2019 and 270,000 euro in Fiscal 2018) and for her role as Chief Executive Officer of Sodexo Sports et Loisirs France and Chief Operating Officer of Sodexo Sports and Leisure worldwide (On-site Services) (249,410 euro in Fiscal 2019 and 220,923 euro in Fiscal 2018). Nathalie Bellon-Szabo has the use of a company car.

5.5.4 Compensation policy for members of the Executive Committee

The compensation of the members of the Executive Committee comprises a fixed salary, a variable annual bonus, a long-term incentive (restricted share) plan and a travel allowance, the amount of which varies depending on the countries visited and the length of stay.

The compensation policy applicable to members of the Executive Committee was reviewed in 2019 by the Compensation Committee and the Board of Directors.

The compensation of Executive Committee members is fully aligned with that of the Chief Executive Officer. For Fiscal 2020 it comprised the following:

- **a fixed salary;**
- **an annual performance bonus.**

  Depending on the Executive Committee member, the annual performance-based bonus represents between 50% and 80% of their fixed salary.

  The bonus is calculated and paid following the close of the fiscal year to which it applies and after the Board of Directors has approved the financial statements;
- **a long-term incentive plan**, consisting of restricted share grants. All of the shares are subject to presence and performance conditions.

  The applicable performance conditions and the proportion of shares subject to each condition are equivalent to those set for the Chief Executive Officer and described in section 5.5.1.3.

In addition to this compensation, Executive Committee members may receive fringe benefits (primarily a car) and pension plan contributions are paid under the following plans:

- a defined contribution plan for holders of an employment contract with one of the Group's foreign companies;
- a defined benefit plan for holders of a French employment contract.

Total compensation paid during Fiscal 2019 by the Group to members of the Executive Committee in office as of August 31, 2019 (including the Chief Executive Officer, details of whose compensation are provided in section 5.5.2.2 of this document), amounted to 12,713,427 euro.

This amount comprises:

- a fixed portion of 8,870,206 euro, including 570,448 euro of contributions to the above-mentioned pension plans;
- a variable portion of 3,843,221 euro (comprising the Fiscal 2018 performance-based bonus and travel allowances of 60,458 euro paid in Fiscal 2019).

5.5.5 Description of the long-term incentive plan for managers

The Group's incentive compensation policy for managers has two objectives:

- aligning the financial interests of managers with those of shareholders;
- attracting and retaining the intra-entrepreneurs needed to expand and strengthen Sodexo's market leadership.

5.5.5.1 Stock option plans

Until Fiscal 2012, as part of this policy stock options were granted at regular intervals.

The number of unexercised stock options issued by the Company to managers in the Group as of August 31, 2018 was 45,765 (around 0.03% of the capital at that date), representing a total amount of 2,352,321 euro. As these options were exercised in Fiscal 2019 there were no longer any stock options outstanding as of August 31, 2019.

Stock options granted to Group managers

TABLE 8, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

DATE OF SHAREHOLDERS MEETING	DATE OF BOARD MEETING GRANTING STOCK OPTION PLAN	TOTAL NUMBER OF OPTIONS GRANTED(1)	TOTAL NUMBER OF OPTIONS GRANTED TO CORPORATE OFFICERS	START DATE OF VESTING PERIOD
01/19/2009	12/13/2011 (A1a)	57,150	-	12/13/2012
01/19/2009	12/13/2011 (A1b)	358,500	-	70% of the options: 12/13/2012 30% of the options: 12/13/2014(3)

(1) Total number of options granted by the Board of Directors at grant date.
(2) Exercise price adjusted after capital transactions carried out since grant date.
(3) Subject to achieving an annual increase in Group net income of at least 6% over three years at constant currency exchange rates.
(4) Total number of options cancelled as a result of departure of beneficiaries.

Stock options granted to and exercised by the ten Group employees receiving the largest number of options (other than corporate officers)

INFORMATION DISCLOSED IN ACCORDANCE WITH ARTICLE L.225-184 OF THE FRENCH COMMERCIAL CODE

	TOTAL NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (in euro)
Stock options granted during Fiscal 2019 to the ten Group employees receiving the largest number of options (aggregate information)	-	-
Stock options exercised during Fiscal 2019 by the ten Group employees exercising the largest number of options (aggregate information)	26,000	51.40

5.5.5.2 Restricted share grants

Since Fiscal 2013, long-term incentive plans have consisted exclusively of restricted share plans.

The rules governing restricted share plans within the Group are as follows:

- all restricted share grants are made in the same period of the year;
- vesting of shares granted under the long-term incentive program is contingent upon the beneficiary's **employment with the Group through the vesting date**;
- **performance conditions apply to the grant**, in the following proportions:
  - 100% of the restricted shares granted to the Chief Executive Officer, and the members of the Executive Committee,
  - tranches of the restricted shares granted to other beneficiaries, as explained below (for the shares granted in April 2018 and June 2019):

NUMBER OF SHARES GRANTED PER BENEFICIARY	% OF SHARES SUBJECT TO PERFORMANCE CONDITIONS
Up to 1,000 shares	30%
More than 1,001 shares	50%

EXPIRATION DATE	EXERCISE PRICE[2] (in euro)	TERMS OF EXERCISE	CUMULATIVE NUMBER OF SHARES PURCHASED AS OF 08/31/2019	CUMULATIVE NUMBER OF OPTIONS CANCELLED[4]	OPTIONS OUTSTANDING AS OF 08/31/2019
12/12/2018	51.40	25% at each anniversary date	48,515	8,635	0
12/12/2018	51.40	17.5% at each anniversary date 30% at the 3rd anniversary date[3]	308,780	49,720	0

The performance conditions underlying these plans have changed over the years. Following the introduction of a Total Shareholder Return (TSR) target introduced in Fiscal 2015 and a comparative TSR target in Fiscal 2016, the indicator for the financial performance condition was changed from Group net income to consolidated underlying operating profit to bring this condition in line with the market guidance issued in relation to the Group's medium-term targets. Moreover, in Fiscal 2016 the vesting period was extended to four years in order to align it with the four-year performance condition assessment period. This applies to all restricted shares granted, irrespective of whether or not they are subject to performance conditions. At the same time, the lock-up period was removed for French beneficiaries.

International restricted share plan rules dated April 27, 2015 provided for two performance conditions:

- a vesting condition based on Sodexo's Total Shareholder Return (TSR) of 20% over 3 years;
- a vesting condition based on an average growth in Group share of net income of at least 6% per year over 3 years.

Performance conditions have been met as follows: a 54% TSR and a 14% net income average growth per year.

Consequently, 458,225 shares were delivered to the beneficiaries concerned on April 27, 2019.

The restricted shares granted by the Board of Directors on June 19, 2019 will be delivered on June 19, 2023, provided that each beneficiary concerned is still with the Group and any applicable performance conditions have been met.

Further details of the plans in force are provided in section 5.5.2.2.

As stated in section 5.5.1.3 above, the Board decided to reduce the vesting period for shares granted under future share plans to three years and to change the timing of when the plans are usually approved or put in place. Until now, the plans were approved and the shares were granted at the end of the fiscal year, with the most recent one being in June 2019. From now on, in order to align the performance assessment period with the vesting period, the plans will be approved at the beginning of each fiscal year, when the financial statements for the previous fiscal year are published. This change in timing will not result in a year without shares being delivered to the beneficiaries.

Restricted shares granted to Group managers

TABLE 9, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	2015 PLAN	2015-2 PLAN	2016 PLAN	2016-2 PLAN	2016-3 PLAN	2017 PLAN	2017-2 PLAN	2018 PLAN	2018-2 PLAN	2019 PLAN
Date of Annual Shareholders Meeting	01/21/2013	01/21/2013	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/22/2019
Date of grant by the Board of Directors	04/27/2015	12/01/2015	04/27/2016	09/30/2016	11/30/2016	04/20/2017	09/14/2017	04/27/2018	09/13/2018	06/19/2019
Total number of shares granted	849,875	15,100	866,075	11,950	10,000	884,895	14,000	917,880	34,100	810,990
Total number of beneficiaries	1,299	8	1,264	16	2	1,357	5	1,671	20	2,144
% of share capital	*0.54%*	*0.01%*	*0.56%*	*0.01%*	*0.01%*	*0.58%*	*0.01%*	*0.62%*	*0.02%*	*0.55%*
Performance conditions										
Growth in Group net income	X	X								
Growth in operating profit			X	X	X	X	X	X	X	X
Organic growth										X
TSR	X	X	X	X	X	X	X	X	X	X
RSE (see description above)								X	X	X
FRENCH PLAN										
Vesting date for shares subject to the condition of the beneficiary still working with the Group	04/27/2017	12/012017								
Vesting date for shares subject to performance conditions	04/27/2018	12/01/2018								
End of lock-up period	04/27/2020	12/01/22020								
Total number of shares granted	276,140	6,750								
Number of shares granted to the corporate officer	40,000									
% of share capital	*0.03%*									
Cumulative number of shares cancelled	(24,458)	0								
Transferred shares (beneficiaries participating in the international mobility program)	0	0								
Vested shares	**251,682**	**6,750**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
SITUATION OF THE FRENCH PLAN AT AUGUST 31, 2019	0	0	0	0	0	0	0	0	0	0

	2015 PLAN	2015-2 PLAN	2016 PLAN	2016-2 PLAN	2016-3 PLAN	2017 PLAN	2017-2 PLAN	2018 PLAN	2018-2 PLAN	2019 PLAN
INTERNATIONAL PLANS										
Vesting date	04/27/2019	12/01/2019	04/27/2020	09/30/2020	11/30/2020	04/20/2021	09/14/2021	04/27/2022	09/13/2022	06/19/2023
End of lock-up period/ date available	04/27/2019	12/01/2019	04/27/2020	09/30/2020	11/30/2020	04/20/2021	09/14/2021	04/27/2022	09/13/2022	06/19/2023
Total number of shares granted	573,735	8,350	866,075	11,950	10,000	884,895	14,000	917,880	34,100	810,990
Number of shares granted to the corporate officer			44,000			44,000		25,000		22,000
% of share capital			*0.03%*			*0.03%*	*0.00%*	*0.02%*	*0.00%*	*0.01%*
Cumulative number of shares cancelled	(115,510)	(6,000)	(149,470)	(350)		(92,166)	(1,000)	(62,860)		(2,830)
Transferred shares (beneficiaries participating in the international mobility program)	0		0	0	0	0	0	0	0	0
Vested Shares	**458,225**									
Accelerated vesting for Death and Disability			**1,250**			**350**		**500**		
SITUATION OF THE INTERNATIONAL PLAN AT AUGUST 31, 2019	0	2,350	715,355	11,600	10,000	792,379	13,000	854,520	34,100	808,160
TOTAL OF THE PLANS AT AUGUST 31, 2019	**0**	**2,350**	**715,355**	**11,600**	**10,000**	**792,379**	**13,000**	**854,520**	**34,100**	**808,160**

As of August 31, 2019, a total of 6,114,720 restricted shares had been granted to Group managers since 2013 (cumulatively representing approximately 4.14% of the capital since the adoption of the resolution at the January 2013 Annual Shareholders Meeting) for an amount of 458,765,089 euro (based on estimated fair value at the grant date, taking into account the related terms and conditions).

These grants concerned 1,123 beneficiaries in 2013, 1,200 in 2014, 1,307 in 2015, 1,282 in 2016, 1,357 in 2017, 1,691 in 2018 and 2,144 in 2019.

Restricted shares granted to the ten Group employees (other than corporate officers) receiving the largest number of restricted shares, and shares vested for those employees

INFORMATION DISCLOSED IN ACCORDANCE WITH ARTICLE L.225-197-4 OF THE FRENCH COMMERCIAL CODE

	TOTAL NUMBER OF SHARES	PLAN DATE
Shares granted during Fiscal 2019 to the ten Group employees receiving the largest number of restricted shares (aggregate information)	93,000	June 19, 2019
Shares vested during Fiscal 2019 for the ten Group employees receiving the largest number of restricted shares (aggregate information)	85,400	April 27, 2015

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6

SHAREHOLDERS AND SHARE CAPITAL

Financial communications calendar

Fiscal 2020 first quarter revenues	January 9, 2020
2020 Annual Shareholders Meeting	January 21, 2020
Ex-Dividend date	January 30, 2020
Dividend record date	January 31, 2020
Dividend payment date	February 3, 2020
Fiscal 2020 half-year results	April 9, 2020
Fiscal 2020 nine month revenues	July 7, 2020
Fiscal 2020 annual results	October 29, 2020
Fiscal 2020 Annual Shareholders Meeting	January 12, 2021

These dates are purely indicative and are subject to change without notice. Regular updates to the calendar are available on our website www.sodexo.com.

How to obtain information

INVESTOR RELATIONS

By e-mail: financial.communication.group@sodexo.com

SHAREHOLDERS CLUB

By e-mail: clubactionnaires@sodexo.com

By phone: +33 (0)1 57 75 80 54

Address: Sodexo, Investor Relation/Shareholders Club – 255, quai de la Bataille de Stalingrad – 92866 Issy-les-Moulineaux Cedex 9 – France

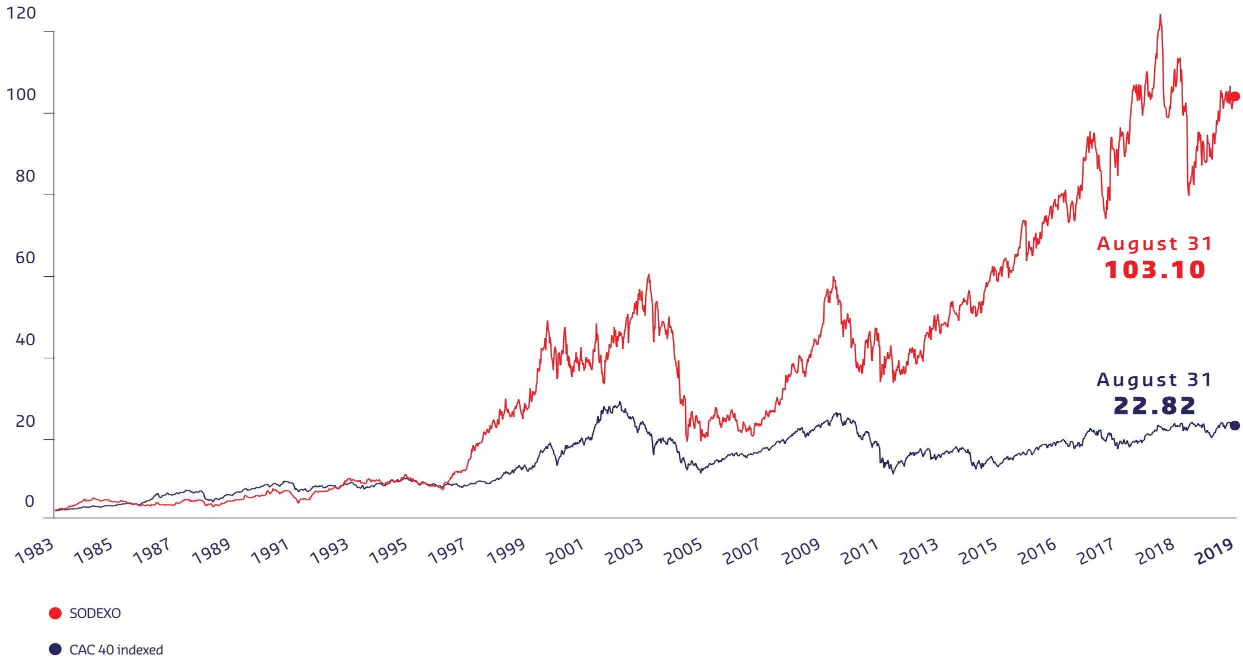
Further information available on the Sodexo website
www.sodexo.com

6.1 SODEXO SHARE PERFORMANCE

Sodexo shares are listed on Euronext Paris (Euroclear code: FR0000121220) and have been included in the CAC 40 index since March 21, 2016. In addition, Sodexo offers securities listed in U.S. dollars, in the form of American Depositary Receipts (ADRs) that are traded on the over-the-counter (OTC) market, ticker SDXAY, with five ADRs representing one Sodexo share.

6.1.1 Stock market performance

ADJUSTED SODEXO SHARE PRICE TRENDS FROM INITIAL LISTING ON MARCH 2, 1983 THROUGH AUGUST 31, 2019 (in euro), **COMPARED TO THE CAC 40 INDEXED ON THE SODEXO SHARE PRICE**



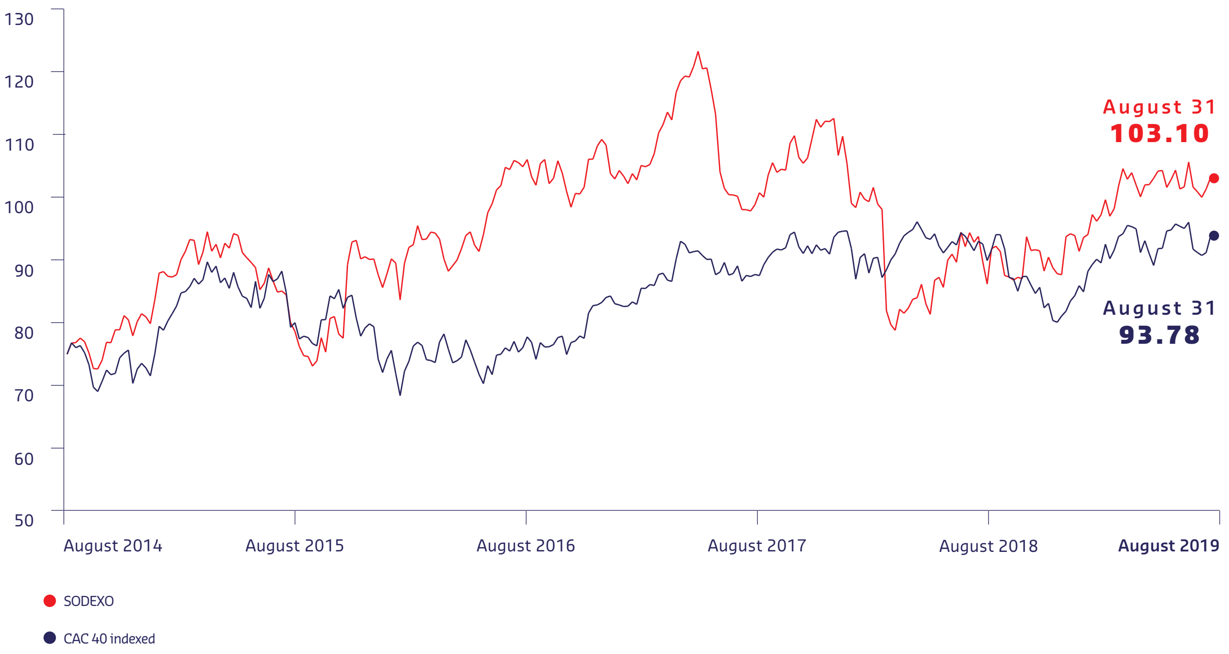
The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2019 (the last trading day of Fiscal 2019), the closing share price was 103.10 euro.

