



Fiscal 2018 Registration Document

Including the
Integrated Report

sodexo
QUALITY OF LIFE SERVICES

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ABOUT OUR INTEGRATED REPORT

The **chapter 1** of this Registration Document follows Sodexo's decision to adopt the practice of integrated reporting. Based on the recommendations of the International Integrated Reporting Council (IIRC), it also reflects the direction being taken in 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 second Integrated Report covers the fiscal year 2018 and draws on information from the Registration Document in which it is published.

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SODEXO AT A GLANCE

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 and Rewards Services and Personal and Home Services.**

Sodexo's services contribute to the performance of our clients, the fulfillment of our teams and the economic, social and environmental development of our local communities.

KEY FIGURES⁽¹⁾ AS OF AUGUST 31, 2018

20.4
billion euro in
consolidated revenues

460,000
employees

72
countries

100
million consumers
served daily

#1
France-based private
employer worldwide⁽²⁾

69%
employee engagement
rate⁽³⁾

#1
in its industry sector
in both the Dow Jones
Sustainability Index (DJSI)⁽⁴⁾
and the 2018 RobecoSAM
Sustainability Yearbook⁽⁵⁾

#3
in its sector
among the World's
Most Admired
Companies⁽²⁾

and #1
for Innovation⁽²⁾

¹ Source: Sodexo.

² **2017 Fortune 500 ranking.**

³ **2018 employee engagement survey** sent to 386,262 Sodexo employees of whom 62% responded.

⁴ **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 RobecoSAM.

⁵ **The RobecoSAM Sustainability Yearbook** is the world's most comprehensive publication on corporate sustainability performance. More than 3,400 companies in 59 industries were evaluated according to economic, financial, social and environmental indicators.

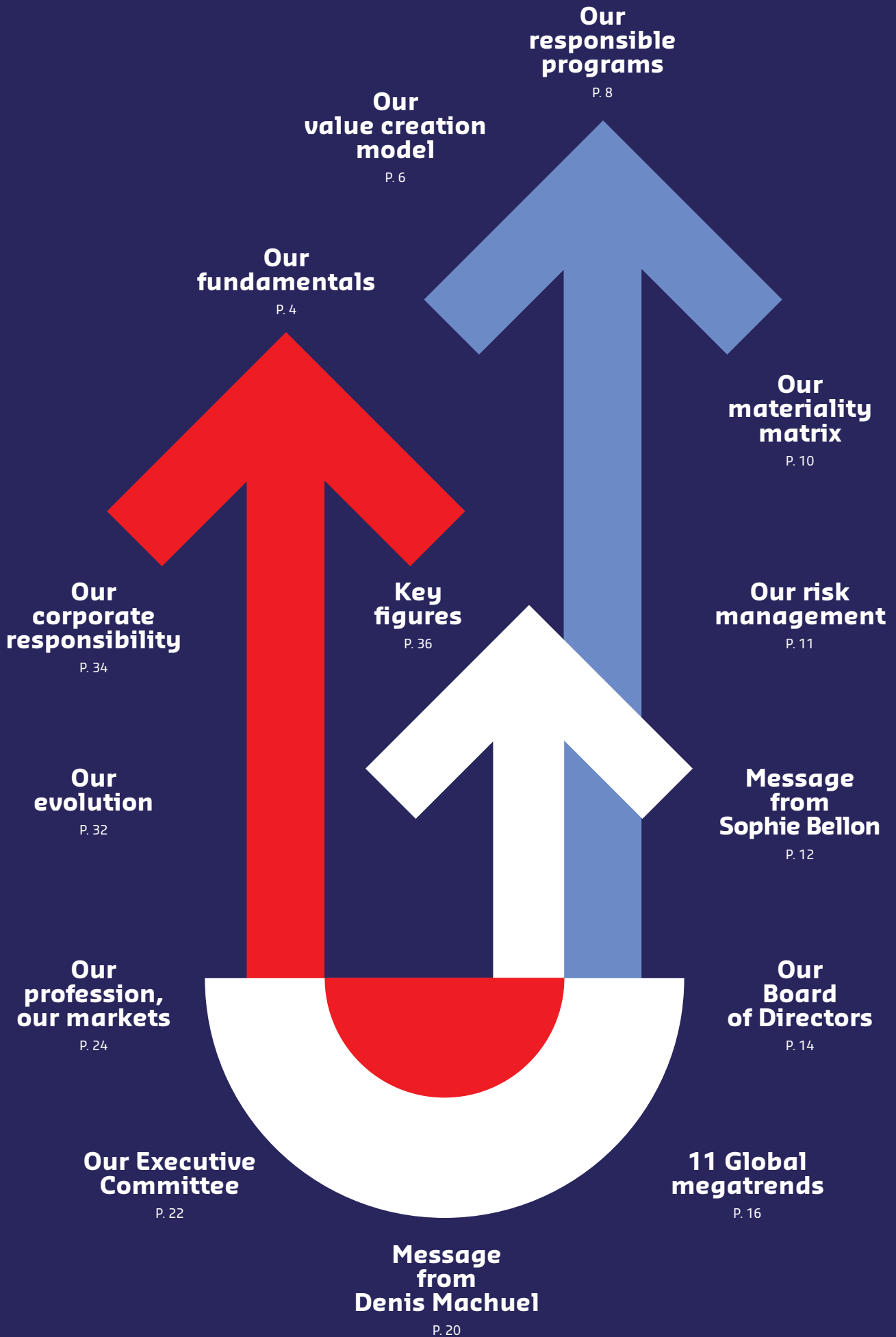


The French version of this Registration Document was filed with the french securities regulator (Autorité des marchés financiers – AMF) on November 22, 2018, in accordance with article 212-13 of its General Regulations. It may be used in support of a financial transaction if it is supplemented by a prospectus approved by the AMF. This document has been prepared by the issuer under the liability of the signatories. This document is a free translation from French into English and has no other value than an informative one. Should there be any difference between the French and the English version, only the text in the French version shall be deemed authentic and considered as expressing the exact information published by Sodexo.

This Registration Document is available on Sodexo's website, www.sodexo.com and on the website of the AMF, www.amf-france.org.

UNLOCKING OUR POTENTIAL

As the global leader in Quality of Life services, we have developed a solid business model and a unique offer of integrated services that creates value for our clients. We have leading market positions in each of our segments and a clear roadmap and vision for the future. Together, we are ready to embark on a new phase of growth and profitability, fueled by the energy and professionalism of our 460,000 employees throughout the world.



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 Sodexo 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 detailed understanding of the needs of clients and end-users. To leverage our understanding 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 company.

AN INTEGRATED OFFER THROUGH THREE ACTIVITIES

Through our three activities: On-site Services, Benefits and Rewards Services, and Personal and 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 72 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 thus 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 maintain 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 Bellon SA.

As of August 31, 2018, our controlling holding company, Bellon SA, held 42.2% of Sodexo's capital and 57.2% of the exercisable voting rights. In June 2015, Mr. and Mrs. Pierre Bellon and their four 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.

OUR VALUE CREATION MODEL

CREATING VALUE BY IMPROVING QUALITY OF LIFE

RESOURCES	IMPACTS
<p>ECONOMIC</p>  <ul style="list-style-type: none"> • Stability of family-controlled capital • Robust financial model • Significant market potential • Long-term vision 	<p>ECONOMIC</p>  <ul style="list-style-type: none"> • 20.4 billion euro in consolidated revenues • +9.7% Total Shareholder Return per year over 5 years • A- Standard & Poor's rating • Socially Responsible Investment ratings
<p>HUMAN</p>  <ul style="list-style-type: none"> • 460,000 engaged employees • Diverse workforce • Development and training of employees (79.3% of employees trained) • Strong presence in local communities • Eco-system of partnerships 	<p>INDIVIDUALS</p>  <ul style="list-style-type: none"> • 81% retention rate of total workforce • 3.5% internal promotion • A wide range of Quality of Life services delivered for 100 million consumers every day • 7.6 billion euro in salaries • Stop Hunger: 93,000 committed volunteers • Nearly 7.4 million U.S. dollars raised for 1,200 partner charities and NGOs⁽¹⁾
<p>RELATIONSHIPS</p>  <ul style="list-style-type: none"> • Improving quality of life and contributing to local communities' development • Strong culture and ethical values • Innovation insight gained from 100 million consumers served everyday worldwide 	<p>COMMUNITIES</p>  <ul style="list-style-type: none"> • 4.4 billion euro spend with the SMEs⁽²⁾ • Apx. 2.3 billion euro of pay-roll taxes paid • 7,200 tons of fairly traded coffee purchased • 180 local community projects
<p>NATURAL</p>  <ul style="list-style-type: none"> • Sustainable processes • Responsibly-sourced raw materials • Responsible use of energy and water 	<p>THE ENVIRONMENT</p>  <ul style="list-style-type: none"> • 95,588 tons CO₂ reduction in Scope 1⁽³⁾ and Scope 2⁽⁴⁾ carbon emissions compared to baseline year 2011 • Waste reduction: 87.5% of sites have implemented equipment and process steps to reduce organic waste • 99 million cage free eggs purchased • 25,313 tons of sustainably sourced seafood • 2.7 million liters of used cooking oil converted to biofuel

¹ NGOs: Non-Governmental Organizations.

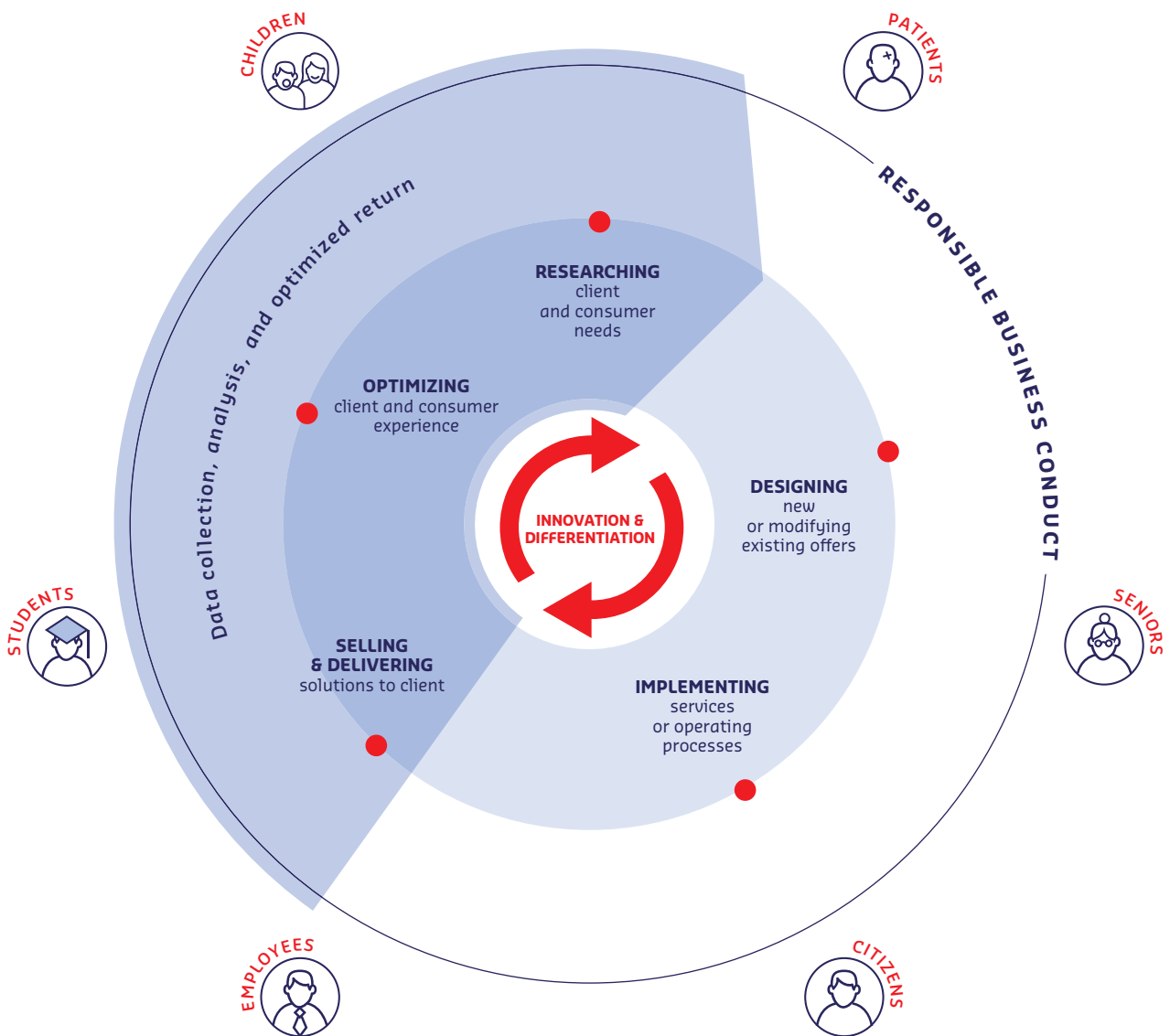
² SMEs: Small and Medium sized Enterprises.

³ Scope 1: direct GHG emissions from the combustion of energy sources owned or controlled by the company.

⁴ Scope 2: indirect emissions of GHG from electricity purchases.

To improve the quality of life of its employees and its consumers, and to contribute to the development of communities in which it operates, Sodexo makes accelerating growth a central priority.

Growth increases our capacity for investment and innovation to capture the strong potential of our markets and offers innovative and increasingly personalized services to our clients and consumers. This depends upon the commitment of our teams, our ability to innovate and an in-depth understanding of our consumers.



All figures are for Fiscal 2018, unless otherwise stated

OUR RESPONSIBLE PROGRAMS

BUILDING SUSTAINABLE RELATIONSHIPS



These programs are an operational answer to the issues defined in the materiality matrix (page 10).

Source: Sodexo.

Provider of services, employer, corporate citizen: our activities impact individuals, whether clients, consumers, employees, suppliers or shareholders, as well as the communities in which we operate.

Because our success depends on building constructive relationships with all of our stakeholders, we are committed each day to taking action on numerous programs for responsible action.



¹ **Dow Jones Sustainability Indices (DJSI):** The Dow Jones Sustainability indices (DJSI) provide a global ranking of the companies most advanced in the area of economic, social and environmental responsibility. They are jointly compiled by the S&P Dow Jones Indices and RobecoSAM.

² **The RobecoSAM Sustainability Yearbook** is the world's most comprehensive publication on corporate sustainability performance. More than 3,400 companies in 59 industries were evaluated according to economic, social, environmental and financial indicators.

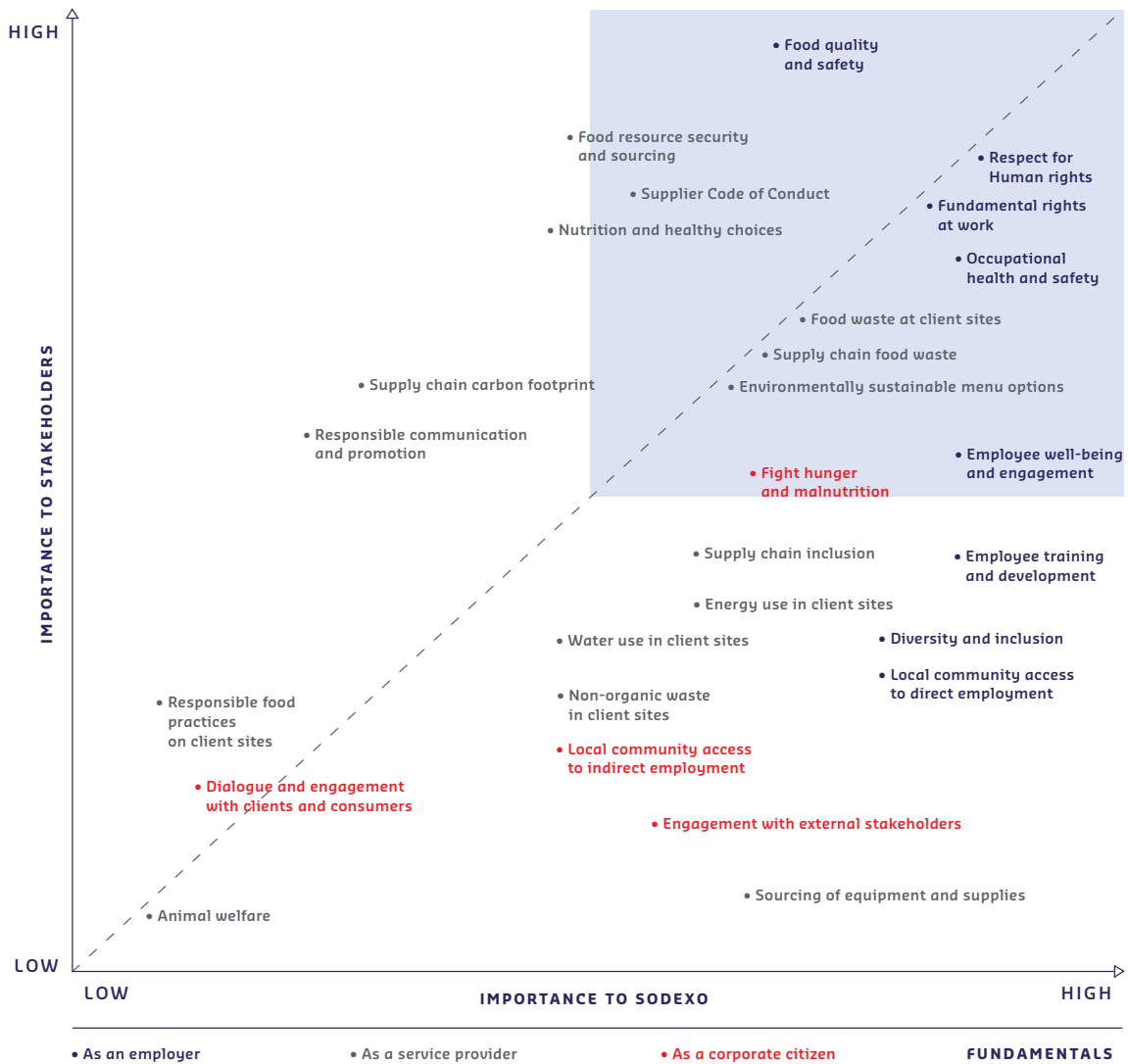
³ **The FTSE4Good** international index identifies socially responsible companies according to environmental, social and governance (ESG) criteria.

⁴ **Health, Safety and Environment (HSE)** the scope of Sodexo HSE function includes Occupational Health and Safety, Food Safety and Environment.

OUR MATERIALITY MATRIX

SHARING A COMMON VISION

Our unique position in the value chain enables us to develop strong relationships with multiple stakeholders. To define priorities and structure for our corporate responsibility roadmap, we have identified and ranked key issues and impacts in consultation with internal and external stakeholders with the support of Business for Social Responsibility (BSR)⁽¹⁾. Our methodology relies on interviews conducted with our employees, clients and consumers as well as market best practices.



Since the publication of our materiality matrix, we have placed stakeholders' most important issues at the heart of our best practices. The result of this progress is detailed in this report⁽²⁾. The key indicators illustrating the challenges and priority risks are presented in the tables of chapter 3.

¹ The internal and external analysis were conducted in Fiscal 2016.

² Chapter 1, chapter 2 and Risk management sub-chapter 5.4.

OUR RISK MANAGEMENT

RISK MANAGEMENT AND INTERNAL CONTROL MODEL BASED ON THREE LINES OF DEFENSE



Operational managers are the first line of defense for identifying and managing risks in their area of activity. They put in place controls and action plans for the risks identified.

Support and transversal functions define the procedures and standards and provide tools and techniques for operational staff to implement the appropriate controls.

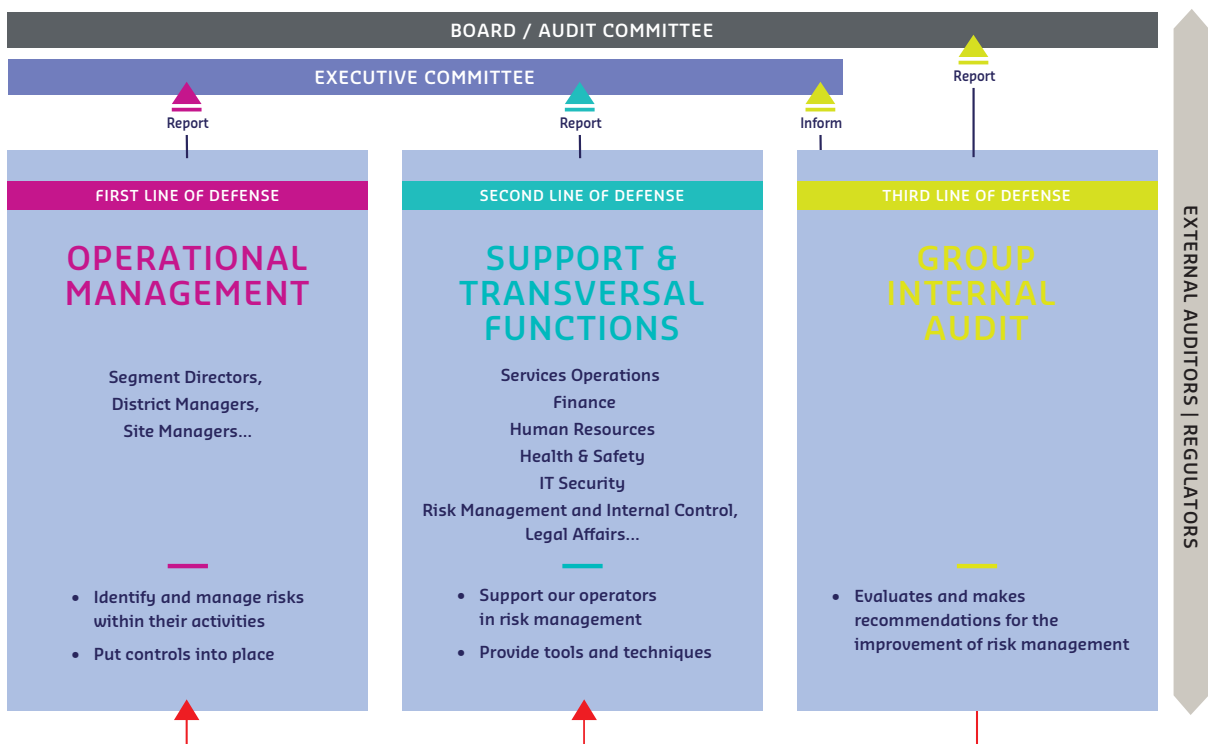
Internal Audit provides an independent assessment of risk management and internal control to the Executive Committee and the Board of Directors.

It makes recommendations on improving risk management to operational teams and support functions.

Each year, a risk assessment is carried out based on the reported results and summaries established by the senior management of the main entities.

Sodexo is thus able to define a risk profile that integrates both internal and external risks. This evaluation is successively validated by the Executive Committee, the Audit Committee and the Board of Directors.

SODEXO'S RISK MANAGEMENT AND INTERNAL CONTROL MODEL
The Three Lines of Defense



MESSAGE FROM SOPHIE BELLON

SOPHIE BELLON CHAIRWOMAN OF THE BOARD OF DIRECTORS



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

Sophie Bellon

This past year was marked by important milestones and key developments. On January 23, Denis Machuel became the third CEO in Sodexo's history, and a new chapter opened for our company. Since then, Denis and I have been working together to make sure the tandem we form creates an efficient funnel of collaboration between the Executive Committee and the Board of Directors.

The first work we carried out was an assessment of Sodexo's current situation to see where we stand today, identifying related short and medium-term priorities.

Sodexo's future is ripe with possibilities: the market potential for our combined activities is estimated at 900 billion euro, nearly 45 times current revenues. Global trends are also promising: demand for outsourced services is accelerating, and the integration of various services is set to follow. At the same time, the aspiration to improve quality of life is one that resonates strongly in both Western societies and in those of emerging economies. The 100 million people we serve every day represent a huge asset for the future development of our services.

But we have undoubtedly not been efficient enough in capturing this potential lately, partly because we have likely taken too long to make some decisions.

Sodexo is, and has always been, a growth company. From the very beginning, we have defined ourselves as the community of our

clients, consumers, employees and shareholders and we have always wanted to build a growth company because growth is the best way to respond to the expectations of these different stakeholders.

Today, accelerating this growth is the company's top priority. Our underperformance in some segments and markets required quick and decisive corrective action, which is now underway.

At the same time, major social, demographic and environmental shifts coupled with accelerated technological progress continue to profoundly and irreversibly impact our markets. The changes are affecting relationships with both our B to B clients and with those who consume our services, requiring that we redefine our markets and rethink how we create value.

Looking at these changes, we have already taken very clear steps. First, we are renewing our focus on foodservices, our historical and core expertise. The potential in this area is huge. We are also strengthening the integration of our different services to demonstrate our expertise in each of our client segments and sub-segments. Lastly, we want to better understand the needs of our consumers in order to be able to meet them. As our consumers progressively become an important additional source of revenue, they also have the power to influence the decisions of our BtoB clients to partner with us.

We will seize these emerging opportunities by leveraging the

“We need to get back to the culture of entrepreneurship that has underpinned our success”

increasing convergence of our activities, driven by technological progress. In order to succeed, we need to first get back to the basics of our business: client retention, employee engagement, and extreme operational discipline. Over the years, we have lost sight of these basics in some parts of the business and we are in the process of restoring them.

We also need to get back to the culture that has underpinned our success. Our company culture, created by the first generation of managers, was based on an entrepreneurial spirit. This is about encouraging each manager to manage his or her business as if it was their own, while giving them the means to do so. With entrepreneurship comes accountability. Accountability is about facing the facts with humility before making decisions, and assuming the consequences of our actions.

Lastly, talent is the foundation of everything we do. Almost all the challenges we have today have their roots in wrong people decisions or people situations which have gone on for too long. Developing our talent, constantly building and strengthening our talent pipeline, is the key to our future.

Provided we work on these prerequisites, I believe that we are well positioned to capture the opportunities created by this new world. Today, we have around 100 million consumers. Our ambition is to one day improve the quality of life of one billion individuals around the world.

As we move forward, the Board will have an important role to play in supporting and challenging our strategic choices and how they are executed, as well as evaluating the achievement of our objectives towards reaching this ambition. The recent evolution in the Board's composition has resulted in a new dynamic, and I am confident that the Board is in a strong position to carry out its role through open discussions and constructive dialogue.

Sodexo today is the result of a long and successful history rooted in the original vision of its founder. When Pierre Bellon created the company 52 years ago, his personal history had led him to believe that companies with a strong social purpose are the ones that stand the test of time. That is why he gave Sodexo powerful values - team spirit, service spirit, and a spirit of progress - and a particularly forward-looking mission for the time. This mission was - and remains - to improve the quality of life of our employees and the people we serve, and contribute to the economic, social and environmental development of the communities, regions and countries where we operate.

These fundamentals have not changed since 1966 and are still very relevant today. For over 50 years, we have grown while making sure along the way that we are actively contributing to foster progress and create social value for individuals, communities and society. Fulfilling our mission is all about growing to improve the quality of life of an ever-increasing number of

individuals, both our employees and our consumers, and to have a greater impact on our communities and the environment we all share.

Our financial independence is a fundamental cornerstone in this ambition. Remaining an independent company, a family-controlled business, is for us the only way to maintain our values and our mission, ensure stability in our management, focus on the long term, and have the freedom to make necessary investments in our development.

Rapidly recovering good levels of performance while starting to actively work towards achieving our ambition will take considerable collective effort and major changes, but I believe we have the right levels of discipline and courage to rise to the challenge. We will do what it takes to make sure the most crucial part of who we are remains the same.

I would like to thank all Sodexo's employees for their hard work every day for our clients, for our consumers, for their teams and for their communities. It is their engagement and dedication that have made Sodexo the great company it is today.

OUR BOARD OF DIRECTORS

SHARING A LONG-TERM VISION

A family-controlled company, Sodexo's stability is one of the keys to its success. Under the leadership of Chairwoman Sophie Bellon and inspired by a shared long-term vision, Sodexo's Board of Directors, composed of seven women and six men, determines the strategic orientations of the company.

- Member of the Audit Committee
- Member of the Compensation Committee
- Member of the Nominating Committee

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

As of August 31, 2018



SOPHIE BELLON

Chairwoman of the Board of Directors

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2020 financial statements

Attendance rate: 100%



EMMANUEL BABEAU

Deputy Chief Executive Officer of Schneider Electric SE

Independent Director

Chairman of the Audit Committee

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2018 financial statements

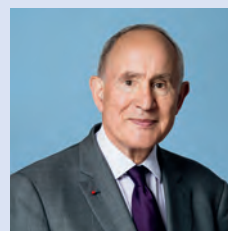
Attendance rate: 100%



PIERRE BELLON

Chairman Emeritus
Founder of Sodexo and
Chairman of the supervisory
Board of Bellon SA

Nationality: French



ROBERT BACONNIER

Independent Director

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2018 financial statements
(Proposed reappointment)

Attendance rate: 100%



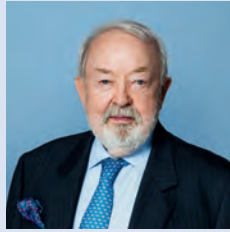
ASTRID BELLON

Director

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2018 financial statements
(Proposed reappointment)

Attendance rate: 69%

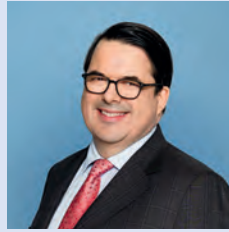


BERNARD BELLON
Director

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2018 financial statements

Attendance rate: 100%



FRANÇOIS-XAVIER BELLON
Founder and Chief Executive Officer of LifeCarers Ltd
Director

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2018 financial statements
(Proposed reappointment)

Attendance rate: 92%



NATHALIE BELLON-SZABO
Chief Executive Officer, Sodexo Sports & Leisure
Director

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2018 financial statements

Attendance rate: 92%



PHILIPPE BESSON
Head of Projects and Sponsorship
Employee representative

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2019 financial statements

Attendance rate: 85%



FRANÇOISE BROUGHER
Chief Operating Officer, Pinterest
Independent Director
Chairwoman of the Nominating Committee

Nationality: dual French and American

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2020 financial statements

Attendance rate: 100%



SOUMITRA DUTTA
Dean and Professor of Management, Cornell University
Independent Director

Nationality: Indian

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2020 financial statements

Attendance rate: 100%



CATHY MARTIN
Regional Manager
Employee representative

Nationality: Canadian

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2020 financial statements

Attendance rate: 85%

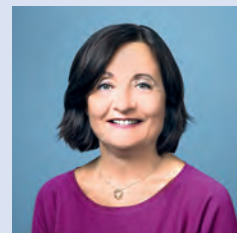


SOPHIE STABILE
Founder and Chairwoman of Révérence
Independent Director

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2019 financial statements

Attendance rate: 100%



CÉCILE TANDEAU DE MARSAC
Chief Human Resources, Solvay Group
Independent Director
Chairwoman of the Compensation Committee

Nationality: French

Term expires at the Annual Shareholders' Meeting approving the Fiscal 2019 financial statements

Attendance rate: 100%



11 GLOBAL MEGATRENDS

ADAPTING OUR OFFERS TO BUILD THE FUTURE

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

Attentive to these changes, we are adapting our offers to respond to the expectations of our consumers and users. The world's accelerated transformation is profoundly reshaping our life, work and leisure environments, our behaviors and our modes of consumption.

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

1. DEMOGRAPHIC SHIFTS

Developed countries are faced with a rapidly aging population and exploding health budgets due in part to slow population growth estimated at 2.9% between 2015 and 2030. Meanwhile, developing countries, led by India, Nigeria and Pakistan, will experience an average population growth of 18.5% between 2015 and 2030⁽¹⁾.

1 billion
humans will be older than 65 in 2030,
13% of the world's population⁽²⁾

Sodexo responds to these challenges

- We are developing a range of services that enhance quality of life for seniors at home, such as Amelis, Comfort Keepers[®] and PrestigeNursing+Care.
- We are making life easier for parents through childcare services like those offered by Crèche Attitude.

2. URBANIZATION

Rapid urbanization is contributing to the increase in GDP per capita, but the emergence of mega-cities (urban areas with more than 10 million inhabitants) is creating enormous economic and social challenges (mobility, security, waste and energy management). In 2030, megacities will generate 72% of global GDP. Meanwhile, mid-tier cities in emerging economies will account for 40% of GDP growth between 2015 and 2025. These cities will gain in economic importance and become major drivers of global growth.

24
of the world's
31 megacities in 2030
will be in developing countries⁽³⁾

Sodexo responds to these challenges

- We accompany deployment of public aid programs to improve the quality of life of citizens and strengthen social ties.
- We offer foodservices solutions adapted to the increased mobility of employees.
- We are developing mobility solutions, including car-sharing solutions adapted to the growth of urban populations, which will represent 57% of the world's population in 2050⁽²⁾.

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. In addition, the future near-elimination of extreme poverty should lead to the emergence of a new class of consumers.

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

Sodexo responds to these challenges

- We are strengthening our expertise in the field of sporting and cultural events and facilitating access to leisure activities.
- We offer services focused on sports, wellness and quality of life to meet the rising 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, especially for food and beverages.

The share of exports
in GDP will increase
from 26% in 2010 to
33%
in 2030⁽⁵⁾

Sodexo responds to these challenges

- 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 MARKETS

Developing markets 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. With their aggressive internationalization and increased competitiveness abroad, half of the world's Fortune 500 companies will be based in emerging market countries by 2025.

About
57%
of global GDP will be generated by developing countries in 2030⁽¹⁾

Sodexo responds to these challenges

- We are positioning ourselves as a strong provider of services in the developing economies.
- We are contributing to the economic and social development of local communities in all countries where we operate.

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⁾

Sodexo responds to these challenges

- We partner with local authorities to create and operate Public-Private Partnerships (PPP).
- We are developing solutions that allow public authorities to control expenses while improving the service provided to citizens.

7. ENVIRONMENTAL ISSUES AND RESOURCE SCARCITY

8.6 billion inhabitants in 2030, 9.7 billion inhabitants in 2050: the demographic boom is weighing on natural resources, heightening global warming and disrupting traditional consumption patterns. As a result, government actions and the focus on environmental and ethical standards is increasing. Energy, water and food consumption will increase by 50%, 40% and 20% respectively by 2030⁽³⁾.

2,216
million tons of urban waste will be produced in 2025,
a doubling of volume since 2012⁽⁴⁾

Sodexo responds to these challenges

- We share with our employees a culture of environmental responsibility.
- We are deploying facilities management services to help reduce carbon emissions from the sites we manage.
- We advocate for sustainable use of resources.

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, which is leading the way.

78%
of millennials consider the customer experience more important than the product⁽⁵⁾

Sodexo responds to these challenges

- We promote work-life balance by optimizing mobility for employees.
- We create comfortable, safe and healthy working environments.
- We deploy nutrition education programs.
- We develop Incentive and Recognition programs.
- We improve quality of life through innovations like click-and-collect⁽⁶⁾, delivery of meals and subscriptions⁽⁷⁾...

¹ United Nations, Population Division.

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 Age of Digital Disruption, KPMG Future State 2030, World Bank, PwC megatrends, Roland Berger Trend Compendium.

⁵ Poll conducted by Harris Group.

⁶ Click-and-collect enables online reservations and collection of purchases at the point of sale.

⁷ Digital platforms allow subscribers to receive basic products and ingredients at a special rate to make their own meals.

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. The digital revolution is creating value.

Between 2009 and 2020, the production of digital data will have multiplied by

44⁽¹⁾

Sodexo responds to these challenges

- We are using innovative technologies (including big data) to design increasingly personalized offers and gain operational efficiency.
- We are leveraging internal and external ecosystems to accelerate our transformation.
- Staying abreast of changing consumer needs, we are able to offer solutions such as menu information, restaurant patronage, available balances on user accounts, identification of restaurants and shops accepting Sodexo payment methods, management of electronic wallets for high school students and reservations at childcare centers.

10. OWNERSHIP VS. USE

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. Just as promising: accessible, fast and affordable home delivery of groceries or meals.

Online shipments will increase by

**25%
per year**

through 2020 and by 15% beginning in 2021⁽²⁾

Sodexo responds to these challenges

- We are developing concierge and car-sharing options.
- We manage resources that include employees, consultants and freelancers.
- 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.

Automation could lead to

375 million

workers switching occupations in 2030⁽³⁾

Sodexo responds to these challenges

- We offer Corporate Services clients workplace management solutions to meet new working habits, such as increasing flexibility and collaboration.
- We will train employees and help them re-skill to adapt to new requirements and the automatization of the work environment.
- We will use new technologies to remove risky and repetitive tasks for employees.

¹ PWC global megatrends.

² Statista, Roland Berger Trend Compendium 2030, McKinsey Institute: A future that works, UN Population Division, Accenture: Harnessing Revolution.

³ McKinsey Institute: A Future that Works, BCG, PWC: Will robots really steal our jobs?

MESSAGE FROM DENIS MACHUEL

DENIS MACHUEL

CHIEF EXECUTIVE OFFICER



“We are unwavering in our determination to accelerate our growth.”

Denis Machuel

As I complete my first year as CEO, I can not help but feel proud of the company Sodexo has become: we started off as a traditional foodservices player, and over the past ten years, facilities management has grown to make up almost a third of our On-site Services revenues. Today nearly half of our client contracts are multiservice. The results for our clients speak for themselves: seamlessly integrated services, optimized costs and energy management, and high-standard services across locations.

Beyond the Group’s achievements, I am disheartened by this year’s results: our performance is not where its needs to be. This became clear in March when we were required to issue a profit warning.

We met our revised guidance with organic growth of 2%, excluding the 53rd week impact in North America, and an underlying profit margin of 5.7% excluding the currency impact, down from 6.5% the previous year. The underperformance in North America, particularly in Education and Health Care, was partially compensated by solid 4.5% organic growth outside North America and 5.1% organic growth from Benefits and Rewards Services. We also generated record free cashflow. However, margins were impacted by the fall in revenue and associated execution issues in North America, lower than expected profitability of a few very large contracts and increased investments in Benefits and Rewards, coupled with lower interest rates in Brazil.

We have been proactive in addressing our areas of underperformance. New leaders are in place in North America Health Care and in Education, and they are implementing efficiency plans on labor productivity and food cost reduction. We reviewed our sales processes and changed our sales teams’ incentive structures. In order to regain market share, we have refocused resources to reassert our excellence in food services. And issues around the ramp-up of a few of our very large contracts are being addressed as well.

We are thus unwavering in our determination to accelerate our growth. Our new strategic agenda, Focus on Growth, is designed to establish the right operational discipline at all levels to manage the business more efficiently and build the key capabilities required to conquer our future. This agenda has four pillars:

- Client and consumer centricity**
 This means being obsessed with client retention and the consumers we serve. We are reviving our client retention program to bring our retention rate above 95%. Through insights from strategy, marketing and digitalization, we are also developing innovative consumer-centric services adapted to new lifestyles and habits.
- Enhanced operational efficiency**
 We are reassessing our operations in order to reduce costs, rationalize processes and reallocate savings to business-driving activities such as sales and marketing and focus the attention of our teams on growth markets.

- **Nurturing talent**

Talent is key as our 460,000 people are the essence of our services, our development, and of our success. To foster intrapreneurship, empowerment and accountability throughout Sodexo, we are focusing on performance management, high performer pool management and training.

- **Anchoring corporate responsibility in our business**

Sodexo ranked first in our sector for the 14th year in a row in the globally-renown Dow Jones Sustainability Index. Our clients and customers are increasingly interested in how our services can support their own sustainability efforts, through healthy and sustainable food options, our growth model that promotes inclusive partnerships with local businesses and by tackling waste. All these actions are crucial as they reduce carbon emissions and support our clients' transition to a low carbon economy and avoid the worst impacts of climate change.

To support this strategic agenda, we are implementing a unified and rigorous Group-wide performance management framework called STEP (Sodexo Targets for Enhanced Performance) to reinforce accountability and align all our teams on the same key performance indicators and targets.

This agenda is also supported by a broadened Executive Committee, with representation from all of Sodexo's segments and activities,

“Sodexo is well-placed to take on the great challenges that lie ahead”

as well as our geographic regions and global functions. This entire management team is resolutely focused on executing our strategic agenda.

As we roll out our strategic agenda, we are also starting to see the impact of digital technology and new lifestyle and sustainability trends on our clients and our services. We have traditionally partnered with clients to serve their “communities” of consumers on their sites, such as employees in companies, patients and staff in hospitals, and students in universities. Today, the lines that have typically defined these communities are increasingly blurred, as is the distinction between what is traditionally called on-site and off-site: employees leave the workplace to work remotely, patients no longer stay as long in hospitals, students will do more and more e-learning outside of the classroom. Clients are asking us for solutions that respond to the new needs of their community of consumers, through multi-choice, digitally-driven, personalized and sustainable solutions.

Entering in this new era, we continue to develop our footprint and build capacity in key segments. For example, we doubled our Sports & Leisure activities through

the acquisition of Centerplate, which partners with over 300 premier event venues. In addition, we are evolving our space in food through acquisitions, such as French online restaurant FoodChéri or English high-end workplace dining boutique, the Good Eating Company. We are also investing in start-ups like Klaxit, a pioneer in home-to-work carpooling, and incubating our own “corp-ups” like Rydoo which is streamlining business travel management.

Looking ahead, I am convinced that Sodexo is well-placed to take on the challenges that lie ahead. I am highly confident in the value of the services we provide, and our ability to deliver on our strategy. I would like to thank all our employees who remain committed and engaged in our mission day-to-day, our clients who continue to trust us, and the consumers we serve as we open up this new chapter in the life of Sodexo.

OUR EXECUTIVE COMMITTEE

DRIVING THE GROUP'S GROWTH

As of August 31, 2018



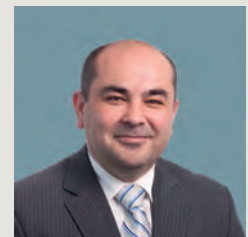
Denis Machuel
Group
Chief Executive Officer
Chairman of
the Executive Committee
Nationality: French



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



Cathy Desquesses
Group Chief People Officer
Nationality: French



Johnpaul Dimech
Region Chair,
Asia Pacific
Nationality: Australian



Lorna Donatone
Chief Executive Officer
of Geographic Regions
and Region Chair for
North America
Nationality: American



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



Nicolas Japy
Chief Executive Officer,
Energy & Resources
Worldwide,
On-site Services
Nationality: French



Tony Leech
Chief Executive Officer,
Government & Agencies
Worldwide, On-site Services
Nationality: Australian



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



Sylvia Metayer
Chief Executive Officer,
Corporate Services
Worldwide, On-site Services
Triple nationality: French,
British and Canadian

The Executive Committee, newly widened, supports Sodexo's growth and development. This new Executive Committee, diversified and integrating key expertise, represents all of the Group's activities, segments and geographical areas where it operates, reinforcing the focus on clients and consumers and maximizing the efficiency of local execution.



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



Anna Notarianni
Region Chair,
France
Nationality: French



Marc Plumart
Chief Executive Officer,
Health Care & Seniors
Worldwide, On-site Services
Nationality: French



Marc Rolland
Group
Chief Financial Officer
Nationality: French



Dianne Salt
Group Chief
Communications Officer
Nationality: Canadian



Didier Sandoz
Chief Executive Officer,
Personal and Home
Services
Nationality: French



Aurélien Sonet
Chief Executive Officer,
Benefits and Rewards
Services
Nationality: French



Bruno Vanhaelst
Group Chief
Marketing Officer
Nationality: Belgian

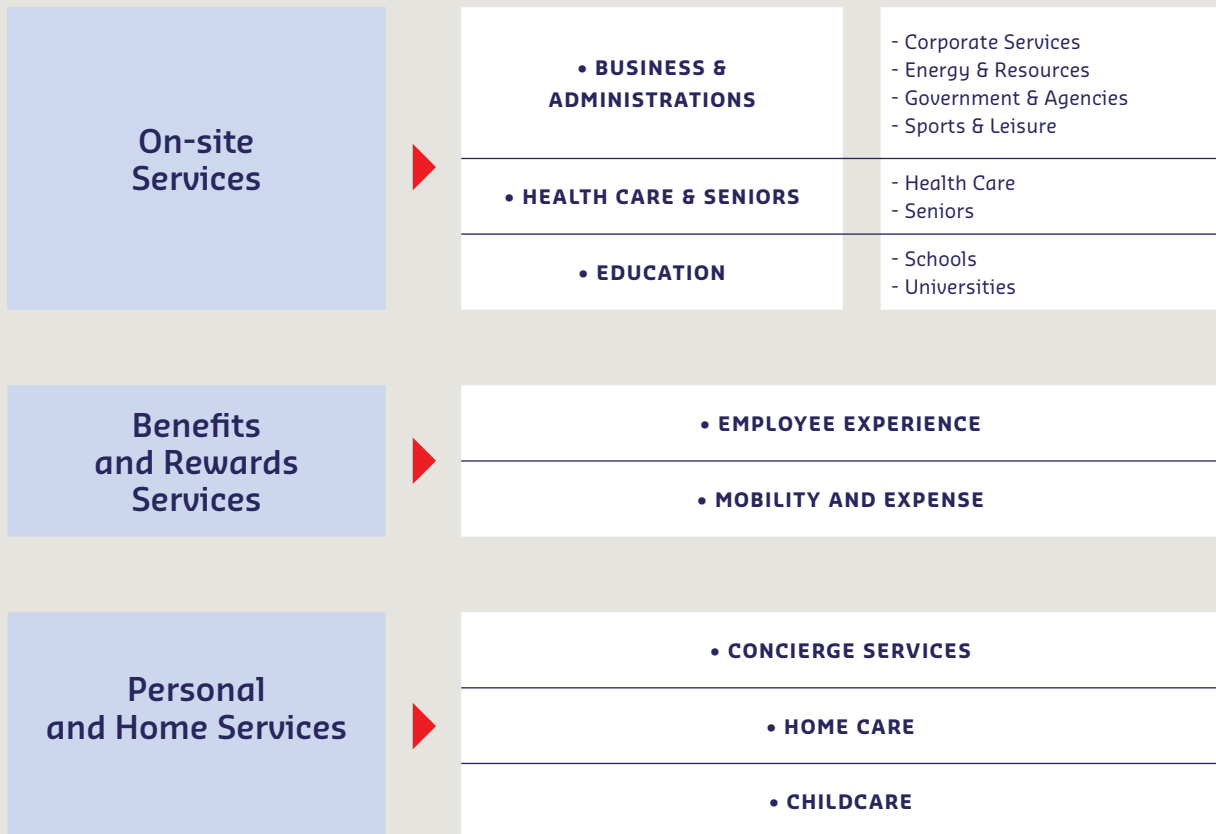


Damien Verdier
Group Chief Strategy
and Corporate
Responsibility Officer
Nationality: French

OUR PROFESSION, OUR MARKETS

WE ARE THE GLOBAL LEADER IN QUALITY OF LIFE SERVICES

Around the world, our 460,000 employees are driven by the same mission: improving quality of life. 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 and Rewards Services and Personal and Home Services complete our offer to help ensure a better tomorrow for all.



On-site Services

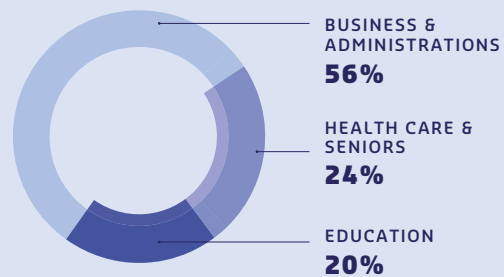
Increase a company's efficiency, reassure patients in the hospital, promote academic growth, provide safety and comfort on a remote site: our services delivered directly on site improve quality of life for millions of consumers and enable our clients to improve their performance. From the design of workplaces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



CONSIDERABLE GROWTH POTENTIAL



REVENUES BY CLIENT SEGMENT



KEY FIGURES⁽¹⁾



Source: Sodexo.

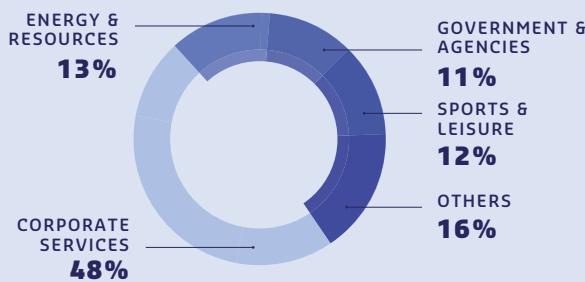
¹ Including Personal and Home Services.

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



56%
of Group revenues



10,938
million euro
in revenues



276,572
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 conceives and implements customized solutions to help clients create an environment contributing to the well-being of employees and visitors while reinforcing their attractiveness and competitiveness. From food to facilities management services ... our solutions respond to the challenges of employee motivation 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 consistently delivers integrated, innovative services to its clients throughout the world, from a remote location's design to its demobilization. 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

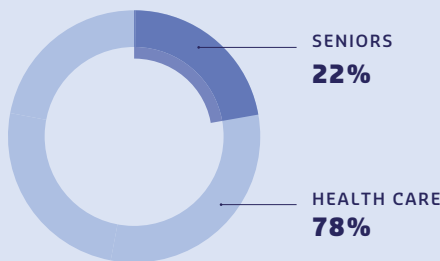
Recognized partner of organizers of major sporting and cultural events and manager of exceptional places for more than 20 years, Sodexo develops solutions that meet the expectations of a demanding clientele worldwide. Combining technique and creativity, our turnkey solutions cover ticketing, travel, 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, the Tour de France and the Rugby World Cup, and make exceptional places shine like Lido of Paris, La Maison Lenôtre, Le Pré Catelan, Bateaux Parisiens, Yachts de Paris as well as Bateaux London and the National Gallery in the United Kingdom.



On-site Services

HEALTH CARE & SENIORS

REVENUES BY CLIENT SUB-SEGMENT



KEY FIGURES



24%

of Group revenues



4,768

million euro in revenues



82,384

employees

Source: Sodexo.

Health Care - 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 health care landscape. By providing our clients with professional and standardized services, we respond to their challenges of patient satisfaction and improving their 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

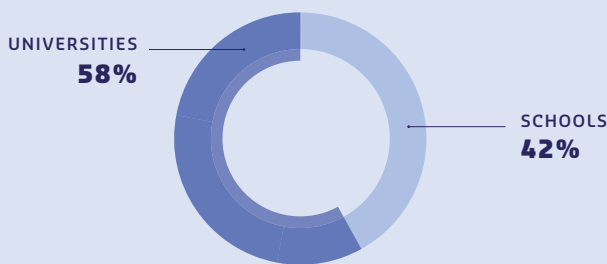
The demographic weight of seniors and the increase in life expectancy are raising significant societal challenges. With many seniors remaining independent longer, the demand for home care services is growing. At the same time, the progression of chronic diseases in the elderly is increasing the workload in nursing homes. These developments require more and more solutions to support the seniors community. 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 Group revenues



3,855
million euro
in revenues



86,717
employees

Source: Sodexo.

Schools - Providing a fulfilling educational environment

Sodexo supports schools around the world in providing students with a balanced diet while creating a healthy, welcoming and safe learning environment that promotes education and reinforces the engagement of faculty and staff. Our service offering is organized around three main trends: solutions to help schools optimize their learning environment; the provision of digital tools to meet the growing use of new technologies in schools; and, 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. All these actions reinforce schools' attractiveness.

Universities - Improving the quality of life on campus

With its integrated service offering, Sodexo promotes the well-being of entire university communities around the world while maximizing the efficiency and attractiveness of universities in a highly competitive market. Our offer includes supporting clients with their infrastructure design and renovation projects, foodservices and facilities management services. Sodexo also supports universities in their sustainable development approach through the implementation of waste recycling programs and energy management systems.



Benefits and Rewards 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. With its range of nearly 250 services, Sodexo Benefits and Rewards Services (BRS) seeks to unlock the potential of people and to keep businesses moving forward. Its offers strengthen employee experience and ease mobility and expense management. 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



850

million euro
in revenues



4,380

employees

430,000

clients (excluding
individuals)

35

million beneficiaries
and consumers

1.3

million
affiliated partners

Source: Sodexo.

Benefits and Rewards Services

EMPLOYEE EXPERIENCE

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 have become critical determinants in companies' attractiveness. Sodexo offers clients innovative and personalized solutions to facilitate daily quality of life for their employees and reinforce engagement and motivation, thereby contributing 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: gift programs; professional development tools such as training, mentoring and coaching; incentive and recognition programs. These solutions help unite teams around common objectives, recognize their work and reward their efforts.

MOBILITY AND EXPENSE

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 their efficiency, motivation and even their 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, booking travel 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 and Home Services

Sodexo offers a range of Personal and 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.

Childcare

Through Crèche Attitude, Sodexo responds to one of the main concerns of parents: finding care for their pre-school children. Real alternatives to traditional childcare facilities that are often saturated 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 provided through Circles, 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 solutions through Comfort Keepers® and Amelis such as carrying groceries, preparing balanced meals or assisting with travel, which often involves technological tools.

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 & 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

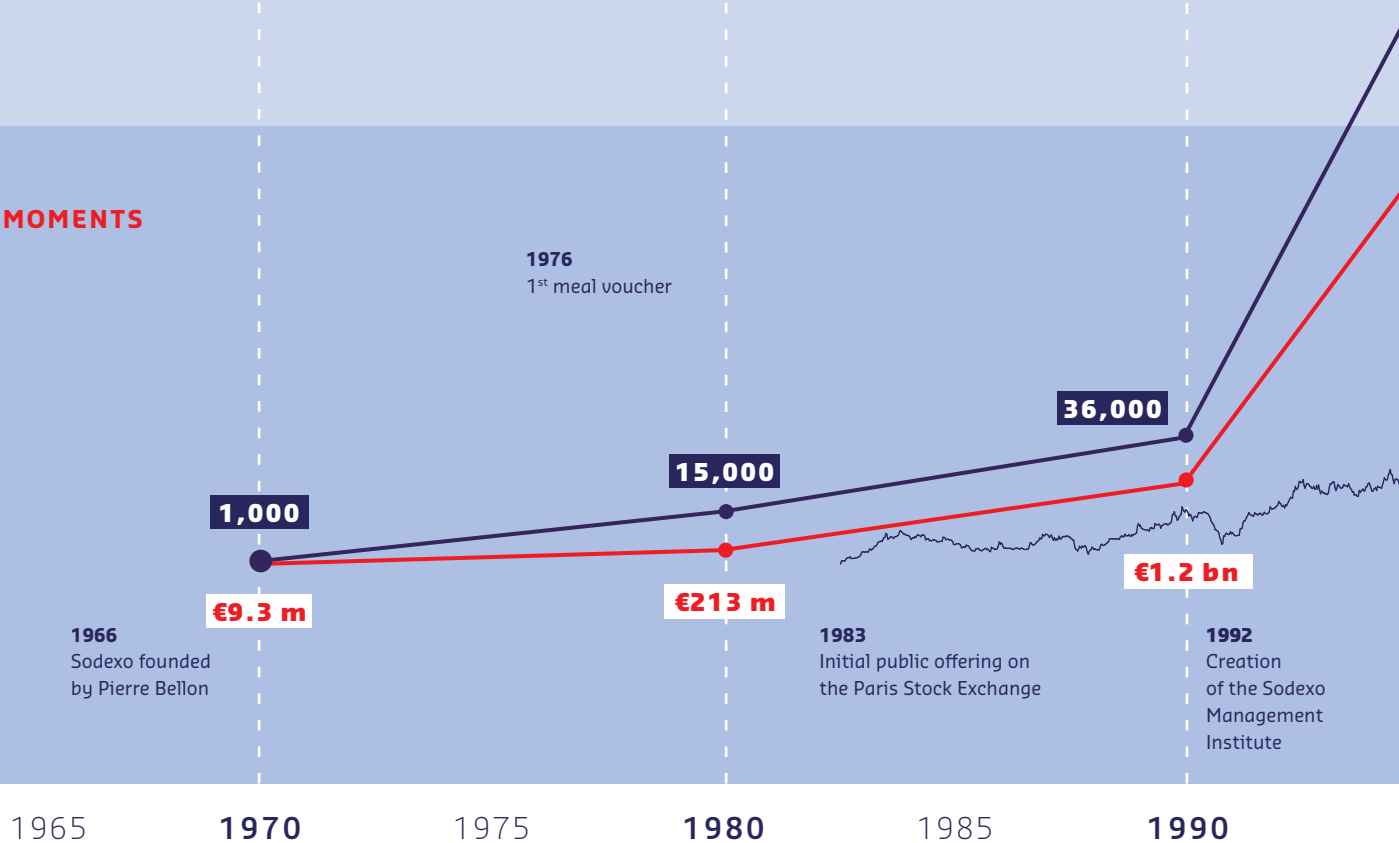
QUALITY OF LIFE OFFERS AND SERVICES

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





OUR CORPORATE RESPONSIBILITY

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 72 countries where we operate.

Our mission is to improve quality of life for our employees and all who we serve while contributing to the economic, social and environmental development of the communities, regions and countries in which we operate. As a global business, we have three different, but connected roles: we are an employer, a service provider and a corporate citizen. Better Tomorrow 2025 is helping us anticipate stakeholder expectations and produce outcomes that make a tangible difference. An industry reference, fully engaged in promoting diversity, the development of small and medium local business and waste management, we are committing the resources to improve quality of life for all.

Responsibility is at the heart of our business model.

Our nine commitments are based on tangible and measurable objectives that allow all of our entities to monitor and drive progress.

OUR 9 COMMITMENTS AND OBJECTIVES BY 2025

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

(1) 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 KEY FIGURES

MEASURING OUR PERFORMANCE

As well as a negative currency effect in Fiscal 2018, Sodexo's performance has been impacted by some execution issues and a lack of growth in North America, particularly in the Education and Health Care segments. Growth is an essential ingredient in the Group's business model, providing the means to satisfy all stakeholders and we are determined to return to better growth.

FISCAL 2018

20.4

billion euro
in consolidated revenues

651

million euro
in Group net income

460,000

engaged employees

81%

employee retention rate

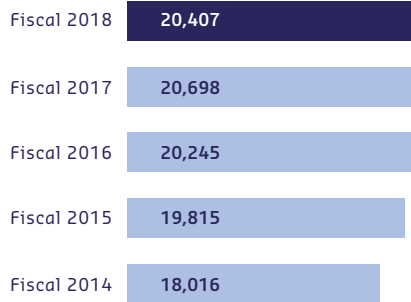
93.8%

client retention rate

Source: Sodexo.

Our financial key figures

EVOLUTION OF CONSOLIDATED REVENUES (IN MILLIONS OF EURO)



20.4

BILLION EURO

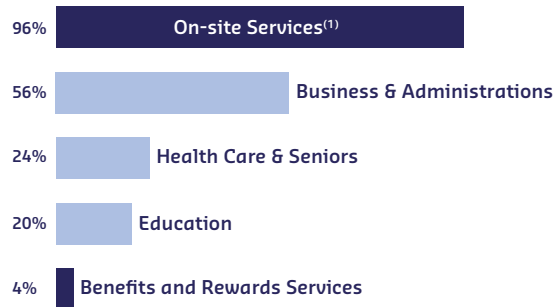
Consolidated revenues

5.5%

Underlying operating margin

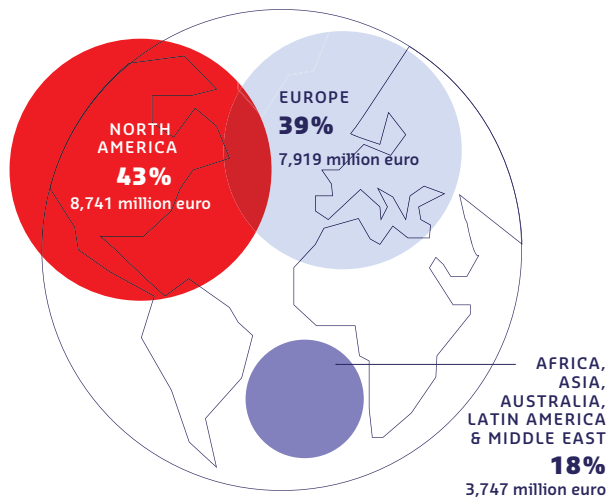


REVENUES BY ACTIVITY AND CLIENT SEGMENT (FISCAL 2018)

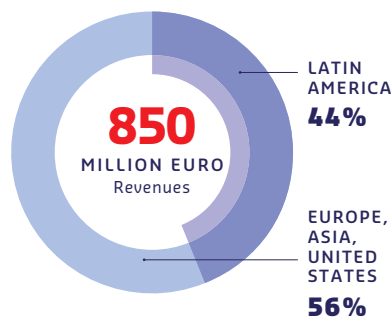
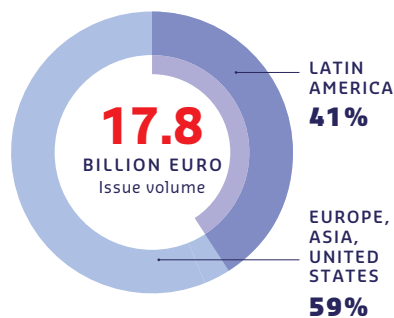


¹ Including Personal and Home Services.

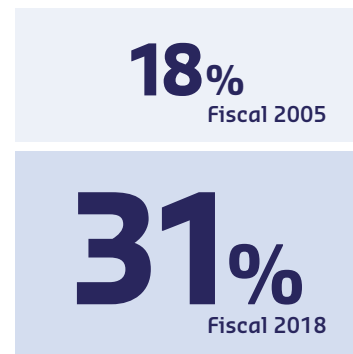
CONSOLIDATED REVENUES BY REGION (FISCAL 2018)



REVENUES AND ISSUE VOLUME, BENEFITS AND REWARDS SERVICES (FISCAL 2018)

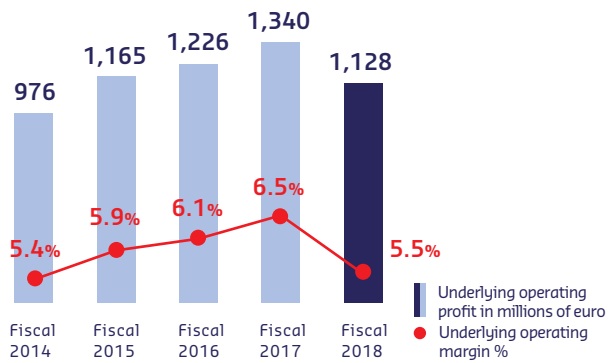


FACILITIES MANAGEMENT SERVICES' SHARE OF REVENUES



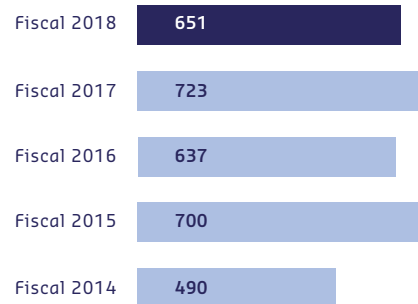
RESULTS AND RATIOS

UNDERLYING OPERATING PROFIT



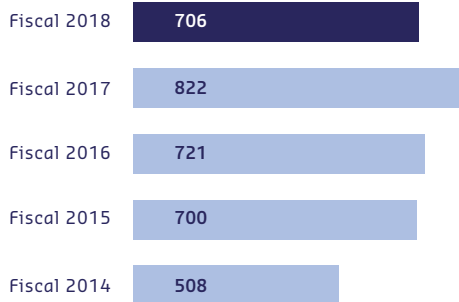
GROUP NET INCOME

(IN MILLIONS OF EURO)



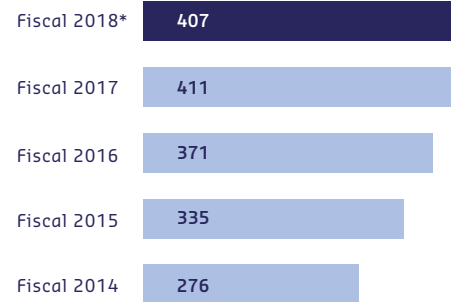
UNDERLYING NET INCOME

(IN MILLIONS OF EURO)



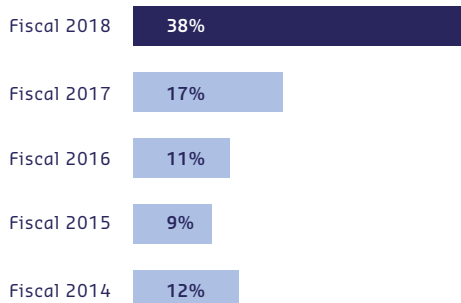
DIVIDEND

(IN MILLIONS OF EURO)



* Subject to approval at the Annual Shareholders' Meeting of January 22, 2019.

NET DEBT AS A PERCENTAGE OF SHAREHOLDERS' EQUITY*



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

RATING

Standard & Poor's
(long-term)

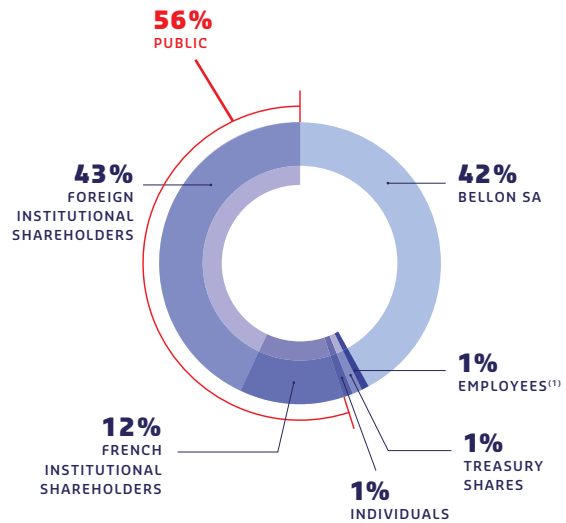
A-

SODEXO SHARE

SHAREHOLDERS AS OF AUGUST 31, 2018

A controlling family shareholding:

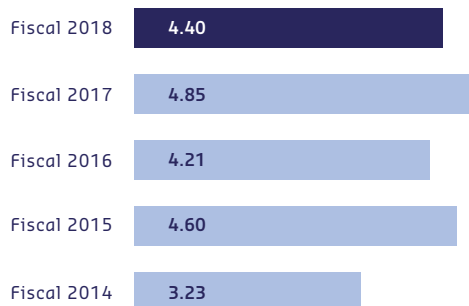
- Our independence is ensured through the Bellon family shareholding: Mr. and Mrs. Pierre Bellon and their children control 72.6% of Bellon SA.
- As of August 31, 2018, Bellon SA, held 42.2% of Sodexo's capital and 57.2% of the exercisable voting rights.



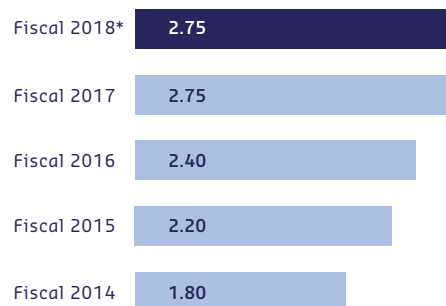
Source: Nasdaq.

¹ Including the free share grants held in registered form by employees and still subject to a lock-up period.

EARNINGS PER SHARE (IN EURO)



DIVIDEND PER SHARE (IN EURO)



* Dividend subject to approval at the January 22, 2019 Shareholders' Meeting.

SODEXO SHARE PRICE TREND FROM SEPTEMBER 1, 2017 THROUGH TO AUGUST 31, 2018

Sodexo -8.5%
Cac 40 +6.3%

TSR (TOTAL SHAREHOLDER RETURN)

**Over the past five fiscal years:
+9.7% per year**

Market price at the end of the period
- market price at the beginning of the period
+ dividends paid over the period

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 460,000 people from diverse backgrounds, we are committed to being an employer of choice.

ENGAGED EMPLOYEES

69%

Employee engagement rate
(+1 point)⁽²⁾

73%

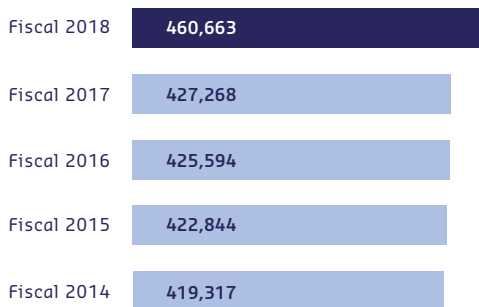
of employees feel that their personal values are aligned with the values of Sodexo

80%

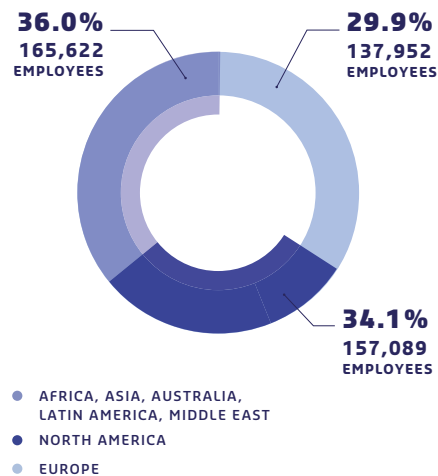
of employees feel that Sodexo is a socially and environmentally responsible organization

EMPLOYEES WORLDWIDE

END OF YEAR WORKFORCE



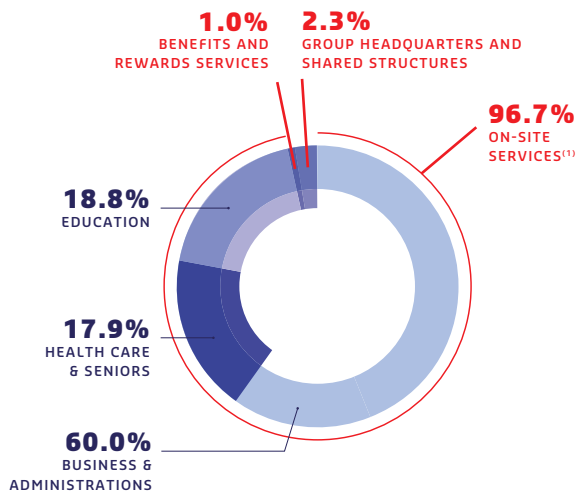
WORKFORCE BY GEOGRAPHICAL REGION



¹ 2018 Fortune 500 ranking.

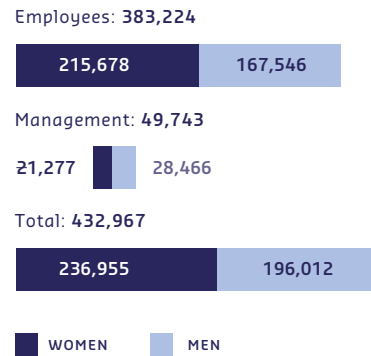
² 2018 employee engagement survey sent to 386,262 Sodexo employees of whom 62% responded.

WORKFORCE BY ACTIVITY AND BY CLIENT SEGMENT
(FISCAL 2018)



¹ Including Personal and Home Services.

GENDER DISTRIBUTION OF THE WORKFORCE
(FISCAL 2018)
(Excluding Centerplate, acquired during fiscal year 2018)



RETENTION RATE⁽¹⁾
(Excluding Centerplate, acquired during fiscal year 2018)

80.9%
for total workforce

86.6%
for site managers

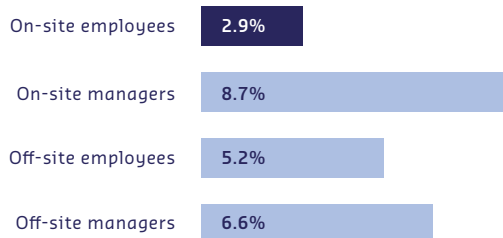
¹ During Fiscal 2017, the following modifications were made to the indicators: retention rate is now calculated on resignation after more than 3 months of service.