Since its first listing, the value of the Sodexo share has been multiplied by 67, whereas the CAC 40 index has been multiplied by only 14.7 over the same period, which means that Sodexo's shares have significantly outperformed the CAC 40[1].

Since its listing on the stock exchange in 1983, Sodexo's share value has appreciated by an average of 12.5% *per annum*, excluding dividends.

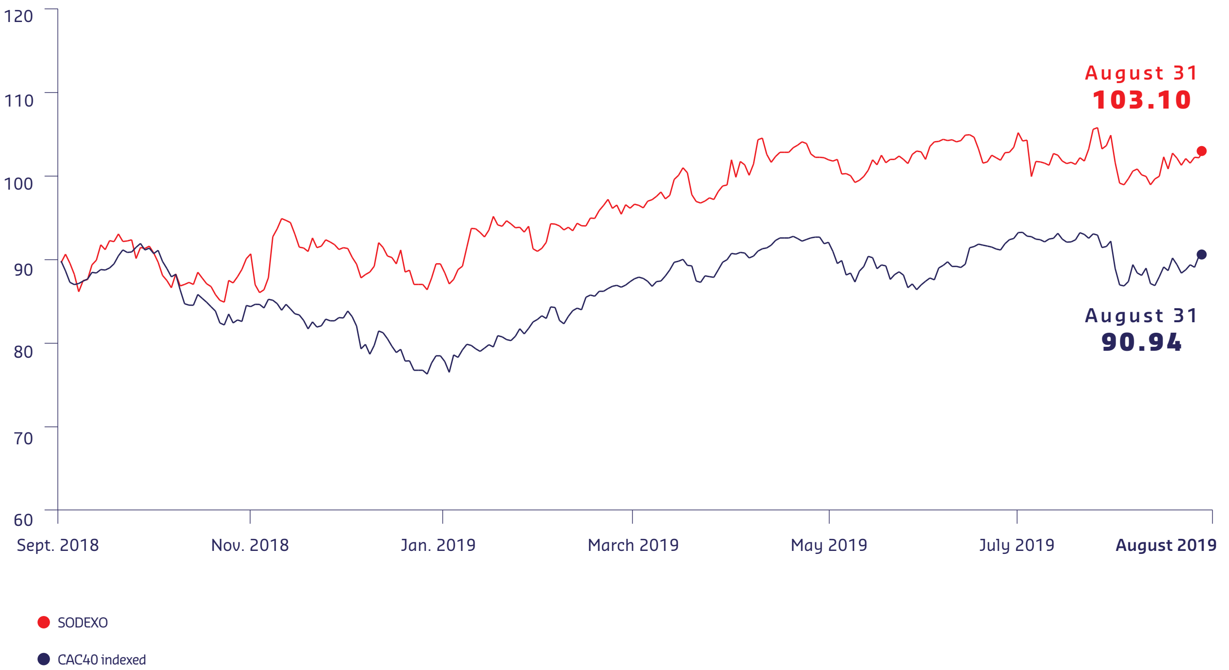
1 CAC 40 index reconstituted from 1983 to 1987.

SODEXO SHARE PRICE FROM AUGUST 31, 2014 THROUGH TO AUGUST 31, 2019 (in euro), **COMPARED TO THE CAC 40 INDEXED ON THE SODEXO SHARE PRICE**



Over the last five fiscal years, Sodexo's share price has increased by 38%, whereas the CAC 40 index has increased by 25% during the same period.

SODEXO SHARE PRICE FROM AUGUST 31, 2018 THROUGH TO AUGUST 31, 2019 (in euro), **COMPARED TO THE CAC 40 INDEXED ON THE SODEXO SHARE PRICE**



During Fiscal 2019, the share price increased by 15% whereas the CAC 40 index rose by 1%. After underperforming the CAC 40 by almost 15% the previous year, linked to the downward revision of forecasts during Fiscal 2018, investor confidence gradually returned during Fiscal 2019 thanks to an improvement in organic revenue growth and results, in line with expectations.

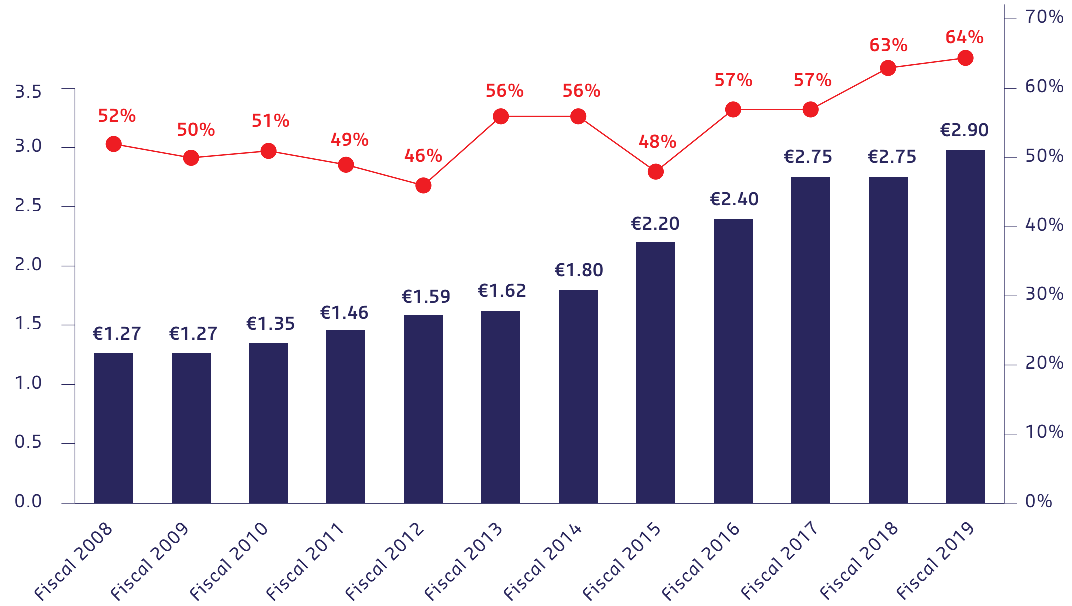
As of August 31, 2019, the market capitalization of Sodexo was 15.2 billion euro.

6.1.2 Share and dividend performance

Dividend policy

The Group's dividend policy is aimed at securing long-term shareholder loyalty by regularly increasing the dividend, a dividend payout ratio of around 50% and a dividend premium for shareholders who have held their shares in registered form for an unbroken period of at least four years.

DIVIDEND (in euro) **PAYOUT RATIO** (in %)



At the Annual Shareholders Meeting on January 21, 2020, the Board of Directors will propose that shareholders approve the payment of a cash dividend of 2.90 euro per share for Fiscal 2018, up +5.5% compared with Fiscal 2018.

In addition, shares held in registered form for the past four years or more (*i.e.*, since at least August 31, 2015) and which are still held in such form when the dividend becomes payable on February 3, 2020 will be entitled to a 10% dividend premium, representing an additional 0.290 euro per share. The number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder.

The distribution of dividends and the 10% dividend premium represent a payout ratio of 64%.

The dividend and dividend premium (for eligible shares) will become payable on February 3, 2020, with a Euronext Paris ex-dividend date of January 30, 2020. The record date – *i.e.*, the date before which an investor must own shares in order to receive the dividend – will be January 31, 2020.

Dividends not claimed within five years of the date on which they were payable to shareholders are forfeited.

	FISCAL 2019	FISCAL 2018	FISCAL 2017	FISCAL 2016	FISCAL 2015
SHARE PRICE (in euro)					
Opening price as of August, 31	89.74	98.26	104.75	77.71	75.03
Closing price as of August, 31	103.10	89.72	98.03	103.85	78.43
Market capitalization as of August 31 (in billions of euro)	15.2	13.2	14.8	16.0	12.3
12-month low	84.20	78.10	96.02	70.45	69.49
12-month high	108.65	114.05	123.60	106.7	95.76
DAILY AVERAGE VOLUME OF SHARE TRADING					
In number of shares	253,895	361,046	241,150	275,923	232,550
In value (in thousands of euro)	26,839	34,221	25,607	24,551	19,800
DIVIDEND AND SHARE PERFORMANCE					
Total payout(2) (in millions of euro)	430(1)	403	411	371	335
Payout ratio including dividend premium (Total payout/Group net profit)	64.7%	62.6%	57.0%	58.2%	47.9%
Dividend per share (DPS) (in euro)	2.90(1)	2.75	2.75	2.40	2.20
10% dividend premium (in euro)	0.290(1)	0.275	0.275	0.24	0.22
Earnings per share (EPS)(3) (in euro)	4.56	4.40	4.85	4.21	4.60
Payout ratio (DPS/EPS)	63.6%	62.5%	57%	57%	47.8%
TOTAL SHAREHOLDER RETURN (TSR)(4)	**+18.0%**	**-5.9%**	**-4.1%**	**36.5%**	**6.9%**

(1) Subject to approval at the Annual Shareholders Meeting on January 21, 2020.
(2) Theoretical payout for current fiscal year and actual figures for previous years. Includes dividend premium.
(3) Based on an average number of shares (quarterly average).
(4) Calculation of the Total Shareholder Return over a given period and calculated as follows: (market price at the end of the period – market price at the beginning of the period + dividends paid over the period, excluding the dividend premium)/market price at the beginning of the period.

6.1.3 Benefits of being a registered shareholder

Registered Sodexo shareholders are entitled to:

- double voting rights for registered shares held for at least four years;
- a dividend premium of 10%[1] for registered shares held for at least four years (the number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder);
- automatic invitation to Shareholders Meetings and personalized information on all financial transactions (capital increases, bond issues, etc.);
- an exemption from administration costs (for directly-registered shares only).

Sodexo share codes

Sodexo bearer shares are traded under the code FR0000121220.

The code for registered shares already eligible for the dividend premium is FR0011532431.

Different share codes have been introduced for registered shares in order to reflect the period in which the shares were acquired and to determine eligibility for the dividend premium.

1 The dividend premium payment will be made on February 3, 2020 for the fiscal year ended August 31, 2019 for shareholders holding registered shares (directly or indirectly) since August 31, 2015 and up until the payment of the dividend.

The use of different codes does not affect the tradability of the shares. When selling shares, it is advisable to sell the most recently acquired first in order to maintain the dividend premium rights on the highest number of remaining shares.

REFERENCE DATE FOR REGISTRATION OF SHARES TO QUALIFY FOR THE DIVIDEND PREMIUM	RIGHT TO DIVIDEND PREMIUM FOR FISCAL	ISIN CODES FOR REGISTERED SHARES
Before August 31, 2015	2019	FR0011532431*
August 31, 2016	2020	FR0013193125
August 31, 2017	2021	FR0013270261
August 31, 2018	2022	FR0013353075
August 31, 2019	2023	FR0013436029
August 31, 2020	2024	FR0013447026

* On September 1, 2019, Euroclear merged the shares held under the code SODEXO ACTIONS PRIME DE FIDÉLITÉ 2019 – FR0012891414 into the code FR0011532431 (which will be eligible for the 10% dividend premium for the February 2020 dividend payment).

Contacts for registered shareholders

Directly-registered shareholder accounts are managed by Société Générale, which also acts as transfer agent for all Sodexo shares.

For further information call:

Société Générale Nantes (France): +33 (0)2 51 85 67 89

or visit the Société Générale website: www.sharinbox.societegenerale.com

6.1.4 ADR program

Since Sodexo's voluntary delisting from the New York Stock Exchange in 2007, Sodexo American Depositary Receipts (ADRs) are traded on the over-the-counter (OTC) market, ticker SDXAY, with five ADRs representing one Sodexo share.

Advantages for U.S. investors:

- U.S. brokers purchase, sell and settle the ADRs in the same way as they would for the shares of a U.S. company;
- the prices of the ADRs are quoted in U.S. dollars and the dividends are paid in U.S. dollars;
- ADRs are a straightforward and effective way of enabling U.S. investors to invest in international companies.

KEY INFORMATION ON THE SODEXO ADRS:

ADR ticker symbol	SDXAY
Platform	OTC
CUSIP	833792104
DR ISIN	US8337921048
ISIN code	FR0000121220
SEDOL	7062713
Custodian bank	Citibank Europe Plc (Dublin)
ADR ratio	5 ADRs for 1 ordinary share

CONTACTS AT CITIBANK FOR ANY QUESTIONS CONCERNING THE ADRS:

New York	London
Michael O'Leary	Michael Woods
michael.oleary@citi.com	michael.woods@citi.com
Tel.: +1 212 723 4483	Tel.: +44 20 7500 2030

6

6.2 FINANCIAL COMMUNICATIONS POLICY

To respond more effectively to the expectations of its shareholders, Sodexo continuously works to improve its investor relations program by developing new information channels and in the quality of its interactions during the different meetings with the financial community.

6.2.1 Listening to our shareholders and the financial community

In order to comply with all applicable regulations in connection with its listing on Euronext Paris (the French stock exchange), Sodexo and all those involved in preparing financial communications have committed to a set of transparency principles designed to ensure equal treatment of all shareholders.

Sodexo's investor relations policy is based on four core principles:

- **equal treatment when disclosing quarterly financial information:** all financial press releases are issued simultaneously in real time to all our stakeholders, both in French and English. These press releases are published on the Group's website (www.sodexo.com) and relayed through the press, e-mail and *via* an authorized provider;
- **regular reporting:** the financial community is informed of the financial publication schedule a year in advance, and updates are always available on the Group's website. In a process of acceleration of the publication of the Group's accounts, the announcement of the Fiscal 2020 results and the Shareholders meeting to approve those accounts are advanced by one week;
- **ease of access to financial meetings:** Annual Shareholder Meetings and revenue and results presentations are broadcast *via* a live webcast and subsequently available on the Sodexo website. In addition, all financial communication is available and archived on the website;
- **transparency:** all information on the Group, including the bylaws, Universal Registration Document (formerly called the Registration document), Interim Report, press releases, presentations and share price trends, is also available on the website: www.sodexo.com.

6.2.1.1 Group spokesperson

Only the Chairwoman, the Chief Executive Officer and members of the Executive Committee are authorized to provide financial communications. The Chief Executive Officer appoints the Director of Financial Communication to act as spokesperson for the Group, within specific delegated powers.

6.2.1.2 Preparation and publication of financial communications

All financial communication is reviewed prior to publication by a Group Disclosure Committee comprising representatives from Group Finance, Legal, Communications, Corporate Responsibility, Board secretary and Human Resources.

Barring exceptional circumstances, all information with the potential to influence the share price is published before Euronext Paris opens for trading.

After approval of this information by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors (depending on its nature), it is communicated to the markets *via* a press release issued simultaneously to the entire financial community and to the stock market authorities.

Sodexo does not communicate financial information during the following periods:

- **30 calendar days preceding** the Board of Directors' meeting to approve the annual and half-year financial statements up to the release of its consolidated annual and interim results;
- **15 calendar days before** the release of its first and third quarter consolidated revenue figures up **to the release** of these quarterly publications.

6.2.1.3 Code of conduct for senior managers

To ensure Sodexo's commitment to transparency and regulatory compliance, the Board of Directors adopted a Code of conduct for senior managers in 2003. Since that date, the Group's Executive Committee members and key finance executives must systematically and formally sign up to this Code and abide by its principles.

This Code of conduct sets out a core set of behaviors:

- to avoid actual or apparent conflicts of interest;
- to comply with all laws, rules and regulations;
- to protect the Group's confidential information;
- to conduct all business fairly;
- to hold managers accountable for their behavior and create an environment of trust where concerns can be reported without fear of retaliation or retribution.

The Group's ethical principle of transparency means efficient communication with the Group's shareholders, so that they are provided with full and accurate information on the Group's financial condition and profits. The Group is committed to timely communication and to complete, accurate, reliable and clear reporting.

6.2.2 Universal Registration Document (URD)

A Registration Document is filed each year with the French securities regulator (*Autorité des marchés financiers* – AMF) in accordance with its General Regulation. The French-language document can be consulted on the AMF website (www.amf-france.org). It is also available, along with the English version, at www.sodexo.com ("Finance" section, "Presentations and publications" tab). According to the new Regulation (EU) 2017/1129 and its Delegated Regulation 2019/980, in force since July 21, 2019, Sodexo publishes a Universal Registration Document this year. Apart from its new name, this Universal Registration Document aims to enhance shareholder and investor understanding of the risk factors, overall strategy and extra-financial aspects.

An interactive and accessible version of the Universal Registration Document in French and English is also available on the Group's website to facilitate reading, particularly for those that are visually impaired.

6.2.3 Annual Shareholders Meeting

The Annual Shareholders Meeting is announced in official notices published in the press, in the BALO (*Bulletin des annonces légales obligatoires*) in France and on the Group's website, at www.sodexo.com.

The Notice of meeting is available in French and English at least 21 days before the meeting. It is sent to all registered shareholders, and to other shareholders upon request. It is also available at www.sodexo.com.

A live webcast of the Sodexo Annual Shareholders Meeting is broadcast on our website, enabling shareholders who cannot attend in person to ask questions and follow the voting on resolutions. The webcast of the last Annual Shareholders Meeting has been archived and is available on the Sodexo website: www.Sodexo.com.

6.2.4 Regular meetings and ongoing dialogue

Sodexo is committed to genuine dialogue with its shareholders and with the broader financial community.