Retention rate for site managers	Countries
>90%	Argentina, Belgium, Brazil, Chile, Finland, France, Germany, Italy, Netherlands, Spain, Sweden
80%-90%	Canada, China, Colombia, UK, U.S.
<80%	India, Russia

INVESTMENT IN EMPLOYEE DEVELOPMENT
(Excluding Centerplate, acquired during fiscal year 2018)

- **14.6** average hours of training provided annually per employee
- **79.3%** of total workforce participated in at least one training during the fiscal year

INTERNAL PROMOTION RATES BY CATEGORY
(Excluding Centerplate, acquired during fiscal year 2018)



ABSENTEEISM
(Excluding Centerplate, acquired during fiscal year 2018)

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 2018.

- 2. Ensure a diverse workforce and inclusive culture that reflects and enriches communities we serve**

37%

of women

on the Executive Committee

54%

of women

on the Board of Directors

- 4. Provide and encourage our consumers to access healthy lifestyle choices**

65.6%

of client sites

implementing actions that proactively address Sodexo's 10 Golden Rules of Nutrition, Health and Wellness

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

96.9%

of Group revenues

of countries employing environmental experts

47

countries

participated in waste prevention campaigns such as WasteLESS week, with actions focused on reducing water, food, energy, and paper waste as well as encouraging recycling

- 5. Promote local development, fair, inclusive and sustainable business practices**

93.6% of spend with contracted suppliers having signed Sodexo's Supplier Code of conduct

4.4 billion euro of our business value benefiting SMEs

6. Source responsibly and provide management services that reduce carbon emissions

80.7% of sustainable fish and seafood as a total of fish and seafood

7. Fight hunger and malnutrition

More than **1** million euro

invested in programs to empower women working to end hunger in their communities

93,000 volunteers committed

1 U.S. dollar given is 1 U.S. dollar invested in the fight against hunger

8. Drive diversity and inclusion as a catalyst for societal change

89.1%

of Group revenues

of countries with initiatives to improve the quality of life of women

9. Champion sustainable resource usage

65.9%

of Group revenues

of countries working to deliver on the United Nations' food waste objective

GROWING OUR BUSINESS RESPONSIBLY

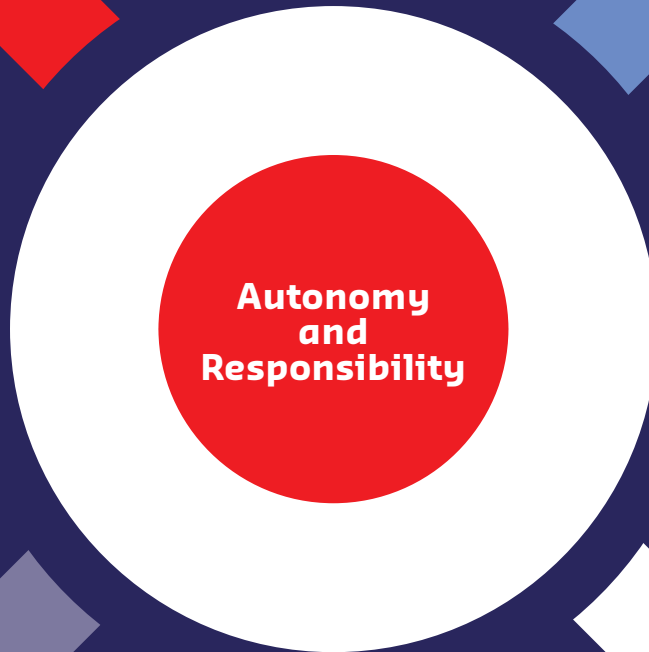
With the size of our potential markets and our leadership in multiple domains – including foodservices and facilities management, our commitment to social and environmental responsibility, innovation and the leveraging of digital technologies – the opportunities for growth are considerable. To capture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

**Client
and consumer
centricity**

P. 46

**Enhancing
operational
efficiency**

P. 54



**Autonomy
and
Responsibility**



**Nurturing
talent**

P. 60

**Anchoring
corporate
responsibility**

P. 68



Client and consumer centricity

Sodexo has adopted a focused approach to client and consumer centricity to achieve its growth and profitability objectives.

Understanding and anticipating their needs is essential and this centricity also helps to better understand our markets and therefore to differentiate our services from those of our competitors. Through constant innovation, the Group develops and refines its service offers to respond to client challenges, whether local or global, throughout the world and across all of its segments and activities. Sodexo's broad range of Quality of Life services helps clients improve their performance, optimize costs, achieve operational efficiencies and drive employee engagement. Successes in Fiscal 2018 reflect Sodexo's ability to capitalize on its strengths, retaining clients, winning new contracts and positioning itself to accelerate growth.



93.8%

Sodexo client retention rate



100

million
number of consumers served by Sodexo teams worldwide each day



31%

portion of On-site Services revenues generated through facilities management services



SERVING CLIENTS AND CONSUMERS IN GROWTH MARKETS

Capturing dynamic growth in Brazil, China and India

Over the last 10 years, the Group has progressively strengthened its roots in economically dynamic countries like Brazil, China and India.

Present in Brazil since 1977, the Group now employs more than 40,000 people and serves 7.5 million consumers. Sodexo has become the leader in Brazil's highly competitive Benefits and Rewards Services market, with the country's broadest portfolio of services.

In China, Sodexo has grown at the same pace as its clients since its arrival in 1995, through its comprehensive range of on-site services. Each day, 2,000 clients and their

735,000 consumers benefit from the services delivered by 16,600 Group employees.

Sodexo has operated since 1997 in India, which has doubled its GDP over the past decade to become the world's fifth largest economic power in 2018, according to the World Bank. The Group employs more than 40,000 people in India, serving 3.8 million consumers. With the attractiveness to clients of its historical positions in these high-potential markets and its economic, social and environmental commitments, Sodexo is well-positioned to meet the emerging needs of a growing middle-class.

SUCCESS STORY IN INDIA

Leveraging competitive advantage in an enormous market

In India, Sodexo Benefits and Rewards Services further extended its position as the market leader in the employee benefits market, strongly differentiating itself from its competitors and reinforcing its value proposition for clients. Through the equity built over 21 years in the market, Sodexo has become the gold-standard in the category, reflected in its extensive portfolio and unique proprietary network of more than 100,000 merchants. In Fiscal

2018, Sodexo became a 100% digital company in India, making it a significant part of the government's Digital India movement. In a five-month period, Sodexo teams migrated more than 1 million consumers from paper voucher transactions to digital, despite a highly complex IT and operational environment. The move has opened new opportunities of partnership for the Group with large companies and more than 1 million small and medium sized enterprises.

DRIVING GROWTH IN THRIVING MARKETS

Enhanced digital food experience in Israel

In Israel, Sodexo Benefits and Rewards Services is driving growth using an innovative business model that keeps technology and consumer focus at the heart of its business. Sodexo's renewed digital ecosystem and an app with features such as pay-at-table, delivery and one-click orders support the full food experience, including cafeterias, vending machines, restaurants, delivery and carry out. Enhanced with multiple payment options, including mobile payment and credit card top-up, this renewed digital ecosystem provides clients and consumers with a seamless and state-of-the-art experience. This focus and deep consumer understanding has enabled Sodexo Benefits and Rewards to gain a 60% share of a market where consumers have the choice among several players.

+22%

increase in Sodexo Benefits and Rewards Services revenues in Israel for Fiscal 2018

+60%

Sodexo Benefits and Rewards Services share of India's meal benefits market

5 billion euro

untapped meal benefits market in India



IDENTIFYING KEY WORKPLACE TRENDS

Harnessing collective intelligence for improved performance

Gen Z, the Internet of Things and gender balance are among the forces shaping tomorrow's workplace explored in Sodexo's 2018 Global Workplace Trends. Seven critical factors are identified that affect the future of work and contribute to an improved workplace experience, enhancing

company performance and, ultimately, employee engagement. Among the insights is the need to foster collective intelligence across all workplace domains by creating an emotionally intelligent workplace. Other trends include the increasing role of employees in companies' corporate responsibility

strategies, the sharing economy and the impact of technologies through Human Capital Management 3.0. By understanding and anticipating these trends, Sodexo is able to focus its human-centered and experience-based solutions to most effectively boost client performance.

AGILE, INNOVATIVE APPROACH IN TURKEY

Sodexo Benefits and Rewards Services focuses on SMEs

A renewed emphasis on small and medium sized clients (SMEs) is paying off in Turkey for Sodexo Benefits and Rewards Services. By improving sales effectiveness, leveraging digital and building a simplified customer journey, Sodexo is transforming its sales and marketing approach to drive growth, strengthen retention, accelerate development and reduce costs. In Turkey, enhancements to Sodexo's digital marketing capabilities, sales organization and loyalty programs has helped double the number of contracts and increased revenues.



EUROPEAN INVESTMENTS DIVERSIFY BENEFITS AND REWARDS SERVICES' OFFER

Focusing on rising client and consumer interest in health and wellness

As part of the Benefits and Rewards Services activity's continuing diversification and transition from providing employee benefits to delivering an employee experience, Sodexo strengthened its health and wellness offering through new investments in Europe. In France, the Group took a minority stake in the startup Gymlib, which offers access to more than 200 sports activities in 2,000 partner clubs. In Spain, Sodexo acquired GymForLess, another startup that facilitates sports and well-being in companies through an online platform offering access to over 1,000 gyms and fitness centers for more than 200,000 consumers and company employees. The moves are a response to rising consumer interest in healthier lifestyles and the growing client awareness in the bottom-line

impact of healthier employees through reduced absenteeism and increased productivity, loyalty and engagement.

70%

portion of SMEs in Sodexo Benefits and Rewards Services client portfolio

2x

Benefits and Rewards Services contracts doubled in Turkey as a result of additional actions focused on SMEs

86 billion euro

estimated size of Incentive & Recognition market (Poland, UK, U.S.)

37 billion euro

estimated size of Corporate Health & Wellness market

SUPPORTING THE FAST-GROWING PHARMA SECTOR

Shared focus on quality of life

Sodexo continues to make inroads in the pharmaceuticals sector, implementing a targeted strategy begun in 2009. With its focus on patient outcomes and quality of human life, the pharmaceutical industry's mission statement resonates with Sodexo's DNA. As it has grown alongside big pharma companies, Sodexo has established leading positions in Belgium, France and the UK, enabling it to develop specific capabilities such as quality and compliance with the most rigorous standards, lab services and critical environment engineering. These assets are being leveraged to drive further growth by increasing Sodexo's presence in markets such as China and the U.S. and by focusing on fast-growing pharma business areas such as biotech.



15,000
number of Sodexo employees

providing daily support to pharma clients on drug research, patient safety and talent retention



SERVING THOSE WHO SERVE

Major contract extended with U.S. Marine Corps

47

number of U.S. Marine Corps mess halls served by Sodexo

38

countries representing

98.5%

of On-site Services revenues, hold either ISO 9001 or ISO 22000 certification for food safety

Sodexo is increasingly using digital food process control technologies to ensure consistent food safety and quality standards, as well as seeking certification where possible. An example is the successful piloting of the "iCertainty" app at multiple U.S. Marine Corps (USMC) mess halls. Sodexo teams serve 29 million meals

at 47 USMC mess halls in the U.S. each year. The renewal of this contract this year demonstrated USMC confidence in Sodexo's ability to meet its demanding standards. The major win reflects Sodexo's solid 15-year track record with the U.S. Marines and its expertise and experience serving troops in the field and on military bases around the world.



DEVELOPMENT OF APPLICATIONS FOR THE AUTONOMY OF DEPENDENT PERSONS

Technology serving seniors

Technology is a key driver in quality care, so Home Care is piloting AI (Artificial Intelligence) and AR (Augmented Reality) toolsets as care enhancers. Elli-Q is an AI-driven social robot designed to engage elders through activities, interactions and family connections. Embodied Labs provides a powerful experience by using virtual reality (VR) to help users understand what it means to have dementia, hearing loss or macular degeneration. Mya is an AI hiring tool that engages caregiver candidates to improve the applicant experience.

For the third year, Home Care North America was awarded Aon Hewitt's "Best Employer" award and earned an NPS ⁽¹⁾ of 79 based on client feedback. Home Care Ireland ranked third in Indeed's "Top 25 Places to Work in Ireland." Home Care Ireland and France have rolled out a caregiver app to engage and increase satisfaction.



CONTINUING TO BENEFIT FROM STRONG GROWTH IN THE CHINESE MARKET

Sodexo signs with Daye hospital

In China, the rapid emergence of the middle class and economic and social transformation are creating new aspirations in Chinese society. For Sodexo, operating in China since 1995, these developments represent new opportunities. With its comprehensive service offering in the Corporate segment, Sodexo is particularly focused today on the hospital foodservices market. In Fiscal 2018, the Group signed a contract with the hospital of the city of Daye in Hubei Province to serve meals for patients and staff in the 900-bed public hospital. Sodexo has received numerous awards in recent years, recognizing its contribution to the Chinese economy. For example, in 2017 and 2018, Sodexo received the "Gold Medal of the Top 10 Restaurant Brands in China."

ACQUISITION STRENGTHENS LEADERSHIP IN MINING SECTOR

Extending service delivery in Australia

Sodexo reinforced its position as the leading provider of facilities management services to mining sites with the acquisition of contracts and certain assets of Morris Corporation in Australia. Morris Corp has 50 years of experience providing quality remote village and asset management services to the country's mining and oil & gas firms. The deal, announced in November 2017, complements Sodexo's existing footprint in Australia's western region with Morris' presence in the east of the country. The common commitment to safety, sustainability and quality of life helped facilitate a successful integration.

Since November 2017:

+13%

increase in revenues

97.5%

client retention rate

¹ The NPS (Net Promoter Score) indicator is widely used by companies to track the loyalty of their customers and the customer/brand relationship by asking them a single question: "What is the probability that you would recommend company/brand/product X to a friend/colleague/family member?"

HEALTHCARE LEADER CHOOSES SODEXO

Facilitating patient services in Santiago

In Latin America, Sodexo was chosen by British United Provident Association (BUPA) to provide culinary services for patients and staff, as well as retail and cleaning services at Clinica BUPA in

Santiago, Chile. Sodexo was selected on the basis of its strong reputation and its ability to deliver an app, fully integrated with the hospitals' back office systems for patient meal ordering,

transportation and other services. The clinic in Santiago is the largest in BUPA's global system, which extends to 190 countries around the world.



SODEXO BECOMES ONE OF THE WORLD LEADERS IN SPORTS & LEISURE

Acquisition of Centerplate Inc. on January 1, 2018

This acquisition significantly strengthens Sodexo's position in the North American market and makes the Group a leader in the sports and leisure market in the United States and around the world.

In the United Kingdom, it supports the development strategy of its portfolio of stadiums, cultural destinations and convention and conference centers.

The acquisition also positions Sodexo as a leading player in the sports and leisure sector, doubling its global presence and sales.

Centerplate provides food and hospitality services at sports, convention and entertainment facilities in the U.S., Canada and the UK, as well as Spain. It has been chosen to deliver services at events such as the American Super Bowl and other major sports' championship games, U.S. presidential inaugural balls and many of North America's most highly renowned conventions.

In the UK, Centerplate operates on more than 50 premium sites and some of the nation's leading national monuments and tourist attractions.

Sodexo Sports & Leisure worldwide:

Nearly

39,000

employees

Nearly

700

sites

More than

150

professions: captains, costume designers, Michelin-starred chef, *Meilleur Ouvrier de France*, etc.

DELIVERING THE DIGITAL RESTAURANT EXPERIENCE

New solutions respond to rapidly evolving consumer expectations

85%

share of revenues from repeat customers

Responding to new consumer expectations, Sodexo is making targeted acquisitions, partnering with startups and adding digital capabilities to create the meal experience of the future – today. In the U.S., Sodexo invested in a partnership with EAT Club, the fastest-growing provider of corporate lunches. Employees of EAT Club member companies are provided with the option to choose from a diverse, sophisticated menu of food options through EAT Club’s website or mobile app. Meals can be ordered in advance and are prepared fresh by the local culinary team before being delivered to each individual office. In France, Sodexo’s acquisition of Food Chéri enables it to respond to the needs of both companies and individuals. Using an app or Food Chéri’s online portal, consumers can order chef-prepared meal options that are chilled and ready to reheat and consume upon delivery. Meals are prepared using local and seasonal ingredients, emphasizing organic ingredients and sustainable practices. Through these and other initiatives, Sodexo is responding to the rapidly changing demands for flexibility, nomadism, simplicity and hyper-responsiveness in creating digital restaurant experience platforms.

SIMPLIFYING MANAGEMENT OF BUSINESS TRIPS

Sodexo revolutionizes business travel with Rydoo

Business trips and the associated expenses can be complex for companies to manage and create stress for employees. To make it easier for business travelers, Sodexo has launched Rydoo, a new platform dedicated to business travel. An innovative and complete solution, Rydoo, covers everything business travelers need, from: planning and booking travel to car rental, hotel reservations and managing expense reports. Rydoo is organized around two totally integrated modules: the

Travel module is a booking platform, covering flights, hotels (more than 80,000 hotels worldwide), car rental and rail; and the Expense module, which facilitates the management of expense reports. Compatible with all mobile devices, Rydoo greatly facilitates the user experience. For expense reports, for example, travelers take a picture of their receipt and send it to the appropriate department. With this innovative solution, Sodexo offers simplification for companies, especially smaller ones ill-equipped to manage

820 billion euro

estimated size of Travel and Expenses market

business travel. Rydoo already has 6,500 clients in 60 countries and more than 500,000 active users.



HELPING HOSPITALS STAY INFECTION-FREE FOR PATIENTS

Protecta combines processes, technologies and human factor

Based on its decades of expertise in hospitals, Sodexo is providing hospitals with a global infection control process through its Protecta offer. The offer responds to the growing risk of hospital-acquired infections, which affect an estimated one in 25 patients. Up to 200,000 people around the world die each year from pathogen-related infections like MRSA⁽¹⁾, C.diff⁽²⁾ or Staphylococci, often contracted in a hospital. Protecta is focused on three key priorities – skilled people, rigorous standardized processes and superior technologies. Because keeping infections at bay involves a great deal of dedicated human effort, Sodexo’s approach is underpinned by comprehensive training, meaningful recognition and a caring culture to ensure that every member of the team is an expert in controlling infections.



15%

healthcare portion of total expenditures in OECD countries the direct result of adverse effects, including infections⁽³⁾

EXTENDING A HIGH-QUALITY CHILDCARE NETWORK



Crèches de France joins Crèche Attitude

Crèche Attitude, a major player in childcare, strengthened its position in the French market with the acquisition of Crèches de France in September 2018. The transaction is fully in line with the Group’s strategy to be a leader in the private childcare sector, ensuring a high level of childcare services and supporting well-being at work and quality of life for parents of children aged 0-12 years. The 97 childcare centers of Crèches de France complete the Sodexo network, which now totals 257 facilities offering a quality welcome for children and families.

LOVING FOOD – AND THE PLANET

WWF partnership emphasizes healthy, sustainable meals

Responding to growing consumer demand for healthier meal options that taste great and are responsibly sourced, Sodexo focused its long term partnership with World Wildlife Fund (WWF) to create and implement criteria for providing dishes that are better for consumers and for the environment. The “Love of food” project emphasizes production of nutritious food by minimizing sugar, salt and saturated fat and serving more whole grains and vegetables. Innovative new sustainable menu options are increasing the volume of plant-based ingredients, contributing to meeting Sodexo’s health and wellness commitments and its carbon reduction target by reducing greenhouse gas emissions. Following a successful pilot program in 2017, the project is being rolled out throughout the UK while learnings from the experience are being shared with Sodexo’s global food development network.

34%

Sodexo 2025 carbon emissions reduction target⁽⁴⁾

65.6%

of client sites implementing actions that proactively address Sodexo’s 10 Golden Rules of Nutrition, Health and Wellness

¹ MRSA: Methicillin Resistant Staphylococcus Aureus.

² Clostridium difficile is the main etiologic agent of nosocomial diarrhea in patients on antibiotic therapy.

³ According to the World Health Organization.

⁴ Absolute reduction in Scope 1, Scope 2 and Scope 3 carbon emissions, compared to a 2011 baseline.



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 (for "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. STEP is aimed at providing the tools to not only identify performance issues faster, but also to better understand the reasons for any underperformance in order to implement the most effective corrective actions.

“STEP”: FOCUSING ON OPERATIONAL EFFICIENCY

Driving Group-wide improvements

Sodexo is implementing a performance management framework called STEP (for ‘Sodexo Targets for Enhanced Performance’) to support its “Focus on Growth” strategic agenda and achieve solid, profitable growth. STEP covers seven specific areas, which support all four pillars of the Group’s Strategic Agenda.

The implementation of STEP, which is currently being rolled out across the Group, requires action on three levels. First, building a consistent language and culture of performance shared across all segments and geographies. Second, defining key performance indicators that are meaningful to all levels of the company. And last, providing a dashboard that will provide the teams with quick and easy access to information.

Improving operational efficiency is one of STEP’s major short-term



priorities. It is essential to be able to invest in the development of new business capabilities. To achieve this, STEP focuses initially on three areas: labor efficiency and material costs, which impact gross margin, and overhead costs, which most directly affect operating profit. Other priorities this fiscal year include client sales and marketing to increase sales to support growth. In each of these areas, key operational levers are identified on which teams can act to impact operational performance, thereby improving financial performance. In terms of labor efficiency, for

Step implementation phases:

- 2018: Operational KPI definition
- Beginning February 2019: STEP dashboard building and sharing
- Beginning September 2019: Training and implementation
- Beginning September 2020: Full performance management

example, by acting on operational levers like number of hours worked, overtime and temporary labor, on-site teams can directly influence two key operational performance indicators: labor productivity (revenue per hour worked) and the cost of labor (average cost per hour worked). Activating these levers positively impacts financial performance.

Successfully tested in several countries, the STEP initiative on labor efficiency is the first to be deployed throughout the Group during Fiscal 2019.



OPTIMIZING FOOD SERVICES OFFER AND PROCESSES

“Evolution” kitchen initiative delivering multiple benefits

Evolution program results:

30%

reduction of electricity and water consumption

20%

reduction in cooking time

90%

reduction in injuries

In an increasingly competitive environment, Sodexo launched the Evolution kitchen initiative to transform the way it delivers food services through innovation. A comprehensive approach to renew the Group’s value proposition, Evolution maximizes efficiency and productivity while improving the quality of life experience, in particular for Sodexo employees due to less heat, noise and manipulation of dishes, and therefore accidents in the kitchen. Evolution impacts the preparation and process of meal recipes, implementation of new technologies in kitchens and dining halls and standardization of production processes. In its onsite kitchens, Sodexo has created a new generation of high-quality product preparations, called “Culinary Basics,” to increase flexibility



and efficiency. Improvements achieved through the initiative are enabling Sodexo to continue to retain clients and strengthen its leading position in Latin America. Launched in Peru in 2014, the Evolution program has been applied on 217 sites in Latin America, is being actively tested in India, as of March 2018, and is being evaluated for possible implementation in other regions.

DEVELOPING CROSS-SEGMENT APPS

From SoHappy@school to SoHappy@work

The launch of the SoHappy app for School foodservices and its adaptation to the Corporate segment illustrates Sodexo's ability to apply its offerings and share costs across its segments. To meet the increased demands of consumers for on-site foodservices and enrich their experience, Sodexo is developing apps that offer menu, calorie and allergen information. New features such as click and collect or click and deliver improve ease of use. Launched in France in September 2016, SoHappy@school was the first mobile app for school foodservices. It enables families to use their smartphone to directly consult the menu at their children's school,

pay their cafeteria bill, find recipe ideas for the evening and benefit from daily information. Deployed today in over 2,500 schools around the world, SoHappy has been adapted for corporate employees using the same technical platform. The result is SoHappy@work, providing employees with menus, news, frequency levels at their corporate restaurant as well as the ability to pay with their rechargeable badge. The app's new features transform it into a true quality of life platform, integrating Sodexo's partners such as FoodChéri delivery services and Neo-Nomade for managing meeting rooms and access to shared work spaces.



WASTELESS WEEK

Engaging clients, consumers and teams to protect the planet

In Fiscal 2018, more than 3,500 Sodexo sites in 47 countries took part in the WasteLESS Week annual campaign, an effort to promote the importance of reducing the waste of resources and simple actions all can take. Conducted each year in October, the five-day campaign engages Sodexo teams, clients and consumers to participate in waste prevention actions such as reducing water, food, energy and paper waste and encouraging recycling. Education and training activities such as WasteLESS Week are helping to ensure that integrated waste management will be a core part of each site's overall management practices.

2025 objective:

50%

reduction in Sodexo's global food waste

38.8%

of client sites participating in WasteLESS Week or equivalent campaign

REINFORCING AGILITY THROUGH OPEN INNOVATION

Creation of the Sodexo Ventures investment fund

In a rapidly evolving market, it is essential to combine the agility of young pioneering companies with Sodexo's investment capacity and experience. By forming partnerships with startups and collaborating with its entire ecosystem, the Group is able to better understand the evolution

of its markets, increase its capacity for innovation and thereby evolve its services. This is why Sodexo Ventures, a 50 million euro strategic investment fund, was launched in 2016. Over the past two years, Sodexo Ventures has been involved in a number of startups: Wynd (a SaaS⁽¹⁾ provider of order

management software for restaurants and retail businesses), Neo-Nomade (France's leader in shared workspace reservations), Klaxit (a car-sharing app for commuters) and Life Dojo (a digital coaching platform).

¹ Software as a Service.

SHRINKING OUR CARBON FOOTPRINT

Partnership with WWF helps drive continued progress



Since 2010, Sodexo has pursued its carbon reduction strategy in partnership with the World Wildlife Fund (WWF), one of the world's largest and most experienced independent conservation organizations. The collaboration has produced a methodology and tools to calculate the carbon emissions within Sodexo's value chain and led to the establishment of a science-based absolute carbon reduction target for the Group: a 34% reduction⁽¹⁾ in greenhouse gas emissions by 2025. Actions being taken by Sodexo in pursuit of this goal include working with its suppliers to reduce emissions throughout the supply chain and implementing responsible behavior and sourcing initiatives that

include more sustainable products, supplies and equipment. For its clients, the company provides Energy Management Services that track and reduce energy consumption and carbon emissions. Sodexo's offer includes deploying energy efficiency interventions and integrating low-carbon renewable sources into the client company's energy mix. Sodexo also works to facilitate universal implementation of its best practices that reduce carbon emissions at both its own and client sites. In addition, ongoing efforts are aimed at improving meal production processes and reducing food waste along with the energy and water used to produce the food. To continue its progress toward its commitment, Sodexo worked with WWF in Fiscal 2018 in selecting I Care & Consult and ECO2 Initiative for their technical and strategic expertises to help in establishing, implementing and measuring the effects of the Group's carbon reduction actions.

2025 objective:

-34%

in our greenhouse gas emissions by 2025⁽¹⁾

NEW APP FACILITATES LIFE ON REMOTE SITES

Digital platform promising for all

With its new "My Village App," Sodexo is creating an alternative access to our services for consumers and clients at remote sites around the world. The app includes a personalized home screen based on user preferences and dynamic content that is updated throughout the day. An array of standard and custom features facilitates actions such as check-in and check-out, facility induction, food ordering, activity reservations, maintenance and incident reporting and tracking and team communications. In developing the app's technical platform, Sodexo adopted a consumer-focused approach that included design thinking to understand key challenges for the consumers, workshops with clients to generate ideas and prototyping and piloting phases prior to full roll-out. Launched with global Energy & Resources clients in fall 2018, the app also holds significant potential for deployment across all segments.

COLLABORATING WITH INCUBATORS TO ACCELERATE INNOVATION

Sodexo partners with The Camp, Paris&Co, The Village by CA in France and XNode in China

Collaboration with startup incubators and accelerators is another important means to accelerate the development of innovative quality of life projects. In April 2018, Sodexo signed a partnership with XNode, one of the leading startup incubators and accelerators in China,

a key market for Sodexo and one of the most active in digital transformation. In addition to identifying pioneering companies in China and Asia that meet the Group's needs, XNode will also be able to incubate and help develop projects. Another illustration of this open innovation strategy is the partnership with Thecamp, an innovation campus dedicated to the smart and sustainable city launched in July 2015 in France's Aix-en-Provence region. Sodexo is also a member

of Paris&Co, an economic development and innovation agency in Paris, and Le Village by CA, a leading cooperative space dedicated to young innovative companies launched by Crédit Agricole. These examples illustrate how Sodexo is leveraging ecosystems linking startups and large companies to accelerate the development of innovative projects and imagine the Quality of Life services of tomorrow.

¹ Absolute reduction in Scope 1, Scope 2 and Scope 3 carbon emissions, compared to a 2011 baseline.

GLOBAL PROGRAM HELPS CUT FOOD WASTE

Demonstrated results through “WasteWatch”

Sodexo Group is a global leader in fighting the food waste crisis. As a member of Champions 12.3, initiative linked to the United Nations Sustainable Development Goal 12.3, Sodexo has joined a global effort to reduce food waste by 50% by 2030, and has committed to tracking food waste at all of its sites as one of its Better Tomorrow 2025 objectives. Among Sodexo’s initiatives to reduce food waste is its WasteWatch program. The company introduced the next generation of waste prevention tools (WWxLP) developed through its partnership with LeanPath, provider of the world’s most advanced automated food waste tracking and analytics platform. Using this program, Sodexo site teams are able to rapidly and easily capture food waste data, take action based upon intuitive analytics and drive cultural and behavioral change to help end avoidable food waste, whether food waste generated in the kitchen or consumer food waste. It has been proven, on average, to reduce food waste by 50% and to reduce purchases by 3%. Sodexo’s objective is to extend the program to 70% of its food sites by 2020, rising to 100% by 2025.

87.5%

of client sites implement equipment and process steps to reduce their organic waste

80.6%

of client sites implement equipment and process steps to reduce their non-organic waste

SODEXO SIGNS GLOBAL PARTNERSHIP WITH MICROSOFT

Accelerating the Group’s digital transformation

In September 2018, Sodexo signed a global agreement with technology leader Microsoft. The partnership combines the companies’ unique strengths to change the work experience delivered by Sodexo globally and optimize real-estate management. To continuously improve and enhance its Quality of Life services, the Group uses an integrated information platform, a key pillar in Sodexo’s digital transformation. The platform combines different productivity solutions from Microsoft, including Dynamics 365 and Azure as well as Microsoft’s Artificial

Intelligence and object intelligence capabilities. It is a place of work and collaboration for all Group teams around the world and offers Sodexo’s employees, clients and consumers new value-added services.

In addition to improving Sodexo’s own facilities management processes, the efficiency gains will achieve significant savings for its clients. For Microsoft, the partnership provides a key opportunity to bring the most value to its technologies in becoming part of the Sodexo ecosystem.

SMOOTHING THE STAKEHOLDER’S DIGITAL JOURNEY

Optimizing processes, payment tools

Through its strategy of data digitization, Benefits and Rewards Services is bringing additional value to clients, consumers and merchants. By strengthening its digital platform, Sodexo is offering an improved user experience to stakeholders while maximizing new business opportunities. Digitization of its offers and upscaling its capabilities are among the visible steps Sodexo is taking. Another key area is digitization of tools to ensure a smooth and seamless journey for each stakeholder. For example, a small or medium enterprise entering Sodexo’s website is able to understand its offer and buy directly thanks to a seamless digital journey that answers all their potential questions and supports their buying decision and final action. Sodexo is also helping to reduce costs by accelerating the migration of paper toward digital transactions, which are 50% less expensive than paper vouchers. Other digital-related cost savings measures include standardizing internal processes and revamping back-end IT systems.



73%

percentage of Sodexo Benefits and Rewards Services’ issue volume generated from digital (vs paper vouchers)

95.5%

percentage of paper vouchers recycled

STRENGTHENING A LONG-TERM PARTNERSHIP WITH SHELL

Standardizing processes, optimizing costs

Since 1973, Sodexo has been delivering services to Shell, a leading oil and gas multinational. Today, it provides a full range of facilities management services to support 20,000 Shell employees on 79 sites in 12 countries and across diverse environments, from offshore platforms and vessels to office sites. A dedicated team ensures the continued delivery of industry-leading services, which range from soft FM services such as cleaning and housekeeping, hospitality services and catering to hard FM services

such as power distribution, plant operations & maintenance and energy management. To respond to the client's local, regional and global expectations, Sodexo has implemented numerous actions to optimize costs and standardize processes. The Group has also co-created innovative technologies to enhance the quality of life of Shell employees and maintains a strong and continuous focus on HSE⁽¹⁾ standards. More broadly, Sodexo is allowing Shell to focus on its core business, while helping to

More than

130,000

number of individual pieces of equipment
Sodexo maintains for Shell globally

reduce carbon emissions. This contract, built on a common vision, opens the way to a promising future.

2

CONTRACT RENEWAL AT PRESTIGIOUS U.S. TECHNICAL SCHOOL

Proactive approach to identify client expectations

When Rensselaer Polytechnic Institute (RPI) in the State of New York decided to issue a request for proposals in the fall of 2017, Sodexo, which has provided services to the prestigious engineering school for 26 years, applied its client retention program, seeking feedback from the university's leadership to confirm the client's expectations. The review helped Sodexo to shape its contract proposal to offer services that complement RPI's cutting-edge education standards and are adapted

to its growing international student population. Sodexo's ultimately winning proposal included an enhanced retail offer, an elevated catering program with special emphasis on top-level events and an International Test Kitchen. The

proactive approach helped to reinforce trust with the client at multiple levels, demonstrating the importance Sodexo places on listening and responding to client needs while also enabling it to develop additional revenues.

375 million

U.S. dollars
projected revenues
over 10 years from new RPI
contract



¹ Health, Safety and Environment (HSE) the scope of Sodexo HSE function includes Occupational Health and Safety, Food Safety and Environment.



Nurturing talent

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

To maintain excellence in service quality while ensuring long-term growth, Sodexo focuses on three major challenges: developing 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 2018 initiatives reflect company's commitment to nurturing the potential of the talent on which it depends and that will shape its future.



6.5%

Lost Time Injury Rate (LTIR) reduction



14.6

average hours of training provided annually per employee



10

consecutive years in which Sodexo has been listed by DiversityInc as a Top Company for Diversity

PROMOTING QUALITY OF LIFE AT WORK

Our fundamentals

Convinced that quality of life at work is a major source of professional commitment and organizational performance, Sodexo guarantees the following fundamentals to all of its employees around the world:

Performance-based culture	• A MANAGEMENT CLEARLY STATING THE MISSION AND OBJECTIVES
	• REGULAR FEEDBACK ON INDIVIDUAL PERFORMANCE
Talent management	• REVIEW OF EMPLOYEE POTENTIAL AND CAREER DEVELOPMENT POSSIBILITIES
Learning & Training	• TRAINING, TOOLS AND EQUIPMENT TO ENSURE CONTINUOUS CAREER DEVELOPMENT AND OPTIMAL AND SAFE WORKING CONDITIONS
Integrity	• RESPECT FOR FUNDAMENTAL RIGHTS AT WORK
	• REGULAR AND TIMELY PAYMENT OF WAGES
	• PROTECTION OF PERSONAL DATA
	• THE GUARANTEE THAT ANY REPORT OF A VIOLATION OF OUR PRINCIPLES OF INTEGRITY WILL NOT RESULT IN RETALIATION.
Diversity & Inclusion	• EQUAL OPPORTUNITY FOR ALL
	• RESPECTFUL WORKING RELATIONSHIPS, WITH NO TOLERANCE OF HARASSMENT, DISCRIMINATION OR VIOLENCE
Health & Safety	• A SAFE, SECURE AND HEALTHY WORK ENVIRONMENT
	• FAIR SCHEDULES, IN ACCORDANCE WITH THE LAW, WITH REST DAYS AND BREAKS

77%

percentage of employees who say that Sodexo is attentive to their health and well-being



FOSTERING EMPLOYEE ENGAGEMENT

Commitment to improving the workplace

GROUP 2018 EMPLOYEE ENGAGEMENT SURVEY RESULTS

The overall level of employee engagement increased to 69% (from 68% in 2016) according to Sodexo's seventh bi-annual Employee Engagement Survey. The employee Quality of Life index measured by the survey also increased one point to 74%. Several strong positives were identified in employee perceptions of their work environment as well as areas for improvement. Areas highly rated by employees include their work environment (83% satisfaction), being an intrapreneur (68%), diversity and inclusion (82%), alignment of their personal values with those of Sodexo (73%) and pride in the company for its contribution to quality of life (83%) and commitment to corporate responsibility (80%). The engagement

survey highlighted the need to continue working on career paths and employee development. Sodexo considers the employee engagement rate to be a key element of employee management because of its direct relationship to the retention of clients and employees⁽¹⁾. Because people work better when they work in a professionally fulfilling, stable and secure environment, the company focuses on employee well-being and development and providing a workplace in which each person can contribute their best.

GROUP 2016 EMPLOYEE ENGAGEMENT SURVEY ACTION PLANS

722 action plans aimed at continuous improvement were put in place to address issues identified in the 2016 Employee Engagement survey⁽²⁾.



69%

global employee engagement rate (+1 point vs 2016)

62%

participation rate in 2018 Employee Engagement Survey (+5 points)

55

countries surveyed

¹ A 10% increase in engagement translates to +1.6 in client retention rate and +6 points in employee retention. Source: Sodexo Materiality Refresh Analysis, 2016.

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

PEOPLE-DRIVEN GROWTH

Ensuring required skills

PREPARING FUTURE GROWTH THROUGH THOROUGH WORKFORCE MANAGEMENT

Improving labor productivity is key to boosting performance, engaging employees and delivering strong and profitable growth. To achieve this, Sodexo is providing managers with training, processes and tools to better manage their payroll, demand planning and scheduling. Following its successful deployment in segments such as in Universities in North America – where front-line labor represents 50% of total costs – the technology is being progressively implemented at sites worldwide.

BRINGING NEW CAPABILITIES BY ATTRACTING EXTERNAL HIGHLY SKILLED TALENTS

In order to adapt our offers to a moving environment through digital solutions, Benefits and Reward Services

(BRS) started to look at new kinds of profiles to join the digital adventure. So BRS began its talent acquisition efforts by mapping key capabilities and hiring digital marketing experts, Product owners, data specialists, scrum masters, user experience designers, among others. They push BRS to be more agile and develop new ways of working across the organization. Thanks to their talents and new approach, combined with BRS' business acumen, the organization is building the BRS of tomorrow, improving quality of life of three main stakeholders: clients, consumers and merchants.

RIGHT PEOPLE, RIGHT SKILLS

Adoption of a unique strengths-based recruitment approach has enabled Sodexo to improve recruiting for the critical position of Prison Custody Officer (PCO) in the prisons it manages in the UK. Developed by creating a

strengths-based profile and adapting interviewing techniques, the new approach was used to recruit 362 new PCO's in the first 12 months. The initiative has contributed to increased client satisfaction and the objective of safe and decent prisons that support prisoner rehabilitation and re-integration.

ANTICIPATING SKILL SHORTAGES IN FAST GROWING COUNTRIES

Attracting the right people in the required time is key to support the growth in developing countries. To respond to its human resource needs and to contribute to the development of people facing barriers to employment (women, conflict victims, immigrants), Sodexo has opened training centers in Chile and Colombia to provide qualified and experiential training to the general population in basic FM and food capabilities, facilitating their entry to the workforce. In Fiscal 2018, more than 2,600 people were trained.

2

EMPLOYEE VOLUNTEERING THROUGH STOP HUNGER

Contributing to a hunger-free world

Stop Hunger is a global non-profit network founded by Sodexo volunteers in the U.S. 22 years ago. Since its inception, Stop Hunger relies on the continued commitment of Sodexo employees who share their time and experience. As Stop Hunger has grown, this commitment has expanded to encompass the efforts of all stakeholders within Sodexo's ecosystem, including clients, consumers, suppliers and the friends and families of its employees, who remain the backbone of Stop Hunger's actions. They are all committed to supporting NGOs and local communities in need. To accompany them in their efforts, Sodexo offers employees one paid day per year to engage in volunteer activities on behalf of Stop Hunger. The company also supports 10 missions each

year undertaken through the YEAH! program – Your Engagement Advanced Hub. The two-week missions are organized with Stop Hunger's global partner, the World Food Programme⁽¹⁾, and leverage the specialized skills and talents of individual employees to strengthen the infrastructure of nonprofits, helping them build and sustain their capacity to successfully achieve their missions. In Tunisia, for example, Sodexo supply chain experts helped a local NGO set up an effective and cost-efficient system to distribute hot meals. For employees, these missions are the chance to live their values and feel useful: *"I thank Stop Hunger for giving me the opportunity to find solutions to help future generations in Africa,"* said Emmanuel Boo Djon, South Africa Procurement Officer, after his mission in Kenya.

93,000

number of volunteers
in 53 countries

5 million

number of meals distributed

7.4 million

U.S. dollars

100% of funds collected and invested to co-build local and innovative programs, including to empower women

¹ The United Nations leading humanitarian organization fighting hunger worldwide.

COMMIT TO DEVELOPING PEOPLE

Enhancing careers and learning



GLOBAL TRAINING PROGRAMS TO INCREASE EMPLOYEE SKILLS AND TALENTS

The satisfaction of Sodexo’s clients and consumers depends largely on the skills and talents of its employees. Sodexo is committed to providing training for employees that increase their knowledge, enabling them to better deliver services to clients and consumers as well as to advance and grow throughout their careers. Learning and development also is an important means of increasing employee engagement,

which contributes to improved performance and higher employee retention. Examples of the Group’s global training programs include the “Sodexo Ambassador” program and its specialized academies. More than 880 professionals have now been trained in Sodexo’s robust approach and processes in sales through its Sales Academy. The Global Facilities Management Academy helps to develop the knowledge and skills necessary for operational managers to grow Sodexo’s Facilities Management business through courses on FM strategy to support client retention as well as health and safety.

FOCUS ON GLOBAL LEARNING AND DEVELOPMENT

Among the global training programs through which Sodexo provides training and opportunities for internal advancement to its employees are its academies. At the Sales Academy, for example, training is given in the Sodexo way of selling, including selecting the right opportunities, adopting a robust methodology for gaining client agreement and applying Go-No Go decisions. The On-Site Manager Academy will provide training to 1,500 managers in 11 languages in Fiscal 2019. The curriculum includes driving growth through relationship development with clients and identifying opportunities to cross-sell and upsell. Other priorities emphasized are managing and engaging teams, nurturing and developing talent on-site, focusing on operational efficiency, controlling costs and delivering on promises to clients.

14.6

average hours of training provided annually per employee

79.3%

of total workforce participating in at least one training

HIGH ETHICAL STANDARDS

Codes of conduct reaffirmed

Sodexo issued an updated statement of business integrity in February 2018, reaffirming its commitment to conducting all aspects of its business according to the highest ethical standards and guided by:

- statement of Sodexo’s Business Integrity principles;
- Sodexo’s declaration of respect for human rights;
- Sodexo’s corporate responsibility action plan.



11,467⁽¹⁾

number of employees trained in sexual harassment prevention

96.8%

percentage of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language

The Statement of Business Integrity sets forth Sodexo’s uncompromising standards for business integrity, which apply to all employees and to any persons acting on its behalf. The company does not tolerate any practice that is not born of honesty, integrity and fairness, anywhere in the world where it does business. Adherence to these standards is part of what it means to be an

employee of an industry-leading, best-in-class company and is key to Sodexo’s operational conduct. To ensure that these commitments are understood and applied by all, Sodexo has set up dedicated training for all, including front-line employees, and made the principles of business integrity part of the integration process for all new company employees.

¹ The sexual harassment prevention training program began in Q4 2018.

DIVERSITY AND INCLUSION

Continued leadership

Sodexo's commitment to diversity and inclusion is a cornerstone of its culture. It embraces the promotion of gender diversity and the advancement of women, the representation of all generations, the integration of people with disabilities and respect for all cultures, as well as sexual orientations and gender identity. The company's many diversity initiatives are a strength, and driver of innovation that enable it to better meet the expectations of its stakeholders.



SODEXO STUDY REAFFIRMS BETTER PERFORMANCE BY GENDER-BALANCED TEAMS

Promoting gender diversity and the advancement of women is one of Sodexo's five areas of action related to diversity and inclusion. Among the company's initiatives focused on gender in Fiscal 2018 was the release of a five-year internal study on the business impacts of gender balance. The findings reaffirm a previous Sodexo study showing that teams with a balanced mix of men and women are more successful across a range of key performance indicators, including financial performance, employee engagement and retention, client retention and safety. For example, gender-balanced management teams ranked higher than others by an average of eight percentage points in employee retention rate and 14 percentage points in employee engagement. The results add a new, compelling dimension to a growing body of research that demonstrates the business benefits of gender equity.

54%

proportion of women on the Board of Directors

3.4%

employment rate of people with disabilities at Sodexo France

45

countries have signed the Women's Empowerment Principles of the United Nations

SOTOGETHER (FORMERLY SWIFT) AND PRIDE ACTIVITIES HIGHLIGHT COMMITMENTS

Sodexo continued to lead in multiple areas, including supporting greater representation of women in leadership positions through its SoTogether (formerly SWIFT) Advisory Board. Activities during the year included a Women's Leadership Development Program in which 100 women

executives participated. Among other highlights was supporting the professional development of women through Mentoring Circles, with a strong focus on positions with P&L⁽¹⁾ responsibilities and facilities roles as well as nurturing 13 active country networks and a robust International Women's Day campaign with 80 entities participating. Women represent 34% of Sodexo's Senior Executives and 43% of all management positions. Sodexo also engaged in numerous actions to increase awareness and to promote an inclusive environment for LGBT⁽²⁾ individuals. Examples include raising awareness through the global IDAHOT Campaign for International Day against Homophobia and Transphobia, strengthening the company's partnership with the U.S. association Out and Equal, partnering with the Dutch foundation Workplace Pride, recognizing Sodexo as an employer of choice and leader in the LGBT community.

¹ Profit and Loss.

² LGBT for Lesbian, Gay, Bisexual, Trans.

A SAFE AND HEALTHY WORK ENVIRONMENT

Focused daily on well-being

“SODEXO SUPPORTS ME” SERVICE HELPS SIMPLIFY LIFE FOR EMPLOYEES

Like everyone, Sodexo employees must confront the challenges of everyday life, whether financial issues, family concerns or health-related problems. To help employees and their families work through life’s daily trials, the company offers a free web and phone counseling service, “Sodexo Supports Me.” Run by an external organization, the confidential helpline is available 24 hours a day, 365 days a year in 33 countries.

“SAFETY NETS” CAMPAIGN FOCUSES ON PREVENTION

Sodexo’s “Safety Nets” campaign is a simple, but powerful approach to help all of our managers and teams focus on prevention by identifying the Safety Nets that should be in place to keep our employees safe and to strengthen our health & safety culture. Each safety net (layer of defense) is clearly defined and is supported by tools and information. The Safety Nets start with Risk Assessment and progress through Safe Systems of Work; Training & Supervision; Physical Barriers; Tools,

Equipment & Personal Protective Equipment. Safety Nets also reinforce our safety culture ensuring a focus on Safety Walks, Safety Observations and Near Miss reporting, and dynamic risk assessment of the task using the 3 Checks For Safety.

AWARDS RECOGNIZE EXCEPTIONAL EFFORTS BY TEAMS AND INDIVIDUALS

To recognize the efforts of individuals and teams in promoting better health and safety, Sodexo held the “Have a Safe Day Awards” in December 2017. Awards were presented for creating, developing or sharing a safety best practice to help others to progress, for teams demonstrating excellence in enhancing safety and for a client contract or site demonstrating exceptional improvement or sustained high performance in safety.

STUDY EXAMINES LINK BETWEEN WORKPLACE AND HEALTH OUTCOMES

With a growing body of evidence linking the work environment with health outcomes, Sodexo has teamed with Harvard University to seek new approaches to address the

33

number of countries where the “Sodexo supports me” hotline is available

6.5%

percentage of Lost Time Injury Rate Reduction

2.7 million
U.S. dollars

amount of four-year federal grant awarded for Harvard-Sodexo study

many ways that the workplace can affect health and safety of front-line employees. Stressful conditions at work and little supervisor support have been associated with increased risk of cardiovascular disease and depression and contribute to higher absences and turnover – adding to costs for employers. Supported by a major grant from the U.S. federal government, Harvard is conducting research examining Sodexo’s front-line service workers across the Boston area, to be followed by the implementation and evaluation of practices to improve worker quality of life.

SODEXO “SAFETY OLYMPICS” FOCUSES ON LIFE SAFETY HAZARDS

Sodexo Safety Olympics is a group-wide initiative aimed at making our teams more aware of life safety hazards and how they can be managed. The Safety Olympics was made available as a mobile device App, and teams competed to achieve the highest score in several challenges. The Safety Olympics focused on life safety hazards such as electricity, fire and working at height. Over 70,000 people participated in the campaign in Fiscal 2018.





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. In addition to fostering diversity and inclusion, reducing food waste and minimizing its carbon footprint, Sodexo is particularly focused on two major issues: developing and advocating healthy and sustainable choices and sourcing locally and inclusively. Sodexo believes that corporate responsibility is a source of competitive advantage that supports its business growth. Through its corporate responsibility roadmap, Better Tomorrow 2025, it is taking steps to further strengthen its performance – as demonstrated by initiatives and actions highlighted throughout this report and the recognitions received during Fiscal 2018.



65.6%

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



96.9%

of Group revenues of countries employing environmental experts



4.4

billion euro amount of our business value benefiting SMEs



WORDS TO LIVE BY

Responsible business conduct and respect for Human rights

Being a responsible company means integrating a sustainable development approach as central to its strategy and operational activities. A fundamental commitment to business integrity and respect for human rights and the environment has been essential to Sodexo's values and ethical principles since the company's founding in 1966. A pillar of Sodexo's responsible business conduct commitments is respect for human rights. It is essential

to Sodexo's mission to improve the quality of life of its employees and of all whom it serves and to contribute to the economic, social and environmental development of the communities, regions and countries where it operates. Wherever it does business, Sodexo seeks to conduct its business in a manner that will not infringe upon the human rights of others and addresses adverse impacts resulting from its business activities.



A COMMITMENT TO ALL OUR EMPLOYEES

Sodexo's commitment to responsible business conduct is guided by statements on human rights and business integrity as well as its corporate responsibility roadmap. These statements apply to all employees, operations and business relationships worldwide. All Sodexo leaders, executives and managers are expected to know, abide by and communicate these principles and to integrate them into the company's business policies, practices and relationships. Employees are responsible for understanding and

complying with Sodexo's Responsible Business Conduct and to raise concerns or report promptly any suspected violations of laws or Sodexo policies.

A COMMITMENT TO OUR BUSINESS PARTNERS

Business partners are also expected to support and act upon these commitments. Prior to any partnership with Sodexo, suppliers and subcontractors must commit to the ethical, social and environmental practices defined in Sodexo's Supplier Code of conduct and communicate its principles throughout their own supply chain.

93.6%

spend with contracted suppliers having signed the Sodexo Supplier Code of conduct

96.8%

percentage of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language

80.5%

percentage of Group revenues of countries having implemented Sodexo's 10 People Fundamentals

Sodexo is committed to providing meaningful pathways for employees, the people in its supply chain and others affected by its business to raise concerns free from the threat of retaliation. Sodexo also respects the rights of employees to raise such concerns through lawful collective representatives and seeks to address promptly every report that it receives. The company reviews its policies and practices routinely in light of what it learns through its own due diligence and through reports received regarding its business practices or adverse impacts that may result from its business activities. This continuous review informs the development and enhancement of systems and processes, including due diligence methods, and the prioritization of areas of concern and efforts to mitigate identified risks. Sodexo reports annually on actions and outcomes relating to its responsible business conduct.

ROBUST DATA COLLECTION AND REPORTING

Impact valuation facilitates planning and leadership

Sodexo places high importance on measuring its performance by living up to its corporate responsibility commitments. From 2009, there has been a robust measurement approach that ensures Sodexo's continued progress. The company's Key Indicators Performance system at the site and country level helps to track its actions

and achievement around all Better Tomorrow 2025 commitments. Data we gather not only drives our sustainability performance but also provides insights into the management of human resources, market trends and client and consumer expectations, environmental and supply chain risks and opportunities.



80%

percentage of sites participating in the Fiscal 2018 Sodexo annual site survey

72

number of entities participating in the Fiscal 2018 Sodexo annual country survey

32

number of entities participating in the Fiscal 2018 Carbon Emissions calculation process

OUR ANNUAL GLOBAL SURVEYS

Sodexo conducts three annual surveys: a site-level environmental survey of 10,000 relevant sites in 47 countries; a country survey covering all corporate responsibility-related topics in over 72 entities and a separate carbon emissions calculation process. Each year, both Sodexo's Internal Audit team and its Third Party Statutory Auditors audit data collected at the site and country levels as well as the consolidation at Group level in order to verify its accuracy.

As one of the few companies that subjects its measurement and reporting on these indicators to an external audit, Sodexo is well-positioned to continue to remain a corporate responsibility leader and continually raise the bar through innovation and by embedding digital tools in its processes. This includes subjecting its data to analysis that compares Sodexo to its competitors. The information gathered provides considerable insight for management teams into the implementation and deployment, together with company policies that help to better identify potential risks.

MULTIPLYING RESULTS THROUGH THE POWER OF MANY

Uniting stakeholders for a better world

An important contributor to Sodexo's leadership on corporate responsibility has been its success in building partnerships with external stakeholders who are then able to magnify the impact of its actions.

Partnerships with organizations at both the global and national levels are helping Sodexo to advance its strategy in the areas of gender equality, people with disabilities, LGBT, generations and cultures and origins. Likewise, Stop Hunger continues to extend its global reach by co-building innovative programs with 1,200 NGOs and associations, including the World Food Programme.

Sodexo's growing ecosystem of NGOs and multi-stakeholder engagements also is critical to tackling massive global issues like food waste. In addition to its actions to reduce its own environmental footprint, Sodexo partners with other companies and organizations to go further in promoting sustainable practices, optimizing natural resource use and sharing environmental initiatives and innovations.

MEANINGFUL ENGAGEMENT: CHAMPIONS 12.3

Among the multi-stakeholder initiatives in which Sodexo is engaged is Champions 12.3, a global campaign to create momentum toward United Nations Sustainable Development Goal 12.3 to halve food waste and reduce food losses along production and supply chains by 2030. Its leaders are CEOs of major companies, government ministers and executives of intergovernmental and research institutions, foundations, farmer organizations and civil society groups.

Champions act together to drive on-the-ground results by advocating more innovation, investment, information

and capacity to reduce food loss and waste around the world, leading by example, motivating others and showcasing successful strategies.

THE INTERNATIONAL FOOD WASTE COALITION, A GLOBAL PARTNERSHIP

Sodexo led the creation of International Food Waste Coalition, bringing together companies and organizations to prevent food waste outside the home. Member organizations represent the largest geographical food services footprint in the world and share a common goal of reducing food waste throughout the value chain through collaboration and empowering other companies to follow. The Coalition's strategic principle: "Bring back the value of food." One example of the Coalition's actions is the development of a global partnership with the UN's Food and Agriculture Organization (FAO) for the creation and testing of a food waste reduction program in European schools. Featuring a strong measurement and reporting system and a comprehensive set of education packages for students, the program is being rolled out in European schools and beyond.

STOP HUNGER AND THE WORLD FOOD PROGRAMME: ADVANCING TOGETHER AGAINST HUNGER

Stop Hunger has renewed its partnership until 2020 with the World Food Programme (WFP), the United Nations leading humanitarian organization fighting hunger worldwide, to contribute to achieve Zero Hunger by 2030.

We have built a sustainable relationship between public and private partners with a unique potential for action with WFP, which enables us to support governments in the management of school canteens and assists farmers in finding markets, selling their products and guaranteeing their production, while increasing reliability exchanges and securing payment systems.

Our roadmap with WFP includes three focus areas: the free sustainable school meals program, women empowerment and emergency assistance. To optimize and improve the reliability of its systems and its impact, the WFP is able to access the Stop Hunger YEAH! Program: at least 20 types of expertise in a dozen fields, and already 45 Sodexo experts committed for 270 mission days in Africa, Latin America, Asia and the Middle East.



EXTENDING CORPORATE RESPONSIBILITY LEADERSHIP

Becoming a more inclusive business

In 2018, Sodexo reconfirmed its conviction to continued progress toward its Better Tomorrow 2025 objectives by becoming a more inclusive business, renewing its conviction to improve quality of life and contributing to a better future for all. An inclusive business is one providing goods, services and livelihoods on a commercially viable basis to people by making them a part of a company's core business value chain as suppliers, distributors, retailers or customers.

180

number of active agreements with local communities, clients, NGOs and associations to promote inclusion of SMEs (Small and Medium Enterprises) in Sodexo's Value Chain

91.8%

percentage of Group revenues from countries having specific initiatives to integrate SMEs into Sodexo's Value Chain

14 years

as industry leader in the Dow Jones Sustainability Index⁽¹⁾

SODEXO'S VIGILANCE PLAN

The vigilance plan⁽²⁾ aims to present the measures put in place within the Group to identify risks and prevent severe impacts on human rights and fundamental freedoms, health and safety and the environment resulting from our own activities as well as those of our subcontractors and suppliers.

For the detailed Plan, see page 231.



SOCIAL PROGRESS AND ECONOMIC SUCCESS

As a global corporate citizen, Sodexo recognizes its responsibility to conduct business in a way that contributes to the sustainable progress of society, embodied in its mission. For more than 50 years, Sodexo has pursued its mission of economic success and social progress. This progress can be seen through the benefits produced for the company's federation of stakeholders: the development and well-being of employees; services that improve consumer quality of life and enhance client performance; opportunities for suppliers to develop; returns to investors; and improvements in the communities in which the company operates.

A CORPORATE RESPONSIBILITY LEADER

Already recognized as a corporate responsibility leader in its industry, Sodexo is differentiating its services through innovations that can be replicated across its activities throughout the world. Examples include its Partner Inclusion Program and Responsible Sourcing policies,

its FoodChéri, Mindful and Green & Lean menus and solutions, such as Inspirus to reinforce employee well-being, engagement and recognition. By becoming a more inclusive business built on its past success and achievements, the company will put the spotlight on its corporate responsibility performance, enabling it to extend its role as a leader. By continuing to demonstrate its credibility and build trust with stakeholders, particularly consumers, Sodexo can continue to progress, change behaviors and position itself for future growth.

A MORE INCLUSIVE BUSINESS TO ACHIEVE STRATEGY OBJECTIVES

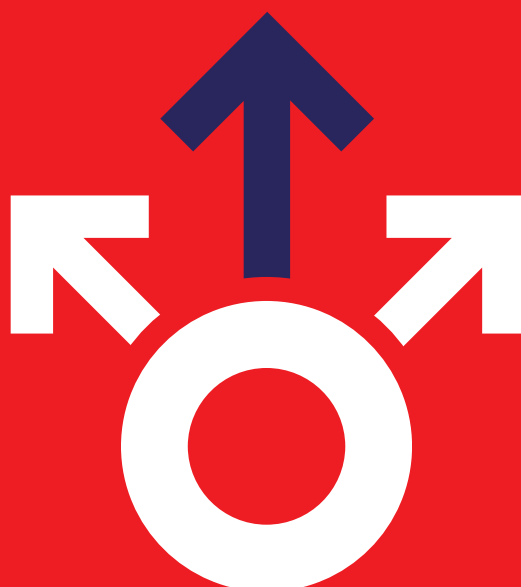
By making its intentions to become a more inclusive business public, Sodexo also strengthens its brand and business activities in differentiating itself from competitors as well as helping to attract and motivate the talent it needs to achieve its strategy objectives. This demonstrated leadership also becomes self-reinforcing as business units and countries increasingly take ownership for corporate responsibility performance.

¹ 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 S&P Dow Jones Indices and RobecoSAM.

² In accordance with Article L. 225-102-4 of the French Commercial Code.

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3.1 FISCAL 2018 ACTIVITY REPORT

3.1.1 Fiscal 2018 year highlights

3.1.1.1 Financial results

- Organic revenue growth for the year, at +2% excluding the effect of the 53rd week, was slightly above the +1 to +1.5% guidance revised on March 29, 2018. There was an acceleration in the fourth quarter due to a return to record levels of summer tourism in France, an expected board days shift in universities in North America from the third to the fourth quarter, and, in Benefits and Rewards, a strong pick-up in activity in Brazil. Underlying operating profit margin was in line at 5.7%, excluding currency impact or 5.5% as published.
- **On-site Services** organic revenue growth of +1.4%, or +1.9% excluding the 53rd week, reflects:
 - a -1.1% decline in revenue in North America, and growth of +4.5% in all other regions, with double digit growth in Asia, Brazil and Latin America;
 - an improvement in the Key Performance Indicators:
 - client retention rate has increased +30 bps to 93.8%, thanks to an improvement in Education in North America which will be felt in Fiscal 2019,
 - new sales development has increased 30 bps to 6.8%, with an improvement in Health Care in the last few months of the year,
 - excluding the 53rd week impact in both years, same site sales growth was 2.6%, up from 1.5% in Fiscal 2017.
- **Benefits and Rewards Services** organic revenue growth was +5.1%. Organic growth in Europe reached +7.5%. In Latin America, organic growth was +2.4%, with a turnaround in Brazil in the second half.
- The **underlying operating margin** was 5.7% excluding the currency impact, or 5.5% as published, down 80 or 100 bps respectively. This is explained principally by:
 - delays in labor and food productivity initiatives in North America which were supposed to compensate for the decline in revenues;
 - delays in the ramp-up in profitability of a few very large contracts;
 - in Benefits and Rewards, investments in mobility and digital migration, as well as lower interest rates in Brazil.
- **Other operating income and expenses** reached 131 million euro. Restructuring costs amounted to 42 million euro against 137 million euro in the previous year. Acquisition costs and amortization and depreciation of client relationships and brands, were higher. The increase in amortization of client relationships was principally related to the Centerplate acquisition.
- **Underlying Net profit** totaled 706 million euro, down -8.6% excluding the currency effect. Reported net profit

was 651 million euro, down -9.9%, or -4.0% excluding the currency impact. Basic EPS was 4.40 euro down -9.4%, helped by a lower share count linked to the share buy-back program.

- **Free cash flow** reached 1,076 million euro. This represented a substantial improvement on Fiscal 2017 free cash flow, at 887 million euro. Cash flow from operations, was up +5.9% due to much lower cash taxes. Capital expenditure was relatively flat at 298 million euro. As a result, cash conversion reached 165% compared to 123% in Fiscal 2017.
- After taking into account acquisitions, dividends and share buy-backs, consolidated **net debt** rose during the year by 648 million euro to 1,260 million euro at August 31, 2018. The Group's financial position remained strong, with a net debt ratio at 1.0, at the bottom end of the target levels of 1-2.
- **Acquisitions**, net of disposals, amounted to **697 million euro**. **Centerplate**, a provider of food and beverage, merchandise and hospitality services at sports facilities, convention centers and entertainment facilities in the United States and Europe was the biggest. The company contributed 509 million euro to Group revenue this year and was accretive to operating margin. Centerplate doubles the Group's presence in the Sports & Leisure segment, particularly strengthening its position in the North America market. Other acquisitions during the year included Kim Yew to strengthen the Group's technical expertise and capacities in Singapore, Morris Corporation to enhance the Group's presence in remote site services for the mining industry in Australia. Since year end, further acquisitions have been made, including *Crèche de France*, doubling the Group's presence in the child-care market in France and Novae Restauration, significantly enhancing the Group's presence in the high-end catering market in French-speaking Switzerland.

3.1.1.2 New business opportunities and retention

In Fiscal 2018, new business reached 6.8% and retention 93.8%, both up by 30 bps. Same site sales growth improved by 110 bps to 2.6% (excluding 53rd week impact). These improvements are due to:

- **Improved momentum in Food services**
 - **West Virginia State University in the U.S.**, a 15-year contract, for 47 million euro annual revenue to provide food and retail services for their 30,000 students across 4 campuses and 29 dining venues. Our understanding of the client's challenges, and our focus on local sourcing and supporting farmers in the region were decisive factors in winning this major piece of new business.

- We also signed a five-plus-two-year contract to operate 10 catering outlets and modernize the food experience across **The University of Hong Kong**, the first and oldest institution of higher learning in Hong Kong, founded in 1911.
- During the year, continuing our strong record in the airline business worldwide we started two new contracts with **Cathay Pacific** in January, and **Airport Lounge Development** in the U.S., in May.
- Sodexo has been selected as the high-end food services partner of **INSEAD Asia Campus** in Singapore to serve 500 students, 100 executive participants and 350 faculty and staff each day.
- **Strong momentum in contract extensions**
 - Starting in 2016, Sodexo has been providing integrated facility management services to **ByteDance**, a high-tech company headquartered in Beijing specialist in Artificial Intelligence. Sodexo has grown this business in China from one site to 87 sites. Since January 2018, we extended our contract with ByteDance with a new 2-year contract to cover 70 cities across China.
 - Sodexo recently extended its contract with **Microsoft to 18 new countries** in Europe and South Africa in addition to our existing sites in China and the Middle East. With this new contract, Sodexo strengthens its relationship with Microsoft which started in 2008 and provides fully integrated services in all Microsoft sites.
 - Sodexo also signed a five-year agreement with **Tetra Pak**, the world's leading food processing and packaging solutions company, to provide integrated services on a global scale in 30 countries in 4 continents. Following this agreement Sodexo extended geographical scope, to provide services to Tetra Pak in Brazil, Norway, Vietnam, the UK and the Philippines.
 - Finally, Sodexo expanded its 12-year relationship with the **International School of Beijing** for a 4-year term, adding catering to the FM services Sodexo previously supplied to the school. ISB's 1,700 students and 350 staff enjoy a range of dining options in the newly-designed School cafeterias, Chinese canteen, staff lounge and coffee bar and event catering.
- **Better retention in the Fiscal 2018, especially in Education**
 - In terms of contract retentions, during the last quarter of FY18, Sodexo won the bid to operate the restaurants of the **Eiffel Tower** with Michelin-starred chefs Frédéric Anton and Thierry Marx for the next 10 years. Sodexo Sports & Leisure's winning proposition was a completely redesigned, modern and innovative offer with strong social and environmental commitments particularly around local sourcing and zero waste.
 - We also renewed our existing contract with the **Écoles de Marseille** in France, to provide 50,000 meals daily to the city's 320 primary schools.

- In the UK, we recently renewed our **Quaerere Academy Trust** contract in Sandwell, West Midlands for 5 more years with a 2.8 million pounds sterling catering contract, featuring our new modern school food and dining room offer, "Food & Co. by Sodexo".
- Our existing contract with 184 **Chicago Public Schools**, has not only been renewed for five more years, but also extended to 102 additional schools for food and facilities management services.
- **Some improvement in Health Care signings in the last quarter**
 - Sodexo also recently won a contract with **MedStar Health System** in Maryland, in the U.S., to provide food and retail services in their 10 locations, with over 3,000 beds. Our use of data analytics to understand the client's complex demographics and enhance patient satisfaction scores going forward, as well as to extend staff and guest dining to 24 hours and provide improved flexible patient dining options were key success factors.

3.1.1.3 In 2018, Sodexo continued to be recognized for its contribution to a better world

- Sodexo's engagement in corporate responsibility continues to be recognized within the investment community, with the highest marks of its sector in RobecoSAM's 2018 "Sustainability Yearbook", for the 11th consecutive year. Sodexo also remains the top-rated company in its sector within the Dow Jones Sustainability Index (DJSI), for the 14th consecutive year.

3.1.1.4 Research and Thought Leadership

As a recognized leader in Quality of Life Services, Sodexo continues to explore the frontiers of research into the link between Quality of Life and performance in today's rapidly-changing work environment.

- In October 2017, Sodexo organized the second edition of the **Quality of Life Conference**, in London, bringing together Sodexo clients, leaders of companies, universities, NGOs, hospitals, governments and communities from more than 30 countries to explore the future of quality of life.
- The Group issued the second edition of the **Global Workplace Trends**. Gen Z, the Internet of Things and gender balance are among the forces shaping tomorrow's workplace explored in Sodexo's 2018 Global Workplace Trends. Seven critical factors are identified that affect the future of work and contribute to an improved workplace experience, enhancing company performance and, ultimately, employee engagement. Among the insights is the need to foster collective intelligence across all workplace domains by creating an emotionally intelligent workplace.



Other trends include the increasing role of employees in companies' corporate responsibility strategies, the sharing economy and the impact of technologies through Human Capital Management. By understanding and anticipating these trends, Sodexo is able to focus its human-centered and experience-based solutions to most effectively boost client performance.

- Sodexo also released its **2018 Sodexo University Trends Report: Five Trends Set to Impact the Student Journey and Campus**. Drawing on insight from a panel of leading higher education experts as well as Sodexo's experience providing services to 700 universities globally, it delivers key trends shaping the student journey and the campus experience, and how universities can and should be responding.

3.1.1.5 Technology partnership with Microsoft to enhance Quality of Life Services

In September 2018, Sodexo signed a global partnership agreement with Microsoft. The Group will use an integrated information platform developed in partnership with Microsoft Consulting Services. The platform combines different productivity solutions from Microsoft, including Dynamics 365 and Azure as well as Microsoft's Artificial Intelligence and object intelligence capabilities.

In addition to improving Sodexo's own facilities management processes, the efficiency gains unleashed by the initiative will help its clients achieve significant savings. For Microsoft, the partnership provides a key opportunity to bring the most value to its technologies in becoming part of the Sodexo ecosystem.

3.1.1.6 Governance

Denis Machuel became Chief Executive Officer in January 2018

Michel Landel announced his intention to retire in May 2017 and stepped down after the Annual General Shareholders' Meeting on January 23, 2018. To ensure a smooth transition, Denis Machuel became Deputy Chief Executive Officer of Sodexo as of September 1, 2017, and then Chief Executive Officer on January 23, 2018. Michel Landel remained on the Board of Directors until July 2018, until the transition was fully completed.

Executive Committee expanded to reinforce regional representation and strengthen Sodexo's focus on clients and consumers

The Executive Committee was substantially changed during the year, with an increase in the number of members from 14 to 19, bringing to the table more geographical representation, the segments and activities not already represented and new functions including Marketing, Digital and Innovation.

With these changes, more than one third of the members of the Executive Committee are women and seven nationalities are represented.

Board changes

During the Board meeting on June 20, the Board:

- accepted the resignation effective July 1, 2018 of Patricia Bellinger, Board member since 2005 and Michel Landel, Board member since 2009;
- appointed Sophie Stabile, as a new director. She brings strong financial and operational expertise and deep service sector experience, and has joined the Audit Committee.

With these changes, as of August 31, the Board comprised 13 directors of which six are independent, and two are employee representatives. The Board continues to be diverse with seven women, six men and four different nationalities.

3.1.2 Fiscal 2018 performance

3.1.2.1 Consolidated income statement

(in millions of euro)	FISCAL 2018 (ENDED AUGUST 31, 2018)	FISCAL 2017 (ENDED AUGUST 31, 2017)	DIFFERENCE	DIFFERENCE EXCLUDING CURRENCY EFFECT ⁽¹⁾
Revenue	20,407	20,698	-1.4%	+4.4%
<i>Organic growth</i>	+1.6%	+1.9%		
UNDERLYING OPERATING PROFIT	1,128	1,340	-15.8%	-8.6%
UNDERLYING OPERATING PROFIT MARGIN	5.5%	6.5%	-100 BPS	-80 BPS
Other operating expenses	(131)	(151)		
Operating profit	997	1,189	-16.1%	-8.3%
Interest income	46	31		
Interest expense	(136)	(136)		
Net financial expense	(90)	(105)		
Share of profit of other companies consolidated by the equity method	2	4		
Profit before tax	910	1,088	-16.4%	-10.3%
Income tax expense	(245)	(343)		
<i>Effective tax rate</i>	27.1%	31.7%		
<i>Minorities deduction</i>	(13)	(22)		
UNDERLYING NET PROFIT	706	822	-14.0%	-8.6%
Underlying Earnings per share -basic- (in euro)	4.77	5.52	-13.6%	
GROUP NET PROFIT	651	723	-9.9%	-4.0%
Earnings per share -basic- (in euro)	4.40	4.85	-9.4%	
Proposed dividend per share (in euro)	2.75 ⁽²⁾	2.75	=	

(1) Please refer to pages 87-88 for Alternative Performance Measures definitions.