In order to ensure that the figures it releases each quarter are fully understood, the Group organizes conference calls led by the Chief Executive Officer and Chief Financial Officer. In addition, a program of regular meetings with investors and analysts is put in place each year, with the Chief Executive Officer and Chief Financial Officer holding sessions in Europe (in particular in Paris, London and Frankfurt) and also in the United States and Canada. These events create opportunities for more informal dialogue.

Themed briefings are also held periodically to give investors and analysts insight into front-line operations.

Sodexo also regularly participates in industry presentations and conferences organized by brokerage firms in France and abroad.

Lastly, the Financial Communications Department is always available to answer questions from analysts and investors.

On September 6, 2018, the Group organized its first Capital Markets Day in nine years. The event was held at the Yachts de Paris, on the banks of the Seine, with presentations on the strategy of the Group and its various activities including a presentation by Sophie Bellon of her vision on the Group. All the members of the Executive Committee, some representatives from other departments and the Chairwoman of the Board were present throughout the day. More than 90 investors, analysts, bankers and financial journalists attended the event. All plenary presentations, recordings and transcripts are available on the website: www.sodexo.com.

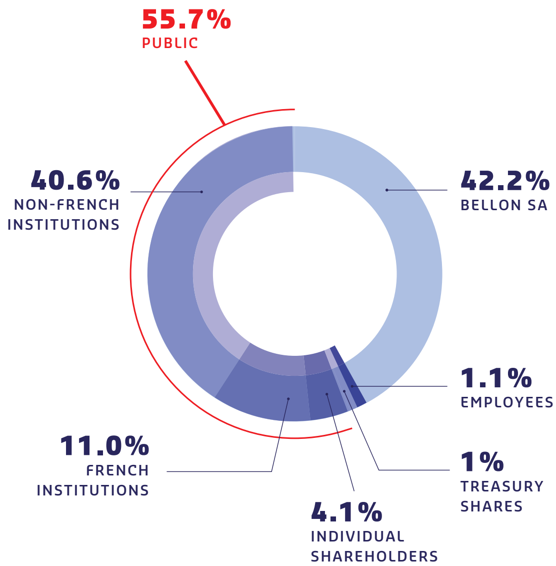
6.2.5 Launching of the Shareholders Club

To respond to shareholder requests during the General Meeting of January 22, 2019, Sodexo launched its Shareholders Club on October 3, 2019.

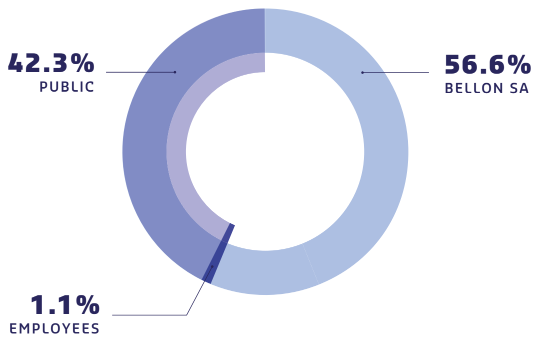
In addition to the existing double voting rights and the dividend premium after four years of ownership in registered form, this Club aims to strengthen the personal link between the Company and its shareholders, provide a direct flow of information on Sodexo and its services and provide a dedicated forum for discussion. To become a member, simply fill out the form available on www.sodexo.com, in the shareholders section.

6.3 SHAREHOLDERS

SHAREHOLDER BREAKDOWN AS OF AUGUST 31, 2019



VOTING RIGHTS BREAKDOWN AS OF AUGUST 31, 2019



Source: Nasdaq.

6.3.1 Evolution of the share capital in the last three fiscal years

As at August 31, 2019, the share capital of the Company was an aggregate nominal value of 589,819,548 euro divided into 147,454,887 shares of a nominal value of 4 euro each.

As no new shares were created, for any purpose, and no shares were cancelled during Fiscal 2019, the Company's share capital as at August 31, 2019 still stood at 589,819,548 euro, divided into 147,454,887 shares with a nominal value of 4 euro each.

There were no changes in the Company's share capital between August 31, 2019 and the date of publication of this document.

The table below provides the evolution of the share capital over the last three fiscal years:

	DATE OF THE TRANSACTION	NATURE OF THE OPERATION	NUMBER OF SHARES CANCELLED	NUMBER OF SHARES COMPRISING THE SHARE CAPITAL FOLLOWING THE OPERATION	SHARE CAPITAL FOLLOWING THE OPERATION
Position as at September 1, 2016				**153,741,139**	**€614,964,556**
	14 June 2017	Share cancellation(1)	2,910,690	150,830,449	€603,321,796
Position as at September 1, 2017				**150,830,449**	**€603,321,796**
	29 August 2018	Share cancellation(2)	3,375,562	147,454,887	€589,819,548
Position as at September 1, 2018				**147,454,887**	**€589,819,548**
Position as at September 1, 2019				**147,454,887**	**€589,819,548**

(1) Following the utilization by the Board of the authorization approved by the General Meeting of January 24, 2017.
(2) Following the utilization by the Board of the authorization approved by the General Meeting of January 23, 2018.

6.3.2 Changes in the breakdown of share capital and voting rights over the last three years

SHAREHOLDERS	AUGUST 31, 2019 NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS(1)	% OF EXERCISABLE VOTING RIGHTS(1)	AUGUST 31, 2018 NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOING RIGHTS	% OF EXERCISABLE VOTING RIGHTS	AUGUST 31, 2017 NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS	% OF EXERCISABLE VOTING RIGHTS
Bellon SA	62,250,485	42.2	56.2	56.6	62,250,485	42.2	56.7	57.2	60,900,485	40.4	55.2	55.8
BlackRock Inc.	6,586,640	4.5	3.0	3.1	-	-	-	-	-	-	-	-
First Eagle Investment Management(2)	6,478,143	4.4	3.0	3.0	6,913,289	4.7	3.1	3.1	4,218,962	2.8	1.9	1.9
Artisan Partners(2)	6,311,718	4.3	2.9	2.9	8,019,726	5.4	3.7	3.8	-	-	-	-
International Value Advisers(2)	1,968,257	1.3	1.1	1.1	3,821,370	2.6	1.8	1.8	-	-	-	-
Employees(3)	1,602,197	1.1	1.1	1.1	1,721,960	1.2	1.1	1.2	1,599,407	1.1	1.1	1.1
Treasury shares	1,448,566	1.0	0.7	0	1,869,352	1.3	0.9	0	2,205,010	1.5	1.0	0
Public	60,808,881	41.2	32.0	32.2	62,858,705	42.6	32.6	32.9	81,906,585	54.2	40.8	41.2
TOTAL	**147,454,887**	**100%**	**100%**	**100%**	**147,454,887**	**100%**	**100%**	**100%**	**150,830,449**	**100%**	**100%**	**100%**

(1) As at August 31, 2019, the 147,454,887 shares making up the Company's share capital carried 216,206,855 theoretical voting rights and 214,758,289 voting rights exercisable at General Meetings. Only treasury shares do not carry any voting rights, in accordance with article L.225-210 of the French Commercial Code.
(2) Acting on behalf of its managed funds.
(3) This figure includes the shares held by employees in an account with Société Générale as a result of restricted share awards, in accordance with French Act no. 2015-990 of August 6, 2015 on growth, business and equal economic opportunities.

As at August 31, 2019 the members of the Board of Directors together directly held less than 0.5% of the Company's share capital.

6.3.3 Shareholding held by Bellon SA

During the Fiscal year 2019, the shareholding held by Bellon SA in Sodexo remained stable, at 62,250,485 shares representing 42.2% of the Company's share capital.

It should be noted that during the Fiscal year 2018, Bellon SA purchased 1,350,000 Sodexo shares on June 1, 2018, increasing its equity stake in the Company to 41.27% of the share capital (compared to 40.38% as at August 31, 2017). As a result of the acquisition followed by the cancellation by Sodexo on August 29, 2018 of 3,375,562 shares, representing 2.2% of the Company's share capital, Bellon SA increased its equity stake in the Company to 42.2%, *i.e.* by more than 1% over a 12-month period. Prior to this transaction, the French stock market regulator (*Autorité des marchés financiers* – AMF) had granted Bellon SA on June 26, 2018, on the basis of article 234-9 paragraph 6 of the General Regulations of the AMF, an exemption from the obligation to file a public exchange offer on the Sodexo shares, considering that Bellon SA already held the majority of Sodexo's voting rights before the transaction (D&I 2018C1176 and D&I218C1545).

Mr & Mrs Pierre Bellon and their four children who control 72.6% of Bellon SA, signed 50-year agreements in June 2015 which prevent their direct descendants from selling their Bellon SA shares to a third-party. The only asset of Bellon SA is its stake in Sodexo and Bellon SA has no intention of selling its stake to a third-party.

6.3.4 Crossing of legal and statutory reporting thresholds in Fiscal 2019

In accordance with article L.233-7, I of the French Commercial Code, the following legal thresholds have been reported to the Company during the Fiscal year 2019:

- BlackRock Inc., acting on behalf of its managed clients and funds, reported:
  - on October 18, 2018 that it had exceeded on October 16, 2018 the legal threshold of 5% of the Company's share capital holding 7,410,257 shares, representing 5.03% of the share capital of the Company and 3.46% of voting rights (D&I 218C1689). The threshold was exceeded following the acquisition of shares on the market as well as the receipt of Sodexo shares held as collareral,
  - on November 15, 2018 that it had crossed on November 13, 2018 the legal threshold of 5% of the Company's share capital in the downward direction, holding 7,360,951 shares, representing 4.99% of the share capital of the Company and 3.44% of voting rights (D&I 218C1840). The threshold was crossed following the sale of shares on the market,
  - on November 28, 2018 that it had exceeded on November 26, 2018 the legal threshold of 5% of the Company's share capital, holding 7,395,655 shares, representing 5.02% of the share capital of the Company and 3.45% of voting rights (D&I 218C1899). The threshold was exceeded following the acquisition of shares off-market as well as the receipt of Sodexo shares held as collateral,
  - on November 29, 2018 that it had crossed on November 27, 2018 the legal threshold of 5% of the Company's share capital in the downward direction, holding 7,260,601 shares, representing 4.92% of the share capital of the Company and 3.39% of voting rights (D&I 218C1911). The threshold was breached following the sale of shares on the market as well as a redemption of Sodexo shares held as collateral;
- Artisan Partners Limited Partnership, acting on behalf of its managed funds, reported on November 21, 2018 that it had crossed on November 16, 2018 the legal threshold of 5% of the Company's share capital in the downward direction, holding 7,196,640 shares, representing 4.88% of the share capital of the Company and 3.36% of voting rights (D&I 218C 1862). The threshold was crossed following the sale of shares on the market.

In accordance with article 9.4 of the bylaws of the Company, the following statutory threshold has been reported to the Company during Fiscal year 2019:

- on January 2, 2019 International Value Advisers, LLC, acting on behalf of its managed funds, reported that it had crossed on December 27, 2018 the statutory threshold of 2.5% of the Company's share capital in the downward direction, holding 3,593,907 shares, representing 2.44% of the share capital of the Company and 1.68% of voting rights.

As of the date of this Fiscal 2019 Universal Registration Document, to the best of Sodexo's knowledge:

- since August 31, 2019 no statutory or legal threshold crossings have been notified ;
- only Bellon SA, Artisan Partners Limited Partnership, BlackRock Inc. and First Eagle Investment Management hold 2.5% or more of the share capital or voting rights of Sodexo, directly or indirectly, individually, or in concert;
- there are no shareholder agreements in place and no agreements that, if implemented, could result in a change of control of Sodexo.

6.3.5 Share buy-back program

By way of reminder:

- the Combined Annual Shareholders Meeting of January 23, 2018 authorized the Board of Directors, in its 17th resolution, to purchase or arrange for the purchase of Company shares within the limit of 5% of the total number of shares comprising the share capital as of January 23, 2018 (*i.e.*, a total of 7,541,522 shares), for a period of 18 months. The maximum purchase price of shares pursuant to the authorization may not exceed 150 euro per share and the total amount allocated to the authorized share buy-back program may not exceed 1.15 billion euro;
- the Combined Annual Shareholders Meeting of January 22, 2019, after having terminated the previous authorization, has again authorized the Board of Directors, in its 17th resolution, to purchase or arrange for the purchase of Company shares within the limit of 5% of the total number of shares comprising the share capital as of January 22, 2019 (*i.e.*, a total of 7,372,744 shares), for another period of 18 months. The maximum purchase price of shares pursuant to the authorization may not exceed 120 euro per share and the total amount allocated to the authorized share buy-back program may not exceed 885 million euro.

The above authorizations have been granted in order to cover stock option and restricted share plans, cancel the treasury shares by reducing the share capital and/or facilitate the Sodexo liquidity contract. For more information about the objectives targeted by the two authorizations mentioned above, please refer to section 8 of the Fiscal 2017 Registration document and/or section 7 of the Fiscal 2018 Registration document.

During the Fiscal year 2019, the Board of Directors implemented the said authorizations as follows:

- Sodexo repurchased 197,535 shares (representing 0.13% of the share capital) at an average price of 99.73 euro per share plus trading fees of 66.981 euro excluding taxes;
- Sodexo transferred 506,935 shares on the exercise of stock options and for delivery under restricted share plans;
- under the liquidity contract concluded between Sodexo and Kepler-Cheuvreux on October 1, 2016, in accordance with AMF decision n°2018-01 on the introduction of liquidity agreements

on equity securities under accepted market practice in force on January 1, 2019, Sodexo carried out the following transactions:

- purchase of 1,233,920 shares for a total amount of 117,830,841.88 euro (average price of 95.49 euro),
- sale of 1,345,306 shares for an aggregate 129,515,902.82 euro (average price of 96.27 euro).

As at August 31, 2019:

- Sodexo directly held 1,448,566 of its own shares (representing 0.98% of the share capital) intended to hedge various restricted share plans set up for Group employees (for more information about restricted share plans, please refer to section 5.5 of this document);
- the total carrying amount of the treasury shares portfolio was 145 million euro as at August 31, 2019;
- the Sodexo liquidity account was composed of 73,314 shares.

Since August 31, 2019, the Company has purchased Sodexo shares other than through its liquidity contract. Detailed information on these transactions may be found on the Sodexo website in "Regulated information" section.

6.3.6 Description of the share buy-back program subject to the authorization of the Annual Shareholders Meeting to be held on January 21, 2020

The Board of Directors proposes that the Combined Annual Shareholders Meeting to be held on January 21, 2020, in its 13th resolution, renews the authorization granted to the Board to repurchase Sodexo shares pursuant to articles L.225-209 *et seq*. of the French Commercial Code and the European rules under European regulation no. 596/2014 of April 16, 2014.

The principal aims of the new share buy-back program, in line with previous years, without this list being exhaustive, would be to honor the restricted allocation of Company shares to the employees and/or corporate officers of the Sodexo Group, to reduce the Company's share capital through the cancellation of shares and to trade in the shares within the context of the existing liquidity contract.

The maximum number of shares that may be purchased under this new share buy-back program would be set at 5% of the total number of shares comprising the Company's capital as of the date of the Combined Annual Shareholders Meeting on January 21, 2020, *i.e.*, a maximum number of 7,372,744 shares.

The maximum share purchase price under this share buy-back program may not exceed 120 euro per share and the total amount allocated to the program may not exceed 885 million euro.

This authorization would be valid for a period of 18 months, replacing the authorization given for the same purpose by the Combined Annual Shareholders Meeting on January 22, 2019, in its 17th resolution.

For further information about this authorization submitted to a vote at the Combined Annual Shareholders Meeting on January 21, 2020, please refer to the draft resolutions presented in chapter 7 of this Fiscal 2019 Universal Registration Document.

6.3.7 Employee share ownership

As at August 31, 2019, Group employees held 1.1% of the Company's share capital, representing 1,602,197 shares, 53.5% of which was held in an employees' mutual fund (FCPE).

As at August 31, 2019, the number of Group employee shareholders was estimated at 29,840.

The various profit-sharing agreements in force allow employees of the Group's French subsidiaries to pay the amounts they receive in respect of these profit-sharing agreements into an employees' mutual fund invested in Sodexo shares, or into a restricted savings account. To qualify for favorable tax and social security treatment, amounts due to employees are subject to a five-year lock-up period.

6.3.8 Capital authorized but not issued – Delegations and valid financial authorizations

As at the date of this Fiscal 2019 Universal Registration Document, the Board of Directors of the Company had the following delegations and financial authorizations conferred to it by the decisions of the Annual General Meetings.

CURRENTLY VALID AUTHORIZATIONS	MAXIMUM AGGREGATE NOMINAL VALUE OF CAPITAL INCREASE(S)* (in millions of euro)	MAXIMUM AMOUNT OF CAPITAL INCREASE(S)* (% of share capital)	DATE OF AUTHORIZATION	DATE OF EXPIRATION	USAGE
Authorizations with preferential rights					
• Issuance of ordinary shares and/or any other securities carrying rights to Sodexo shares	100	17%	January 23, 2018 (19th)	March 22, 2020	Unused
• Issuance of debt securities carrying rights to Sodexo shares	1,000	N/A	January 23, 2018 (19th)	March 22, 2020	Unused
Authorizations to issue shares to employees and managers					
• Issuance of ordinary shares and/or any other securities reserved for members of Employee Savings Plans	About 9	1.5%	January 23, 2018 (21st)	March 22, 2020	Unused
• Grant of restricted shares and performance shares	About 15	2.5%	January 22, 2019 (18th)	March 21, 2022	See section 5.5
Issuance of shares by capitalizing profit, reserves or premiums	100	17%	January 23, 2018 (20th)	March 22, 2020	Unused
Share capital reduction through cancellation of shares		5% of number of shares	January 23, 2018 (18th)	March 22, 2020	See section 6.3.2

* Adjusted amounts of share capital as at August 31, 2019.

As most of the above authorisations are due to expire shortly, shareholders are invited to renew them under similar conditions at the Annual General Meeting on January 21, 2020. More information on the resolutions to be submitted to the Annual General Meeting is presented in Chapter 7 of this present document.

6.3.9 Potential share capital

As of the date of this document, there are no securities outstanding, other than existing equity securities and the restricted shares allocated to Group employees and corporate officers, as described in section 5.5 of the present document, which carry immediate or future rights to the Company's share capital.

6.4 ADDITIONAL GENERAL INFORMATION AND THE BYLAWS OF THE COMPANY

6.4.1 Corporate name, registered office, website

Corporate name: Sodexo.