(2) To be proposed at the Annual General Meeting on January 22, 2019.

3.1.2.2 Currency effect

Sodexo operates in 72 countries. The percentage of total revenues and underlying operating profit denominated in the main currencies are as follows:

	REVENUES	UNDERLYING OPERATING PROFIT
U.S. dollar	41%	51%
Euro	26%	4%
UK pound sterling	9%	10%
Brazilian real	5%	19%

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 and 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.

The currency effect is determined by applying the previous year's average exchange rates to the current year figures except for Benefits and Rewards in Venezuelan Bolivar.

In terms of the Venezuelan Bolivar, the Group considers that the best estimate of the exchange rate at which funds from its activities in Venezuela could be repatriated is the DICOM rate. The

exchange rate used for the year ended August 31, 2018 is therefore 1 U.S. dollar = 6,112,000 bolivars (1 euro = 7,121,091.20 bolivars) relative to the Fiscal 2017 rate of 1 U.S. dollar = 3,250 bolivars. The effect of this depreciation is no longer material at Group level, as the Group's operations in Venezuela now represent a negligible share of consolidated revenues and underlying operating profit.

IMPACT OF EXCHANGE RATES	AVERAGE RATE CHANGE VS. THE EURO (in %)	CLOSING RATE CHANGE VS. THE EURO (in %)	IMPACT (in millions of euro)		
			REVENUES	UNDERLYING OPERATING PROFIT	NET PROFIT
Euro/U.S. dollar	-7.8%	+1.5%	(704)	(49)	(24)
Euro/Brazilian real	-13.5%	-23.0%	(161)	(34)	(19)
Euro/UK pound sterling	-1.9%	+2.5%	(35)	(2)	(2)

During Fiscal 2018, the euro was strong against all currencies, particularly in the second half against both the U.S. dollar and the Brazilian real, the two most important currencies for the Group. On the other hand, UK Sterling was stable during the year.

3.1.2.3 Revenues

REVENUES BY ACTIVITY

REVENUES BY SEGMENT (in millions of euro)	FISCAL 2018	FISCAL 2017	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH	ORGANIC GROWTH EXCLUDING 53 RD WEEK
Business & Administrations	10,938	10,551	+3.8%	+5.6%	-5.7%	+3.7%	+4.1%
Health Care and Seniors	4,768	5,007	+0.2%	+0.8%	-5.7%	-4.8%	+1.0%
Education	3,855	4,239	-3.0%	-0.1%	-6.0%	-9.1%	-2.5%
ON-SITE SERVICES	19,561	19,797	+1.4%	+3.1%	-5.8%	-1.2%	+1.9%
BENEFITS AND REWARDS SERVICES	850	905	+5.1%	-3.4%	-7.9%	-6.1%	+5.1%
Elimination	(4)	(4)					
GROUP TOTAL	20,407	20,698	+1.6%	+2.9%	-5.9%	-1.4%	+2.0%

Fiscal 2018 consolidated revenues totaled 20.4 billion euro, down -1.4% year-on-year due to the currency movements exposed above. The contribution from acquisitions net of disposals of subsidiaries amounted to +2.9%. As a result, organic revenue growth was +1.6%. Excluding the effect of the 53rd week, organic growth was +2.0%.

The 53rd week adjustment is linked to the change from weekly to monthly accounting as from September 2017 in North America. Weekly accounting has the side effect of losing one or two days per year, depending upon whether there is a leap year or not. These lost days were usually recovered in the accounts in a one-off every 5 to 6 years. In Fiscal 2017, this 53rd week effect was the equivalent of six more days of trading. From Fiscal 2019 onwards, the monthly accounting will be normalized.

On-site Services

On-site Services organic revenue growth was +1.4%, or +1.9% excluding the 53rd week. This performance reflects weakness in the performance of the Education and Healthcare segments. However, the fourth quarter was better than expected at +3.3% excluding the 53rd week, benefiting from a better performance in Education, offsetting the particularly weak third quarter, a good summer season in Europe and solid growth in the Rest of the World.

During Fiscal 2018, the Key Performance indicators improved:

- client retention increased 30 bps to 93.8%. Education in North America increased by 300 basis points during the year. However, this was somewhat offset by weakness in Health Care in most regions;

- new sales development was 6.8% compared to 6.5% the previous year reflecting a slightly better performance in all regions;
- excluding the 53rd week impact in both years, same site sales growth was +2.6%, up from a low point of +1.5% in Fiscal 2017.

Again, in Fiscal 2018, organic growth was driven by continued high single digit growth in facilities management services, while food services were stable reflecting the weak performance in Universities in North America, which are predominantly food services. Non-food services represent 33% of On-site Services sales.

ON-SITE SERVICES REVENUES BY REGION

REVENUES BY REGION (in millions of euro)	FISCAL 2018	FISCAL 2017	ORGANIC GROWTH	ORGANIC GROWTH EXCLUDING 53 RD WEEK
North America	8,707	9,093	-2.1%	-1.1%
Europe	7,690	7,591	+1.5%	+1.5%
Africa, Asia, Australia, Latam, Middle East	3,163	3,113	+11.7%	+11.7%
ON-SITE SERVICES	19,561	19,797	+1.4%	+1.9%

Note: In Fiscal 2017, North America benefited from a 53rd week in the fourth quarter.

Organic growth outside North America, representing 55% of On-site revenue, was +4.5%.

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. 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 2018	FISCAL 2017	ORGANIC GROWTH	ORGANIC GROWTH EXCLUDING 53 RD WEEK
North America	2,822	2,515	+0.5%	+1.7%
Europe	5,313	5,235	+1.5%	+1.5%
Africa, Asia, Australia, Latam, Middle East	2,804	2,801	+11.2%	+11.2%
BUSINESS & ADMINISTRATIONS	10,938	10,551	+3.8%	+4.1%

Fiscal 2018 **Business & Administrations** revenues totaled **10.9 billion euro**, representing organic growth of +4.1% excluding the impact of the 53rd week in North America.

In **North America**, organic growth was **+1.7% excluding the 53rd week impact**, reflecting progress in Airline lounges and Corporate Services with further development of facilities management services. Energy & Resources remains challenging due to a significant site closure. Government & Agencies was flat due to generally weak demand in some contracts, mess closures in the Marine Corps and a lot of work being done on successfully retaining some big contracts.

In **Europe**, sales were **up +1.5% organically**. Summer tourism in Paris returned to the record levels not seen since 2015. Corporate

services were stable impacted by several large losses in the Benelux region compensated by improved performance in France and the UK and strong growth in southern and eastern Europe. Government & Agencies has been impacted by the progressive exit of three army contracts with the British Army. Energy & Resources performance in the North Sea remains negative for the year, but there were signs of stabilization in the second half.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth remains strong at **+11.2% for the year**, reflecting double digit growth in most segments due to strong new business and same site sales in Corporate services and favorable momentum in Energy & Resources, particularly in mining.

Health Care & Seniors

REVENUES

REVENUES BY REGION (in millions of euro)	FISCAL 2018	FISCAL 2017	ORGANIC GROWTH	ORGANIC GROWTH EXCLUDING 53 RD WEEK
North America	3,001	3,303	-1.8%	-0.5%
Europe	1,493	1,465	+0.6%	+0.6%
Africa, Asia, Australia, Latam, Middle East	274	239	+17.2% ⁽¹⁾	+17.2% ⁽¹⁾
HEALTH CARE & SENIORS	4,768	5,007	+0.2%	+1.0%

(1) Restated for internal transfers between segments.

Health Care and Seniors revenues amounted to **4.8 billion euro**, up +1.0% organically excluding the impact of the 53rd week.

In **North America**, organic growth was **-0.5%**, excluding the impact of the 53rd week, impacted by slow new business and weak retention throughout this year. The second half activity was better than the first due to an easier comparable base. The sales teams have now been significantly reorganized and there were a series of signatures during the summer.

In **Europe**, organic growth was **+0.6%**. While net new business was slightly negative in the year, due to a lack of significant

development opportunities, same site sales were solid, particularly in the UK. There was an improved trend in Seniors in France and hospitals in Belgium and the Nordics.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth has remained strong all year, at **+17.2%** reflecting many new contract startups in Brazil and particularly strong same site sales growth in Asia. Many of these contracts have involved transferring expertise from other sites around the world or extending services into new facilities management offers.

Education

REVENUES

REVENUES BY REGION (in millions of euro)	FISCAL 2018	FISCAL 2017	ORGANIC GROWTH	ORGANIC GROWTH EXCLUDING 53 RD WEEK
North America	2,884	3,275	-4.5%	-3.9%
Europe	885	891	+3.0%	+3.0%
Africa, Asia, Australia, Latam, Middle East	86	73	+14.7% ⁽¹⁾	+14.7% ⁽¹⁾
EDUCATION	3,855	4,239	-3.0%	-2.5%

(1) Restated for internal transfers between segments.

Revenues in **Education** were 3.9 billion euro, down -2.5% organically, excluding the 53rd week impact.

North America was down **-3.9%**, excluding the 53rd week contribution. While Schools generated solid growth due to new business and strong same site sales growth, this was offset by the negative net new business contribution from Universities, impacted by particularly weak retention during the previous year selling season, and much lower same site sales growth. Fiscal 2018 retention has improved so that net new business going into Fiscal 2019 is neutral.

In **Europe**, organic growth was **+3%**. This was driven by solid prior year contract wins, same site sales growth in the UK and Spain, and two additional days in Italy. France was flat due to weak prior year development.

In **Africa, Asia, Australia, Latin America, and the Middle East**, organic growth was **+14.7%** resulting from strong growth in new Schools contracts and same site sales in China, Singapore and India.

Benefits and Rewards Services

Benefits and Rewards Services revenue amounted to 850 million euro, down -6.1%. The currency effect of -7.9% resulted in particular from the weakness of the Brazilian real in the second half. The scope change of -3.4% also weighed on revenues, principally due to the sale of *Vivabox* at the end of Fiscal 2017. Organic growth in revenues was +5.1%, on issue volume growth of +6.8%.

REVENUES

REVENUES BY REGION (in millions of euro)	FISCAL 2018	FISCAL 2017	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Europe, USA and Asia	473	480	+7.5%			
Latin America	377	425	+2.4%			
Benefits and Rewards Services	850	905	+5.1%	-3.4%	-7.9%	-6.1%

ISSUE VOLUME

ISSUE VOLUME BY REGION (in millions of euro)	FISCAL 2018	FISCAL 2017	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Europe, USA and Asia	10,537	10,000	+6.7%			
Latin America	7,230	7,792	+7.0%			
BENEFITS AND REWARDS SERVICES	17,767	17,792	+6.8%	+0.2%	-7.1%	-0.1%

In **Europe, Asia and the USA**, organic growth in revenues and issue volume has been strong throughout the year at **+7.5%** and **+6.7%** respectively. This strong performance reflects solid face value increases in most countries, and more specifically double digit organic growth in Central Europe. The significant digital migration in India has been managed successfully, and growth bounced back in the last quarter of the year. Good momentum in the Incentive and Recognition activity in the USA and the UK (revenues without issue volume) continued. The launch of Rydoo, the new end-to-end Travel and Expense management system, was completed in June and the business development since is in line with expectations.

Organic revenue growth in **Latin America** was **+2.4%** for the full year, reflecting an improvement in the trend in the second half as recovery started to come through in Brazil even though interest rates have remained much lower than last year. Issue volume growth also improved in the second half, ending the year up **+7.0%** helped by increases in face value and the number of beneficiaries. From the third quarter, inflation and interest rates in Brazil have been progressively stabilizing and the comparable base has become easier.

3.1.2.4 Underlying operating profit

Fiscal 2018 Underlying operating profit amounted to 1,128 million euro, down -15.8%, or -8.6% excluding the currency effect. As a result, the Underlying operating margin

was 5.5%, down -100 basis points relative to the previous year. Excluding the currency impact, principally linked to the weakness of the Brazilian real against the euro, the margin was 5.7%, down -80 basis points, in line with the revised guidance provided on March 29, 2018.

The 80 basis points decline in Underlying operating profit margin excluding currencies is explained by:

- the expected decline in margins of Benefits and Rewards due to lower interest rates in Brazil, higher costs linked to digital migration in several large countries at the same time and investments in the mobility activities. The recovery in Brazil in the second half mitigated the annual decline;
- generally, in On-site Services, there was an improvement in the margin in the second half *versus* first half, as a result of the many action plans put in place. However, the second half comparative base was high;
- the slower than expected ramp-up of profitability in a small number of large On-site contracts even though negotiations with certain clients have been resolved which has led to some improvement in the second half;
- a shortfall in Education and Health Care, particularly in North America, due to the delays in the execution of planned efficiency programs which were aimed at compensating anticipated weak revenues;
- corporate expenses were also up due to investments in marketing, digital and innovation.

UNDERLYING OPERATING PROFIT BY ACTIVITY

(in millions of euro)	UNDERLYING OPERATING PROFIT FISCAL 2018	DIFFERENCE VS FISCAL 2017	DIFFERENCE VS FISCAL 2017 (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN FISCAL 2018	DIFFERENCE IN UNDERLYING OPERATING MARGIN VS FISCAL 2017	DIFFERENCE IN UNDERLYING OPERATING MARGIN VS FISCAL 2017 (EXCLUDING CURRENCY EFFECT)
Business & Administrations	458	-11.5%	-6.2%	4.2%	-70 bps	-70 bps
Health Care & Seniors	306	-9.5%	-3.1%	6.4%	-30 bps	-30 bps
Education	222	-21.5%	-15.6%	5.8%	-90 bps	-90 bps
On-site Services	986	-13.4%	-7.6%	5.0%	-70 bps	-70 bps
Benefits and Rewards Services	262	-14.3%	-3.7%	30.8%	-290 bps	-180 bps
Corporate expenses & Intragroup eliminations	(120)	-15.9%	-16.7%			
UNDERLYING OPERATING PROFIT	1,128	-15.8%	-8.6%	5.5%	-100 BPS	-80 BPS

The performance by segment, excluding the currency effect, is as follows:

- **Business & Administrations** Underlying operating profit decreased by -6.2% and the operating margin decreased by -70 basis points. This performance reflects execution issues in some of our larger accounts, as well as investments in sales, marketing and new offers;
- in **Health Care & Seniors** the decline in Underlying operating profit and margin was respectively -3.1% and -30 basis points. This reflects the weakness in the top line particularly in North America and delays in the delivery of efficiencies from the productivity programs. Productivity is improving now and should accelerate into Fiscal 2019. In the fourth quarter, the new management and sales structures have been put in place which should boost execution and sales in North America;
- in **Education**, underlying operating profit fell by -15.6% and the margin by -90 basis points due to the impact of low retention, particularly in North America. While the labor scheduling and SKU management programs are starting to come through in the second half, inflation in labor costs has offset this productivity. Pricing negotiations confirm that labor inflation has been passed through for Fiscal 2019.

In **Benefits and Rewards Services**, the Underlying operating profit and margin were down respectively -3.7% and -180 basis points excluding currency impacts. The first half was down -320 basis points due to the costs of digital migration, particularly in India and the Czech Republic, lower interest rates in Brazil and investments in the Mobility & Expense activities. However, the second half was better, down only -60 basis points, benefiting from the strong recovery in volumes and progressive stabilization of the interest rate impact in Brazil.

3.1.2.5 Group net profit

Other operating income and expense

Other operating income and expenses were 131 million euro versus 151 million euro in the previous year. Restructuring costs fell very significantly to 42 million euro from 137 million euro in the previous year linked to the Adaptation and Simplification program. However, acquisition costs and amortization and depreciation of client relationships, linked principally to the Centerplate acquisition, and brands, were up and there were some provisions resulting from scope changes in the Middle East.

(in millions of euro)

	FISCAL 2018	FISCAL 2017
TOTAL OTHER OPERATING INCOME	10	24
Gains related to perimeter changes	3	21
Gains on changes of post-employment benefits	-	3
Other	7	-
TOTAL OTHER OPERATING EXPENSES	(141)	(176)
Restructuring and rationalization costs	(42)	(137)
Acquisition-related costs	(15)	(6)
Losses related to perimeter changes	(18)	-
Losses on changes of post-employment benefits	-	(2)
Amortization and impairment of client relationships and trademarks	(52)	(31)
Impairment of non-current assets	-	-
Other	(14)	-
OTHER OPERATING INCOME AND EXPENSES	(131)	(151)

As a result, the **Operating Profit** was 997 million euro down from 1,189 million euro.

Net financial expenses fell by 15 million euro essentially due to two factors: an early redemption indemnity of 10 million euro last year and interest on the dividend tax reimbursement this year of 7 million euro. Otherwise, despite the significant increase in debt during the year, due to, in particular, the acquisition of Centerplate in January 2018, the cost of debt was stable with a blended cost of debt at 2.5% as at August 31, 2018 *versus* 2.4% a year earlier. During the year, the Group issued a bond of 300 million euro in May at 1.125% and a U.S. private placement of 400 million dollars in June at 3.7%.

The **effective tax rate** fell to 27.1% in Fiscal Year 2018, compared to 31.7% in Fiscal Year 2017. The rate benefits from a positive one-off in France from the reimbursement of the 3% contribution on distributed dividends over the period 2013-2017. The reduction in the income tax rate in the USA (from 35% to a blended 25.7%) is partly offset by the realignment of deferred taxes and the deemed repatriation tax. The tax rate for Fiscal Year 2019 is expected to be around 29% as the Group will benefit fully from the tax rate reduction in the USA.

The share of **profit of other companies consolidated by the equity method** was 2 million euro. Profit attributed to non-controlling interests was 13 million euro against 22 million euro in the previous year due principally to the disposal of subsidiaries.

As a result, **Group net profit** was 651 million euro, down -9.9%, or -4.0% excluding the negative currency impact. **Underlying net profit** amounted to 706 million euro, down -14.0% at current rates or -8.6% excluding the currency effect, adjusted for Other operating income and expenses at a normalized tax rate.

3.1.2.6 Earnings per share

Underlying Earnings per share amounted to 4.77 euro, down -13.6%.

Published EPS was 4.40 euro, down -9.4%. The 50-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 year resulting in a lower weighted average number of shares of 148,077,776 relative to 148,998,961 shares for Fiscal 2017.

3.1.2.7 Proposed dividend

At the Annual Shareholder's Meeting to be held on January 22, 2019, the Board of Directors will recommend a dividend of 2.75 euro per share for Fiscal 2018, stable relative to the prior year. This proposal reflects the Board's confidence in the Group's strategy. As a result, the pay-out ratio will be 58% on Underlying net profit and 63% on published net profit.

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 2018	FISCAL 2017
Operating cash flow	1,140	1,076
Change in working capital excluding change in BRS financial assets*	221	120
Net capital expenditure	(286)	(308)
FREE CASH FLOW	1,076	887
Net acquisitions	(697)	(268)
Share buy-backs	(300)	(300)
Dividends paid to shareholders	(411)	(359)
Other changes (including scope and exchange rates)	(316)	(164)
(INCREASE)/DECREASE IN NET DEBT	(648)	(204)

* Excluding change in financial assets related to the Benefits and Rewards Services activity (-228 million euro in Fiscal 2018 and -134 million euro in Fiscal 2017). Total change in working capital as reported in consolidated accounts: in Fiscal 2018: -7 million euro = 221 million euro - 228 million euro and in Fiscal 2017: -14 million euro = 120 million euro - 134 million euro.

Operating cash flow totaled 1,140 million euro up +5.9%, due to much lower cash taxes, and to a lesser extent, the reduction in net interest paid. The positive inflow of Working capital of 221 million euro was due to improved operational cash management throughout the Group.

Net capital expenditure, including client investments amounted to 286 million euro, representing 1.4% of revenues compared to 1.5% last year. This reflects the poor retention in Education in the previous year as Education, with Sports & Leisure, is the most capital-intensive segment. As previously announced, this rate is expected to increase over the next few years, as investments in IT and digital increase by 30 to 50 million euro annually, Education retention and development improve and Centerplate ramps-up its new business wins.

Free cash flow reached 1,076 million euro. This represented a substantial improvement on Fiscal 2017 free cash flow, at 887 million euro. As a result, cash conversion reached 165% compared to 123% in Fiscal 2017.

Net acquisitions and disposals of subsidiaries increased significantly to 697 million euro from 268 million euro in the previous year, reflecting, in particular, the acquisition of Centerplate for a total of 610 million euro. After taking into account share buy-backs of 300 million euro, dividend payments of 411 million euro, and Other changes, principally linked to currency impacts and perimeter changes, consolidated net debt rose during the year by 648 million euro to 1,260 million euro at August 31, 2018.

3.1.3.2 Acquisitions for the period

During Fiscal 2018, Sodexo substantially increased the size of its acquisition spend.

The Group made a strategic move with Centerplate in the USA, providing the Group with the size and credibility in Sports & Leisure in North America to complement its strong positions in Europe. The size of the stadiums and conference centers are much bigger in the USA than in Europe.

During the year, the Group's offer was also enriched with the acquisition of the digital food company, *FoodChéri* in France. Benefits and Rewards has also strengthened its offer in the area of health and sports services with the acquisition of Gym for Less in Spain.

Technical expertise was extended in Singapore with the acquisition of Kim Yew.

The Group has consolidated its positions in the mining market in Australia with the acquisition of Morris.

3.1.3.3 2018 Share buy-back program

On April 12, 2018, Sodexo announced a 300-million-euro share buy-back program reflecting the Board's confidence in the future of the Group despite the disappointing first half figures and revised guidance. The share buy-back program was completed on August 13, 2018 with the purchase of 3,356,732 shares, representing 2.2% of the capital, at an average price of 88.92 euro. A total of 3,375,562 shares were cancelled in the August Board meeting. As a result, at August 31, 2018, the total number of shares was 147,454,887 down from 150,830,449 as at year end Fiscal 2017.

3.1.3.4 Condensed consolidated statement of financial position at August 31, 2018

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017	(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Non-current assets	7,944	7,416	Shareholders' equity	3,283	3,536
Current assets excluding cash	4,628	4,531	Non-controlling interests	45	34
Restricted cash Benefits and Rewards	615	511	Non-current liabilities	4,330	3,885
Financial assets Benefits and Rewards	427	398	Current liabilities	7,622	7,419
Cash	1,666	2,018			
TOTAL ASSETS	15,280	14,874	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,280	14,874
			Gross debt	3,940	3,500
			Net debt	1,260	611
			Gearing	38%	17%
			Net debt ratio	1.0	0.4

As of August 31, 2018, net debt was 1,260 million euro, representing a gearing of 38%, compared to 17% as of August 31, 2017, and a net debt ratio of 1.0, back into 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 and despite a particularly significant acquisition spend in the year. Gearing and net debt ratio have increased due to the share buy-back. During Fiscal 2018, the Group issued a 7-year bond for an amount of 300 million euro out to May 2025 with a coupon of 1.125% and a 5-year U.S. dollar placement of 400 million dollars at 3.7% which has extended the average maturity to 5.6 years. The blended cost of debt as of August 31, 2018 was 2.5% stable against 2.4% in the previous year.

At the end of Fiscal 2018, the Group had an operating cash position of 2,680 million euro and unused lines of credit totaling 1,589 million euro. As a reminder, the cash position includes 1,987 million euro for Benefits and Rewards Services (including restricted cash for 615 million euro, financial assets for 427 million euro and 28 million euro of bank overdrafts).

3.1.3.5 Subsequent events

Since the beginning of Fiscal 2019, two further acquisitions have been closed:

- *Crèches de France*: consolidating the Group's position in the child-care market in France with the acquisition of *Crèches de France* at the beginning of September;
- *Novae Restauration*, to strengthen Sodexo's footprint in Switzerland. *Novae Restauration* is a major player in the high-end catering services for French-speaking Switzerland, with 700 employees serving a network of over 80 prestigious client sites. *Novae Restauration* and *Sodexo Switzerland* have complementary client portfolios and offers: *Novae Restauration's* comprehensive offer of premium catering services complements *Sodexo's* position as a facilities management provider on the German Swiss market. There is strong potential for synergies in terms of cross-selling and cross geographic development.

3.1.3.6 Outlook

During the Capital Markets Day on September 6, 2018, Denis Machuel, Group CEO, presented his strategic agenda to return the Group to market-leading growth.

In the series of presentations, Sodexo's managers highlighted:

- Sodexo's strong positions in significant and growing addressable markets;
- how the Group has successfully diversified from a pure food offering to an integrated services provider;
- how Sodexo is reasserting its excellence in food services at the heart of its Quality of Life integrated services proposition;
- how the action plans that are being rolled out are:
 - addressing the specific areas of underperformance, particularly in North America,
 - simplifying the organization to gain in focus and effectiveness,
 - strengthening the performance culture, by focusing the teams on operational KPIs, through the STEP⁽¹⁾ framework;
- how the whole organization is refocused on accelerating growth through Sodexo's strategic agenda by Reinforcing client and consumer centricity; Enhancing operational efficiency; Nurturing talent and Anchoring corporate responsibility.

FOCUS ON GROWTH:



More specifically for Fiscal 2019, the management team is rolling out the action plans to ensure that enhanced productivity will free up the capacity to invest in sales, marketing, Information Systems & Technology, and digital to accelerate revenue growth.

In On-site Services in North America, the Education selling season in Fiscal 2018 resulted in improved retention and stable new development. As a result, Fiscal 2019 growth in Education should be neutral. There are signs that Health Care signatures are also picking up progressively.

The Africa, Asia, Australia, Latin America and Middle East region now accounts for 16% of total sales, and should continue to generate solid growth.

In Europe, while the UK public sector remains highly competitive, and Northern Europe is suffering from large contract losses and low development, the Energy & Resources activities in the North Sea are stabilizing, France is continuing to progress regularly and Southern and Eastern Europe should continue to generate good growth in all segments.

Benefits and Rewards is expected to generate growth of between 5 and 10% due to the progressive recovery in Brazil, the return to growth in India and steady progress in Europe in both the traditional benefits business as well as the Incentive & Recognition and mobility activities.

Progress in productivity and simplification will be reinjected into the organization to support sales growth, with more innovation, new offers, digital apps and reinvigorated sales and marketing efforts, aimed at retaining existing clients, boosting new sales and being more competitive.

Therefore, for Fiscal 2019, the Group expects to deliver:

- organic growth of between +2 and +3%;
- an Underlying operating margin between 5.5% and 5.7%, excluding currency effects.

The strategic agenda is aimed at delivering market leading growth. The first steps to return to this performance are to achieve organic growth of more than 3% from Fiscal 2020 and then improve margins back up over 6% sustainably (at Fiscal 2017 exchange rates). **As explained during the Capital Markets Day, margin improvement will come with the right levels of growth.**

¹ STEP = Sodexo Targets for Enhanced Performance.

3.1.3.7 Alternative Performance Measure definitions

Financial ratios

		FISCAL 2018	FISCAL 2017
Gearing ratio	Borrowings (1) – operating cash (2)		
	Shareholders' equity and non-controlling interests	37.9%	17.1%
Net debt ratio	Borrowings (1) – operating cash (2)		
	Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) (3)	1.0	0.4
Debt coverage	Borrowings		
	Operating cash flow	3.5 years	3.3 years
Financial independence	Non-current borrowings		
	Shareholders' equity and non-controlling interests	106.3%	84.3%
Return on equity	Profit attributable to equity holders of the parent		
	Equity attributable to equity holders of the parent (before profit for the period)	24.7%	25.7%
Return on capital employed (ROCE)	Operating profit after tax (4)		
	Capital employed (5)	16.4%	20.6%
Interest cover	Operating profit		
	Net borrowing cost	12.6	15.0

Financial ratios have been computed based on the following key indicators:

		FISCAL 2018	FISCAL 2017
(1) Borrowings	Non-current borrowings	3,537	3,012
	+ current borrowings excluding overdrafts	421	499
	- derivative financial instruments recognized as assets	(18)	(11)
		3,940	3,500
(2) Operating cash	Cash and cash equivalents	1,666	2,018
	+ financial assets related to the Benefits and Rewards Services activity	1,042	909
	- bank overdrafts	(28)	(38)
		2,680	2,889
(3) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Operating profit	997	1,189
	+ depreciation and amortization	317	281
		1,314	1,470
(4) Operating profit after tax	Operating profit	997	1,189
	Effective tax rate	27.1%	31.7%
		727	812
(5) Capital employed	Property, plant and equipment	619	590
	+ goodwill	5,664	5,308
	+ other intangible assets	704	511
	+ client investments	558	547
	+ working capital excluding restricted cash and financial assets of the Benefits and Rewards Services activity	(3,104)	(3,009)
		4,441	3,947



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 section Consolidated financial position.

Growth excluding currency effect

Change excluding currency effect calculated converting Fiscal 2018 figures at Fiscal 2017 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, Fiscal 2018 and Fiscal 2017 figures in VEF have been converted at the exchange rate of USD 1 = VEF 6,112,000 vs. VEF 3,250 respectively.

Issue volume

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

Net debt

Group borrowing at the balance sheet date, less operating cash.

Operating margin

Operating profit divided by Revenues.

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, Benefits and Rewards figures for Fiscal 2018 and Fiscal 2017 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = 6,112,000 (vs. VEF 3,250 for Fiscal 2017).

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.

In Fiscal 2018, the Underlying net profit excludes the following items and the related tax impact where applicable from Net Income Group share:

- other Income and Expense for -131 million-euro, net of normalized tax rate of 30.2%;
- interest received in France on tax reimbursement for 7 million euro;
- reimbursement of the 3% tax on dividends received for 43 million euro;
- one-off impacts resulting from changes in the U.S. tax regulation, for -13 million euro.

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

Underlying operating profit divided by revenues.

Underlying operating profit margin at constant rate

Underlying operating profit divided by revenues, calculated by converting Fiscal 2018 figures at FY 2017 rates, except for countries with hyperinflationary economies.

3.2 EXTRA-FINANCIAL REPORTING

3.2.1 460,000 employees serving clients

3.2.1.1 Workforce by segment and activity

	FISCAL 2018	CHANGE	FISCAL 2018	FISCAL 2017
Business & Administrations <input checked="" type="checkbox"/>	276,572	29,867	60.0%	57.7%
Health Care and Seniors <input checked="" type="checkbox"/>	82,384	3,542	17.9%	18.5%
Education <input checked="" type="checkbox"/>	86,717	18	18.8%	20.3%
TOTAL ON-SITE SERVICES <input checked="" type="checkbox"/>	445,673	33,427	96.7%	96.5%
BENEFITS AND REWARDS SERVICES <input checked="" type="checkbox"/>	4,380	(102)	1.0%	1.0%
GROUP HEADQUARTERS AND SHARED STRUCTURES <input checked="" type="checkbox"/>	10,610	70	2.3%	2.5%
TOTAL <input checked="" type="checkbox"/>	460,663	33,395	100%	100%

In Business and Administrations, the workforce growth is mainly driven by the acquisition of Centerplate (27,696 employees) and the development in Asia and Latin America.

In Healthcare, the increase in workforce is mainly due to the opening of sites in Brazil and Chile.

In Education the headcount remains flat. Losses in Universities in the USA are offset by opening of sites in Schools in the USA and Spain.

3.2.1.2 Workforce by region

	FISCAL 2018	FISCAL 2017
North America	34.1%	31.3%
Europe	29.9%	32.0%
Africa, Asia, Australia, Latin America, Middle East	36.0%	36.8%
TOTAL	100.0%	100%

All analysis on workforce is excluding Centerplate (27,696 employees as of August 31, 2018).

3.2.1.3 Workforce by category

	FISCAL 2018		FISCAL 2017	
	TOTAL	% FEMALE	TOTAL	% FEMALE
Board <input checked="" type="checkbox"/>	13	54%	14	50%
Executive Committee <input checked="" type="checkbox"/>	19	37%	14	25%
Group Senior Executives <input checked="" type="checkbox"/> ⁽¹⁾	203	34%	190	33%
Managers <input checked="" type="checkbox"/>	49,743	43%	49,909	43%
Employees <input checked="" type="checkbox"/>	432,967	55%	427,268	54%

(1) Group Senior Executive includes the key functions reporting directly to a Global Executive Committee members, higher level sales and operations and high potentials

95.3% of Sodexo employees work in the field, on site.

Indicator verified to the level of "reasonable" assurance by KPMG.



3.2.1.4 Workforce per age

	FISCAL 2018		FISCAL 2017	
	EMPLOYEES	MANAGERS	EMPLOYEES	MANAGERS
Under 30 years	27.4%	11.9%	28.0%	12.4%
30-40 years	23.6%	30.7%	23.3%	30.4%
40-50 years	22.3%	29.5%	22.6%	29.8%
50-60 years	19.4%	21.9%	19.1%	21.9%
Over 60 years	7.3%	6.0%	6.9%	5.6%
TOTAL	100%	100%	100%	100%

(in number of years)	FISCAL 2018	FISCAL 2017
Managers	8.3	8.3
Employees	4.8	4.6
AVERAGE SENIORITY	4.8	4.6

3.2.1.5 New hires excluding acquisitions & transfers

	FISCAL 2018	FISCAL 2017	CHANGE
Employees	161,365	151,741	9,624
Managers	6,117	8,109	(1,992)
	167,482	159,850	7,632

Hires have increased in Fiscal 2018, mainly driven by Business and Administrations in countries that are growing strongly such as India, China and Brazil.

In some countries hires have slightly reduced in correlation with the decrease in the number of departures.

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

	FISCAL 2018	FISCAL 2017	CHANGE
Resignations (less than 3 months)	33,353	n.a.	n.a.
Resignations (after 3 months)	81,770	n.a.	n.a.
TOTAL RESIGNATIONS	115,123	110,291⁽¹⁾	4,832
Dismissals or Redundancy	33,972	34,154	(182)
Retirement and other reasons	4,093	4,573	(480)
TOTAL NUMBER OF DEPARTURES	153,188	149,018	4,170

(1) Split of resignations is not available for Fiscal 2017.

3.2.1.7 Retention

Retention Rate for Total Workforce <input checked="" type="checkbox"/>	80,9%
Retention Rate for Site Management <input checked="" type="checkbox"/>	86,6%

The retention rate is calculated on the basis of resignations after more than 3 months of service and is therefore not comparable with last year's published figures.

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

3.2.2 Engaged employees

The employee engagement rate – expressing both satisfaction and involvement – 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 with all employees of at least six months seniority, or 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 time, the

employee engagement rate increased. In 2018, it reaches 69% (1 point increase compared to the last 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, so as to continue to enhance QoL 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%
Engagement Rate <input checked="" type="checkbox"/>	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%	-

3.2.3 Investment in employee skills development

3.2.3.1 Training employees to respond to client needs

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

	FISCAL 2018	FISCAL 2017	CHANGE
Total number of training hours	6,232,374	5,802,417	+7.4%
Average number of hours of training per employee	14.6	13.6	+7.2%
% of client sites providing training on sustainable practices	49.2%	49.4%	-0.2 pt

The number of hours of training increased in FY18 mainly due to the deployment of the Sodexo Ambassador program and an increasing focus on regulatory training. Sodexo Ambassador

program ensures that our 460,000 employees have a consistent understanding of what Sodexo stands for and how we all improve quality of life.

¹ Aon Hewitt client companies.

Indicator verified to the level of "reasonable" assurance by KPMG.

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 2018	FISCAL 2017
% of off-site managers promoted internally	6.6%	7.5%
% of on-site managers promoted internally	8.7%	8.5%
% of employees promoted internally	3.5%	3.2%

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 2018	FISCAL 2017
% Workforce working part-time	24.7%	25.0%

3.2.4.1 Ensuring employee safety

At the heart of Sodexo's Health, Safety, Food Safety and Environment (HSE) commitment is its care for people, for the community of employees as well as for the 100 million consumers it serves every day. Health and Safety is the founding pillar on which the Group bases its mission to improve quality of life.

As such, Sodexo's Health and Safety Policy guides its actions in this area by defining minimum standards for each business entity and is based on OHSAS 18001.

	FISCAL 2018	FISCAL 2017
% of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification <input checked="" type="checkbox"/>	85.2%	81.8%

3.2.4.2 Work absenteeism and number of accidents

	FISCAL 2018	FISCAL 2017
Number of work related accidents requiring leave <input checked="" type="checkbox"/>	3,872	4,094
Average number of work day absences per employee due to work-related accident or illness and non-work-related accident or illness	8.3	7.2
% LTIR reduction	6.5%	16.5%
% of Group revenues of countries employing environmental experts	96.9%	97.7%

The number of work day absences per employee has increased in Fiscal 2018. It is not comparable with prior years published figures due to a significant improvement in reporting quality in Latin America.

3.2.4.3 Collective agreement 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 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), its 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. For example, in the United States, Sodexo has numerous agreements containing health and safety provisions.

	FISCAL 2018	FISCAL 2017
% of workforce covered by collective agreements	43.9%	46.1%
% of workforce working in countries that have collective agreements and are covered by these agreements	89.2%	88.1%

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 laid out 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 Environmental Policy is covered by Better Tomorrow 2025.

Our responsible business requirements in relation to suppliers and sub-contractors are set out 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 to 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 working group has been established. The working group 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 2018	FISCAL 2017
% of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language	96.8%	96.7%
% of Group revenues of countries having implemented Sodexo's 10 People Fundamentals <input checked="" type="checkbox"/>	80.5%	N/A
% of workforce working in countries having the Group Human Rights policy available in at least one official language	96.9%	96.9%

Indicator verified to the level of "reasonable" assurance by KPMG.



3.2.6 Our commitments as a service provider

3.2.6.1 Provide and encourage our consumers to access healthy lifestyle choices

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

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

	FISCAL 2018	FISCAL 2017	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	96.0%	95.3%	+0.7 pt
% of Group revenues of countries having one or more ISO 9001 certification	94.4%	95.5%	-1.1 pt
% of On-site Services revenues of countries having either ISO 9001 or ISO 22000 certification for food safety <input checked="" type="checkbox"/>	98.5%	97.4%	+1.1 pt
% of On-site Services revenues of countries providing Health and Wellness Services including physical wellness services	81.4%	82.6%	-1.2 pt
% of Group revenues having a nutritional hotline, webline or other digital tool or application to provide nutritional advice for consumers	90.1%	72.6%	+17.5 pts
% of client sites implementing actions that proactively address Sodexo's 10 Golden Rules of Nutrition, Health and Wellness <input checked="" type="checkbox"/>	65.6%	88.8%	-23.2 pts
Number of registered dietitians employed by Sodexo	5,306	5,029	+277

In Fiscal 2018, the calculation method related to the 10 Golden Rules of Nutrition, Health and Wellness indicator has changed. This change is aimed at enhancing and expanding our actions on nutrition, health and wellbeing across our client sites. On the same basis, the KPI would have been down by 2 pts.

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

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 2018	FISCAL 2017	CHANGE
% of Group revenues of countries having specific initiatives to integrate SMEs (Small and Medium Enterprises) into Sodexo's Value Chain	91.8%	91.4%	+0.4 pt
Number of active agreements with local communities, clients, NGOs and associations to promote inclusion of SMEs in Sodexo's Value Chain	180	180	
Our business value benefiting SMEs (in billions of euro)	4.4	1.9	+2.5
% in kg of certified sustainable coffee	50.1%	43.2%	+6.9 pts
% of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct <input checked="" type="checkbox"/>	93.6%	91.7%	+1.9 pt

Our business value benefiting SMEs has significantly increased in Fiscal 2018. This is mainly due to an increase in Brazil Benefits and Rewards and Romania Benefits and Rewards.

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.

	FISCAL 2018	FISCAL 2017	CHANGE
Sustainable supplies			
% of physical certified sustainable palm oil	59.5%	31.8%	+27.7 pts
% of cage free shell eggs (of the total of shell eggs purchased by Sodexo)	37.6%	25.4%	+12.2 pts
% of cage free liquid eggs (of the total liquid eggs purchased by Sodexo)	51.1%	28.6%	+22.5 pts
% of On-site Services revenues of countries having the Sodexo Animal Welfare Supplier charter available in at least one official language	95.5%	95.3%	+0.2 pt
% of certified sustainable fish and seafood as a % of total fish and seafood	38.7%	41.3%	-2.6 pts
% of sustainable fish and seafood which is sustainable as a % of total seafood (in kg)*	80.7%	83.7%	-3 pts
% of spend on certified sustainable paper disposables as a % of total paper disposables <input checked="" type="checkbox"/>	70.4%	80.0%	-9.6 pts
Reduction in carbon emissions			
% of Group revenues of countries having one or more ISO 14001 certification	90.8%	93.6%	-1.8 pt
Scope 1 and Scope 2 emissions energy consumption (in Mwh)**		669,688	+9%
Scope 1 and Scope 2 (market based) emissions (tCO ₂ e)**		144,468	+11%
% reduction in carbon emissions (compared to 2011 baseline) absolute**		40%	
% reduction in carbon emissions (compared to 2011 baseline) intensity***		53%	
% of client sites implementing heightened awareness and behavior steps to reduce their consumption of energy	34.6%	34.2%	+0.4 pt
% of client sites implementing heightened awareness and behavior steps to reduce their consumption of blue water	39.0%	40.0%	-1 pt
% of client sites implementing equipment and processes steps to reduce their organic waste	87.5%	88.2%	-0.7 pt
% of client sites implementing equipment and processes steps to reduce their non-organic waste	80.6%	80.7%	-0.1 pt

* Green listed or orange listed meeting control measures per Sodexo Sustainable Seafood Sourcing Guide.

** Data for Fiscal 2017 in process, see our reporting methodology, so data provided with one year's delay. There are no provisions made for risks related to the environment.

Physical certified sustainable palm oil, cage free shell eggs and cage free liquid eggs indicators have increased significantly compared to last year. These results reflect all the efforts put in place in countries towards a more responsible sourcing, including enhanced traceability and transparency throughout our supply chain.

Scope 1 and Scope 2 energy consumption and emissions have increased for Fiscal Year 2018 due mainly to Sodexo's growth in the facilities management services activity.

Indicator verified to the level of "reasonable" assurance by KPMG.



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 a better quality of life. Because we believe that Quality of Life begins when basic needs are met, Sodexo employees in the U.S. decided to create Stop Hunger in 1996.

Sustainably eradicating hunger and providing a fairer and happier world is the target set by the United Nations. Stop Hunger and Sodexo want to contribute to achieving it.

	FISCAL 2018	FISCAL 2017	CHANGE
Funds invested in programs to empower women working to end hunger in their communities (in thousand of euro)	1,063	988	+75

In addition of our project already engaged in Fiscal 2017, in Fiscal 2018 we have mainly increased 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.

3.2.7.2 Drive diversity and inclusion as a catalyst for societal change

Sodexo has always placed the advancement of women at the heart of its vision for economic, social and environmental development. As a company where diversity and inclusion is embedded into the way we work, Sodexo strives to broaden its influence in our local communities on key priorities such as advancing gender equality by sharing our expertise and working together with our partners.

	FISCAL 2018	FISCAL 2017	CHANGE
% of Group revenues of countries with initiatives to improve the quality of life of women	89.1%	77.1%	+12 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 France this year, France representing more than 10% of our Group revenues.

3.2.7.3 Champion sustainable resource usage

We live in a world of finite material resources whose biophysical capacity to replenish and absorb waste to land, air and water 'sinks' is limited.

Sodexo's growing ecosystem of NGOs and multi-stakeholder engagement is critical to tackling global issues like food waste.

	FISCAL 2018	FISCAL 2017	CHANGE
% of Group revenues of countries working to deliver on the United Nations' food waste objective	65.9%	69.0%	-3.1 pts

The drop in this indicator is due to the increase of the number of entities participating in the Annual Country Survey. Entities having participated for the first time this year, have not yet put in place initiatives helping to deliver on the United Nations' food waste objective.

3.2.8 Our reporting methodology

Choice of indicators

In Fiscal 2018, we have decided 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 the progress in the areas identified as key topics following our materiality assessment;
- include measures of the tangible benefits Sodexo brings to its clients;
- enhance employees' 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 (cf. 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 2018 workforce indicators

Workforce indicators are consolidated for all Sodexo entities (excluding Centerplate entity), Safety indicators cover On-site Services activity only, representing more than 96% of Group revenues. Other activities will join the reporting process in Fiscal 2019.

Fiscal 2018 societal and environmental indicators

Societal and environmental indicators are calculated and consolidated for entities representing at least between 70% and 98% of Group revenues.

Certain environmental indicators are applicable only to On-site Services or to Benefits and 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 foodservice.

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 conviction 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.

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" of 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;
- Group Employee Engagement Rate;
- % 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

With 432,967 employees (excluding Centerplate), Sodexo is present in 72 countries with differing regulations and operates 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-contracts and other personnel who are not Sodexo employees,
 - may have insignificant differences created by the local differences in the way that work-related illness is accounted for;
 - 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 variances in local legislation in accounting for the number of days of absence as some include weekend and others only working days, the minimum number of days of absence from which the absence is recorded varies according to local legislation;
 - the training indicators in the USA (46% of disclosed data) are based on estimation. The estimation is an extrapolation of actual data on 15% of the population. Solutions are under discussion in order to increase the part of actual data disclosed in the next years;
 - the indicators gathered through the Annual site survey are consolidated for a representative number of sites (more than 9,000 in Fiscal 2018), excluding:
 - sites that are closed,
 - sub sites of a main site such as an University campus or which has several restaurants, cafeterias, kiosks, etc.,
 - sites where Sodexo has a limited activity and where there is no management, supervision or site based Sodexo staff (such as: vending, delivery of meals and maintenance),
 - sites where Sodexo has a short term contract (less than 12 months).
- Certain information is extremely difficult to gather given the nature of the Group's activities:
 - 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 32 major countries representing 83% of Group revenues. Given the time and resource required for the data gathering for the calculation of energy consumption and the Scope 1 and Scope 2 carbon emissions data, the calculation of carbon emissions for Fiscal 2018 has not been prepared in time for this publication and will be reported subsequently through the CDP⁽¹⁾. We are currently working on eliminating this one year reporting gap;
 - 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;
 - Scope 1 and Scope 2 covers a very small part of our emissions, this is why we have started working on our Scope 3 emissions calculation, with an objective to publish the first figures in Fiscal 2019.
- 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 tables for Grenelle II and the GRI are included in the section "Other information" of this report.

¹ CDP: formerly named "Carbon Disclosure Project" works with investors, companies and governments to promote reporting and environmental action in order to ensure a sustainable economy, avoid the effects of climate change and protect natural resources.

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.

Sodexo S.A.

Head office: 255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux

For the year ended August 31, 2018

To the shareholders,

In our capacity as an independent third party of Sodexo S.A., 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 extra-financial statement for the year ended August 31, 2018, (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*).

Company's responsibility

It is the Board of Directors's responsibility to prepare a Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main extra-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 company, (hereinafter the "Guidelines"), the most significant aspects of which are presented in the Statement (or available on the website or on request, etc.).

Independence and quality control

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

Statutory Auditor's responsibility

On the basis of our work, it is our responsibility to express an opinion of limited assurance 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⁽²⁾ and II of the French Commercial Code (*Code de commerce*) concerning appropriate due diligence processes and policy outcomes including the key performance indicators on the main risks;

It is our responsibility to express, at the request of the company and outside of the scope of certification, reasonable assurance that information selected by the Company and identified by the symbol V in chapter 3 of the Management Report has been prepared, in all material respects, in accordance with the Guidelines.

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

- the company's compliance with any other applicable legal provisions, especially with those in accordance with the Duty of Vigilance, with the fight against corruption and with the fiscal fraud;
- the compliance of products and services with applicable regulations.

Conclusion on the fairness of the CSR Information

Nature and scope of our work

We performed our work described below in accordance with the articles A. 225-1 and the ones following, of the French Commercial Code, 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).

1 For which the scope is available at www.cofrac.fr.

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

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, if applicable, of its effects on human rights and the fight against corruption, 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, the fight against corruption and against fiscal fraud;
- we verified that the Statement presents the business model and the main risks relating to the Entity's business activity of all companies in the consolidation scope, including – if relevant and proportionate – risks created by business relationships, its products or services, in accordance with disclosures required under Article R.225-105-I, and the policies, appropriate due diligence processes and outcomes, including key performance indicators;
- we verified that the Statement presents disclosures required under article R.225-105-II if they are relevant given the main risks or policies presented;
- we obtained an understanding of the process for identifying, prioritizing and validating main risks;
- we enquired about the existence of internal control and risk management procedures implemented by the company;
- 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 policy outcomes and key performance indicators that must be mentioned in the Statement;
- for key performance indicators and a selection of other quantitative outcomes⁽¹⁾ that we considered the most important, we set up:
 - analytical procedures to verify that data collected are 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 to the report⁽²⁾ and represents between 15 to 84% of consolidated data of key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the appropriate due diligence processes that we deemed the most important⁽³⁾ (organization, policies, actions, qualitative outcomes);
- we gained an understanding of the overall consistency of the Statement based on our understanding of the Company.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are 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.

Nature and scope of our work

Our work drew on the skills of nine individuals.

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

Conclusion

Based on our work, we have no material misstatements to report that would call into question the Statement's compliance with the applicable regulatory provisions, or the fair presentation of the information, taken as a whole, in accordance with the Guidelines.

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

2 Entities selected in the context of legal limited assurance:
- Sodexo On-Site Services: Sodexo France, Sodexo Finland, Sodexo USA;
- Sodexo Benefits & Rewards: Sodexo Pass France;

Complementary entities selected under reasonable assurance, outside the scope of accreditation;
- On-Site Services: Sodexo UK & Ireland, Sodexo Luxembourg, Sodexo Spain.

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

Reasonable assurance on a selection of CSR Information

Nature and scope of the work

For the information selected by the Group and identified by the symbol ✓, our audit consisted of work of the same nature as described in paragraph "Nature and scope of our work" above for CSR information considered the most important, but in more depth, particularly regarding the number of tests.

The selected sample represents between 44% and 63% of the information identified by the symbol ✓ published.

We consider that this work enables us to express a conclusion of reasonable assurance for the information selected by the Group and identified by the symbol ✓.

Conclusion

In our opinion, the information selected by the Group and identified by the symbol ✓ is fairly presented, in all material respects, in compliance with the Guidelines.

French original signed by:

Paris-La Défense, November 5, 2018

KPMG SA

Philippe Arnaud
Partner
Sustainability Services

Hervé Chopin
Partner
Audit

Appendix 1

All information published in the Declaration is subject to moderate or reasonable assurance.

The list below shows the information:

- verified with a moderate level of assurance and considered the most important;
- verified with a reasonable level of assurance (✓).

HUMAN RESOURCES INDICATORS	LEVEL OF ASSURANCE
% 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	✓
Group Employee Engagement Rate	✓
Number of Departures related to Resignation of continuous employment excl. site loss	
Number of Departures related to Dismissals or Redundancy of continuous employment excl. site loss	
Number of work days absence due to non-work-related accidents or illness	
Total number of training hours	
% 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	✓
SAFETY INDICATORS	
Number of work related accidents requiring a leave (LTSC)	✓
% of Lost time injury rate reduction	
% of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification	✓
ENVIRONMENTAL INDICATORS	
Scope 1 and Scope 2 emissions energy consumption	
Scope 1 and Scope 2 (market based) emissions	
% reduction in carbon emissions (compared to 2011 baseline) absolute	
% reduction in carbon emissions (compared to 2011 baseline) intensity	
% of client sites implementing heightened awareness and behaviour steps to reduce their consumption of energy	
% of client sites implementing heightened awareness and behaviour steps to reduce their consumption of blue water	
% of client sites implementing equipment and processes steps to reduce their organic waste	
% of client sites implementing equipment and processes steps to reduce their non-organic waste	
% of Group revenues of countries employing environmental resources	

SOCIETAL INDICATORS

% of On-site services revenues of countries having either ISO 22000 or ISO 9001 certification for food safety	✓
% of Group revenues of countries having a nutritional hotline, webline or other digital tool or application to provide nutritional advice for consumers	
% of client sites with actions that proactively address the 10 golden rules of Nutrition, Health and Wellness	
% of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct	✓
% of client sites with training on sustainable practices	
Business value benefiting SMEs (Euro)	
% of physical certified sustainable palm oil	
% of cage free shell eggs as a total of shell eggs purchased by Sodexo	
% of cage free liquid eggs as a total of liquid eggs purchased by Sodexo	
% of spend on certified sustainable paper disposables as a % of total paper disposables	✓
% of sustainable fish and seafood which is sustainable as a % of total seafood (kg)	

QUALITATIVE INFORMATION

Labour themes	Occupational health and safety conditions
	Measures implemented to promote gender equality
	Absenteeism
Environmental themes	Energy consumption and measures implemented to improve energy efficiency and renewable energy use
	Actions against food waste
Social themes	Measures implemented to promote consumers health and safety
	Actions of partnership and sponsorship
	Action implemented against corruption



3.3 CONSOLIDATED FINANCIAL STATEMENTS AS OF AUGUST 31, 2018

3.3.1 Consolidated income statement

(in millions of euro)	NOTES	FISCAL 2018	FISCAL 2017 ⁽¹⁾
Revenues	3	20,407	20,698
Cost of sales	4.1	(17,320)	(17,450)
Gross profit		3,087	3,248
Administrative and Sales Department costs	4.1	(1,963)	(1,913)
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	3 and 4.9	4	5
Underlying operating profit⁽¹⁾	3	1,128	1,340
Other operating income	4.1	10	24
Other operating expenses ⁽²⁾	4.1	(141)	(176)
Operating profit		997	1,189
Financial income	4.2	46	31
Financial expense	4.2	(136)	(136)
Share of profit of other companies consolidated by the equity method	4.9	2	4
Profit for the period before tax		909	1,088
Income tax expense	4.3	(245)	(343)
Profit for the period		664	745
Of which:			
Attributable to non-controlling interests		13	22
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		651	723
Basic earnings per share (in euro)	4.4	4.40	4.85
Diluted earnings per share (in euro)	4.4	4.34	4.79

(1) After reclassifications based on the new consolidated income statement presentation (see note 2.22.1).

(2) Including 137 million euro in costs recorded in Fiscal 2017 in connection with the Adaptation and Simplification program. The total amount reported as "Other operating expenses" in the new presentation includes 51 million euro previously reported under "Cost of sales", 65 million euro previously reported under "Administrative and Sales Department costs", and 20 million euro reported under "Other operating expenses" in the old presentation.

3.3.2 Consolidated statement of comprehensive income

(in millions of euro)	NOTES	FISCAL 2018	FISCAL 2017
PROFIT FOR THE PERIOD		664	745
Components of other comprehensive income that may be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale financial assets	4.11.2 and 4.14		
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		(245)	(260)
Currency translation adjustment reclassified to profit or loss			(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	(1)	(3)
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	79	72
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	4.14	(13)	(21)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX		(180)	(215)
COMPREHENSIVE INCOME		485	530
Of which:			
Attributable to equity holders of the parent		471	511
Attributable to non-controlling interests		14	19

3.3.3 Consolidated statement of financial position

Assets

(in millions of euro)	NOTES	AUGUST 31, 2018	AUGUST 31, 2017
NON-CURRENT ASSETS			
Property, plant and equipment	4.5	619	590
Goodwill	4.6	5,664	5,308
Other intangible assets	4.7	704	511
Client investments	4.8	558	547
Companies consolidated by the equity method	4.9	83	89
Financial assets	4.11	190	163
Derivative financial instrument assets	4.16	3	4
Other non-current assets	4.12	18	17
Deferred tax assets	4.20	105	187
TOTAL NON-CURRENT ASSETS		7,944	7,416
CURRENT ASSETS			
Financial assets	4.11	36	32
Derivative financial instrument assets	4.16	15	7
Inventories		280	257
Income tax receivable	4.12	176	185
Trade and other receivables	4.12	4,121	4,050
Restricted cash and financial assets related to the Benefits and Rewards Services activity	4.11	1,042	909
Cash and cash equivalents	4.13	1,666	2,018
TOTAL CURRENT ASSETS		7,336	7,458
TOTAL ASSETS		15,280	14,874

Shareholders' equity and liabilities

(in millions of euro)	NOTES	AUGUST 31, 2018	AUGUST 31, 2017
Shareholders' equity			
Share capital		590	603
Additional paid-in capital		248	534
Reserves and retained earnings		2,445	2,399
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		3,283	3,536
NON-CONTROLLING INTERESTS		45	34
TOTAL SHAREHOLDERS' EQUITY	4.14	3,328	3,570
NON-CURRENT LIABILITIES			
Borrowings	4.15	3,537	3,011
Derivative financial instrument liabilities	4.16	-	1
Employee benefits	4.17	389	462
Other non-current liabilities	4.19	190	181
Provisions	4.18	88	93
Deferred tax liabilities	4.20	126	137
TOTAL NON-CURRENT LIABILITIES		4,330	3,885
CURRENT LIABILITIES			
Bank overdrafts	4.13	28	38
Borrowings	4.15	420	498
Derivative financial instrument liabilities	4.16	1	1
Income tax payable		98	104
Provisions	4.18	73	61
Trade and other payables	4.19	4,222	3,953
Vouchers payable		2,780	2,764
TOTAL CURRENT LIABILITIES		7,622	7,419
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		15,280	14,874

3.3.4 Consolidated cash flow statement

(in millions of euro)	NOTES	FISCAL 2018	FISCAL 2017
OPERATING ACTIVITIES			
Operating profit of consolidated companies		993	1,184
Elimination of non-cash and non-operating items			
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		317	281
Provisions		(15)	(31)
Disposal (gains) losses and other non-cash items		20	(3)
Dividends received from companies consolidated by the equity method		19	11
Interest paid		(117)	(120)
Interest received		51	25
Income tax paid		(128)	(271)
Operating cash flow		1,140	1,076
Change in working capital from operating activities			
Change in inventories		(6)	(13)
Change in trade and other receivables		(160)	(196)
Change in trade and other payables		193	180
Change in vouchers payable		194	149
Change in financial assets related to the Benefits and Rewards Services activity		(228)	(134)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,133	1,062
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		(329)	(309)
Disposals of property, plant and equipment and intangible assets		31	19
Change in client investments	4.8	11	(16)
Change in financial assets and share of companies consolidated by the equity method		(40)	(38)
Acquisitions of subsidiaries		(683)	(257)
Disposals of subsidiaries		11	(11)
NET CASH USED IN INVESTING ACTIVITIES		(1,000)	(612)
FINANCING ACTIVITIES			
Dividends paid to parent company shareholders	4.14	(411)	(359)
Dividends paid to non-controlling shareholders of consolidated companies		(13)	(10)
Purchases of treasury shares	4.14	(371)	(339)
Sales of treasury shares		25	20
Increase in share capital		1	1
Change in non-controlling interests		(5)	5
Proceeds from borrowings (excluding leasing)	4.15	645	1,118
Repayment of borrowings	4.15	(215)	(114)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(345)	322
CHANGE IN NET CASH AND CASH EQUIVALENTS			
Net effect of exchange rates and other effects on cash		(130)	(139)
Net cash and cash equivalents, beginning of period		1,980	1,347
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	4.13	1,638	1,980

3.3.5 Consolidated statement of changes in shareholders' equity

(in millions of euro)	SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	TREASURY SHARES	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	4.14				
Shareholders' equity as of August 31, 2016	153,741,139	615	822	(352)	3,008	(425)	3,668	34	3,702
Profit for the period					723		723	22	745
Other comprehensive income (loss), net of tax					48	(260)	(212)	(3)	(215)
Comprehensive income					771	(260)	511	19	530
Dividends paid					(359)		(359)	(22)	(381)
Capital reduction by cancelling treasury shares	(2,910,690)	(12)	(288)	300					
Treasury share transactions				(319)			(319)		(319)
Share-based payment (net of income tax)					43		43		43
Change in ownership interest without any change of control								1	1
Other ⁽¹⁾					(8)		(8)	2	(6)
Shareholders' equity as of August 31, 2017	150,830,449	603	534	(371)	3,455	(685)	3,536	34	3,570
Profit for the period					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 ⁽¹⁾					(10)		(10)	0	(9)
SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2018	147,454,887	589	248	(419)	3,795	(930)	3,283	45	3,328

(1) 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

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— 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, 2018 were approved by the Board of Directors on November 6, 2018 and will be submitted to the Annual Shareholders' Meeting on January 22, 2019.

1. SIGNIFICANT EVENTS

The Group expanded its Sports & Leisure offer by acquiring Centerplate, Inc., which has operations in the United States, the United Kingdom, Spain and Canada. In addition, The Good Eating Company in the United Kingdom was acquired in the Corporate Services segment and Morris Corporation in Australia in the Energy & Resources segment. Strategic initiatives during the fiscal year included acquisition of control of FoodChéri in France, while the Group's expertise and technical offer were strengthened with the acquisition of Singapore-based Kim Yew.

Details of these business combinations' impact on the consolidated financial statements as of August 31, 2018 are provided in note 4.23.

On March 29, 2018, Sodexo S.A. reimbursed in full a 147 million U.S. dollar loan from March 2011 from U.S. investors and signed on June 27, 2018, a new 400 U.S. dollar loan from U.S. investors due June 2023.

On May 22, 2018, Sodexo S.A. carried out a new bond issue comprising 300 million euro worth of bonds redeemable in May 2025.

At the close of the Annual Shareholders' Meeting on January 23, 2018, Denis Machuel succeeded Michel Landel and officially took up the position of Chief Executive Officer of Sodexo.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2018

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

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.

2.1.2 New accounting standards and interpretations required to be applied

The new standards, interpretations and amendments whose application was mandatory for the Group effective for the fiscal year beginning September 1, 2017 had no material impact on the consolidated financial statements.

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 2018.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of August 31, 2018.

It is currently analyzing the impacts of applying IFRS 16, "Leases", IFRS 9, "Financial Instruments" and IFRS 15, "Revenue from Contracts with Customers".

- 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. All leases will now have to be on-balance sheet, with the recognition of the present value of the fixed lease payments over the expected lease term and a corresponding right-of-use asset. Short-term leases and leases of low-value assets are exempt from this requirement.

During Fiscal 2018, the Group continued its work on collecting data relating to the leases in place in its various business segments and regions.

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 billion euro not discounted and excluding concessions, for which the impact of IFRS 16 is still being analyzed.

- IFRS 9 – Financial instruments, applicable to the Group as from the fiscal year opening on September 1, 2018.

IFRS 9 – which deals with the recognition and measurement of financial instruments – was developed in three phases:

- phase I, “Classification and measurement of financial assets and liabilities”. The main impact that the Group expects this phase to have on its consolidated financial statements concerns available-for-sale financial assets (investments in equity instruments), for which changes in fair value now have to be recognized in full either in profit or loss or in other comprehensive income, depending on which classification the Group opts for on first-time application of IFRS 9. The Group has not yet decided which accounting treatment to apply for each of its investments in equity instruments. For the Bellon SA shares held by Sofinsod (a wholly-owned Sodexo Group subsidiary), which are currently measured at cost, an external valuation being currently performed in order to determine the fair value of this non-controlling interest in view of its specific nature;
- phase II, “Impairment treatment”. IFRS 9 replaces the existing incurred loss model with an expected credit loss model. The work launched in Fiscal 2017 to put in place a provision matrix within the Group is still in progress, but so far no significant changes in the recognition of provisions seem likely;
- phase III, “Hedge accounting”. The impact of this phase will not be significant as the Group rarely uses hedge accounting.
- IFRS 15 – Revenue from operative activities from customer contracts, applicable to the Group as from the fiscal year opening on September 1, 2018.

The impact analysis for IFRS 15 has now been completed and the Group expects its effect on the consolidated financial statements to be minimal. This is because the client investments defined in note 2.9 below were already amortized by way of a deduction from revenues over the life of the contracts concerned, which is the method required under IFRS 15.

For On-site Services, we estimate that the total impact on revenue will not exceed 20 base points in absolute value.

Two main impacts have been identified:

- in certain situations, mainly upon clients requirement, the Group sometimes pays fees or rents for the use of space and equipment made available to us on sites that enable us to deliver our services. In accordance with the principles of IFRS 15, we have decided that these fees should be recognized as a deduction from the corresponding revenues;
- we have reassessed the accounting treatment we apply for the instances where, based on the new concepts defined in IFRS 15, revenue should be recognized on a gross or

a net basis. Consequently, we believe that the revenues on certain contracts will now need to be recognized on a gross basis in accordance with the new standard.

No significant impact has been identified for the Benefits and Rewards Services activity.

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 derivative financial instruments (note 4.16);
- 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.

2.3.3 Foreign currency translation

The exchange rates used are derived from rates quoted on the Paris stock exchange and 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 year 2018.

Subsidiaries operating in Venezuela

At the end of calendar 2009, Venezuela joined the list of countries considered hyperinflationary according to the criteria in IAS 29. Consequently, with effect from the fiscal year ended August 31, 2010, for the preparation of the consolidated financial statements the Group applied the specific accounting requirements of this standard to the transactions of its subsidiaries operating in Venezuela that use the local currency as their functional currency.

Effective from Fiscal 2010, the Group decided to no longer use the official exchange rate published by the Venezuelan government, and instead to use the exchange rate corresponding to its best estimate of the exchange rate at which cash from its operations in Venezuela could be repatriated. In February 2015, the Venezuelan government announced that it was setting up a new foreign exchange platform called SIMADI (Marginal Currency Exchange System), and in March 2016 another new platform was put in place, called DICOM. In mid-July 2015, Sodexo decided to transition to these new platforms and started trading on DICOM in Fiscal 2017. As of August 31, 2018 and August 31, 2017, the Group's best estimate of the exchange rate at which it could repatriate cash from its operations in Venezuela corresponded to the closing exchange rate quoted on DICOM. The exchange rate used for the fiscal year ended August 31, 2017 was therefore 1 U.S. dollar = 3,250 bolivars (1 euro = 3,843 bolivars), and for the fiscal year ended August 31, 2018 it was 1 U.S. dollar = 6,112,000 bolivars (1 euro = 7,121,091 bolivars).

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. 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	3-5 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 name 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 and, if necessary, adjusted at each period end.

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

Finance leases, under which substantially all the risks and rewards incidental to ownership of an asset are transferred to Sodexo, are 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 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,
 - Health Care, combined with Seniors,
 - Education, comprising Schools and Universities;
- the Benefits and 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.

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.

Impairment is recognized when there is objective evidence of the Group's inability to recover the full amount due under the initial contract terms. The impairment recognized represents the difference between the carrying amount of the asset and the discounted future cash flow, estimated using the initial effective interest rate. The resulting impairment loss is recognized in the income statement.

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 or of valuations carried out by the depositary bank.

2.12.1 Financial assets

Financial assets are measured and recognized in three main categories:

- **available-for-sale financial assets** include equity investments in non-consolidated entities, marketable securities with maturities greater than three months, and restricted cash. They are measured at fair value, with changes in fair value recognized in other comprehensive income. When an available-for-sale financial asset is sold or impaired, the cumulative fair value adjustment recognized in other comprehensive income is transferred to 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. If the fair value of an available-for-sale financial asset cannot be reliably measured, it is recognized at cost;

- **loans and receivables** include financial and security deposits, and loans to non-consolidated entities. These financial assets are recognized in the statement of financial position at fair value and subsequently at amortized cost, which is equivalent to acquisition cost as no significant transaction costs are incurred in acquiring such assets. They are tested for impairment if there is an indication that they may be impaired, and an impairment loss is recognized if the carrying amount of the asset is greater than its estimated recoverable amount;
- **financial assets at fair value through profit or loss** include other financial assets held for trading and acquired for the purpose of resale in the near term. Subsequent changes in the fair value of these assets are recognized in financial income or expense in the income statement.

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 counterparties.

2.12.3 Commitments to purchase non-controlling interests

As required by IAS 32, 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 which either 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 period.

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

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.

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 measured at fair value on initial recognition, and subsequently at amortized cost.

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.

The income statement and segment information for Fiscal 2017 have been restated based on the new presentation.

In the new presentation of the income statement, the costs of the 18-month Adaptation and Simplification program launched in Fiscal 2016, aimed at further adapting on-site operating costs, simplifying organizational structures and procedures and increasing international pooling of resources, have been reclassified under "Other operating expenses".

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;
- Benefits and 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.

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. Revenues are recognized when it is probable that future economic benefits will flow to Sodexo and these benefits can be measured reliably. No income is recognized if there is significant uncertainty about recoverability of the costs incurred or to be incurred in meeting the service obligation.

Foodservices and other On-site Services revenues are recognized when the service is rendered.

Commissions received from clients in the Benefits and 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.

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 Discount 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.

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 achieving contractually-defined thresholds are recognized at the end of the contractual measurement period if our purchase volumes exceed the defined thresholds. Fixed-amount VDAs are recognized on a straight-line basis over the period of the related commitment.

2.22.4 Income tax expense

In connection with the introduction of the *contribution économique territoriale* (CET – local economic contribution) under the 2010 Finance Bill in France, which applies to French subsidiaries, Sodexo has elected to recognize in income tax expense the portion of the CET related to the *cotisation sur la valeur ajoutée des entreprises* (tax on corporate value added).

Tax credits that do not affect taxable profit and are always refunded by the French government if they have not been deducted

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 and 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

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.

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.

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,
 - Health Care, combined with Seniors,
 - Education, comprising Schools and Universities;
- Benefits and 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.

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

3.1 By business segment

FISCAL 2018 (in millions of euro)	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTH CARE AND SENIORS	EDUCATION	BENEFITS AND 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	19,561	10,938	4,768	3,855	850	(4)	20,407
Underlying operating profit ⁽¹⁾	986	458	306	222	262	(120)	1,128

(1) This is a new consolidated income statement indicator (see note 2.22.1) that includes the Group's share of profit of companies consolidated by the equity method that directly contribute to the Group's business but excludes other operating income and expenses.

FISCAL 2017 (in millions of euro)	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTH CARE AND SENIORS	EDUCATION	BENEFITS AND REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	GROUP TOTAL
Revenues (third-party)	19,797	10,551	5,007	4,239	901		20,698
Inter-segment sales (Group)					4	(4)	
TOTAL	19,797	10,551	5,007	4,239	905	(4)	20,698
Underlying operating profit ⁽¹⁾	1,139	518	338	283	304	(103)	1,340

(1) This is a new consolidated income statement indicator (see note 2.22.1) that includes the Group's share of profit of companies consolidated by the equity method that directly contribute to the Group's business but excludes other operating income and expenses.

3.2 By significant country

The Group's operations are spread across 72 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, 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⁾	1,084	3,827	2,635	7,546

(1) Property, plant and equipment, goodwill, other intangible assets, and client investments.

AUGUST 31, 2017 (in millions of euro)	FRANCE	UNITED STATES	OTHER	TOTAL
Revenues (third-party)	2,680	8,675	9,343	20,698
Non-current assets ⁽¹⁾	1,081	3,244	2,631	6,956

(1) 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 2018	FISCAL 2017
Foodservices	13,172	13,632
Facilities management services	6,389	6,165
TOTAL ON-SITE SERVICES REVENUES	19,561	19,797
Benefits and Rewards Services	850	905
Eliminations	(4)	(4)
TOTAL CONSOLIDATED REVENUES	20,407	20,698



4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2018

4.1 Operating expenses by nature and other operating income and expenses

4.1.1 Operating expenses by nature

(in millions of euro)	FISCAL 2018	FISCAL 2017 ⁽³⁾
Depreciation, amortization and impairment losses	(326)	(280)
Employee costs		
• Wages and salaries	(7,615)	(7,702)
• Other employee costs ⁽¹⁾	(2,283)	(2,318)
Purchases of consumables and change in inventory	(5,445)	(5,751)
Other operating expenses ⁽²⁾	(3,745)	(3,463)
TOTAL	(19,414)	(19,514)

(1) Primarily payroll taxes, but also including 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 (343 million euro for Fiscal 2018 and 317 million euro for Fiscal 2017), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.

(3) Including 137 million euro in expenses recorded in Fiscal 2017 in connection with the Adaptation and Simplification program.