Registered office: 255 quai de la Bataille de Stalingrad, 92130 Issy-les-Moulineaux (Hauts-de-Seine), France.

Telephone: +33 (0)1 30 85 75 00.

Website: www.sodexo.com

Information that can be found on the Company's website is not an integral part of this document, except if incorporated by reference into said document.

6.4.2 Legal form

Sodexo is a French public limited company (*société anonyme*), subject to all laws and regulations governing commercial corporations in France, and in particular to the provisions of the French Commercial Code.

6.4.3 Date of incorporation and duration

The Company has a life of 99 years from December 31, 1974, save earlier termination or winding up.

The date of expiration of the Company is December 30, 2073.

6.4.4 Corporate purpose

The objectives of the Company shall be, in France, the French overseas departments and territories or abroad, directly or indirectly, on behalf of third parties or on its own account or in association with third parties, as follows:

- the development and provision of all services related to the organization of foodservices and other essential services for corporations and public bodies;
- the operation of all restaurants, bars, hotels and more generally all establishments connected with foodservices, the hotel industry, tourism, leisure and other services, and the ownership and financing thereof;
- the provision of some or all of the services required for the operation, maintenance and management of establishments or buildings used for office, commercial, industrial, leisure, healthcare or educational purposes, and for the operation and maintenance of some or all of the equipment installed therein;
- the execution of all installation, repair, refurbishment and replacement works on installed equipment;
- the provision of advice and of economic, financial and technical surveys relating to all projects and to all services associated with the development, organization and operation of the establishments defined above, and in particular all acts in furtherance of the construction of such establishments and all related consultations and assistance;
- the formation of all new companies and the acquisition by whatever means of equity interests in all companies irrespective of their corporate purposes;
- and more generally all civil, commercial, industrial and financial transactions, and transactions involving movable property or real estate, that are directly or indirectly associated with the aforementioned purposes or with all similar or related purposes.

6.4.5 Company registration and LEI

Sodexo is registered in the Trade and Companies Register of Nanterre under no. 301 940 219.

Business identifier code (APE code): 5629B

LEI code: 969500LCBOG12HXPYM84.

6.4.6 Material contracts

During the last two years, the Company has not entered into any material contract, other than those signed in the ordinary course of business, that create a material obligation or commitment for the entire Group.

6.4.7 Fiscal year

The fiscal year commences on September 1 of each year and ends on August 31 of the following year.

6.4.8 Form of shares and transfer of shares

The Company's shares may be held in either registered or bearer form. They are freely negotiable.

Transfer of shares occurs by transfer from one account to another in accordance with the conditions laid down by law and regulations.

6.4.9 Statutory disclosure thresholds

In accordance with article 9 of the bylaws of the Company, any shareholder whose direct or indirect shareholding reaches 2.50% of the Company's issued capital or any multiple thereof is required to inform the Company by registered letter with acknowledgment of receipt within fifteen days.

Failure to make such disclosure may result in the shares exceeding the threshold being stripped of voting rights on the terms stipulated by law. This disclosure requirement applies equally when a shareholding passes below any of the disclosure thresholds.

If a shareholder fails to comply with the above disclosure rules, the shares not disclosed may be stripped of voting rights at General Meetings.

The Board of Directors proposes that the Combined Annual Shareholders Meeting to be held on January 21, 2020 lowers the statutory disclosure threshold which is currently fixed at 2.50% of the Company's share capital to be reported within a 15-day period, to 1% of the voting rights to be declared within 5 trading days.

It would also be expected that from now on the disclosure requirements apply to registered intermediaries on behalf of shareholders who are not domiciled in France. As for legal disclosure threshold requirements, these obligations apply also to derivative agreements which might be settled through the issuance of shares.

6.4.10 Identification of shareholders

The Company may make use of the legal framework available for identifying the holders of shares which have, either immediately or in the future, voting rights at General Shareholders Meetings.

6.4.11 Appropriation of earnings and dividend premium

Each share entitles its holder to a proportion of the Company's profits and net assets equal to the proportion of capital represented by the share.

The first appropriation of net income, net of any accumulated losses from prior periods, must be an amount of at least 5% of net income to establish the reserve fund required by law. This appropriation ceases to be compulsory once this reserve fund is equal to one-tenth of the issued capital but must be resumed if for any reason the reserve falls below one-tenth of the issued capital.

Distributable earnings comprise net income for the fiscal year, minus any accumulated losses brought forward and any transfer to the legal reserve, plus any retained earnings brought forward.

Distributable earnings are appropriated in the following order (i) any sum that the Ordinary Shareholders Meeting, on the proposal of the Board of Directors, decides to carry forward as retained earnings or to appropriate to the creation of an extraordinary reserve fund, contingency fund or other fund, whether or not created for a specific purpose and (ii) the surplus is distributed among all of the shareholders, each share entitling its holder to an equal share of the profit.

However, shareholders able to show that they have been a registered shareholder for at least four years as of the end of a given fiscal year, and who remain registered at the dividend payment date related to the said fiscal year, are entitled to a dividend premium on the shares so registered, equal to 10% of the dividend paid on the other shares, the resulting dividend premium being rounded down to the nearest euro cent where appropriate.

Similarly, shareholders able to show that they have been a registered shareholder for at least four years as of the end of a given fiscal year, and who remain registered at the date of a capital increase by capitalization of reserves, income or share premiums, by distribution of bonus shares, are entitled to supplementary bonus shares equal to 10% of those to be distributed. In the case of odd lots, the number of supplementary shares will be rounded down to the nearest unit. The resulting new shares will qualify for the same treatment as the old shares from which they are derived for the purposes of calculating rights to the dividend premium and to receive supplementary bonus shares.

The number of shares upon which a single shareholder shall be eligible for these dividend premiums or supplementary bonus shares may not exceed 0.5% of the share capital.

The above-mentioned right to a dividend premium has been applicable since the payment of the dividend for the fiscal year ended August 31, 2013.

6.4.12 Shareholders Meetings

General Shareholders Meetings are called and deliberate on the terms stipulated by the law. They are held at the registered office or at any other place specified in the Notice of Meeting.

For the purposes of calculating quorum and majority at General Shareholders Meetings, shareholders taking part in said meetings *via* video-conferencing or electronic links allowing them to be identified in accordance with the definitions and conditions relating to such links as stipulated in the relevant laws or regulations are deemed to have attended the meeting.

General Shareholders Meetings are made up of all shareholders whose shares are paid up to the extent called and whose right to participate in the Shareholders Meeting is evidenced by an entry recorded, by the date and according to the procedure required by applicable laws and regulations, in a share register or securities account in the name of the shareholder or, for shareholders who are not resident in France, the shareholder's accredited financial intermediary, showing the number of shares held.

Shares must be registered within the above-stipulated deadline either in share accounts in the shareholder's name held by the Company or *via* the approved intermediary, or in bearer share accounts held by the approved intermediary.

Members are entitled to attend General Shareholders Meetings upon simple proof of identity and entitlement. The Board of Directors may, at its discretion, issue personal admission cards to shareholders in their names and demand presentation thereof.

All shareholders may vote remotely as provided by applicable laws and regulations.

Equally, all shareholders may take part in discussions when meetings are in session and vote *via* electronic data.

General Shareholders Meetings are chaired by the Chairman of the Board of Directors, or in his absence by the Vice Chairman if one has been appointed or failing that by the longest-serving director present. If there is no director present, the meeting elects its own Chairman.

6.4.13 Double voting rights

No shareholder holds any special voting rights and all shares in the Company carry one voting right, except for registered shares carrying double voting rights.

The Annual Shareholders Meeting held on February 23, 1999 introduced double voting rights conferred on all fully paid-up shares registered in the name of the same shareholder for at least four years as well as on registered shares allotted free of charge to a shareholder for the existing shares held by that shareholder that carry double voting rights, in the event of a bonus share issue carried out by capitalizing profit, reserves or premiums.

As at August 31, 2019, the 147,454,887 shares making up the Company's capital carried 216,206,855 theoretical voting rights and 214,758,289 voting rights exercisable at General Meetings. Only treasury shares do not carry any voting rights, in accordance with article L.225-210 of the French Commercial Code (which accounts for differences between the theoretical number of voting rights and the number of exercisable voting rights).

6.4.14 Modification of shareholders' rights

All modifications to share capital or voting rights attached to the shares therein are subject to legal requirements, as the bylaws do not contain specific provisions.

A full version of the Company's bylaws is available in the Group's website at www.sodexo.com.

6.4.15 Consultation of legal documents

Documents relating to the Company which are required to be made available to the public (bylaws, reports and other documents, historical individual company and consolidated financial information for at least each of the two fiscal years preceding the date of this Fiscal 2019 Universal Registration Document) are available on the Company's website (www.sodexo.com) and may also be consulted at its registered office at 255, quai de la Bataille de Stalingrad – 92130 Issy-les-Moulineaux, France, preferably by appointment.

7

COMBINED ANNUAL SHAREHOLDERS MEETING, JANUARY 21, 2020

7.1 AGENDA

Ordinary business

1. Adoption of the individual company financial statements for Fiscal 2019.
2. Adoption of the consolidated financial statements for Fiscal 2019.
3. Appropriation of net income for Fiscal 2019; determination of the dividend amount and payment date.
4. Appointment of Véronique Laury as a director for a three-year term.
5. Appointment of Luc Messier as a director for a three-year term.
6. Reappointment of Sophie Stabile as a director for a three-year term.
7. Reappointment of Cécile Tandeau de Marsac as a director for a three-year term.
8. Approval of the components of compensation paid or awarded for Fiscal 2019 to Sophie Bellon, Chairwoman of the Board of Directors.
9. Approval of the components of compensation paid or awarded for Fiscal 2019 to Denis Machuel, Chief Executive Officer.
10. Approval of the principles and criteria used to determine, allocate and award the components of the compensation and benefits payable to the Chairwoman of the Board of Directors.
11. Approval of the principles and criteria used to determine, allocate and award the components of the compensation and benefits payable to the Chief Executive Officer.
12. Approval of a regulated commitment made in favour of Denis Machuel.
13. Authorization for the Board of Directors to purchase shares of the Company.

Extraordinary business

14. Deletion of article 6 of the bylaws relating to contributions.
15. Amendment to article 9-4 of the bylaws relating to disclosure thresholds for ownership interests.
16. Amendment to article 11-4 of the bylaws in order to comply with the new legal requirements concerning the appointment of directors representing employees.
17. Amendment to article 12 of the bylaws in order to enable the Board of Directors to take decisions by way of written consultation as permitted by the applicable laws and regulations.
18. Amendment to article 15 of the bylaws in order to remove the obligation to appoint a deputy Statutory Auditor, pursuant to article L.823-1 of the French Commercial Code.
19. Amendment to article 18 of the bylaws relating to the appropriation and distribution of net income in order to remove the transitional provisions concerning the introduction in 2011 of a dividend premium.
20. Delegation of powers to the Board of Directors to increase the Company's share capital by issuing ordinary shares and/or other securities carrying immediate or deferred rights to the Company's capital, with preferential subscription rights for shareholders.
21. Delegation of powers to the Board of Directors to increase the Company's share capital by capitalizing premiums, reserves or profit.
22. Delegation of powers to the Board of Directors to increase the Company's share capital by issuing ordinary shares and/or other securities carrying immediate or deferred rights to the Company's capital, with such issue(s) reserved for members of employee share purchase plans, without preferential rights for existing shareholders.
23. Authorization to the Board of Directors to reduce the Company's share capital by canceling treasury shares.

Ordinary business

24. Powers to carry out formalities.

7.2 RESOLUTIONS SUBMITTED TO THE COMBINED ANNUAL SHAREHOLDERS MEETING OF JANUARY 21, 2020

Ordinary resolutions

First and second resolutions: Adoption of the individual company and consolidated financial statements for Fiscal 2019

Purpose

In the first and second resolutions, shareholders are invited to adopt the individual company financial statements of Sodexo for Fiscal 2019, showing net income of 597,146,224 euro, and the consolidated financial statements of the Group, showing profit attributable to equity holders of the parent amounting to 665 million euro.

The individual company financial statements have been prepared in accordance with French legal and regulatory provisions and the consolidated financial statements in accordance with the applicable regulations in force, including International Financial Reporting Standards (IFRS) as endorsed by the European Union.

In compliance with article 223 *quater* of the French General Tax Code (*Code général des impôts*), no expenses falling within the scope of said Code were incurred during Fiscal 2019.

First resolution

(ADOPTION OF THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS FOR FISCAL 2019)

Having considered the Board of Directors' Report and the Statutory Auditors' Report on the individual company financial statements for Fiscal 2019, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, adopts the individual company financial statements for the fiscal year ended August 31, 2019 as presented, which show net income of 597,146,224 euro.

The Shareholders Meeting also approves the transactions reflected in these financial statements and/or described in these reports.

In application of article 223 *quater* of the French General Tax Code, the Shareholders Meeting notes that no expenses falling within the scope of article 39-4 of said Code were incurred in Fiscal 2019.

Second resolution

(ADOPTION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL 2019)

Having considered the Board of Directors' Report and the Statutory Auditors' Report on the consolidated financial statements for Fiscal 2019, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, adopts the consolidated financial statements for the fiscal year ended August 31, 2019 as presented, which show profit attributable to equity holders of the parent of 665 million euro.

The Shareholders Meeting also approves the transactions reflected in these financial statements and/or described in these reports.

Third resolution: Appropriation of net income; determination of the dividend amount and payment date

Purpose

In the third resolution, shareholders are invited to approve the Board's recommended appropriation of net income and the payment of a dividend of 2.90 euro per share for Fiscal 2019, increasing 5.5% from Fiscal 2018.

In accordance with the Company's bylaws, shares held in registered form for at least four (4) years, *i.e.*, since at least August 31, 2015, and which are still held in such form when the Fiscal 2019 dividend is paid, will automatically be entitled to a 10% dividend premium, representing an additional 0.29 euro per share. Where necessary, the amount of the dividend plus the premium will be rounded down to the nearest euro cent. The number of shares eligible for the dividend premium may not represent over 0.5% of the share capital for any single shareholder (corresponding to a maximum of 737,274 shares per shareholder based on the Company's share capital as of August 31, 2019).

The payment of the dividend and the 10% dividend premium, as described above, represents a payout ratio of 64%, which is fully in line with Sodexo's policy of providing shareholders a return on their investment over the long term.

The dividend payment schedule is as follows:

January 30, 2020: **Ex-dividend date**, *i.e.*, date on which the shares are traded without rights to the Fiscal 2019 dividend.

January 31, 2020: **Record date**, *i.e.*, date on which shareholders' positions must be on record (upon closing of stock market trading day) in order to be entitled to receive the Fiscal 2019 dividend payment.

February 3, 2020: **Payment date of dividend** and, as applicable, the dividend premium.

Third resolution

(APPROPRIATION OF NET INCOME FOR FISCAL 2019; DETERMINATION OF THE DIVIDEND AMOUNT AND PAYMENT DATE)

In accordance with the proposal made by the Board of Directors, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves:

to allocate net income for Fiscal 2019 of	€597,146,224
plus retained earnings as of the close of Fiscal 2019 of	€1,298,556,584
Making a total available for distribution of	€1,895,702,808
In the following manner:	
• dividend (on the basis of 147,454,887 shares comprising the share capital as of August 31, 2019)	€427,619,172
• a 10% dividend premium (on the basis of 9,336,529 shares held in registered form as of August 31, 2019 that are eligible for the dividend premium after application of the limit of 0.5% of capital per shareholder)	€2,707,593
• retained earnings	€1,465,376,043
TOTAL	**€1,895,702,808**

Accordingly, the Shareholders Meeting resolves that a dividend of 2.90 euro will be paid for Fiscal 2019 on each share eligible for the dividend.

In accordance with article 18 of the Company's bylaws, shares held in registered form since at least August 31, 2015 and which are still held in such form when the Fiscal 2019 dividend is paid, will automatically be entitled to a 10% dividend premium, representing an additional 0.29 euro per share. The number of shares eligible for this dividend premium may not represent over 0.5% of Sodexo's share capital for any single shareholder (corresponding to a maximum of 737,274 shares per shareholder based on the Company's share capital as of August 31, 2019).

The dividend and dividend premium (for eligible shares) will be paid on February 3, 2020, with a Euronext Paris ex-dividend date of January 30, 2020. The record date will be January 31, 2020.

In the event that the Company holds any of its own shares on the payment date, the dividend due on these shares will not be paid and will be transferred to retained earnings.

Similarly, if any of the 9,336,529 shares held in registered form that are eligible for the dividend premium as of August 31, 2019 cease to be recorded in registered form between September 1, 2019 and February 3, 2020 (the dividend payment date), the amount of the dividend premium due on such shares will not be paid and instead will be transferred to retained earnings.

When the dividend is paid to individuals who are tax resident in France, the dividend income (including the premium) is subject, at the shareholder's option, to either (i) a 12.8% flat tax (*prélèvement forfaitaire unique* – PFU) (article 200 A of the French General Tax Code) or (ii) personal income tax based on a sliding scale, after applying a 40% allowance (articles 200 A, 2. and 158 3.2º of the French General Tax Code). The option for dividend income to be taxed based on the sliding personal income tax scale must be exercised in the shareholder's tax return, prior to the deadline for submitting personal income tax returns. In addition to taxation, dividend income is subject to social security charges at a rate of 17.2%.

In accordance with article 243 *bis* of the French General Tax Code, the Shareholders Meeting notes that dividends paid for the last three fiscal years were as follows:

	FISCAL 2018 (PAID IN 2019)	FISCAL 2017 (PAID IN 2018)	FISCAL 2016 (PAID IN 2017)
Dividend per share*	€2.75	€2.75	€2.40
Total payout	€402,512,000	€410,658,908	€359,265,450

* Dividend fully eligible for the 40% allowance applicable to individuals who are tax resident in France, as provided for in article 158-3 2º of the French General Tax Code.

Fourth to seventh resolutions: Composition of the Board of Directors

The Board of Directors currently has twelve members, including two directors representing employees, six independent directors and seven women.