4.1.2 Other operating income and expenses

(in millions of euro)	FISCAL 2018	FISCAL 2017
Gains related to perimeter changes	3	21
Gains on changes of post-employment benefits		3
Other	7	
TOTAL OTHER OPERATING INCOME	10	24
Restructuring and rationalization costs ⁽¹⁾	(42)	(137)
Acquisition-related costs	(15)	(6)
Losses related to perimeter changes	(18)	
Losses on changes of post-employment benefits		(2)
Amortization and impairment of client relationships and trademarks	(52)	(31)
Other	(14)	
TOTAL OTHER OPERATING EXPENSES	(141)	(176)

(1) For Fiscal 2017, this item corresponds to the costs incurred for the Adaptation and Simplification program.

4.2 Financial income and expense

(in millions of euro)	FISCAL 2018	FISCAL 2017
Gross borrowing cost ⁽¹⁾	(110)	(94)
Interest income from short-term bank deposits and equivalent	31	15
NET BORROWING COST	(79)	(79)
Interest income from loans and receivables at amortized cost	3	3
Other financial income ⁽²⁾	12	5
Other financial expense ⁽³⁾	(10)	(29)
Net foreign exchange gains/(losses)	(2)	(2)
Net interest cost on net defined benefit plan obligation	(7)	(7)
Monetary adjustment for hyperinflation		(4)
Change in fair value of derivative financial instruments not qualified for hedge accounting		
Other ⁽⁴⁾	(7)	8
NET FINANCIAL EXPENSE	(90)	(105)
Of which financial income	46	31
Of which financial expense	(136)	(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) Including, in Fiscal 2017, 11 million euro related to the early redemption of 108 million U.S. dollars' worth of a U.S. private placement.
(4) Including, in Fiscal 2017, a gain from the sale of a non-controlling interest in PFIs in the United Kingdom.

4.3 Income tax expense

4.3.1 Income tax rate reconciliation

(in millions of euro)	FISCAL 2018	FISCAL 2017
Profit for the period before tax	909	1,088
Share of profit of companies consolidated by the equity method	(6)	(9)
Accounting profit before tax	903	1,079
Tax rate applicable to Sodexo S.A.	34.43%	34.43%
Theoretical income tax expense	(311)	(371)
Effect of jurisdictional tax rate differences	77	32
Reimbursement of additional tax on dividends paid	44	(11)
Permanently non-deductible expenses or non-taxable income	(7)	45
Other tax repayments/(charges), net	(13)	3
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	5	12
Tax loss carry-forwards arising during the period or prior years but not recognized as a deferred tax asset	(34)	(39)
Actual income tax expense	(239)	(329)
Withholding taxes	(6)	(14)
TOTAL INCOME TAX EXPENSE	(245)	(343)

4.3.2 Components of income tax expense

(in millions of euro)	FISCAL 2018	FISCAL 2017
Current income taxes	(217)	(327)
Adjustments to current income tax payable in respect of prior periods	(1)	2
Provision for tax exposures	(1)	4
Utilization of tax credits, tax losses and temporary difference carry-forwards	59	47
CURRENT INCOME TAXES	(160)	(274)
Deferred taxes on temporary differences arising or reversing during the period	(55)	(48)
Deferred taxes on changes in tax rates or liability for taxes at new rates	(21)	3
Utilization of tax credits, tax losses and tax loss carry-forwards	(4)	(10)
DEFERRED INCOME TAXES	(80)	(55)
ACTUAL INCOME TAX EXPENSE	(239)	(329)

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 31.7% for Fiscal 2017 to 27.1% for Fiscal 2018. The decline was mainly due to the reimbursement of the tax on dividends in France, for 44 million euro, and to the effects of the tax reform in the United States.

4.4 Earnings per share

The table below presents the calculation of basic and diluted earnings per share:

	FISCAL 2018	FISCAL 2017
Profit for the period attributable to equity holders of the parent	651	723
Basic weighted average number of shares	148,077,776	148,998,961
Basic earnings per share⁽¹⁾	4.40	4.85
Average dilutive effect of stock option and free share plans	2,033,657	2,060,749
Diluted weighted average number of shares	150,111,433	151,059,710
Diluted earnings per share⁽¹⁾	4.34	4.79

(1) 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, 2018, such shares total 7,227,652 (7,317,098 as of August 31, 2017).

All of the Group's stock option and free share plans had a dilutive impact in both Fiscal 2017 and Fiscal 2018.

4.5 Property, plant and equipment

4.5.1 Analysis 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
Carrying amount - August 31, 2016	71	471	62	604
Increases during the fiscal year	1	170	52	223
Decreases during the fiscal year		(16)	(2)	(18)
Newly consolidated companies		5		5
Newly deconsolidated companies	(1)	(4)		(5)
Impairment losses recognized in profit or loss		(2)		(2)
Depreciation expense	(9)	(169)	(17)	(195)
Currency translation adjustment	(1)	(12)	(2)	(15)
Other	(4)	17	(20)	(7)
Carrying amount - August 31, 2017	57	460	73	590
Increases during the fiscal year	6	175	44	225
Decreases during the fiscal year	(1)	(14)	(4)	(19)
Newly consolidated companies	2	40	7	49
Newly deconsolidated companies	(3)	(1)		(4)
Depreciation expense	(3)	(179)	(18)	(199)
Currency translation adjustment	(1)	(17)		(18)
Other	(10)	28	(23)	(5)
Carrying amount - August 31, 2018	47	492	80	619

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Cost	1,935	1,856
Accumulated depreciation and impairment	(1,316)	(1,266)
Carrying amount	619	590

No item of property, plant and equipment is pledged as collateral for a liability.

Depreciation and impairment losses are reported under either cost of sales or Administrative and Sales Department costs.

4.5.2 Analysis of assets held under finance leases

These leases relate mainly to kitchens and kitchen equipment.

CARRYING AMOUNT (in millions of euro)	BUILDINGS	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS AND OTHER	TOTAL
August 31, 2016	5	9		14
August 31, 2017	4	9		13
August 31, 2018	2	8		10

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Cost	32	38
Accumulated depreciation and impairment	(22)	(25)
Carrying amount	10	13

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, 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
Health Care	992			6	998
Seniors	416	5		3	424
Health Care and 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 and 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 and Rewards activity, Kim Yew (Singapore) in the

Education activity, and the acquisition of a controlling interest in FoodChéri (France).

The goodwill amounts for the above acquisitions are provisional except for Morris Corporation and Kim Yew for which the purchase price allocation processes have been completed.

(in millions of euro)	AUGUST 31, 2016	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	CURRENCY TRANSLATION ADJUSTMENT	AUGUST 31, 2017
Corporate Services	1,060	1	(1)	(39)	1,022
Government & Agencies	377			(20)	357
Sports & Leisure	65	2		(2)	64
Energy & Resources	293	21		(12)	302
Other non-segmented activities	243	68	(1)	(7)	303
Business & Administrations	2,038	92	(2)	(80)	2,048
Health Care	1,047			(55)	992
Seniors	411	23		(18)	416
Health Care and Seniors	1,458	23		(73)	1,408
Schools	354		(1)	(14)	339
Universities	895			(53)	842
Education	1,249		(1)	(67)	1,181
On-site Services	4,745	115	(3)	(220)	4,637
Benefits and Rewards Services	583	109	(2)	(19)	671
TOTAL	5,328	224	(5)	(239)	5,308

Increases in goodwill recognized in Fiscal 2017 primarily related to (i) the acquisitions by the Benefits and Rewards Services activity of Inspirus LLC (United States), Xpenditure (Belgium) and iAlbatros (Poland) and the On-site Services activity's acquisitions of PSL Ltd. and PresNote tige Nursing

Ltd in the United Kingdom and a controlling interest in Doyon (Alaska). Decreases in goodwill recognized during the fiscal year arose from deconsolidations, notably resulting from the sale of Vivabox USA and the divestment of controlling interests in subsidiaries in Angola, Gabon and Saudi Arabia.

4.7 Other intangible assets

The tables below show movements in other intangible assets during Fiscal 2017 and Fiscal 2018.

(in millions of euro)	LICENSES AND SOFTWARE	CLIENT RELATIONSHIPS, TRADEMARKS AND OTHER	TOTAL
Carrying amount - August 31, 2016	161	306	467
Increases during the fiscal year	57	21	78
Decreases during the fiscal year	(2)	(3)	(5)
Newly consolidated companies	10	55	65
Amortization expense	(48)	(38)	(86)
Impairment losses recognized in profit or loss		3	3
Currency translation adjustment	(5)	(11)	(16)
Other	2	3	5
Carrying amount - August 31, 2017	175	336⁽¹⁾	511
Increases during the fiscal year	82	29	111
Decreases during the fiscal year	(10)	(2)	(12)
Newly consolidated companies	5	219	224
Amortization expense	(50)	(49)	(99)
Impairment losses recognized in profit or loss	(1)	(18)	(20)
Currency translation adjustment	(3)	(11)	(14)
Other	3		3
Carrying amount - August 31, 2018	201	503⁽¹⁾	704

(1) Including trademarks and lease rights with an indefinite useful life for 86 million euro as of August 31, 2018 (50 million euro as of August 31, 2017).

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Cost	1,424	1,154
Accumulated amortization and impairment	(720)	(643)
CARRYING AMOUNT	704	511

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".



4.8 Client investments

(in millions of euro)	FISCAL 2018	FISCAL 2017
Carrying amount – September 1	547	562
Increases during the fiscal year	83	111
Decreases during the fiscal year	(94)	(95)
Newly consolidated companies ⁽¹⁾	18	
Currency translation adjustment	5	(31)
CARRYING AMOUNT AS OF AUGUST 31	558	547

(1) Corresponds solely to Centerplate's client investments in the United States and Canada.

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 2017 and Fiscal 2018 are shown below:

(in millions of euro)	FISCAL 2018	FISCAL 2017
As of September 1	82	88
Positive amounts	89	95
Negative amounts	(7)	(7)
Share of profit for the period	6	9
Other comprehensive income (loss) ⁽¹⁾	(1)	(3)
Dividend paid for the period	(19)	(11)
Changes in scope of consolidation		2
Currency translation adjustment		(3)
Other movements	9	
AS OF AUGUST 31	77	82
Positive amounts	83	89
Negative amounts	(6)	(7)

(1) Corresponding to changes in fair value of derivatives used for hedging purposes, net of tax (note 4.16).

4.10 Impairment of assets

Accumulated impairment losses against property, plant and equipment and intangible assets (including goodwill) amounted to 38 million euro as of August 31, 2018 (15 million euro as of August 31, 2017), taking into account a net charge of 18 million euro in Fiscal 2018 (*versus* a net reversal of 1 million euro in Fiscal 2017).

Assets with indefinite useful lives were tested for impairment as of August 31, 2018 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 2018		FISCAL 2017	
	DISCOUNT RATE ⁽¹⁾	LONG-TERM GROWTH RATE ⁽²⁾	DISCOUNT RATE ⁽¹⁾	LONG-TERM GROWTH RATE ⁽²⁾
Corporate Services	7.3%	2.4%	8.0%	2.3%
Energy & Resources	7.6%	3.0%	8.3%	2.9%
Government & Agencies	6.9%	2.2%	7.6%	2.1%
Sports & Leisure	6.8%	2.3%	7.6%	1.9%
Health Care	6.9%	2.4%	7.5%	2.1%
Seniors	6.8%	2.0%	7.5%	1.9%
Schools	6.9%	2.2%	7.5%	1.9%
Universities	6.7%	2.5%	7.3%	2.0%
Other non-segmented activities	7.1%	2.2%	7.9%	2.1%
Benefits and Rewards Services	8.2%	3.2%	9.1%	3.7%

(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 overall revenues figure:

	DISCOUNT RATE	
	FISCAL 2018	FISCAL 2017
Continental Europe	7.0%	7.7%
North America	6.7%	7.3%
United Kingdom and Ireland	6.8%	7.5%
Latin America	8.7%	9.8%
Rest of the World (excluding Latin America)	7.4%	8.2%

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, 2018. 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 7% of consolidated revenue in Fiscal 2018. 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, United Kingdom and 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, 2018		AUGUST 31, 2017	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Available-for-sale financial assets				
Investments in non-consolidated companies				
Cost		97		94
Impairment		(6)		(6)
Carrying amount		91		88
Financial assets related to the Benefits and Rewards Services activity, including restricted cash				
Cost	1,042		909	
Impairment				
Carrying amount	1,042		909	
Loans and receivables				
Receivables from investees				
Cost		18		18
Impairment				
Carrying amount		18		18
Loans and deposits				
Cost	36	101	34	76
Impairment		(20)	(2)	(19)
Carrying amount	36	81	32	57
TOTAL FINANCIAL ASSETS	1,078	190	941	163
Cost	1,078	216	943	188
Impairment		(26)	(2)	(25)
Carrying amount	1,078	190	941	163

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 32.4 million euro. This available-for-sale financial asset is an investment in a company that does not have a quoted market price on an active market.

In addition, this investment is not a liquid instrument. Consequently, it is carried at cost. Any eventual decrease in the value of the Bellon SA shares would be recognized as an impairment.

RESTRICTED CASH AND FINANCIAL ASSETS RELATED TO THE BENEFITS AND REWARDS SERVICES ACTIVITY

Restricted cash of 615 million euro included in "financial assets related to the Benefits and Rewards Services activity" primarily in funds set aside to comply with regulations governing the issuance of service vouchers in France (278 million euro), Romania (141 million euro), China (53 million euro) and India (41 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 and Rewards Services activity breaks down as follows by currency:

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Euro	400	386
U.S. dollar (USD)	8	6
Brazilian real (BRL)	323	275
Other currencies	311	242
TOTAL	1,042	909

4.11.2 Changes in current and non-current financial assets

(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
Available-for-sale financial assets	997	230		(1)		(93)	1,133
Loans and receivables	107	25		10		(7)	135
TOTAL	1,104	255		9		(100)	1,268

(Carrying amount in millions of euro)	AUGUST 31, 2016	INCREASE/ (DECREASE) DURING THE PERIOD	IMPAIRMENT	CHANGES IN SCOPE OF CONSOLIDATION	CHANGE IN FAIR VALUE	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2017
Available-for-sale financial assets	844	177				(24)	997
Loans and receivables	124	(12)	(1)	1		(5)	107
TOTAL	968	165	(1)	1		(29)	1,104

4.12 Income tax, trade and other receivables

(in millions of euro)	AUGUST 31, 2018			AUGUST 31, 2017		
	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT
Other non-current assets	18		18	17		17
Income tax receivable⁽¹⁾	176		176	185		185
Advances to suppliers	9		9	7		7
Trade receivables	3,614	(109)	3,505	3,596	(110)	3,486
Other operating receivables	412	(18)	393	362	(6)	356
Prepaid expenses	203		203	182		182
Non-operating receivables	8		8	19		19
TOTAL TRADE AND OTHER RECEIVABLES⁽¹⁾	4,247	(126)	4,121	4,166	(116)	4,050

(1) After deducting sold receivables, notably 46 million euro worth of CICE tax credits that have been derecognized (71 million euro in Fiscal 2017) 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, 2018 and August 31, 2017 respectively were as follows:

BREAKDOWN OF TRADE RECEIVABLES DUE AS OF AUGUST 31, 2018:	AUGUST 31, 2018		AUGUST 31, 2017	
	GROSS AMOUNT	IMPAIRMENT	GROSS AMOUNT	IMPAIRMENT
Less than 3 months past due	406	(10)	422	(9)
More than 3 months and less than 6 months past due	68	(7)	56	(5)
More than 6 months and less than 12 months past due	110	(13)	116	(14)
More than 12 months past due	88	(70)	92	(69)
TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31, 2018	672	(100)	686	(97)
TOTAL TRADE RECEIVABLES NOT YET DUE AS OF AUGUST 31, 2018	2,941	(9)	2,910	(13)
TOTAL TRADE RECEIVABLES AS OF AUGUST 31, 2018	3,614	(109)	3,596	(110)

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 risks in individual receivables due but not written down.

4.13 Cash and cash equivalents

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Marketable securities	365	420
Cash ⁽¹⁾	1,301	1,598
Total cash and cash equivalents	1,666	2,018
Bank overdrafts	(28)	(38)
TOTAL	1,638	1,980

(1) Including 7 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, 2018	AUGUST 31, 2017
Short-term notes	199	244
Term deposits	138	139
Mutual funds and other	29	37
Total marketable securities	365	420

Cash and cash equivalents break down as follows by currency:

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Euro	(43)	81
U.S. dollar (USD)	493	642
Brazilian real (BRL)	242	301
Pound sterling (GBP)	280	385
Canadian dollar	106	71
Other currencies	560	500
Cash and cash equivalents net of bank overdrafts	1,638	1,980

More than 73% of the Group's cash and cash equivalents, restricted cash and financial assets related to the Benefits and 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, 2018.

4.14 Statement of changes in shareholders' equity

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 is therefore comprised of 147,454,887 shares as of August 31, 2018 (compared with 150,830,449 as of August 31, 2017). The par value of Sodexo S.A. shares is 4 euro per share.

As of August 31, 2018, the Group held 1,869,352 Sodexo shares (*versus* 2,205,010 as of August 31, 2017) with a carrying amount of 177 million euro (177 million euro as of August 31, 2017). These treasury shares – which have been deducted from shareholders' equity at cost – have been allocated to cover the Group's obligations under employee stock option and free share plans.

The Company's bylaws confer double voting rights on shares held in registered form for more than four years.

The following shareholders informed the Company that they had exceeded the following disclosure thresholds (as provided by law or the Company's bylaws) in Fiscal 2018:

- on May 8, 2018, Artisan Partners Limited Partnership, acting on behalf of the funds it manages, disclosed that due to a purchase of 1,856,807 Sodexo shares at that date, it had raised its interest in the Company's share capital above 2.5%, and that as of May 8, 2018 it held 5,476,873 Sodexo shares, representing 3.63% of the share capital and 2.54% of the voting rights;

- on July 2, 2018, International Value Advisers, LLC, acting on behalf of the funds it manages, disclosed that due to a purchase of 200,782 Sodexo shares at that date, it had raised its interest in the Company's share capital above 2.5%, and that as of July 2, 2018 it held 3,821,370 Sodexo shares, representing 2.53% of the share capital and 1.76% of the voting rights;
- on August 31, 2018, Artisan Partners Limited Partnership, acting on behalf of the funds it manages, disclosed that due to a purchase of 14,269 Sodexo shares at that date, it had raised its interest in the Company's share capital above 5%, and that as of August 28, 2018 it held 7,554,178 Sodexo shares, representing 5.01% of the share capital and 3.49% of the voting rights.

The Company is not aware of any other shareholder having increased or decreased its shareholding to above or below any disclosure threshold (provided for by law or the Company's bylaws) in Fiscal 2018.

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.

Total dividends paid in Fiscal 2018 amounted to 411 million euro (taking into account the number of shares held in treasury). The ordinary dividend per share was 2.75 euro and the dividend premium per share was 0.275 euro.

Items recognized directly in Other Comprehensive Income (OCI) (Group share) are shown below:

(in millions of euro)	FISCAL 2018			FISCAL 2017		
	INCREASE/ (DECREASE) DURING THE YEAR, PRETAX	INCOME TAX (EXPENSE)/ BENEFIT	INCREASE/ (DECREASE) DURING THE YEAR, NET OF TAX	INCREASE/ (DECREASE) DURING THE YEAR, PRETAX	INCOME TAX (EXPENSE)/ BENEFIT	INCREASE/ (DECREASE) DURING THE YEAR, NET OF TAX
Available-for-sale financial assets						
Cash flow hedges	(1)		(1)	(3)		(3)
Remeasurements of net defined benefit obligation	79	(13)	66	72	(21)	51
Currency translation adjustment	(245)		(245)	(260)		(260)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) (GROUP SHARE)	(167)	(13)	(180)	(191)	(21)	(212)



4.15 Borrowings

Changes in borrowings during Fiscal 2018 and Fiscal 2017 were as follows:

(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
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	3,509	647	(217)	2	12	4	3,957
Net fair value of derivative financial instruments	(9)		2	(2)	(8)	0	(17)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	3,500	647	(215)	0	4	4	3,940

(in millions of euro)	AUGUST 31, 2016	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2017
Bond issues	1,106	780		3			1,889
Bank borrowings	1,428	331	(98)	(2)	(78)	1	1,582
Finance lease obligations	11	2	(2)				11
Other borrowings	13	7	(16)	10	(1)	14	27
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	2,558	1,120	(116)	11	(79)	15	3,509
Net fair value of derivative financial instruments	(5)		2	2	(8)		(9)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	2,553	1,120	(114)	13	(87)	15	3,500

4.15.1 Borrowings by currency

(in millions of euro)	AUGUST 31, 2018		AUGUST 31, 2017	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bond issues				
Euro	15	2,176	13	1,876
TOTAL	15	2,176	13	1,876
Bank borrowings⁽¹⁾				
U.S. dollar	152	1,334	233	1,103
Euro	240	1	246	
TOTAL	392	1,335	479	1,103
Finance lease obligations				
Euro	3	4	3	6
Other currencies	1	1	1	1
TOTAL	4	5	4	7
Other borrowings⁽²⁾				
Euro		8	1	5
Other currencies	9	13	1	20
TOTAL	9	21	2	25
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	420	3,537	498	3,011
Net fair value of derivative financial instruments ⁽³⁾	(14)	(3)	(6)	(3)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	406	3,534	492	3,008

(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 18 million euro as of August 31, 2018 and 17 million euro as of August 31, 2017 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, 2018.

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, 2018.

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, 2018.

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. In June 2017, this facility – whose maximum amount has totaled 531 million euro plus 709 million U.S. dollars since July 2015 – was extended until July 2022.

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, 2018 or August 31, 2017.

4.15.3.1.2 Bilateral confirmed credit facility

On December 20, 2017, the Group obtained two 150 million euro bilateral confirmed credit facility, one expiring in December 2018 and the other in December 2019.

On March 5, 2018, the Group obtained a third 150 million euro bilateral confirmed credit facility expiring in March 2019.

No amounts had been drawn down on any of these facilities as of August 31, 2018.

4.15.3.2 U.S. PRIVATE PLACEMENTS

During Fiscal 2018, Sodexo S.A. redeemed the full outstanding balance of the first tranche of its March 29, 2011 U.S. Private Placement (147 million U.S. dollars).

On June 27, 2018, Sodexo S.A. completed a new U.S. Private Placement amounting to 400 million U.S. dollars.

The features of the Group's outstanding private placements as of August 31, 2018 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	207⁽¹⁾		
March 4, 2014	150	2.71%	March 2019
	150	3.44%	March 2021
	525	3.99%	March 2024
	175	4.14%	March 2026
	100	4.34%	March 2029
TOTAL	1,100		
June 27, 2018	400	3.70%	June 2023
TOTAL	400		
TOTAL	1,707		

(1) After deducting 147 million U.S. dollars redeemed on March 29, 2018.

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, 2018, February 28, 2018 and August 31, 2017.

4.15.3.3 COMMERCIAL PAPER

On January 22, 2018, Sodexo Finance set up a commercial paper program representing a maximum of 1.4 billion euro, guaranteed by Sodexo S.A., in addition to Sodexo S.A.'s existing program.

As of August 31, 2018, 240 million euro of the commercial paper programs set up by Sodexo S.A. and Sodexo Finance had been used, compared with 331 million euro as of August 31, 2017 (100 million U.S. dollars plus 246 million euro).

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, 2018, 94% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 2.5%. As of August 31, 2017, 91% of the Group's borrowings

were at fixed rate. The average rate of interest as of the same date was 2.4%.

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, 2018 CARRYING AMOUNTS	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
Bank borrowings	264		128	649	686	1,727
Finance lease obligations	1	1	2	5		9
Other borrowings	2	6	1	21		30
TOTAL	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, INCLUDING PAYMENT OF FUTURE INTEREST NOT YET DUE	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
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	267	23	184	1,588	2,372	4,434

AUGUST 31, 2017 CARRYING AMOUNTS	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		6	7	598	1,278	1,889
Bank borrowings	354		125	366	737	1,582
Finance lease obligations	1	1	2	7		11
Other borrowings			2	25		27
TOTAL	355	7	136	996	2,015	3,509

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, 2017 UNDISCOUNTED CONTRACTUAL MATURITIES, INCLUDING PAYMENT OF FUTURE INTEREST NOT YET DUE	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		10	21	714	1,358	2,103
Bank borrowings	355		147	515	811	1,828
Finance lease obligations	1	1	2	8		12
Other borrowings			2	27		29
Impact of derivative financial instruments excluding those related to PPP companies	2		2	4		8
TOTAL	358	11	174	1,268	2,169	3,980

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, 2018	AUGUST 31, 2017
Currency instruments		10	5
Assets	<i>Trading</i>	11	6
Liabilities	<i>Trading</i>	(1)	(1)
Cross-currency swaps⁽¹⁾		7	4
Assets	<i>Cash flow hedge</i>	8	5
Liabilities	<i>Cash flow hedge</i>	(1)	(1)
Net derivative financial instruments		17	9

(1) Corresponds to a euro-BRL cross-currency swap with a notional value of 85 million BRL as of August 31, 2018 for which accrued interest of 1 million euro was recognized as a liability as of August 31, 2018.

The face values and fair values of currency instruments and cross-currency swaps are as follows by maturity:

(in millions of euro)	AUGUST 31, 2018				AUGUST 31, 2017			
	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	20			20	26	6		32
<i>Czech crown/Euro</i>					6			6
<i>Polish zloty/Euro</i>	15			15	14			14
<i>Mexican peso/Euro</i>	5			5	6	6		12
Currency borrower positions	(88)	(31)		(119)	(36)	(81)	(6)	(123)
<i>Pound sterling/Euro</i>	(3)	(6)		(9)	(3)	(14)	(4)	(21)
<i>Brazilian real/Euro</i>	(18)			(18)	(23)	(23)		(46)
<i>Mexican peso/Euro</i>	(5)			(5)	(7)	(6)		(13)
<i>Swedish krona/Euro</i>	(10)	(6)		(16)		(18)		(18)
<i>Other</i>	(52)	(19)		(71)	(3)	(20)	(2)	(25)
TOTAL	(68)	(31)		(99)	(10)	(75)	(6)	(91)
Fair value	14	3		17	6	3		9

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, 2018	AUGUST 31, 2017
Net defined benefit plan assets ⁽¹⁾	(3)	(3)
Net defined benefit plan obligation	237	316
Other long-term employee benefits	152	146
Employee benefits	386	459

(1) 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 404 million euro for Fiscal 2018, compared with 448 million euro for Fiscal 2017.

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.

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:

(in millions of euro)	FISCAL 2018			FISCAL 2017		
	BENEFIT OBLIGATION	PLAN ASSETS	NET BENEFIT OBLIGATION	BENEFIT OBLIGATION	PLAN ASSETS	NET BENEFIT OBLIGATION
As of September, 1	1,293	(980)	313	1,438	(1,034)	404
Expense/(income) recognized in the income statement	46	(23)	23	43	(18)	25
<i>Current service cost</i>	17		17	22		22
<i>Past service cost</i>	(1)		(1)	(4)		(4)
<i>Effect of settlements</i>						
<i>Interest cost/(income)</i>	30	(23)	7	25	(18)	7
Remeasurement losses/(gains)	(88)	9	(79)	(106)	34	(72)
<i>Actuarial losses/(gains) arising from changes in demographic assumptions</i>	(4)		(4)	(16)		(16)
<i>Actuarial losses/(gains) arising from changes in financial assumptions</i>	(81)	9	(72)	(81)	34	(47)
<i>Experience adjustments</i>	(3)		(3)	(9)		(9)
Currency translation adjustment	22	(19)	3	(76)	62	(14)
Contributions made by plan members				1	(1)	
Employer contributions		(26)	(26)		(20)	(20)
Benefits paid from plan assets	(55)	55		(52)	52	
Benefits paid other than from plan assets				(10)		(10)
Changes in scope of consolidation and other ⁽¹⁾	(18)	17	(1)	55	(55)	
As of August, 31	1,201	(967)	234	1,293	(980)	313
Of which:						
Partially funded plans	1,076	(967)	109	1,160	(980)	180
Unfunded plans	125		125	133		133

(1) Including a benefit obligation decrease amounting to 18 million euro in Fiscal 2018, 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 2018 (25 million euro in Fiscal 2017) and break down as follows:

- net expense of 7 million euro in Fiscal 2018 (net expense of 8 million euro in Fiscal 2017) in cost of sales;
- net expense of 9 million euro in Fiscal 2018 (net expense of 10 million euro in Fiscal 2017) in Administrative and Sales Department costs;
- net expense of 7 million euro in financial expenses (see note 4.2).

Defined benefit plan assets comprise:

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Equities	158	145
Bonds	14	14
Real estate	39	68
Cash	17	15
Investment funds	353	304
Insurance and other	386	434
TOTAL	967	980

Recognized net actuarial gains arising from changes in financial assumptions amounted to 79 million euro, of which 72 million euro in the United Kingdom and 4 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, 2018 and 2017:

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): 2%; Consumer Price Index (CPI): 3% 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).

August 31, 2017	FRANCE	NETHERLANDS	UNITED KINGDOM ⁽⁴⁾	ITALY
Discount rate ⁽¹⁾	0.75% -1.75%	2%	2.5%	0.75%
Salary long-term inflation rate ⁽²⁾	2.25%-2.75%	1.75%	3.6%	N/A
General long-term inflation rate	1.75%	1.75%	2.1%-3.1% ⁽³⁾	1.75%
Net liability (in millions of euro)	81	10	136	23
Average term of the plans (in years)	10	20	21	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): 3.1%; Consumer Price Index (CPI): 2.1% for Fiscal 2017.

(4) Excluding 53 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 2018, and excluding the 36 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 1,411 million euro (compared with 1,164 million euro based on the assumptions used as of August 31, 2018), while a rise of 0.5% in the general long-term inflation rate would increase the gross obligation to 1,256 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 14 million euro into defined benefit plans in Fiscal 2019.

4.17.1.3 MULTIEMPLOYER PLANS

In the USA, as of August 31, 2018, the Company contributed to 47 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.

4.18 Provisions

(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).

(in millions of euro)	AUGUST 31, 2016	INCREASES/ CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2017
Tax and social security exposures	51	3	(4)	(15)	(1)		34
Employee claims and litigation	60	32	(19)	(9)	(1)		63
Contract termination and loss-making contracts	7	1	(2)			1	7
Reorganization costs	29	11	(23)	(4)			13
Client/supplier claims and litigation	22	4	(2)	(16)	5		13
Negative net assets of associates*	7						7
Other provisions	18	8		(4)	(2)	(3)	17
TOTAL PROVISIONS	194	59	(50)	(48)	1	(2)	154

* Investments in companies consolidated by the equity method that have negative net assets (see note 4.9).

The Company contributed 13 million euro for U.S. multiemployer defined benefit plans in 2018. Of the contributions made by the Company, 53% and 2% 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 152 million euro as of August 31, 2018 (149 million euro as of August 31, 2017), 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 2018 was 12 million euro (8 million euro in Fiscal 2017), of which 2 million euro (unchanged from Fiscal 2017) related to a deferred compensation program in the United States and was reported in financial expenses.

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:

(in millions of euro)	AUGUST 31, 2018		AUGUST 31, 2017	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Tax and social security exposures	6	28	4	30
Employee claims and litigation	26	21	32	31
Contract termination and loss-making contracts	8	10	3	4
Reorganization costs	3	2	9	4
Client/supplier claims and litigation	28	7	12	1
Negative net assets of associates*		6		7
Other provisions	2	14	1	16
TOTAL PROVISIONS	73	88	61	93

* 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, 2018	AUGUST 31, 2017
Operating payables	163	153
Non-operating payables	27	28
TOTAL OTHER NON-CURRENT LIABILITIES	190	181
Advances from clients	341	282
Trade payables	2,226	2,112
Employee-related liabilities	1,101	1,106
Tax liabilities	285	257
Other operating payables	114	81
Deferred revenues	120	97
Non-operating payables	35	17
TOTAL TRADE AND OTHER CURRENT PAYABLES	4,222	3,952
TOTAL TRADE AND OTHER PAYABLES	4,412	4,133

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, 2018, the total amount of receivables sold by Sodexo's suppliers under these reverse factoring programs was 370 million euro.

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	CARRYING AMOUNT	UNDISCOUNTED CONTRACTUAL VALUE
Less than 3 months	3,041	3,041
More than 3 months and less than 6 months	291	291
More than 6 months and less than 12 months	848	848
More than 1 year and less than 5 years	166	175
More than 5 years	66	79
TOTAL TRADE AND OTHER PAYABLES	4,412	4,434

4.20 Deferred taxes

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	50	(80)	(12)	21	(21)
Of which deferred tax assets	187				105
Of which deferred tax liabilities	(137)				(126)

Movements in deferred taxes were as follows in Fiscal 2017:

(in millions of euro)	AUGUST 31, 2016	DEFERRED TAX BENEFIT/(EXPENSE)	DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2017
• Employee-related liabilities	318	(9)	(21)	(20)	268
• Fair value of financial instruments	(22)	18		5	1
• Intangible assets	(66)	1		(5)	(70)
• Other temporary differences	(179)	(50)		11	(218)
• Tax loss carry-forwards	87	(15)		(3)	69
TOTAL	138	(55)	(21)	(12)	50
Of which deferred tax assets	287				187
Of which deferred tax liabilities	(149)				(137)

Deferred tax assets arising on tax loss carry-forwards and not recognized because their recovery is not considered probable totaled 99 million euro as of August 31, 2018 (85 million euro as of August 31, 2017), including 9 million euro generated by subsidiaries prior to their acquisition (6 million euro as of August 31, 2017).

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 225 million euro as of August 31, 2018 (229 million euro as of August 31, 2017).

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.

FINANCIAL ASSETS (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2018		FAIR VALUE LEVEL			TOTAL
			CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	
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 and Rewards Services activity	Available-for-sale financial assets	4.11	1,042	1,042	294	748		1,042
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		FAIR VALUE LEVEL			TOTAL
			CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	
Bond issues ⁽¹⁾	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

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2018.



FINANCIAL ASSETS (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2017		FAIR VALUE LEVEL			TOTAL
			CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	
Marketable securities	Financial assets at fair value through profit or loss	4.13	420	420	37	383		420
Restricted cash and financial assets related to the Benefits and Rewards Services activity	Available-for-sale financial assets	4.11	909	909	233	676		909
Trade and other receivables	Loans and receivables at amortized cost	4.12	4,050	4,050				
Other financial assets	Available-for-sale financial assets	4.11	88	N/A				
	Loans and receivables at amortized cost	4.11	107	107				
Derivative financial instrument assets		4.16	11	11		11		11

FINANCIAL LIABILITIES (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2017		FAIR VALUE LEVEL			TOTAL
			CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	
Bond issues ⁽¹⁾	Financial liabilities at amortized cost	4.15	1,889	1,990	1,990			1,990
Bank borrowings	Financial liabilities at amortized cost	4.15	1,582	1,623	331	1,291	1	1,623
Other borrowings	Financial liabilities at amortized cost	4.15	38	38				
Bank overdrafts	Financial liabilities at amortized cost	4.13	38	38				
Trade and other payables	Financial liabilities at amortized cost	4.19	3,953	3,953				
Vouchers payable	Financial liabilities at amortized cost		2,764	2,764				
Derivative financial instrument liabilities		4.16	2	2		2		2

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2017.

There were no transfers between the various fair value hierarchy levels between Fiscal 2017 and Fiscal 2018.

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.

As the exercise of the options is subject to a continued presence condition within the Group representing a maximum of four years as from the grant date, no expense was recorded in either Fiscal 2018 or 2017 in the consolidated financial statements for stock options granted up until December 2011.

MOVEMENTS DURING FISCAL 2018 AND FISCAL 2017

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during Fiscal 2018 and Fiscal 2017:

	FISCAL 2018		FISCAL 2017	
	NUMBER	WAP (in euro)	NUMBER	WAP (in euro)
Outstanding at the beginning of the period	529,443	50.39	1,016,931	48.43
Forfeited during the period	(11,075)	51.06	(7,755)	48.00
Exercised during the period	(479,733) ⁽¹⁾	50.27	(479,733) ⁽²⁾	46.28
Outstanding at the end of the period	45,765	51.40	529,443	50.39
Exercisable at the end of the period	45,765	51.40	529,443	50.39

(1) The weighted average share price at the exercise date of options exercised in Fiscal 2018 was 101.43 euro.