Appointment of two new independent directors

Purpose

Robert Baconnier, who has been a director of Sodexo since February 8, 2005 and whose term of office expires at the close of the January 21, 2020 Annual Shareholders Meeting, has stated that he does not wish to stand for reappointment. Sophie Bellon would like to thank Robert Baconnier, both personally and on behalf of the Board of Directors and all of the shareholders, for his invaluable contribution to the work of the Board and the Audit Committee.

Astrid Bellon, who has been on the Board of Directors since July 26, 1989, has stated that she wishes to resign from her position as a director of Sodexo as from January 21, 2020 in order to devote herself fully to her role as a member of the Steering Committee of the Bellon SA Foundation and to her personal projects. Sophie Bellon would like to thank Astrid Bellon, both personally and on behalf of the Board of Directors and all of the shareholders, for her contribution to the Board since 1989.

Consequently, in the fourth and fifth resolutions, shareholders are invited to appoint two new independent directors – Véronique Laury and Luc Messier – for three-year terms expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2022.

Véronique Laury was Chief Executive Officer of the Kingfisher Group from 2014 to September 2019, based in London. Kingfisher, which is publicly traded in the United Kingdom, is the parent company of Bricorama and B&Q. She has built up solid expertise in consumer culture through her experience in the retail sector and the various posts she has held in sales and marketing. Her experience will enhance the skills of the Board of Directors in these areas.

Luc Messier, who has dual Canadian/American nationality, will bring to the Group his international operational experience, gained notably in the energy industry, where he held executive positions in several large French and American multinationals. He has lived and worked in Canada, Asia, Africa, Europe, and more recently, the United States where he currently resides.

Reappointment of two directors

Purpose

The purpose of the sixth and seventh resolutions is to reappoint Sophie Stabile and Cécile Tandeau de Marsac, whose terms as directors expire at the close of the January 21, 2020 Annual Shareholders Meeting. Shareholders are invited to reappoint Sophie Stabile and Cécile Tandeau de Marsac for three-year terms expiring in 2023. These reappointments will enable the Company to continue to benefit from:

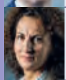
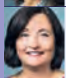
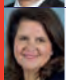
- Sophie Stabile's operational and financial expertise in the services and hospitality sector, as well as her experience in major international mergers and acquisitions, innovation and digital transformation; and
- Cécile Tandeau de Marsac's international experience and competencies in the areas of human resources management, in particular in-depth transformation processes following major acquisitions, and sales and marketing.

Sophie Stabile will continue to chair the Audit Committee and serve as a member of the Compensation Committee.

Cécile Tandeau de Marsac will continue to chair the Nominating Committee and the Compensation Committee.

If all of the above resolutions are adopted, at the close of the January 21, 2020 Annual Shareholders Meeting the Board of Directors will comprise a total of twelve members, including seven independent directors and seven women, as follows.

COMPOSITION OF THE BOARD OF DIRECTORS AFTER THE SHAREHOLDERS MEETING OF JANUARY 21, 2020

		NAME	DATE OF BIRTH	NATIONALITY	NUMBER OF DIRECTOR/OFFICER POSITIONS HELD IN OTHER LISTED COMPANIES	FIRST APPOINTMENT TO THE BOARD	TERM EXPIRES (AT THE ANNUAL SHAREHOLDERS MEETING CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR INDICATED)	SENIORITY (YEARS)	NUMBER OF SODEXO SHARES HELD	INDEPENDENT DIRECTOR(1)	BOARD COMMITTEES: MEMBER OF THE AUDIT COMMITTEE	BOARD COMMITTEES: MEMBER OF THE NOMINATING COMMITTEE	BOARD COMMITTEES: MEMBER OF THE COMPENSATION COMMITTEE
Chairwoman of the Board of Directors		Sophie Bellon	08/19/1961		1	07/26/1989	Fiscal 2020	30	7,964			●	
Independent directors		Emmanuel Babeau	02/13/1967		2	01/26/2016	Fiscal 2021	4	400	X	●		
Independent directors		Françoise Brougher	09/02/1965		1	01/23/2012	Fiscal 2020	8	400	X		●	●
Independent directors		Soumitra Dutta	08/27/1963		1	01/19/2015	Fiscal 2020	5	400	X	●		
Independent directors		Véronique Laury	06/29/1965		0	01/21/2020	Fiscal 2022	0	0	X			
Independent directors		Luc Messier	04/21/1964		1	01/21/2020	Fiscal 2022	0	0	X			
Independent directors		Sophie Stabile(2)	03/19/1970		3	07/01/2018	Fiscal 2019	1	100	X	Chair		●
Independent directors		Cécile Tandeau de Marsac(2)	04/17/1963			01/24/2017	Fiscal 2019	3	400	X		Chair	Chair
Director		François-Xavier Bellon	09/10/1965			07/26/1989	Fiscal 2021	30	36,383		●		
Director		Nathalie Bellon-Szabo	01/26/1964			07/26/1989	Fiscal 2020	30	1,147			●	
Director representing employees		Philippe Besson	09/21/1956			06/18/2014	Fiscal 2019(3)	5	-	N/A(4)			●
Director representing employees		Cathy Martin	06/05/1972			09/10/2015	Fiscal 2020	4	-	N/A(4)	●		

(1) Independent director based on the criteria set out in the AFEP-MEDEF Code.
(2) At the Annual Shareholders Meeting to be held on January 21, 2020, the Board of Directors will recommend that shareholders reappoint Sophie Stabile and Cécile Tandeau de Marsac as directors for a three-year term, expiring in 2023.
(3) Philippe Besson was originally appointed as a director representing employees in 2014 by the most representative trade union in the Group's French entities, as defined in the applicable legislation. He was reappointed in 2017 by that same trade union, and his current term of office expires at the close of the Annual Shareholders Meeting to be held on January 21, 2020.
(4) In accordance with French law and the AFEP-MEDEF Code, directors representing employees are not included in the calculation of the representation of men and women on the Board or the percentage of independent directors.

Independent directors (excluding directors representing employees)	Average age of directors	Female directors (excluding directors representing employees)
70%	**55**	**60%**

Biographical information on these directors is provided in section 5.2.1 of the Fiscal 2019 Universal Registration Document.

Fourth resolution

(APPOINTMENT OF VÉRONIQUE LAURY AS A DIRECTOR FOR A THREE-YEAR TERM)

Having considered the Board of Directors' Report, the Shareholder Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to appoint Véronique Laury as a director for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2022.

Fifth resolution

(APPOINTMENT OF LUC MESSIER AS A DIRECTOR FOR A THREE-YEAR TERM)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to appoint Luc Messier as a director for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2022.

Sixth resolution

(REAPPOINTMENT OF SOPHIE STABILE AS A DIRECTOR FOR A THREE-YEAR TERM)

Having considered the Board of Directors' Report, and noting that Sophie Stabile's term of office expires at the close of this meeting, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to reappoint her as a director for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2022.

Seventh resolution

(REAPPOINTMENT OF CÉCILE TANDEAU DE MARSAC AS A DIRECTOR FOR A THREE-YEAR TERM)

Having considered the Board of Directors' Report, and noting that Cécile Tandeau de Marsac's term of office expires at the end of this meeting, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to reappoint her as director for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2022.

Eighth and ninth resolutions: Approval of the components of compensation paid or awarded to corporate officers for Fiscal 2019

Purpose

In the eighth and ninth resolutions, shareholders are invited to approve the components of compensation paid or awarded to corporate officers for Fiscal 2019 (generally referred to as "*ex post* say-on-pay votes").

In accordance with article L.225-100 of the French Commercial Code, shareholders are asked to approve the fixed and variable components of the total compensation and benefits paid or awarded for Fiscal 2019 to Sophie Bellon, Chairwoman of the Board of Directors, and Denis Machuel, Chief Executive Officer.

All of the components of these corporate officers' compensation were set by the Board of Directors based on the recommendations of the Compensation Committee as detailed in the Board of Directors' Corporate Governance Report provided in chapter 5, section 5.5.2 of the Fiscal 2019 Universal Registration Document.

Eighth resolution

(APPROVAL OF THE COMPONENTS OF COMPENSATION PAID OR AWARDED FOR FISCAL 2019 TO SOPHIE BELLON, CHAIRWOMAN OF THE BOARD OF DIRECTORS)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-100 of the French Commercial Code, approves the components of the total compensation and benefits paid or awarded to Sophie Bellon, Chairwoman of the Board of Directors, for the fiscal year ended August 31, 2019, as described in the Corporate Governance Report drawn up in compliance with article L.225-37 of the French Commercial Code and provided in chapter 5, section 5.5.2 of the Company's Fiscal 2019 Universal Registration Document.

Ninth resolution

(APPROVAL OF THE COMPONENTS OF COMPENSATION PAID OR AWARDED FOR FISCAL 2019 TO DENIS MACHUEL, CHIEF EXECUTIVE OFFICER)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-100 of the French Commercial Code, approves the components of the total compensation and benefits paid or awarded to Denis Machuel, Chief Executive Officer, for the fiscal year ended August 31, 2019, as described in the Corporate Governance Report drawn up in compliance with article L.225-37 of the French Commercial Code and provided in chapter 5, section 5.5.2 of the Company's Fiscal 2019 Universal Registration Document.

Tenth and eleventh resolutions: Approval of the compensation policy applicable to corporate officers for Fiscal 2020

Purpose

In the tenth and eleventh resolutions, shareholders are invited to approve the compensation policy applicable to corporate officers (generally referred to as “ex ante say-on-pay votes”).

In accordance with article L.225-37-2 of the French Commercial Code, shareholders are asked to approve the principles and criteria used to determine, allocate and award the fixed, variable and any exceptional components of the compensation and benefits (as defined in article R.225-29-1 of said Code) payable to the Chairwoman of the Board of Directors and the Chief Executive Officer. These principles and criteria will apply from Fiscal 2020 until the approval of a new compensation policy by the Shareholders Meeting.

The main proposed evolutions to the compensation policy approved by the Shareholders Meeting of January 22, 2019 are the following:

- the possibility to grant exceptional compensation to the Chief Executive Officer has been discarded;
- the authorization which may be given to the Chief Executive Officer by the Board to retain non-vested shares in case of departure will only be possible in exceptional circumstances and the number of shares will be determined on a *pro rata* basis by reference to the time spent within the Group during the vesting period;
- the vesting period of shares granted under future performance share plans was aligned with the performance assessment period of 3 years. From now on, the plans shall be approved at the beginning of each fiscal year, after the financial statements for the previous fiscal year have been published. Consequently, and in order to maintain a regular annual delivery of performance shares, no performance shares will be granted to the Chief Executive Officer in Fiscal 2020.

The compensation policies submitted for shareholder approval were approved by the Board of Directors based on the recommendations of the Compensation Committee and are presented in the Board of Directors’ Corporate Governance Report provided in chapter 5, section 5.5.1 of the Fiscal 2019 Universal Registration Document.

Tenth resolution

(APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE COMPONENTS OF THE COMPENSATION AND BENEFITS PAYABLE TO THE CHAIRWOMAN OF THE BOARD OF DIRECTORS)

Having considered the Board of Directors’ Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-37-2 of the French Commercial Code, approves the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits (as defined in article R.225-29-1 of said Code) payable to the Chairwoman of the Board of Directors for Fiscal 2020, as set by the Company’s Board of Directors based on the recommendations of the Compensation Committee and as described in the Corporate Governance Report drawn up in compliance with article L.225-37 of the French Commercial Code and provided in chapter 5, section 5.5.1 of the Fiscal 2019 Universal Registration Document.

Eleventh resolution

(APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE COMPONENTS OF THE COMPENSATION AND BENEFITS PAYABLE TO THE CHIEF EXECUTIVE OFFICER)

Having considered the Board of Directors’ Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-37-2 of the French Commercial Code, approves the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits payable to the Chief Executive Officer for Fiscal 2020, as set by the Company’s Board of Directors based on the recommendations of the Compensation Committee and as described in the Corporate Governance Report drawn up in compliance with article L.225-37 of the French Commercial Code and provided in chapter 5, section 5.5.1 of the Fiscal 2019 Universal Registration Document.

Twelfth resolution: Approval of a regulated commitment benefiting Denis Machuel

Purpose

In order to comply with the France’s Business Growth and Transformation Act dated May 22, 2019 (the “PACTE Act”) as well as with the Ordonnance of July 3, 2019 transposing the pension portability directive, the Board of Directors, on November 6, 2019, decided to close as of December 31, 2019 the defined benefit pension plan benefiting Denis Machuel, his rights under this plan being frozen at such date. The Board also decided to implement another benefit pension plan governed by article L.137-11-2 of the French Social Security Code. This new plan which will benefit Denis Machuel will give rise to annual rights amounting to 0.5% of his fixed and variable compensation for the first five years and to 1% beyond those five years, up to a total of 10%. The acquisition of rights will remain subject to the same performance condition as the one set for the previous plan, *i.e.* an achievement rate of his annual variable compensation targets of at least 80%. In the twelfth resolution, shareholders are invited to approve the decision taken by the Board of November 6, 2019 which constitutes, in accordance with the current provisions of article L.225-42-1 of the French Commercial Code, a regulated commitment benefiting Denis Machuel.

Twelfth resolution

(APPROVAL OF A REGULATED COMMITMENT BENEFITING DENIS MACHUEL)

Having considered the Board of Directors' Report and the Special Report of the auditors about the agreements and commitments subject to the provisions of articles L.225-38 and L.225-42-1 of the Commercial Code, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, approves the commitment benefiting Denis Machuel and made by the Board of Directors on November 6, 2019 that is described therein concerning the implementation of a defined benefit pension plan.

Thirteenth resolution: Authorization for the Company to purchase its own shares

Purpose

As of August 31, 2019, the Company held 1,448,566 treasury shares, corresponding to 0.98% of its share capital, mainly allocated to cover commitments to beneficiaries under restricted share plans and employee share purchase plans.

In the thirteenth resolution, shareholders are invited to renew the 18-month authorization granted to the Board of Directors to enable the Company to purchase its own shares at any time other than when a public tender offer for the Company's shares is in progress.

Although French law authorizes share buybacks of up to 10% of a company's share capital, it is proposed that they be limited to 5% of the share capital as of the date of the Annual Shareholders Meeting on January 21, 2020.

The maximum price of the shares that may be purchased under this share buyback program would be 120 euro per share and the total amount invested in the program may not exceed 885 million euro.

The shares purchased pursuant to this resolution would be used, *inter alia*, to (i) cover restricted share plans, (ii) reduce the Company's share capital by canceling shares, and (iii) provide liquidity in Sodexo shares under the liquidity contract entered into between Sodexo and Kepler-Cheuvreux.

For information on the implementation of the previous share buyback authorization, see chapter 6, section 6.3.1 of the Fiscal 2019 Universal Registration Document.

Thirteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO PURCHASE SHARES OF THE COMPANY)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with articles L.225-209 *et seq*. of the French Commercial Code, articles 241-1 *et seq*. of the General Regulations of the French securities regulator (*Autorité des marchés financiers* – **AMF**) and the European regulatory framework applicable to market abuse (based on Regulation (EU) no. 596/2014 of April 16, 2014), authorizes the Board of Directors – or a duly authorized representative of the Board – to purchase or arrange for the purchase of Sodexo shares to be used, *inter alia*, for the following purposes:

- to implement a stock option plan enabling beneficiaries to acquire – for consideration and by all authorized means – shares of the Company in accordance with articles L.225-177 *et seq*. of the French Commercial Code or any similar plan, with the beneficiaries notably including (i) employees and/or corporate officers of the Company or of companies or groupings affiliated to it under the conditions provided for in article L.225-180 of said Code, and/or (ii) any other beneficiary authorized by law to receive such stock options; or
- to grant restricted shares of the Company in accordance with articles L.225-197-1 *et seq*. of the French Commercial Code, notably to (i) employees of the Company or of companies or groupings affiliated to it under the conditions provided for in article L.225-197-2 of said Code, and/or (ii) corporate officers of the Company or of companies or groupings affiliated to it under the conditions provided for in article L.225-197-1 II of said Code, and/or (iii) any other beneficiary authorized by law to receive such share grants; or
- to allocate or sell shares to employees in connection with an employee profit sharing plan or a company or group share purchase plan (or equivalent plan) under the conditions provided for by law, including articles L.3332-1 *et seq*. of the French Labor Code; or
- to transfer shares upon exercise of rights attached to securities issued by the Company or, as authorized by law, by entities affiliated to it, which give access to Company shares through reimbursement, conversion, exchange, presentation of a warrant or any other method; or
- to reduce the Company's share capital by cancelling shares within the limits provided for by law and subject to the adoption of the twenty-third resolution of this meeting or any future resolution with the same effect that may be adopted during the period in which this authorization remains valid; or
- to transfer shares as a means of exchange, payment or otherwise in connection with mergers and acquisitions; or
- to carry out market-making in Sodexo shares under a liquidity contract with an investment services provider, in accordance with the market practices accepted by the AMF by way of decision 2018-01 dated July 2, 2018; or
- generally, to fulfill the obligations related to stock option plans or other share grants to employees or corporate officers of the Company or an affiliated company.

7

The program is also intended to permit the implementation of any market practices that may be authorized at a future date by the AMF and, generally, the execution of any other transaction that complies with the applicable regulations. In this case, shareholders will be notified by means of a press release.

The transactions provided for pursuant to this resolution may be made by any method, in particular on the stock market or over-the-counter, including through the use of any financial instruments, options or derivatives and by means of block purchases or sales or in any other way. The transactions may take place at any time, subject to the limits authorized by the applicable laws and regulations, other than during a public tender offer for the Company's shares. In the event of such a public tender offer, unless prior consent is given by a Shareholders Meeting, the Board of Directors may not use this authorization and the Company may not implement any share buyback program from the time when the third party concerned submits the offer until the end of the offer period.

The Shareholders Meeting resolves that the maximum number of shares acquired pursuant to this resolution may not exceed 5% of the Company's share capital as of the date of this meeting (*i.e.*, as an indication, as of August 31, 2019, a maximum of 7,372,744 shares), it being stipulated that if this authorization is used, the existing number of treasury shares must be taken into account such that the Company does not at any time hold more treasury shares than the legally permitted maximum of 10% of its share capital.

The Shareholders Meeting resolves that the maximum price paid for shares purchased under this resolution may not exceed 120 euro per share. However, the Shareholders Meeting authorizes the Board of Directors to adjust this maximum purchase price in the event of a change in the nominal value of the Company's shares, a capital increase carried out by capitalizing reserves, a free allocation of shares, a stock split or reverse stock split, the distribution of reserves or any other assets, a redemption of capital, or any other transaction affecting the Company's capital or equity, in order to take into account the impact of the transaction on the share price.

The Shareholders Meeting resolves that the total amount allocated to the share buyback program may not exceed 885 million euro.

The Shareholders Meeting acknowledges that this authorization is granted for a period of eighteen (18) months as from the date of this meeting and cancels, with effect from this day, any unused portion of any prior authorization granted to the Board of Directors for the same purpose.

Full powers are given to the Board of Directors – or any duly authorized representative of the Board – to decide on and act on the present authorization, to clarify its terms if necessary and determine its specific details, to carry out share purchases and to place stock market orders and enter into agreements, in particular for the keeping of share purchase and sale registers, to allocate or reallocate purchased shares to the desired objectives in accordance with applicable laws and regulations, to establish the procedures necessary to safeguard, should the need arise, the rights of holders of securities or options, in accordance with applicable laws, regulations or contracts, and to make filings and carry out other formalities, and generally do all that is necessary.

Extraordinary resolutions

Fourteenth to nineteenth resolutions: Amendments to the Company's bylaws

The fourteenth to nineteenth resolutions concern various amendments to the Company's bylaws.

Deletion of the article relating to capital contributions

Purpose

Article 6 (Contributions) of the bylaws, which was included when the Company was first created in order to state the various capital contributions made at the time of and subsequent to its formation, is now redundant and unnecessarily complicates the wording of the bylaws. Consequently, the purpose of the fourteenth resolution is to delete article 6 of the bylaws relating to capital contributions and to renumber the subsequent articles accordingly.

Disclosure thresholds for ownership interests

Purpose

Article 9.4 of the Company's bylaws currently provides that any shareholder whose ownership interest reaches or falls below a number of shares representing 2.5% of the capital must inform the Company within fifteen days. The aim of the fifteenth resolution is to amend this disclosure threshold to 1% of the Company's voting rights and any multiple thereof and to change the disclosure deadline to five trading days. The newly worded article 9.4 would also state that these disclosure requirements likewise apply (i) to registered intermediaries acting for shareholders that are not domiciled in France, and (ii) in the same way as for statutory disclosure thresholds, to equity-settled arrangements and derivative instruments.

In a rapidly changing market environment, stock market prices are more volatile and the Company considers that more in-depth knowledge of its shareholding structure, whether in shares or in derivative instruments, is essential in order to engage more efficiently with shareholders.

Appointment of directors representing employees

Purpose

The PACTE Act lowered the number of Board directors from 12 to 8 for a second director representing employees to be appointed. Consequently, in the sixteenth resolution, shareholders are asked to amend article 11-4 of the Company's bylaws relating to this requirement so that the article refers to the applicable legal provisions rather than a given number of directors. The Company is already compliant with this requirement as two directors representing employees are members of Sodexo's Board of Directors.

Written consultation of directors for certain Board decisions

Purpose

France's new law on the simplification, clarification and modernization of French business law dated July 19, 2019 introduced the option for French joint stock companies (*sociétés anonymes*) to provide in their bylaws that certain Board decisions may be made through written consultation of the directors.

The purpose of the seventeenth resolution, therefore, is to amend article 12 of the Company's bylaws in order to provide for this possibility for certain types of decisions. The decisions concerned are detailed in full in the legislation and correspond to the appointment of directors in the event that a seat becomes vacant due to a director's death or resignation; authorizations for granting security interests, endorsements and guarantees; amendments to the bylaws to ensure compliance with applicable laws and regulations (subject to ratification at an Extraordinary Shareholders Meeting); and calling the Annual Shareholders Meeting.

Removal of the obligation to appoint a deputy Statutory Auditor

Purpose

The purpose of the eighteenth resolution is to render the Company's bylaws compliant with the French Act of December 9, 2016 relating to transparency, anti-corruption and economic modernization (the "Sapin II Act"), with respect to the amendment to article L.823-1, paragraph 2, of the French Commercial Code. This new law removes the obligation for companies to appoint a deputy Statutory Auditor when the principal Statutory Auditor is not an individual or a one-person firm. The shareholders are therefore invited to amend article 15 of the Company's bylaws to reflect this change.

Removal of the transitional provisions relating to the introduction of the dividend premium in 2011

Purpose

Lastly, the final paragraph of article 18-3 of the Company's bylaws relating to the appropriation and distribution of net income, and in particular the right to a dividend premium for shares held in registered form for at least four years, corresponds to transitional provisions that have been applicable since 2014, after the dividend premium was first introduced in 2011. As this paragraph is now redundant, shareholders are invited to remove these transitional provisions.

Fourteenth resolution

(DELETION OF ARTICLE 6 OF THE BYLAWS RELATING TO CAPITAL CONTRIBUTIONS)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meetings, resolves to delete in its entirety article 6 of the Company's bylaws, entitled "Contributions", and therefore to renumber the subsequent articles from 6 to 19.

Fifteenth resolution

(AMENDMENT TO ARTICLE 9-4 OF THE BYLAWS RELATING TO DISCLOSURE THRESHOLDS FOR OWNERSHIP INTERESTS)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meetings, resolves to (i) lower the threshold set in the bylaws at which a shareholder must disclose the percentage of voting rights it holds in the Company, (ii) state the forms of ownership to which the requirements also apply, and (iii) reduce the disclosure timeframe when such thresholds are crossed. Article 9-4 of the Company's bylaws has therefore been amended to read as follows:

"Article 9-4:

Any shareholder whose interest in the Company – held in any form, taking into account the forms of ownership provided for in the legislation applicable to statutory disclosure requirements – reaches or falls below one percent (1%) of the Company's voting rights or any multiple thereof, including percentages that are higher than the disclosure thresholds provided for in the applicable laws and regulations, must inform the Company within five trading days of the threshold being crossed. Such notification must be sent to the Company's registered office by registered mail with return receipt requested and must state the total number of the Company's shares (and/or securities carrying rights to the Company's shares) and the number of voting rights held by that shareholder, either directly or indirectly, alone or in concert. When a disclosure threshold is crossed due to a purchase or sale of shares on the open market, the above-mentioned five trading-day timeframe will begin on the trade date of the shares rather than their delivery date.

The above disclosure requirements will also apply, in accordance with the conditions and subject to the penalties provided for in the applicable laws and regulations, to intermediaries that are registered with the Company or its share registrar as acting on behalf of shareholders who are not domiciled in France (as defined in the French Civil Code).

If these disclosure requirements are not respected, at the request of one or more shareholders that together hold at least 5% of the Company's voting rights, the interests in excess of the relevant threshold will be stripped of voting rights at Shareholders Meetings. If the omission is remedied, the voting rights concerned will only be exercisable after the expiration of a period of two years following such remedy."

The wording of articles 9-1 to 9-3 remains unchanged.

Sixteenth resolution

(AMENDMENT TO ARTICLE 11-4 OF THE BYLAWS IN ORDER TO COMPLY WITH THE NEW LEGAL REQUIREMENTS CONCERNING THE APPOINTMENT OF DIRECTORS REPRESENTING EMPLOYEES)

Having considered the Board of Directors' Report and having noted that the provisions of the French PACTE Act (Act 2019-486 dated May 22, 2019) have amended the applicable conditions for the appointment of directors representing employees, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meetings, resolves to amend the Company's bylaws in order to comply with these new provisions. Consequently, article 11-4 of the bylaws now reads as follows:

"Article 11-4:

The Board of Directors shall also include one or more director(s) representing employees, whose number and terms and conditions of appointment shall be set as provided for by law and these bylaws.

If only one director representing employees needs to be appointed, he or she shall be appointed by the trade union that has the highest level of representation (within the meaning of the applicable law) in the Company and its direct and indirect subsidiaries whose registered offices are located in France.

When two directors representing employees need to be appointed, the second director shall be appointed by the Group's European Works Council.

Directors representing employees are appointed for three-year terms and take up office when the duties of the outgoing director(s) representing employees cease. Their duties cease at the close of the Annual Shareholders Meeting called to approve the financial statements for the previous fiscal year and held in the year in which their term expires.

The term of office of a director representing employees shall automatically end (i) if their employment contract is terminated, (ii) if they are removed from office, or (iii) in the event of a case of incompatibility, in accordance with the applicable laws and regulations.

Subject to the provisions of the applicable law and article 11-2 above, directors representing employees shall have the same status, powers and responsibilities as the Company's other directors.

The provisions of article 11-2 above requiring directors to own a minimum number of the Company's shares for the duration of their term of office shall not apply to directors representing employees.

If the seat of a director representing employees on the Board falls vacant as a result of death, resignation, removal from office, termination of their employment contract or for any other reason, the vacant seat shall be filled in accordance with the applicable laws and regulations. Meetings held by the Board of Directors until the director or directors concerned is or are replaced shall be deemed to be validly constituted.

The provisions of this article 11-4 of the bylaws shall cease to apply if, at the end of a particular fiscal year, the Company no longer meets the criteria triggering the legal requirement to appoint a director or directors representing employees. In such a case, the terms of office of any directors representing employees appointed in accordance with this article shall terminate on their scheduled expiration dates."

The wording of articles 11-1 to 11-3 remains unchanged.

Seventeenth resolution

(AMENDMENT TO ARTICLE 12 OF THE BYLAWS IN ORDER TO ENABLE THE BOARD OF DIRECTORS TO TAKE DECISIONS BY WAY OF WRITTEN CONSULTATION AS PERMITTED BY THE APPLICABLE LAWS AND REGULATIONS)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meetings, resolves to use the option provided for in article 15 of the French Act dated July 19, 2019 on the simplification, clarification and modernization of French business law and accordingly authorize the Board of Directors to make decisions through written consultation as permitted by the applicable laws and regulations. Consequently, the following paragraph has been added to the end of article 12 of the bylaws:

"The Board of Directors may make decisions through written consultation of the directors as permitted in the applicable laws and regulations."

The wording of the rest of article 12 remains unchanged.

Eighteenth resolution

(AMENDMENT TO ARTICLE 15 OF THE BYLAWS IN ORDER TO REMOVE THE OBLIGATION TO APPOINT A DEPUTY STATUTORY AUDITOR, PURSUANT TO ARTICLE L.823-1 OF THE FRENCH COMMERCIAL CODE)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meetings, resolves to render the Company's bylaws compliant with article L.823-1, paragraph 2, of the French Commercial Code, as amended by Act 2016-1691 dated December 9, 2016, which provides that it is only compulsory to appoint a deputy Statutory Auditor if the principal Statutory Auditor is an individual or a one-person firm. Article 14 of the bylaws has therefore been amended to read as follows:

"Article 15 – Auditors

The Ordinary Shareholders Meeting appoints one or more principal Statutory Auditors, for the duration, under the conditions and with the mission set by the applicable laws. If the Statutory Auditor thus appointed is an individual or a one-person firm, one or more deputy Statutory Auditors shall be appointed under the same conditions, whose role is to replace the principal Statutory Auditor in the event of that auditor's death, resignation, or refusal to accept an audit engagement."

Nineteenth resolution

(AMENDMENT TO ARTICLE 18 OF THE BYLAWS RELATING TO THE APPROPRIATION AND DISTRIBUTION OF NET INCOME IN ORDER TO REMOVE THE TRANSITIONAL PROVISIONS CONCERNING THE INTRODUCTION IN 2011 OF A DIVIDEND PREMIUM)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meetings, resolves to remove the final paragraph of article 18-3 of the Company's bylaws in order to delete the transitional provisions relating to the introduction, in 2011, of a dividend premium as from Fiscal 2013, as these provisions are now redundant.

The wording of the rest of article 18 remains unchanged.

Twentieth to twenty-third resolutions: Financial resolutions

Increase in the Company's share capital with preferential subscription rights, and global ceiling for capital increases

Purpose

In order to ensure the financing of the investments required for the Group's growth, in the twentieth resolution shareholders are invited to renew, for a 26-month period, the delegation of powers granted to the Board of Directors to issue – at any time other than when a public tender offer for the Company's shares is in progress – shares and/or other securities carrying rights to the Company's shares or to the allocation of debt securities, with preferential subscription rights for existing shareholders.

Pursuant to this resolution, if an issue is not taken up in full by shareholders exercising their preferential subscription rights, the Board of Directors would be able to offer all or some of the unsubscribed shares or other securities on the open market.

The subscription price of the shares and/or other securities that may be issued under this authorization would be set by the Board of Directors, in accordance with the applicable laws and regulations and standard market practices.

The maximum nominal amount(1) of the capital increases that could be carried out pursuant to this resolution would be set at 85 million euro (representing approximately 14% of the Company's share capital) and the maximum nominal amount of any debt securities issued would be 1 billion euro. The 85 million euro ceiling would include the amounts of any capital increases carried out pursuant to the twenty-first and twenty-second resolutions below by capitalizing premiums, reserves or profit or by issuing shares and/or other securities to members of an employee share purchase plan.

The previous authorization granted at the Annual Shareholders Meeting of January 23, 2018 for the same purpose was not used by the Board.

Increase in the Company's share capital by capitalizing premiums, reserves or profit

Purpose

The purpose of the twenty-first resolution is to renew, for a 26-month period, the delegation of powers granted to the Board of Directors to carry out – at any time other than when a public tender offer for the Company's shares is in progress – one or more capital increases by capitalizing eligible amounts as provided for in the applicable laws and the Company's bylaws (premiums, reserves or profit). The amount of the capital increases that may be carried out pursuant to this resolution would be included in the 85 million euro ceiling set in the twentieth resolution.

The Board of Directors would have full powers to use this delegation of powers, and in particular to set the amount and nature of the amounts to be capitalized and the number of new shares to be issued.

The previous authorization granted at the Annual Shareholders Meeting of January 23, 2018 for the same purpose was not used by the Board.

Capital increase(s) reserved for members of employee share purchase plans

Purpose

As the extraordinary resolution approved at the January 23, 2018 Annual Shareholders Meeting authorizing capital increases reserved for members of employee share purchase plans is due to expire, in the twenty-second resolution the Board of Directors is seeking a 26-month renewal of the corresponding authorization, in accordance with the applicable legal requirements. Employee share ownership could be used by Sodexo to align employees' interests with those of its shareholders. The total number of shares that may be issued may not represent more than 1.5% of the share capital, the aggregate amount of any capital increases carried out pursuant to this delegation of powers would be included in the 85 million euro ceiling set in the twentieth resolution.

Previous authorizations granted at the Annual Shareholders Meeting of January 23, 2018 and before for the same purpose have not been used by the Board.

Reduction of the Company's share capital through the cancellation of treasury shares

Purpose

Lastly, in the twenty-third resolution, shareholders are invited to renew, for a 26-month period, the authorization for the Board of Directors to reduce the Company's share capital by canceling treasury shares. The capital reductions carried out pursuant to this authorization in any 24-month period would be subject to the same ceiling as that provided for in the thirteenth resolution, *i.e.* 5% of the Company's share capital.

The previous delegation of powers granted at the Annual Shareholders Meeting of January 23, 2018 for the same purpose was used on August 29, 2018, date on which the share capital of the Company was reduced through the cancellation of 3,375,562 shares (*i.e.* about 2.2% of its share capital).

7

1 The nominal value of the Sodexo share is €4.0.

Twentieth resolution

(DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S SHARE CAPITAL BY ISSUING ORDINARY SHARES AND/OR OTHER SECURITIES CARRYING IMMEDIATE OR DEFERRED RIGHTS TO THE COMPANY'S CAPITAL, WITH PREFERENTIAL SUBSCRIPTION RIGHTS FOR SHAREHOLDERS)

Having considered the Board of Directors' Report and the Statutory Auditors' Special Report and having noted that the Company's share capital is fully paid up, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meetings and in accordance with articles L.225-129 *et seq*. of the French Commercial Code – notably articles L.225-129, L.225-129-2, L.225-132 to L.225-134 and L.228-91 to L.228-93:

1. delegates to the Board of Directors – or any duly authorized representative of the Board – the power to increase the Company's capital on one or more occasions, with preferential subscription rights for existing shareholders, by issuing, in France or elsewhere and in the amounts and on the dates it deems fit, in euro or in any other currency or monetary unit established by reference to a basket of currencies, ordinary shares (therefore excluding preferred shares) and/or any other securities carrying immediate or deferred rights to ordinary shares of the Company, payable, fully or partly, in cash or by offsetting debts or capitalizing reserves, profit or premiums;
2. sets the duration of the validity of this delegation of powers at twenty-six (26) months, specifying, however, that it may not be used by the Board of Directors when a public tender offer for the Company's shares is in progress;
3. resolves that if the Board of Directors uses this delegation:
   - the maximum total nominal amount of capital increases that may be carried out pursuant to (i) this delegation and (ii) the twenty-first and twenty-second resolutions (provided said resolutions are adopted) is 85 million euro (or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies). This ceiling will not include any additional amount representing shares to be issued in order to safeguard the rights of holders of securities carrying rights to the Company's capital, as required by the laws and regulations in force and/or any applicable contractual provisions,
   - the total nominal amount of debt securities carrying immediate or deferred rights to the Company's capital that may be issued may not exceed 1 billion euro or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies,
   - the issue will be reserved in priority for the shareholders who may make irreductible subscriptions in proportion to the number of shares owned by them at the time, the Board of Directors having the option of instituting pro-rated subscription rights to subscribe for any shares and/or other securities not taken up by other shareholders. If the issue is oversubscribed, such additional preferential rights will also be exercisable *prorata* to the existing interests in the Company's capital of the shareholders concerned,
   - if irreductible subscriptions and any pro-rated subscriptions do not absorb the entire issue, the Board of Directors may take one or more of the courses of action provided for in article L.225-134 of the French Commercial Code, in the order it deems fit,
   - any decision to issue securities carrying rights to the Company's capital will entail the explicit waiver by shareholders, in favor of holders of the securities issued, of their preferential rights to the equity instruments to which the securities issued will entitle them;
4. acknowledges that this delegation of powers gives the Board of Directors or its duly authorized representative full powers to implement this resolution and in particular, at its sole discretion, to set the terms of issue, the nature, number and characteristics of securities carrying rights to the Company's capital (including the dividend eligibility date of the issued securities, which may be retroactive), the procedures for allocating the equity instruments to which these securities entitle their holders, and the dates on which allocation rights may be exercised, to charge the costs related to the capital increase(s) against the premiums pertaining thereto and transfer from this amount the necessary sums to the legal reserve, make any and all adjustments required in order to take into account the impact of any transactions affecting the Company's capital or equity and to determine any other procedures necessary to safeguard the rights of holders of securities carrying rights to the Company's capital (including through cash adjustments), record the completion of capital increases and amend the bylaws accordingly, carry out the necessary formalities, enter into all agreements – notably in order to complete the planned issues – take all appropriate measures and carry out all formalities necessary for the issue, listing and service of the securities issued in accordance with this delegation of powers and for the exercise of all related rights, and generally do all that is necessary;
5. acknowledges that this delegation of powers cancels, with effect from this day, the delegation granted for the same purpose in the nineteenth resolution of the Combined Annual Shareholders Meeting of January 23, 2018;
6. acknowledges that if the Board of Directors uses the powers given to it herein, it will report on this utilization to the next Ordinary Shareholders Meeting, as required under the applicable laws and regulations.

Twenty-first resolution

(DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S SHARE CAPITAL BY CAPITALIZING PREMIUMS, RESERVES OR PROFIT)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with articles L.225-129 to L.225-129-2 and L.225-130 of the French Commercial Code:

1. delegates to the Board of Directors – or any duly authorized representative of the Board – the power to increase the Company's capital on one or more occasions, in the amounts and on the dates it deems fit, by capitalizing all or part of the premiums, reserves or profit whose capitalization is permitted by law and the Company's bylaws, in the form of allocating new bonus shares or by increasing the nominal value of existing shares, or by a combination of the two procedures;
2. sets the duration of the validity of this delegation of powers at twenty-six (26) months, specifying, however, that it may not be used by the Board of Directors when a public tender offer for the Company's shares is in progress;
3. resolves that if the Board of Directors uses this delegation of powers, the maximum nominal amount of capital increases that may be carried out pursuant to this delegation is 85 million euro (or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies). This ceiling (i) will be included in the global ceiling of 85 million euro set in the twentieth resolution (provided said resolution is adopted) or any other global ceiling set in a future resolution adopted while this delegation of powers remains in force, and (ii) will not include any additional amount representing shares to be issued in order to safeguard the rights of holders of securities carrying rights to the Company's capital, as required by the laws and regulations in force and/or any applicable contractual provisions;
4. acknowledges that this delegation of powers gives the Board of Directors or its duly authorized representative full powers to implement this resolution and in particular to:
   - determine the amount and nature of the sums to be capitalized; set the number of new shares to be issued and/or the amount by which the nominal value of existing shares is to be increased; set the date (which may be retroactive) from which the new shares will carry rights and the date on which the increase in the nominal value of existing shares will take effect,
   - if new shares are issued, decide that (i) rights attached to fractional shares will not be tradable, and that the corresponding shares will be sold and the proceeds of sale allocated to the holders of said rights as required by the applicable laws and regulations, and (ii) any bonus shares allocated pursuant to this delegation on the basis of existing shares that carry double voting rights and/or the right to a dividend premium will also be eligible for these rights as from their issue date,
   - make any and all adjustments required in order to take into account the impact of any transactions affecting the Company's capital or equity and to determine any other procedures required in order to safeguard the rights of holders of securities carrying rights to the Company's capital,
   - record the completion of each capital increase and amend the bylaws accordingly,
   - generally enter into all agreements, take all appropriate measures and carry out all formalities necessary for the issue, listing and service of the securities issued in accordance with this delegation of powers and for the exercise of all related rights;
5. acknowledges that this delegation of powers cancels, with effect from this day, the delegation granted for the same purpose in the twentieth resolution of the Combined Annual Shareholders Meeting of January 23, 2018.

Twenty-second resolution

(DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S SHARE CAPITAL BY ISSUING ORDINARY SHARES AND/OR SECURITIES CARRYING IMMEDIATE OR DEFERRED RIGHTS TO THE COMPANY'S CAPITAL, WITH SUCH ISSUE(S) RESERVED FOR MEMBERS OF EMPLOYEE SHARE PURCHASE PLANS, WITHOUT PREFERENTIAL RIGHTS FOR EXISTING SHAREHOLDERS)

Having considered the Board of Directors' Report and the Statutory Auditors' Special Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meeting and in accordance with articles L.225-129 *et seq*. and L.225-138-1 of the French Commercial Code and articles L.3332-18 to L.3332-24 of the French Labor Code:

1. delegates to the Board of Directors – or any duly authorized representative of the Board – the power to increase the Company's capital, on one or more occasions, by issuing ordinary shares and/or securities carrying immediate or deferred rights to the Company's capital to members of one or more employee share purchase plans (or any other plan permitted under articles L.3332-1 *et seq*. of the French Labor Code or any other similar laws or regulations providing for employee rights issues) set up by the Group (comprising the Company and the French or foreign companies included in the Company's consolidated or combined financial statements), in accordance with article L.3344-1 of the French Labor Code. Such issue(s) may be carried out in France or elsewhere and in the amounts and on the dates the Board deems fit, in euro or in any other currency or monetary unit established by reference to a basket of currencies;
2. sets the duration of the validity of this delegation of powers at twenty-six (26) months from the date of this meeting and resolves to cancel, with effect from this day, the delegation granted for the same purpose in the twenty-first resolution of the Combined Annual Shareholders Meeting of January 23, 2018.

7

3. resolves that the total number of new shares that may be issued pursuant to this delegation may not represent more than 1.5% of the share capital as of the date of the decision made by the Board of Directors. This ceiling (i) will be included in the global ceiling set in the twentieth resolution (provided said resolution is adopted), *i.e.*, a maximum total nominal amount of 85 million euro, or any other global ceiling set in a future resolution adopted while this delegation of powers remains in force, and (ii) will not include any additional amount representing shares to be issued in order to safeguard the rights of holders of securities carrying rights to the Company's capital, as required by the laws and regulations in force and/or any applicable contractual provisions;
4. resolves that the issue price of the new shares or securities carrying rights to the Company's capital that may be issued pursuant to this delegation will be determined under the conditions set forth in articles L.3332-19 *et seq*. of the French Labor Code and will be equal to at least 80% of the average of the opening prices of the Company's shares on Euronext Paris over the twenty trading days preceding the day on which the decision is made setting the opening date for subscription by the members of an employee share purchase plan (or similar plan). The Board of Directors may, at its discretion, reduce or cancel the aforementioned discount, within the limits set by the applicable laws and regulations, in order to allow, *inter alia*, for compliance with local legal, accounting and tax regimes and labor laws;
5. resolves that in addition to the shares and/or other securities offered for purchase in cash, the Board of Directors may replace all or part of any discount and/or employer contribution by granting to the above-mentioned beneficiaries, free of consideration, existing or newly issued shares and/or securities carrying rights to the Company's capital. However, the benefit resulting from this grant may not exceed the legal or regulatory limits applicable under articles L.3332-10 *et seq*. of the French Labor Code;
6. resolves to waive, in favor of the above-mentioned beneficiaries, the preferential rights of shareholders to subscribe for (i) the shares or other securities carrying rights to the Company's capital issued under this delegation of powers, and (ii) the shares to which the holders of securities carrying rights to the Company's capital will be entitled on exercise of those rights;
7. authorizes the Board of Directors, under the conditions set out in this delegation, to sell shares to the above-mentioned beneficiaries as provided for in article L.3332-24 of the French Labor Code, it being stipulated that the nominal value of shares sold at a discount to members of one or several employee share purchase plans referred to above will be deducted from the ceilings referred to in paragraph 3 above;
8. resolves that the Board of Directors – or its duly appointed representative – will have full powers to implement this resolution, and in particular to establish, in accordance with legal requirements, the list of companies in which the above-mentioned beneficiaries will be able to subscribe for the shares and/or other securities issued and to benefit from any shares or other securities granted free of consideration, to set the terms and conditions of the transactions, and to determine the dates and procedures for the issues to be carried out under this delegation, to determine the opening and closing dates for subscriptions, the cum-rights dates (which may be retroactive) and the procedures for the payment of shares, to grant extensions to the period for payment of shares, to apply to list the shares thus created on the stock exchanges of its choice, to record the completion of the capital increases based on the value of the shares actually purchased, to complete, directly or through its appointed agents, all transactions and formalities pertaining to the capital increases, including subsequent amendments to the bylaws, and, at its sole discretion, if it deems fit, to charge the costs arising on the capital increases against the related premiums, and to transfer from this amount the requisite sums to increase the legal reserve to one-tenth of the new capital resulting from the capital increases;
9. acknowledges that if the Board of Directors uses the powers given to it herein, it will report on this utilization to the next Ordinary Shareholders Meeting, as required under the applicable laws and regulations.

Twenty-third resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO REDUCE THE COMPANY'S SHARE CAPITAL BY CANCELING TREASURY SHARES)

Having considered the Board of Directors' Report and the Statutory Auditors' Special Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Extraordinary Shareholders Meetings and in accordance with article L.225-209 *et seq*. of the French Commercial Code, authorizes the Board of Directors to cancel, on one or more occasions, some or all of the shares purchased by the Company under the shareholder-approved share buyback program and to reduce the share capital accordingly. The canceled shares may not represent more than 5% of the total number of shares making up the Company's share capital as of the date of this Shareholders Meeting (*i.e.*, a maximum of 7,372,744 shares) in any period of twenty-four (24) months.

The Shareholders Meeting gives full powers to the Board of Directors – or any duly authorized representative of the Board – to perform such transactions relating to the cancellation and reduction of capital as may be required pursuant to this authorization, and in particular to charge the difference between the purchase price of the canceled shares and their nominal value against the related premiums or available reserves, including the legal reserve up to the equivalent of 5% of the canceled capital, to amend the bylaws accordingly, to make all filings and carry out other formalities, and generally do all that is necessary.

The Shareholders Meeting acknowledges that this authorization is granted for a period of twenty-six (26) months from the date of this meeting and cancels, with effect from this day, any unused portion of the authorization given for the same purpose in the eighteenth resolution of the Combined Annual Shareholders Meeting of January 23, 2018.

Ordinary resolution

Twenty-fourth resolution: Powers

The twenty-fourth resolution is a standard resolution conferring powers to complete all legal formalities and filings relating to the resolutions approved at the Annual Shareholders Meeting.

Twenty-fourth resolution

(POWERS TO CARRY OUT FORMALITIES)

The Shareholders Meeting confers full powers on the bearer of an original, copy or extract of the minutes of this Shareholders Meeting to carry out all filing and publication formalities required by law.

7.3 STATUTORY AUDITORS' REPORT

This is a free translation into English of the Statutory Auditors' reports issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

7.3.1 Statutory Auditors' Report on the issuance of ordinary shares and/or any other securities with preferential subscription rights

(Combined Shareholders' Meeting of January 21, 2020 – 20th resolution)

SODEXO
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the Shareholders,

In our capacity as Statutory Auditors of Sodexo, and in compliance with article L. 228-92 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of powers to the Board of Directors to carry out one or more issues of ordinary shares (excluding preferred shares) and/or of any other securities carrying immediate or deferred rights to ordinary shares of the Company, which is submitted to you for approval.

The maximum nominal amount of capital increases that may be carried out, immediately or in the future, pursuant to this delegation may not exceed 85 million euro or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies. The capital increases that may be carried out under the 21st and 22nd resolutions will be deducted from this amount.

The maximum nominal amount of debt securities carrying rights to the Company's capital that may be issued may not exceed 1 billion euro or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies.

On the basis of its report, shareholders are asked to grant the Board of Directors full powers, with the right to sub-delegate, for a period of 26 months, to carry out an issuance of shares. The Board of Directors cannot use this delegation during a public tender offer. The Board of Directors will set, if necessary, the final terms and conditions of the issue.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R. 225-113 *et seq*. of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements and on the proposed issue, as well as certain other information relating to the issue provided in the report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this transaction and the methods used to set the issue price of the shares to be issued.

We inform you that the Board of Directors' report does not include the terms and conditions for setting the issue price provided for by regulation.

In addition, we do not express an opinion on the final terms and conditions of the issue, as they have not yet been set.

In accordance with article R. 225-116 of the French Commercial Code, we will prepare an additional report in the event that the Board of Directors uses this delegation of powers.

Neuilly-sur-Seine and Paris-La Défense, November 19, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Département de KPMG SA
Jean-Christophe Georghiou	Caroline Bruno Diaz

7.3.2 Statutory Auditors' Report on the issuance of ordinary shares and/or other securities of the Company reserved for members of an employee share purchase plan

(Combined Shareholders' Meeting of January 21, 2020 – 22nd resolution)

SODEXO
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the Shareholders,

In our capacity as Statutory Auditors of Sodexo, and in compliance with articles L. 228-92 and L. 225-135 *et seq*. of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of powers to the Board of Directors to increase the capital by issuing ordinary shares and/or securities carrying immediate or deferred rights to the Company's capital, with waiver of preferential subscription rights, reserved for members of one or more employee share purchase plans set up within the Group formed by the Company and the French or international companies included in the scope of consolidation or combined financial statements of the Company as defined in article L. 3344-1 of the French Labor Code (*Code du travail*), which is submitted to you for approval.

The maximum total number of new shares that could be issued may not exceed 1.5% of the issued capital as of the date of the Board of Directors' decision. This ceiling will be deducted from the global ceiling of a maximum total nominal amount of 85 million euro set forth in the 20th resolution of this Shareholders' Meeting.

This transaction is submitted to the shareholders for approval in accordance with the provisions of article L. 225-129-6 of the French Commercial Code and article L. 3332-18 *et seq*. of the French Labor Code.

On the basis of its report, shareholders are asked to grant the Board of Directors full powers, for a period of 26 months as of the date of this Shareholders' Meeting and with the right to sub-delegate, to issue shares and cancel their preferential subscription rights for the ordinary shares and/or securities to be issued. The Board of Directors will set, if necessary, the final terms and conditions of the issue.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R. 225-113 *et seq*. of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of the shareholders' preferential subscription rights, and on certain other information relating to the issue provided in the report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' report relating to this transaction and the methods used to set the issue price of the shares to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed issue once it has been decided, we have no matters to report as regards the methods used to set the issue price as provided in the Board of Directors' report.

We do not express an opinion on the final terms and conditions of the issue, as they have not been set, or consequently on the proposed cancellation of the shareholders' preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code, we will prepare an additional report in the event that the Board of Directors uses this delegation of power.

Neuilly-sur-Seine and Paris-La Défense, November 19, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Département de KPMG SA
Jean-Christophe Georghiou	Caroline Bruno Diaz

7.3.3 Statutory Auditors' Report on the capital reduction

(Combined Shareholders' Meeting of January 21, 2020 – 23rd resolution)

SODEXO
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the Shareholders,

In our capacity as Statutory Auditors of Sodexo, and in accordance with article L. 225-209 of the French Commercial Code (*Code de commerce*), in the event of a capital reduction by canceling shares, we hereby report to you on our assessment of the reasons for and the terms and conditions pertaining to the proposed capital reduction.

Shareholders are asked to grant the Board of Directors full powers, with the right to sub-delegate, for a period of 26 months as of the date of this Shareholders' Meeting, to cancel the shares purchased under the Company's share repurchase program, pursuant to an authorization granted within the framework of the abovementioned article, up to a maximum of 5% of the share capital, as of the date of this Shareholder's Meeting, by 24-month period.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the reasons for and terms and conditions of the proposed capital reduction, which is not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for and terms and conditions of the proposed capital reduction.

Neuilly-sur-Seine and Paris-La Défense, November 19, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit
Département de KPMG SA
Caroline Bruno Diaz

8

APPENDICES

8.1 GLOSSARY

ADR (American Depositary Receipts)

An ADR is a registered certificate issued by a U.S. bank to represent ownership of a share or bond issued by a publicly-traded non-U.S. company. ADRs are quoted in U.S. dollars, but the underlying shares or bonds are denominated in their original currency and are held in deposit by a bank, known as the custodian, in the country of issue. ADRs enable a non-U.S. company, subject to certain conditions, to be quoted in the United States. One Sodexo share is represented by five Sodexo ADR. Dividends and voting rights belong to the ADR holder.

Bearer shares

Shares held in a share account maintained by the shareholder's bank or broker. Sodexo is not informed of the shareholder's identity. The share purchase and administration of the shares are handled by the shareholder's bank or broker.

Benefits & Rewards Services

Sodexo's Benefits & Rewards Services – which are provided through vouchers, cards or digitally – cover five service categories: Employee Benefits, Incentive and Recognition Programs, Employee mobility and Expense Management Public Benefits.

Client retention rate

The client retention rate corresponds to the total amount of revenue generated from business with existing clients in the prior fiscal year compared with total revenue for that year.

It is expressed as a percentage and is calculated in a comprehensive way by deducting the revenue generated in the prior fiscal year that corresponds to (i) contracts lost to a competitor or self-operation, (ii) contracts terminated by Sodexo and (iii) site closures. Other companies may calculate their retention rates on a different basis.

Comparable site growth rate

The comparable site growth rate is the increase in revenues from sites that have contributed to consolidated revenue over two complete consecutive fiscal years (sites with activity from September 1, 2016 to August 31, 2018).

Corporate officers

Corporate Officer is the term used in English for the French *mandataire social* and refers to Sodexo's Chief Executive Officer, Chairwoman of the Board and the Members of the Board of Directors.

Development rate

The development rate is the annualized estimated revenue for new contracts signed during the fiscal year, divided by prior year revenues.

Dividend premium

Any shareholder that has held registered shares for at least four years as of the end of the fiscal year including as of the dividend payment date will be eligible for a 10% dividend premium on those shares. The number of shares eligible for the dividend premium cannot exceed 0.5% of Sodexo's share capital per shareholder.

Earnings per share (EPS)

Group net income divided by the weighted average number of shares outstanding.

Employee engagement rate

Engagement is defined as a level of commitment in a group or business, and refers to employees' commitment to the success of the business, their loyalty and their pride in being part of the organization. As such the engagement rate is the percentage of employees having responded to the six engagement questions with an average rating of 4.5 or higher on an increasing scale of from 1 to 6 (methodology developed by Aon Hewitt).

Additional information is available in section 3.2.2 of this document.

Employee retention rate

The employee retention rate corresponds to the proportion of employees who remain with the Group during the year out of the overall average number of employees for the year.

Note that for purposes of this calculation employees leaving the Group do not include departures related to legal requirements or regulations concerning lost contracts, transfers between Group subsidiaries or the expiration of fixed-term contracts.

GRI

The Global Reporting Initiative (GRI) was created in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP). The GRI's vocation is to lift sustainable development methods to a level equivalent to those of financial reporting, in the interests of comparability, credibility, rigor, frequency and verifiability of the communicated information.

Group net income

Group net income corresponds to the line "Profit attributable to equity holders of the parent" in the consolidated income statement. It is the Group's total consolidated net income (*i.e.*, the net income generated by all Group companies) less the portion of net income attributable to interests held by third party shareholders in subsidiaries not wholly owned by Sodexo.

Intensity risk

Risks whose frequency and severity require transfer to the insurance market.

ISO

ISO (International Organization for Standardization) is the world's largest developer of voluntary International Standards. International Standards give state of the art specifications for products, services and good practice, helping to make industry more efficient and effective. They include ISO 9001 for Quality management, ISO 14001 for Environmental management, ISO 22000 for Food Safety management, ISO 27000 (security IT standard) and ISO 55000 for asset management.

Issue volume

Issue volume corresponds to the total face value of service vouchers, cards and digitally-delivered services issued by the Group (Benefits & Rewards Services activity) for beneficiaries on behalf of clients.

Net debt

Net debt corresponds to the Group's borrowings at the balance sheet date less operating cash. More details in section 3.5.1 Financial Ratios.

OHSAS 18001

A standard developed in the United Kingdom (Occupational Health and Safety Assessment Series) used as a model for occupational health and safety management systems. Its objective is to provide companies with assessment and certification of their health and safety management systems, consistent with international management system standards.

On-site Services

Sodexo On-site Services respond to the needs of Sodexo's client segments.

Performance shares

Sodexo shares granted free of consideration by the Board of Directors to the Chief Executive Officer and Group managers in order to reward individual performance and whose vesting is subject to the beneficiary still forming part of the Group at the end of the vesting period as well as the achievement of performance conditions (for grants representing over 250 shares). The proportion of performance shares within the overall number of shares granted can vary between 0% and 100% depending on the number of shares making granted and the responsibilities of the beneficiaries concerned.

Personal & Home Services

Sodexo Services provided in three main areas: childcare, concierge services and in-home care for dependent persons.

Registered shares

Registered shares are shares that are registered in the holder's name in Sodexo's share register (unlike bearer shares). They may be directly or indirectly registered. Registered Sodexo shareholders are entitled to:

- double voting rights for registered shares held for at least four years;
- a dividend premium of 10% for registered shares held for at least four years, limited to 0.5% of Sodexo's issued capital per shareholder;
- automatic invitation to Shareholders Meetings and personalized information on all financial transactions (capital increases, bond issues, etc.);
- reduced administration costs (for directly registered shares only).

1. **Directly registered shares (French *nominatif pur*)**

The shares are recorded in the holder's name in a share account kept by the Company's registrar, Société Générale, allowing direct communications between the shareholder and Sodexo.

2. **Indirectly registered shares (French *nominatif administré*)**

In this case, the shares are registered in the holder's name in a share account managed by his or her bank or broker, which is responsible for the related custodial and administration services. The shares are administered in the same way as for bearer shares.

TSR

Total Shareholder Return (TSR) is a measure of the performance of a company's shares over time. The total return to the shareholder combines share price appreciation and dividends paid.

8.2 RESPONSIBILITY FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

8.2.1 Responsibility for the Universal Registration Document

Person responsible for the information included in the "Document d'enregistrement universel" (French-language equivalent of the Universal Registration Document):

Denis Machuel, Chief Executive Officer

Having taken all reasonable precautions, I hereby declare that the information contained in the *Document d'enregistrement universel* is to the best of my knowledge in accordance with reality and that nothing has been omitted that would alter its impact.

I declare that to the best of my knowledge the financial statements comply with the applicable accounting standards and present a true statement of the net worth, the financial position, and of the income of the Company, and of the consolidated entities.

The Management Report included in the *Document d'enregistrement universel* presents a true picture of the evolution of the business, of the results and the financial position of the Company and of the consolidated entities, as well as a description of the principal risks for the Group.

I have obtained from our Statutory Auditors an engagement completion letter in which they declare that they verified the information relating to the financial position and the financial statements which are presented in this document and that they have read this document in its entirety.

Denis Machuel

Chief Executive Officer

November 20, 2019

8.2.2 Responsibility for the audit of the financial statements

AUDITORS	FIRST APPOINTED	TERM OF OFFICE	TERM OF OFFICE EXPIRES
STATUTORY AUDITORS			
PricewaterhouseCoopers Audit Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France Registered no. RCS Nanterre 672 006 483 Represented by Jean-Christophe Georghiou	February 22, 1994	6 fiscal years	Shareholders Meeting to be held in 2023 to adopt the financial statements for Fiscal 2022
KPMG Audit Département de KPMG SA Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles Tour Eqho – 2 avenue Gambetta 92066 Paris La Défense Cedex, France Represented by Caroline Bruno-Diaz	February 4, 2003	6 fiscal years	Shareholders Meeting to be held in 2021 to adopt the financial statements for Fiscal 2020
DEPUTY STATUTORY AUDITORS			
M. Jean-Baptiste Deschryver Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France	January 21, 2017	6 fiscal years	Shareholders Meeting to be held in 2023 to adopt the financial statements for Fiscal 2022
Salustro Reydel Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles Tour Eqho – 2, avenue Gambetta 92066 Paris La Défense Cedex, France	January 19, 2015	6 fiscal years	Shareholders Meeting to be held in 2021 to adopt the financial statements for Fiscal 2020

8.3 RECONCILIATION TABLES

To facilitate the reading of this document, the reconciliation tables below identify:

- the main headings required by Annex 1 & Annex 2 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017;
- the information that constitutes the Annual Financial Report provided for under articles L.451-1-2 of the Monetary and Financial Code and 222-3 of the General Regulation of the French securities regulator (*Autorité des marchés financiers* – AMF);
- the information that constitutes the Management Report of the Board of Directors as defined by the French Commercial Code;
- the information that constitutes the extra-financial performance declaration as defined by the French Commercial Code.

8.3.1 Universal Registration Document

8

RECONCILIATION TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT – ANNEX 1 & ANNEX 2 OF THE COMMISSION DELEGATED REGULATION (EU) 2019/980 OF MARCH 14, 2019 SUPPLEMENTING REGULATION (EU) 2017/1129 OF JUNE 14, 2017	PAGES
9. Regulatory environment	**N/A**
10. Information on trends	**67**
11. Profit forecasts or estimates	**67**
12. Administrative Management and Senior Management	
12.1. Information concerning members of the Board of Directors and Senior management (CEO)	191-203, 215, 218
12.2. Administrative management and Senior management conflicts of interests	218
13. Compensation and benefits	
13.1. Amount of compensation and benefits of corporate officers	246-252
13.2. Total amounts set aside or accrued to provide for pension, retirement or other benefits	137, 250
14. Board practices	
14.1. Date of expiration of current terms of office	191
14.2. Board members' and Senior management's service contracts with the Group providing for benefits upon termination of such contract	244, 245
14.3. Information concerning the Audit Committee, the Nominating Committee and the Compensation Committee	211-213
14.4. Statement of compliance with a Corporate Governance regime	217
14.5. Potential material changes on the Corporate Governance	204-206
15. Employees	
15.1. Number of employees and breakdown by category and location	38
15.2. Share ownership of Administrative management and Senior management and any option over such shares	191, 215, 244
15.3. Employee shareholding in the share capital of the Company	253-257, 271
16. Major shareholders	
16.1. Shareholders holding more than 5% of the share capital or voting rights	269
16.2. Existence of different voting rights	275
16.3. Control of Sodexo	218
16.4. Arrangements, known to Sodexo, the operation of which may at a subsequent date result in a change of control	N/A
17. Related party transactions	**136, 137, 169, 219**
18. Financial information concerning assets, financial position and profits and losses	
18.1. Historical financial information	20, 21, 36, 37
18.2. Interim and other financial information	N/A
18.3. Auditing of historical annual financial information	144-149, 179, 182
18.4. *Pro forma* financial information	N/A
18.5. Dividend policy	263
18.6. Legal and arbitration proceedings	138
18.7. Significant change in Sodexo's financial position	138, 172

RECONCILIATION TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT – ANNEX 1 & ANNEX 2 OF THE COMMISSION DELEGATED REGULATION (EU) 2019/980 OF MARCH 14, 2019 SUPPLEMENTING REGULATION (EU) 2017/1129 OF JUNE 14, 2017	PAGES
19. Additional information	
19.1. Share capital	268-272
19.2. Memorandum and Articles of Association	273-276
20. Material contracts	**274**
21. Documents available	**273, 276**

Information incorporated by reference:
Pursuant to article 19 of Regulation (UE) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference into this Universal Registration Document:

- for Fiscal 2018: Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 2018, individual Company financial statements and Statutory Auditors' Report on the individual Company financial statements for the year ended August 31, 2018, as well as the financial information included in Management Report, as presented in the Registration document filed with the Autorité des marchés financiers (French financial markets authority) on November 22, 2018, under number D.18-0937;
- for Fiscal 2017: Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 2017, individual Company financial statements and Statutory Auditors' Report on the individual Company financial statements for the year ended August 31, 2017, as well as the financial information included in Management Report, as presented in the Registration document filed with the Autorité des marchés financiers (French financial markets authority) on November 20, 2017, under number D.17-1057.

Parts of the Registration documents D.18-0937 and D.17-1057 which are not referred to above are either not relevant for the investor, or are included elsewhere in this Universal Registration Document.

8.3.2 Annual Financial Report

INFORMATION CONCERNING THE ANNUAL FINANCIAL REPORT – ARTICLES L.451-1-2 OF THE MONETARY AND FINANCIAL CODE AND 222-3 OF THE GENERAL REGULATION OF THE FRENCH SECURITIES REGULATOR (AUTORITÉ DES MARCHÉS FINANCIERS, AMF)	PAGES
Individual Company Financial Statements (Fiscal 2019)	156-178
Auditors' Report on the individual Company Financial Statements (Fiscal 2019)	179
Consolidated Financial Statements (Fiscal 2019)	86-142
Auditors' Report on the consolidated Financial Statements (Fiscal 2019)	144
Statutory Auditors' fees	143
Management Report including Governance Report	See reconciliation table below
Auditors' Report on the Governance Report	180
Company's repurchase of its own shares	270
Responsibility for the Annual Financial Report	303

8.3.3 Management Report

RECONCILIATION TABLE FOR THE MANAGEMENT REPORT PURSUANT TO ARTICLES L.225-100 *ET SEQ*. OF THE FRENCH COMMERCIAL CODE	PAGES
Activity of the Company	
Situation and business activity of the Company and of the Group during the past fiscal year	56-67
Results of the business activity of the Company and of the Group	56-67
Progress achieved or difficulties encountered	56-67
Research and development activities	N/A
Foreseeable evolution of the situation of the Company and the Group and future prospects	67
Important events occurred since the end of the fiscal year	138, 172
Objective and exhaustive analysis of the evolution of business, results and financial situation of the Company and of the Group	56-67
Key indicators of financial and extra-financial performance	36-39
Key risks and uncertainties	226, 238
Objectives, policy of coverage and exposure of the Company to risks	139
Injunctions or monetary penalties for anti-competitive practices	N/A
Social and environmental impact of the business activity	
Description and management of environmental and climatic risks	235, 236
Internal control and risk management procedures established by the Company	236, 237
Vigilance Plan	**221**
Subsidiaries and holdings	
List of subsidiaries and holdings	173
Significant participation or control in companies headquartered in France	135
Information on share capital	
Structure and evolution of the share capital	268
State of employee participation in the share capital	271
Crossing of legal thresholds declared to the Company	270
Redemption and transfer by the Company of its own shares	270
Transactions carried out on the securities of the Company by executives, their relatives and assimilated persons	218
Other information	
Amount of dividends distributed over the last three years	263
Information on terms of payment for suppliers and customers	177
Table showing the Company's results in each of the last five fiscal years	176

8.3.4 Governance Report

RECONCILIATION TABLE FOR THE GOVERNANCE REPORT PURSUANT TO ARTICLES L.225-37-4 *ET SEQ.* OF THE FRENCH COMMERCIAL CODE	PAGES
Choice of method of exercise of the General Management	190, 214-216
Reference to a corporate governance Code and application of the “comply or explain” principle	217
Composition of the Board of Directors, gender equality	191-209
Diversity policy applied to directors	206-208
List of all mandates and functions exercised in any company by each director during the last fiscal year	193-203
Conditions of preparation and organization of the work of the Board of Directors	209-214
Limitations on the authority of the Chief Executive Officer	214
Agreements between a significant shareholder and a subsidiary, related party agreements	219
Procedure established by the Company to assess the conditions under which agreements are entered into	220
Compensation policy applicable to corporate officers	240-245
Remuneration and benefits of any kind paid during the past fiscal year to each corporate executive officer	246-252
Ration between compensation paid to the executive corporate officers and the average compensation received by Sodexo employees	251
Conditions governing shareholder’s attendance at Shareholders Meetings	217, 275
Information that may have an impact in the event of a public offering	217, 269
Summary table of currently valid delegations concerning share capital increases	272
Auditors’ Report on the Governance Report	180

8.3.5 Extra-Financial Performance Declaration (DPEF)

RECONCILIATION TABLE FOR THE EXTRA-FINANCIAL PERFORMANCE DECLARATION PURSUANT TO ARTICLES L.225-102-1 AND R.225-105 OF THE FRENCH COMMERCIAL CODE				PAGES
I. Value creation Business Model				12, 13
II. Risk management				226-239
1. A description of the main risks related to the company's activity				231-237
2. A description of the policies put in place to mitigate and prevent the occurrence of these risks				231-237
3. The results of these policies, including key performance indicators				231-237
III. Declaration of relevant information related to the main risks/measures mentioned in II				
1. Workforce-related data:				
a	Employment:	i	total workforce and distribution of employees by gender, age group and geographical area	69, 70
		ii	new employee hires and dismissals	70, 71
		iii	remuneration and any related changes	18, 19
b	Work organisation:	i	working-time organisation	73
		ii	absenteeism	38, 73
c	Labour/Management relations:	i	organisation of social dialogue including information procedures, consultation and negotiation with employees	73, 74
		ii	summary of collective bargaining agreements	73, 74

RECONCILIATION TABLE FOR THE EXTRA-FINANCIAL PERFORMANCE DECLARATION PURSUANT TO ARTICLES L.225-102-1 AND R.225-105 OF THE FRENCH COMMERCIAL CODE				PAGES
d	Health and safety:	i	occupational health and safety conditions	46, 73
		ii	summary of collective bargaining agreements signed with trade unions or workers' representatives on occupational health and safety	73, 74
		iii	occupational accidents, including accident frequency and severity rates, and occupational diseases	73
e	Training and education:	i	policies implemented regarding training and education	50, 72
		ii	total number of hours of training	72
f	Diversity and equal opportunity:	i	measures implemented to promote gender equality	70, 78
		ii	measures implemented to promote the employment and integration of disabled people	74
		iii	policy against discrimination	74
g	Promotion of and compliance with the core Conventions of the ILO relative to:	i	freedom of association and the right to collective bargaining	73, 74
		ii	non-discrimination in respect of employment and occupation	74
		iii	the elimination of all forms of forced or compulsory labour	74
		iv	the effective abolition of child labour	74
2. Environmental data:				
a	General environmental policy:	i	the Company's organisational strategy to factor in environmental issues and, if appropriate, the approaches to auditing/obtaining certification for environment-related performance	22-25
		ii	information and training measures for employees regarding environmental protection	50, 72
		iii	resources allocated to the prevention of environmental risks and pollution	22, 23
		iv	amount of provisions and guarantees for environmental risks, unless such information is likely to cause serious harm to the Company in the event of ongoing litigation	N/A
b	Pollution:	i	measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment	N/A
		ii	consideration of noise and any other activity-specific pollution	N/A
c	Circular economy: i) Waste prevention and management:	i	measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	78
		ii	actions against food waste	52, 78
	ii) Sustainable use of resources:	i	water consumption and water supply adapted to local constraints	N/A
		ii	consumption of raw materials and measures implemented to improve efficiency in their use	76
		iii	energy consumption and measures implemented to improve energy efficiency and renewable energy use	53, 77
		iv	land usage	N/A
d	Climate change:	i	significant greenhouse gas emissions items generated as a result of the Group's activity, particularly by the use of goods and services they provide	53, 77
		ii	adaptation to consequences of climate change	52, 53, 76, 77, 78
e	Protection of biodiversity:	i	measures implemented to protect or develop biodiversity	52, 53, 76, 77, 78

RECONCILIATION TABLE FOR THE EXTRA-FINANCIAL PERFORMANCE DECLARATION PURSUANT TO ARTICLES L.225-102-1 AND R.225-105 OF THE FRENCH COMMERCIAL CODE				PAGES
3. Social data:				
a	Territorial, economic and social impact of the Company's activity:	i	regarding regional employment and development	26
		ii	on local residents/communities	30
b	Relations with stakeholders, including associations for the promotion of social integration, educational institutes, environmental protection associations, consumer associations and local residents:	i	conditions surrounding dialogue with stakeholders	24
		ii	partnership or sponsorship actions	24, 27, 28
c	Subcontractors and suppliers:	i	inclusion of social and environmental issues in the Company's procurement policy	221-223
		ii	extent of subcontracting and the importance placed on social and environmental responsibility in relations with subcontractors and suppliers	221-223
d	Fair business practices:	i	anti-corruption policies and procedures	74, 220
		ii	information on the fight against tax evasion: the actions to prevent tax evasion	221
		iii	measures taken for the health and safety of consumers (food safety)	27, 75, 235
e	Other actions	i	actions implemented to promote human rights	5, 23, 74, 235
		ii	fight for the respect of animal welfare	76

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Sodexo
Group Financial Department
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9
France
Tel.: +33 (0)1 30 85 75 00

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