(2) The weighted average share price at the exercise date of options exercised in Fiscal 2017 was 106.93 euro.

The weighted average residual life of options outstanding as of August 31, 2018 was 0.3 of a year (August 31, 2017: 0.8 years).

The exercise prices and exercise periods for options outstanding as of August 31, 2018 are provided in the table below:

DATE OF GRANT	START DATE OF EXERCISE PERIOD	EXPIRATION DATE OF EXERCISE PERIOD	EXERCISE PRICE	NUMBER OF OPTIONS OUTSTANDING AS OF AUGUST 31, 2018
December 2011	December 2012	December 2018	51.40 euro	45,765
TOTAL				45,765

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 2013, 2014 and 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 in 2016, 2017 and 2018, 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;
- 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.

The performance conditions other than those related to stock market performance ("non-market performance conditions") were as follows:

- for the free shares awarded up to and including 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.

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).

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 2018 AND FISCAL 2017

The table below shows movements in free shares in Fiscal 2018 and Fiscal 2017:

	FISCAL 2018	FISCAL 2017
Outstanding at the beginning of the period	2,801,195	2,787,243
Granted during the period	931,880	906,845
Forfeited during the period	(145,391)	(168,841)
Delivered during the period	(583,325)	(724,052)
Outstanding at the end of the period	3,025,219	2,801,195

The weighted average fair value of the free shares granted in Fiscal 2018 was 66.61 euro for shares granted in Fiscal 2018 (92.56 euro for shares granted in Fiscal 2017).

The table below shows the grant dates of free shares outstanding as of August 31, 2018, 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 ⁽¹⁾ (in %)	NUMBER OF SHARES OUTSTANDING AS OF AUGUST 31, 2017
April 25, 2013	International	4	N/A	2.5%	0.6%	6%		0
March 11, 2014	International	4	N/A	2.5%	0.8%	5.8%		0
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%	475,020
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%	3,025
December 1, 2015	International	4	N/A	2.5%	0%	4.3%	22.5%	3,350
April 27, 2016	N/A	4	N/A	2.5%	0%	N/A	22%	758,605
September 30, 2016	N/A	4	N/A	2.5%	0%	N/A	22%	11,600
November 30, 2016	N/A	4	N/A	2.5%	0%	N/A	22%	10,000
April 20, 2017	N/A	4	N/A	2.4%	0%	N/A	18.1%	839,249
September 14, 2017	N/A	4	N/A	2.4%	0%	N/A	18.1%	14,000
April 27, 2018	N/A	4	N/A	2.7%	0%	N/A	21.3%	910,370
TOTAL								3,025,219

(1) 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 2018 income statement for free shares was 44 million euro (43 million euro in Fiscal 2017).

4.23 Business combinations

The main acquisitions carried out by the Group during the period are set out 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, 2018, is provided in the table below:

(in millions of euro)	AUGUST 31, 2018	OF WHICH CENTERPLATE
Intangible assets ⁽¹⁾	224	236
Property, plant and equipment	49	44
Other non-current assets (including client investments)	27	27
Trade receivables	43	33
Other current assets	47	43
Cash and cash equivalents	26	11
Borrowings	(2)	
Other non-current liabilities	(34)	(33)
Net deferred tax liabilities	9	5
Other current liabilities	(130)	(109)
TOTAL IDENTIFIABLE NET ASSETS	259	257
Goodwill	462	352
Commitments written over non-controlling interests	(2)	
Impact of acquisitions of control of companies consolidated by the equity method		
CONSIDERATION TRANSFERRED	(719)	(609)
Cash acquired	26	11
Change in liabilities related to acquisitions of subsidiaries	10	
IMPACT ON THE CASH FLOW STATEMENT	(683)	(598)

(1) Including negative adjustments during the 12-month measurement period for acquisitions that took place in Fiscal 2017.

Companies acquired during Fiscal 2018 contributed 654 million euro to consolidated revenues and 35 million euro to consolidated underlying operating profit following their consolidation. The acquisition of Centerplate, which was the main business combination in Fiscal 2018, was completed on December 26, 2017. If Centerplate had been consolidated as from September 1, 2017 it would have contributed an additional 294 million euro to consolidated revenues and 12 million euro to consolidated underlying operating profit for Fiscal 2018.

Significant entities acquired during the fiscal year are disclosed in chapter 6 (N).

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.

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 2018 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, 2018	AUGUST 31, 2017
Less than 1 year	144	112
1 to 5 years	376	231
More than 5 years	141	65
TOTAL	662	408

These commitments arise under contracts worldwide, the terms of which are negotiated locally. They relate primarily to:

- equipment on sites, office equipment and vehicles for 109 million euro (111 million euro as of August 31, 2017);
- the rent for office premises of 330 million euro (288 million euro as of August 31, 2017), related mainly to the Group's corporate headquarters in Issy-les-Moulineaux (28 million euro), the offices of Sodexo France (46 million euro) and Sodexo, Inc. (56 million euro);
- minimum concession fee payments for sites in France and the United States (213 million euro).

4.24.3 Other commitments given

(in millions of euro)	AUGUST 31, 2018			AUGUST 31, 2017	
	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL	TOTAL
Financial guarantees to third parties	1	1		2	1
Site management commitments	1	1		2	3
Performance bonds given to clients	45	22	116	183	179
Other commitments	7	15	112	134	148
TOTAL	54	39	228	321	331

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 needed 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, 2018, Bellon SA held 42.22% of the capital of Sodexo and 57.23% of the exercisable voting rights.

Bellon SA invoiced 3.7 million euro to Sodexo S.A. in Fiscal 2018 under an assistance and advisory services contract (3.6 million euro in Fiscal 2017).

Bellon SA received dividends of 167.7 million euro from Sodexo S.A. in February 2018 and the Group received dividends of 2.7 million euro from Bellon SA during Fiscal 2018.

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.

(in millions of euro)	AUGUST 31, 2018			AUGUST 31, 2017
	GROSS	IMPAIRMENT	CARRYING AMOUNT	CARRYING AMOUNT
Loans	44		44	77
OFF-BALANCE SHEET COMMITMENTS				
Financial guarantees to third parties			2	1
Performance bonds given to clients			183	179
TRANSACTIONS				
Revenues			228	401
Operating expenses				(2)
Financial income and expense, net			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, 2018 and August 31, 2017 respectively for Fiscal 2018 and Fiscal 2017 comprise the following:

(in euro)	FISCAL 2018	FISCAL 2017
Short-term benefits	15,424,760	13,559,509
Post-employment benefits	882,048	801,820
Fair value of free shares at the grant date	8,304,389	15,490,652

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.

Michel Landel's term of office as Sodexo S.A.'s Chief Executive Officer ended on January 23, 2018. After that date he remained a member of the Board of Directors until his directorship ended on July 1, 2018.

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, 2018	AUGUST 31, 2017
TOTAL HEADCOUNT	460,663⁽¹⁾	427,268

(1) Including Centerplate's 27,696 employees.

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 65 million of euro at the end of the financial year.

- On October 9, 2015, Octoplus lodged a complaint with France's Competition Authority concerning the practices of several French meal voucher issuers, including Sodexo Pass France SA, and asked the authority to issue an interim order. After hearing arguments from the parties concerned, on October 6, 2016 the Competition Authority rejected the request for an interim order but decided that the investigation into the complaint should be pursued. The investigations are still in progress and in the absence of any estimate of the related risk at this stage in the procedure, no provision was booked at August 31, 2018.
- In Brazil, a difference of interpretation opposes Sodexo and its main competitors to 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.
- 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

On September 13, 2018, the Board of Directors decided to grant up to 34,100 shares to certain Group employees. The shares granted under this plan will only vest if the beneficiaries are still working for the Group on the vesting date, and some of the share grants are subject to a performance condition.

Since the beginning of fiscal year 2018-2019, the Group has completed two acquisitions:

- Crêches de France in early September 2018. This acquisition allows Sodexo to continue its development in the personal care services sector;
- Novae restauration, to strengthen the position of Sodexo in Switzerland. Novae Restauration is a key player in the high-end catering services in French-speaking Switzerland, with 700 employees serving a network of more than 80 prestigious customer sites. Novae Catering and Sodexo Switzerland have customer portfolios and complementary offers: Novae's premium catering services range complements Sodexo's

position as a service provider of facilities management on the German-speaking Swiss market. There is a strong potential for synergies in terms of additional on-site sales and inter-regional development.

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. This decision could affect many companies with defined benefit pension plans in the UK, including the Group. This could have the effect of increasing the obligation under the Group's pension plans in the United Kingdom. The impacts, which will be recognized if necessary in the first half of the 2018-2019 financial year, are currently being evaluated.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

5.1 Exposure to foreign exchange and interest rate risk

The policies approved by the Board of Directors, the Group Chief Executive Officer and the Group Chief Financial Officer are designed to prevent speculative positions. Furthermore, under these policies:

- 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, 2018 and August 31, 2017, 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 72 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, 2018				AUGUST 31, 2017			
	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)	828	55	40	237	871	61	42	220
Brazilian real (BRL)	104	21	19	77	110	24	20	82
Pound sterling (GBP)	178	10	14	83	172	6	10	72

5.2 Exposure to liquidity risk

The nature of the Group's bank borrowings and bond issues as of August 31, 2018 is described in detail in note 4.15.

As of August 31, 2018 and August 31, 2017, 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 2018 and Fiscal 2029.

In addition, 94% of the Group's borrowings correspond to long-term fixed-rate debt raised on the capital markets. The remaining 6% 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 531 million euro plus 709 million U.S. dollars which expires in July 2022, and (ii) three bilateral confirmed lines of credit amounting to 150 million euro each and expiring in December 2018, March 2019 and December 2019. As of August 31, 2018, 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 policy is 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 14% (11% as of August 31, 2017) of the Group's operating cash (including restricted cash and financial assets related to the Benefits and 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 and Rewards Services activity less bank overdrafts.

6. SCOPE OF CONSOLIDATION

The main companies consolidated as of August 31, 2018 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				
			Holding	France
			On-site	France
			On-site	France
			On-site	France
			On-site	France
			On-site	France
			On-site	France
			Benefits and Rewards	France
			On-site	France
N	86%	95%	On-site	France
			On-site	France
			On-site	France
			Holding	France
			Holding	France
			Holding	France

	% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
Americas				
			On-site	Brazil
			Benefits and Rewards	Brazil
			On-site	Brazil
			On-site	Colombia
			On-site	Canada
N			On-site	Canada
			On-site	Chile
			Benefits and Rewards	Chile
			On-site	United States
N			On-site	United States
			On-site	United States
			On-site	United States
			On-site	United States
			On-site	United States
			On-site	United States
			On-site	United States
			On-site	United States
			Benefits and Rewards	United States
			Holding	United States
			On-site	Peru
Europe				
			On-site	Germany
			On-site	Germany
			On-site	Germany
			On-site	Austria
			On-site	Belgium
			Benefits and Rewards	Belgium
			Benefits and Rewards	Belgium
			Holding	Belgium
			Benefits and Rewards	Belgium
			On-site	Spain
N	60%	60%	On-site	Spain
			On-site	Finland
			On-site	Italy
			On-site	Netherlands
			Benefits and Rewards	Czech Republic



		% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
N	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 and Rewards	United Kingdom
	Sodexo Ventures UK Limited			Holding	United Kingdom
N	Sodexo Finances USD Ltd			Holding	United Kingdom
	Sodexo Holdings Ltd			On-site	United Kingdom
	Purchasing Systems Ltd			On-site	United Kingdom
	Sodexo Remote Sites Holdings Ltd			On-site	United Kingdom
	Sodexo Management Services Ltd			On-site	United Kingdom
	Sodexo Finance Designated Activity Company			Holding	Ireland
	Elder Home Care Ltd			Personal Home Services	Ireland
	Sodexo Pass Romania Srl			Benefits and Rewards	Romania
	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 Shanghai Management Services			On-site	China
	Sodexo Management Company Ltd Shanghai			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

(in millions of euro excluding VAT)	PRICEWATERHOUSECOOPERS		KPMG	
	FISCAL 2018	FISCAL 2017	FISCAL 2018	FISCAL 2017
Audit of individual company financial statements and consolidated financial statements				
Issuer	0.7	0.6	0.6	0.6
Consolidated subsidiaries	4.2	4.9	3.5	3.3
TOTAL AUDIT SERVICES	4.9	5.5	4.1	3.9
Other services				
Issuer	0.1	0.2	0.1	0.1
Consolidated subsidiaries	0.5	0.7	0.1	0.3
TOTAL OTHER SERVICES	0.6	0.9	0.2	0.4
TOTAL FEES	5.5	6.4	4.3	4.3

Services other than the certification of accounts provided by PricewaterhouseCoopers Audit to the consolidating entity and its controlled subsidiaries mainly consist of professional services in the context of acquisition due diligences and technical consultations.

Services other than the certification of accounts provided by KPMG SA to the consolidating entity and its controlled subsidiaries mainly consist of professional services in the context of the non-financial statement.

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, 2018

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, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at August 31, 2018 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, 2017 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 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 2.8.2.3 and 4.10 to the consolidated financial statements)

Description of risk

As at August 31, 2018, the goodwill balance amounted to 5,664 million euro, representing 37% of total assets. 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 rates 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 the 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 for example exclusivity clauses for suppliers. 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.

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 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.

As at August 31, 2018, the Group recognized a net benefit obligation of 237 million euro, corresponding to the difference between the fair value of the plan assets (908 million euro) and the present value of the net benefit obligation (1,145 million euro).

Assumptions used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover, and the discount rate and inflation rate, 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 72 countries 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 the judgment of 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, gained an understanding of the internal control procedures implemented to identify tax risks and uncertain tax positions, and, when necessary, for determining 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.

Verification of the information pertaining to the group presented in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

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 of the Board of Directors comprises the statement of non-financial information required under article L.225-102-1 of the French Commercial Code. In accordance with the requirements of article L.823-10 of the French Commercial Code, we have not verified the fair presentation or the consistency of the information in said statement with the consolidated financial statements.

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.

As at August 31, 2018, PricewaterhouseCoopers Audit and KPMG Audit were in the twenty-fifth and sixteenth 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 presenting 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 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 of users taken 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 management of the company.

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 of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- 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 direction, 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 7, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Hervé Chopin

3.6 SUPPLEMENTAL INFORMATION AND CONDENSED GROUP ORGANIZATION CHART

3.6.1 Financial ratios

		FISCAL 2018	FISCAL 2017
Gearing ratio	Borrowings (1) – operating cash (2)		
	Shareholders' equity and non-controlling interests	37.9%	17.1%
Net debt ratio	Borrowings (1) – operating cash (2)		
	Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) (3)	1.0	0.4
Debt coverage	Borrowings		
	Operating cash flow	3.5 years	3.3 years
Financial independence	Non-current borrowings		
	Shareholders' equity and non-controlling interests	106.3%	84.3%
Return on equity	Profit attributable to equity holders of the parent		
	Equity attributable to equity holders of the parent (before profit for the period)	24.7%	25.7%
Return on capital employed (ROCE)	Operating profit after tax (4)		
	Capital employed (5)	16.4%	20.6%
Interest cover	Operating profit		
	Net borrowing cost	12.6	15.0

Financial ratios have been computed based on the following key indicators:

		FISCAL 2018	FISCAL 2017
(1) Borrowings	Non-current borrowings	3,537	3,012
	+ current borrowings excluding overdrafts	421	499
	- derivative financial instruments recognized as assets	(18)	(11)
		3,940	3,500
(2) Operating cash	Cash and cash equivalents	1,666	2,018
	+ financial assets related to the Benefits and Rewards Services activity	1,042	909
	- bank overdrafts	(28)	(38)
		2,680	2,889
(3) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Operating profit	997	1,189
	+ depreciation and amortization	317	281
		1,314	1,470
(4) Operating profit after tax	Operating profit	997	1,189
	Effective tax rate	27.1%	31.7%
		727	812
(5) Capital employed	Property, plant and equipment	619	590
	+ goodwill	5,664	5,308
	+ other intangible assets	704	511
	+ client investments	558	547
	+ working capital excluding restricted cash and financial assets of the Benefits and Rewards Services activity	(3,104)	(3,009)
		4,441	3,947



3.6.2 Two-year financial summary

	FISCAL 2018	FISCAL 2017
Total shareholders' equity	3,328	3,570
Equity attributable to equity holders of the parent	3,283	3,536
Non-controlling interests	45	34
Borrowings⁽¹⁾	3,940	3,500
Non-current borrowings	3,534	3,008
Current borrowings	406	492
Cash and equivalent, net of bank overdrafts	1,638	1,980
Financial assets of the Benefits and Rewards Services activity (including restricted cash)	1,042	909
Net borrowings⁽²⁾	1,260	611
Revenue	20,407	20,698
Operating profit	997	1,189
Profit for the period	664	745
Profit attributable to non-controlling interests	13	22
Profit attributable to equity holders of the parent	651	723
Weighted average number of shares	148,077,776	148,998,961
Earnings per share (in euro)	4.40	4.85
Dividend per share paid during the fiscal year (in euro)	2.75	2.40
Share price at August 31 (in euro)	89.72	98.03
Highest share price in the fiscal year (in euro)	114.05	123.60
Lowest share price in the fiscal year (in euro)	78.10	96.02

(1) Including net financial instruments at fair value, excluding bank overdrafts.

(2) Cash and cash equivalents + restricted cash and financial assets of the Benefits and Rewards Services activity – borrowings.

3.6.3 Exchange rates

ISO CODES	COUNTRIES	CURRENCY	CLOSING EXCHANGE RATE AT AUGUST 31, 2018	AVERAGE EXCHANGE RATE FISCAL 2018
			1 EURO =	1 EURO =
CFA	Africa	CFA (thousands)	0.655957	0.655957
ZAR	South Africa	Rand	17.172800	15.340557
DZD	Algeria	Dinar (thousands)	0.137258	0.136826
SAR	Saudi Arabia	Riyal	4.376700	4.466986
ARS	Argentina	Peso	44.301650	44.301650
AUD	Australia	Dollar	1.612900	1.556875
BRL	Brazil	Real	4.859100	4.074978
BGN	Bulgaria	Lev	1.955800	1.955800
CAD	Canada	Dollar	1.519200	1.525952
CLP	Chile	Peso (thousands)	0.792370	0.745478
CNY	China	Yuan	7.966400	7.772575
COP	Colombia	Peso (thousands)	3.537000	3.465322
KRW	South Korea	Won (thousands)	1.301910	1.304398
CRC	Costa Rica	Colon (thousands)	0.666120	0.673690
DKK	Denmark	Krone	7.455800	7.446222
AED	United Arab Emirates	Dirham	4.286200	4.374545
USD	United States	Dollar	1.165100	1.192645
GNF	Guinea	Guinea Franc (thousands)	10.507670	10.702237
HKD	Hong Kong	Dollar	9.145300	9.338008
HUF	Hungary	Forint (thousands)	0.326250	0.314984
INR	India	Rupee (thousands)	0.082724	0.078526
IDR	Indonesia	Rupiah (thousands)	17.230000	16.445610
ILS	Israel	Shekel	4.199400	4.223479
JPY	Japan	Yen (thousands)	0.129050	0.131597
KZT	Kazakhstan	Tenge (thousands)	0.424290	0.395908
KWD	Kuwait	Dinar	0.352900	0.358849
LBP	Lebanon	Pound (thousands)	1.759840	1.795908
MGA	Madagascar	Ariary (thousands)	3.874000	3.800529
MYR	Malaysia	Ringgit	4.796700	4.815987
MAD	Morocco	Dirham	10.971900	11.164337
MXN	Mexico	Peso	22.362800	22.507850
MZN	Mozambique	Metical	69.270000	71.234412
NOK	Norway	Kroner	9.714800	9.598936
NZD	New Zealand	Dollar	1.755900	1.696847
OMR	Oman	Rial	0.449248	0.458325
PEN	Peru	Sol	3.852600	3.867189



ISO CODES	COUNTRIES	CURRENCY	CLOSING EXCHANGE RATE AT AUGUST 31, 2018	AVERAGE EXCHANGE RATE FISCAL 2018
			1 EURO =	1 EURO =
PHP	Philippines	Peso	62.318000	61.734111
PLN	Poland	Zloty	4.291300	4.242137
QAR	Qatar	Riyal	4.247900	4.361060
CZK	Czech Republic	Koruna (thousands)	0.025735	0.025636
RON	Romania	New Lei	4.643700	4.641427
GBP	United Kingdom	Pound	0.897400	0.883967
RUB	Russia	Ruble (thousands)	0.079096	0.071007
SGD	Singapore	Dollar	1.596500	1.600536
SEK	Sweden	Krona	10.620500	10.058567
CHF	Switzerland	Swiss Franc	1.128100	1.161704
TZS	Tanzania	Shilling (thousands)	2.658430	2.685713
THB	Thailand	Baht	38.175000	38.620592
TND	Tunisia	Dinar	3.214000	2.948677
TRY	Turkey	New Lira	7.638600	4.846916
UYU	Uruguay	Peso	37.332000	35.010776
VEF	Venezuela	Bolivar (thousands)	7,121.091200	7,121.091200
VND	Vietnam	Dong	27,193.430000	27,194.422170

3.6.4 Investment policy

(in millions of euro)

	FISCAL 2018	FISCAL 2017
Acquisitions of property, plant equipment and intangible assets, plus client investments	286	308
Acquisitions of equity interests	697	268

Investments in progress as of August 31, 2018:

- post-balance sheet acquisitions of equity interests: notably the acquisition of Crèches de France and Novae Restauration;
- 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 2017 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 UK DETENTION SERVICES SODEXO EDUCATION SERVICES LTD SODEXO IRELAND LTD
NORTH AMERICA	SODEXO, INC CENTERPLATE ULTIMATE HOLDINGS, CORP. CK FRANCHISING, INC SODEXO REMOTE SITES PARTNERSHIP 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 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 SHANGHAI MGT. SERVICES CO. LTD SODEXO SINGAPORE PTE LTD SODEXO AUSTRALIA PTY LTD SODEXO REMOTE SITES AUSTRALIA PTY LTD SODEXO FOOD SOLUTIONS INDIA PRIVATE LTD SODEXO FACILITIES MANAGEMENT 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 2018.

4

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4.1 SODEXO S.A. INDIVIDUAL COMPANY FINANCIAL STATEMENTS

4.1.1 Income statement

(in millions of euro)	NOTES	FISCAL 2018	FISCAL 2017
Revenues	3	114	119
Other operating income		238	248
Purchases		(1)	(1)
Employee costs		(64)	(56)
Other operating expenses		(251)	(227)
Taxes other than income taxes		(10)	(9)
Depreciation, amortization and increase in provisions		(2)	(3)
Operating profit		24	71
Financial income/(expense), net	4	459	342
Exceptional income/(expense), net	5	(64)	(31)
Employee profit-sharing		-	-
Income taxes	6	62	14
Net income		481	396

4.1.2 Balance sheet

Assets

(in millions of euro)	NOTES	AUGUST 31, 2018	AUGUST 31, 2017
NON-CURRENT ASSETS, NET			
Intangible assets	7	9	4
Property, plant and equipment	7	1	1
Financial investments	7-9	5,897	5,815
TOTAL NON-CURRENT ASSETS	7	5,907	5,820
CURRENT AND OTHER ASSETS			
Accounts receivable	9	70	63
Prepaid expenses, other receivables and other assets	9	436	390
Marketable securities	11	177	177
Cash		112	409
TOTAL CURRENT AND OTHER ASSETS		795	1,039
TOTAL ASSETS		6,702	6,859

Liabilities and equity

(in millions of euro)	NOTES	AUGUST 31, 2018	AUGUST 31, 2017
SHAREHOLDERS' EQUITY			
Share capital		590	603
Additional paid-in capital		248	534
Reserves and retained earnings		1,818	1,745
Restricted provisions		15	17
TOTAL SHAREHOLDERS' EQUITY	13	2,671	2,899
Provisions for contingencies and losses	10	342	343
LIABILITIES			
Borrowings	14-15	3,407	2,778
Accounts payable	14	28	32
Other liabilities	14	254	807
TOTAL LIABILITIES AND PROVISIONS		4,031	3,960
TOTAL LIABILITIES AND EQUITY		6,702	6,859

4.2 NOTES TO THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

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1. SIGNIFICANT EVENTS

1.1 Capital transactions

As part of the share buyback program launched by the Board of Directors, during Fiscal 2018 Sodexo S.A. 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 reduced its share capital by 300 million euro through the cancellation of 3,375,562 shares.

1.2 Borrowings

On September 14, 2017, Sodexo S.A. borrowed 580 million euro from its subsidiary Sodexo Finance Designed Activity Company maturing in September 2034.

On March 29, 2018, Sodexo S.A. redeemed in full its March 2011 U.S. private placement for 147 million U.S. dollars. Subsequently, on June 27, 2018 it carried out a new U.S. Private Placement amounting to 400 million U.S. dollars and redeemable in June 2023.

On May 22, 2018, Sodexo S.A. carried out a new bond issue for 300 million euro redeemable in May 2025.

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 2018 are the same as those applied for Fiscal 2017. 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 resulting change in accounting policy did not have a material impact on the presentation of the Company's financial statements or on year-on-year comparisons with Fiscal 2017.

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 - free share and stock option plans

A provision is recorded when it is probable that stock option or free 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.

For the Company's first-time application of ANC regulation no. 2015-05 on September 1, 2017, it recognized a 3 million euro credit in retained earnings for the premiums on currency hedges that were in place at that date. These premiums are recognized in the income statement over the duration of the contracts concerned in "Other financial income".

In accordance with this new ANC regulation, 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.

The changes introduced by the regulation concerning isolated open positions and hedging transactions with a risk component do not affect Sodexo.

The first-time application of the regulation did not have any other material impacts on the presentation of the financial statements.

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 whole of this 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*

nationale 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 2018	FISCAL 2017
Revenues by business activity		
On-site Services	4	4
Holding company services	110	115
TOTAL	114	119
Revenues by geographic region		
France	110	115
French overseas departments and regions	4	4
TOTAL	114	119

4. FINANCIAL INCOME AND EXPENSE, NET

(in millions of euro)	FISCAL 2018	FISCAL 2017
Dividends received from subsidiaries and equity investments	541	423
Interest income	20	19
Interest expense	(72)	(60)
Net foreign exchange gain/(loss)	(6)	7
Net change in provisions for financial items	(24)	(47)
TOTAL	459	342

The net change in provisions for financial items primarily corresponds to 27 million euro representing the net total of charges to and releases of provisions for impairment of equity investments.

5. EXCEPTIONAL ITEMS, NET

(in millions of euro)	FISCAL 2018	FISCAL 2017
Net change in provision for negative net assets of subsidiaries and equity investments	(3)	2
Net expense on treasury shares and commitments under stock option plans	(14)	(25)
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	(13)	(2)
Debt forgiveness/subsidies given	-	-
Net gain/(loss) on asset disposals	(36)	4
Other	-	(10)
TOTAL	(64)	(31)

The net loss on asset disposals includes gains and losses on equity investments sold in connection with the Group's reorganization of its legal structure.

The 14 million euro net expense on treasury shares and commitments under stock option plans comprises:

- a 51 million euro loss on the sale of treasury shares in connection with the exercise of stock options and delivery of free shares;

- a 34 million euro net decrease in the provision for free share grants;
- a 3 million euro release of the provision for stock option plans.

The "Other" line item included 10 million euro in Fiscal 2017 due as a result of Sodexo S.A.'s early redemption of 108 million U.S. dollars of its March 2011 U.S. private placement.

6. ANALYSIS OF INCOME TAX EXPENSE

(in millions of euro)	PRE-TAX INCOME	INCOME TAXES	AFTER-TAX INCOME
Operating income	24	(11)	13
Financial income/(expense), net	459	50 ⁽¹⁾	509
Exceptional income/(expense), net	(64)	23 ⁽²⁾	(41)
Employee profit-sharing	-	-	-
TOTAL	419	62	481

(1) This amount includes a credit for the reimbursement of the tax on dividends for 44 million euro.

(2) This amount includes the 18 million euro tax gain arising from the French tax consolidation.

7. NON-CURRENT ASSETS

(in millions of euro)	GROSS VALUE AT AUGUST 31, 2017	ADDITIONS DURING THE PERIOD	DECREASES DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	GROSS VALUE AT AUGUST 31, 2018	NET VALUE AT AUGUST 31, 2018
Intangible assets	9	6	1		14	9
Property, plant and equipment	11	1			12	1
Financial investments						
• Equity investments	5,851	235	105		5,981	5,840
• Receivables related to equity investments	72	30	58	8	52	42
• Other financial assets	16		1		15	15
TOTAL FINANCIAL INVESTMENTS	5,939	265	164	8	6,048	5,897
TOTAL	5,959	272	165	8	6,074	5,907

In the prior year, intangible assets included 10.9 million euro in merger deficits, which were allocated in full to equity investments. In accordance with ANC regulation no. 2015-06, these merger deficits are now included in "Other financial assets".

Sodexo S.A. participated in the recapitalization of its subsidiaries in Australia and Brazil.

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 Group's reorganization of its legal structure.

8. DEPRECIATION AND AMORTIZATION

(in millions of euro)	ACCUMULATED DEPRECIATION AND AMORTIZATION AUGUST 31, 2017	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	ACCUMULATED DEPRECIATION AND AMORTIZATION AUGUST 31, 2018
Intangible assets	5	1	1		5
Property, plant and equipment	9	1			10
TOTAL	14	2	1		15

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	5,981		5,981	141	5,840
Receivables related to equity investments	52	52		11	41
Other financial assets	16	4	12		16
TOTAL FINANCIAL INVESTMENTS	6,049	56	5,993	152	5,897
Accounts receivable	72	72		2	70
Prepaid expenses, other receivables and other assets	436	282	154	1	435
TOTAL ACCOUNTS AND OTHER RECEIVABLES⁽¹⁾	508	354	154	3	505
TOTAL	6,557	410	6,147	155	6,402

(1) After deducting sold receivables, notably 46 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, 2017	INCREASES AND CHARGES DURING THE PERIOD	DECREASES, RELEASES AND RECLASSIFICATIONS DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	AUGUST 31, 2018
Provisions for contingencies and losses	343	103	104		342
Impairment					
• financial investments	124	30	2		152
• current assets	3				3
TOTAL IMPAIRMENT	127	30	2		155
TOTAL	470	133	106		497
Increases and decreases:					
• operating items		7	10		
• financial items		58	36		
• exceptional items		68	60		

As of August 31, 2018, the main provisions for contingencies and losses were for the following:

- stock options and free share grants for 191 million euro;
- losses reclaimable by subsidiaries included in the French tax consolidation for 105 million euro;
- subsidiaries in negative net equity positions for 15 million euro;
- foreign exchange losses for 29 million euro.

11. MARKETABLE SECURITIES

(in millions of euro)	GROSS VALUE AUGUST 31, 2018	NET VALUE AUGUST 31, 2018	NET VALUE AUGUST 31, 2017
Treasury shares	160	160	177
Cash in the liquidity contract account	17	17	
TOTAL	177	177	177

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE FISCAL YEAR

	MARKETABLE SECURITIES	OTHER FINANCIAL ASSETS
Number of shares held		
September 1, 2017	2,205,010	
Acquisitions	1,637,734 ⁽¹⁾	3,356,732
Disposals	(1,954,562) ⁽¹⁾	
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital		(3,375,562)
Allocation as treasury shares held for cancellation	(18,830)	18,830
August 31, 2018	1,869,352	
Gross value of shares held (in millions of euro)		
September 1, 2017	177	
Acquisitions	161 ⁽¹⁾	299
Disposals	(160) ⁽¹⁾	
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital		(300)
Allocation as treasury shares held for cancellation	(1)	1
August 31, 2018	177	

(1) Acquisitions and disposals include the implementation of 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. 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.

13. SHAREHOLDERS' EQUITY

13.1 Share capital

As of August 31, 2018, the Company's share capital totaled 589,819,548 euro and comprised 147,454,887 shares, including 66,721,360 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.

The following shareholders informed the Company that they had exceeded the following disclosure thresholds (provided for by law or the Company's bylaws) in Fiscal 2018:

- on May 8, 2018, Artisan Partners Limited Partnership, acting on behalf of the funds it manages, disclosed that due to a purchase of 1,856,807 Sodexo shares on that date, its interest in the Company's capital had increased to above 2.5%, and that as of May 8, 2018 it held 5,476,873 Sodexo shares, representing 3.63% of the share capital and 2.54% of the voting rights;
- on July 2, 2018, International Value Advisers, LLC, acting on behalf of the funds it manages, disclosed that due to a purchase of 200,782 Sodexo shares on that date, its interest in the Company's capital had increased to above 2.5%, and that as of July 2, 2018 it held 3,821,370 Sodexo shares, representing 2.53% of the share capital and 1.76% of the voting rights;
- on August 31, 2018, Artisan Partners Limited Partnership, acting on behalf of the funds it manages, disclosed that due to a purchase of 14,269 Sodexo shares on that date, its interest in the Company's capital had increased to above 5%, and that as of August 28, 2018 it held 7,554,178 Sodexo shares, representing 5.01% of the share capital and 3.49% of the voting rights.

The Company is not aware of any other shareholder that increased or decreased its shareholding to above or below any disclosure threshold (provided for by law or the Company's bylaws) in Fiscal 2018.

13.2 Changes in shareholders' equity

(in millions of euro)

Shareholders' equity at end of previous fiscal year	2,899
Dividends approved by Shareholders' Meeting and paid	(416)
Dividends on treasury shares	6
Net income for the fiscal year	481
Restricted provisions	(2)
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	(300)
Other – Premiums/discounts on currency forwards	3
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	2,671

As part of the share buyback program launched by the Board of Directors, during Fiscal 2018 Sodexo S.A. 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 reduced its share capital by 300 million euro through the cancellation of 3,375,562 shares.

For the Company's first-time application of ANC regulation no. 2015-05 on September 1, 2017, it recognized a 3 million

euro credit in retained earnings for the premiums on currency hedges that were in place at that date.

Sodexo is in compliance with article L.225-210 of the French Commercial Code because in addition to the legal reserve, it has other reserves 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	2,212	12	600	1,600
Borrowings from related companies	617	16		601
Other borrowings	578	87	94	397
SUB-TOTAL BORROWINGS	3,407	115	694	2,598
Accounts payable ⁽¹⁾	28	28		
Other liabilities	254	254		
TOTAL	3,689	397	694	2,598

(1) 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 ⁽²⁾	10	10				
Group accounts payable	18	18				
TOTAL	28	28				

(2) 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.

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 worth of bonds.

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%, payable annually on May 22.

Accrued interest on these bonds was 12 million euro as of August 31, 2018.

None of the bonds in the four issues described above 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. In June 2017, this facility – whose maximum amount has totaled 531 million euro plus 709 million U.S. dollars since July 2015 – was extended until July 2022.

Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any financial covenants.

No amounts had been drawn down on the facility as of either August 31, 2018 or 2017.

15.2.2 U.S. Private Placements

During Fiscal 2018, Sodexo S.A. redeemed the full outstanding balance of the first tranche of its March 29, 2011 U.S. Private Placement (147 million U.S. dollars).

On June 27, 2018, Sodexo S.A. completed a new U.S. Private Placement for 400 million U.S. dollars.

The features of the Group's outstanding U.S. private placements as of August 31, 2018 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
SUB-TOTAL	207⁽¹⁾		
June 27, 2018	400	3.7%	June 2023
SUB-TOTAL	400		
TOTAL	607		

(1) After deducting 147 million U.S. dollars redeemed on March 29, 2018.

This private placement carries two financial covenants calculated with reference to the Group's consolidated financial statements:

- net debt (excluding restricted cash) no higher than 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative currency translation effects since August 31, 2007 not lower than 1.3 billion euro.

If the covenants are not respected, the lenders may, with a qualified majority, require early repayment of the outstanding borrowings.

The Group was in compliance with these covenants as of August 31, 2018.

15.2.3 Commercial paper

As of August 31, 2018, borrowings under the Sodexo S.A. commercial paper programs totaled 80 million euro, compared

with 331 million euro as of August 31, 2017 (100 million U.S. dollars plus 246 million euro).

The bond issues and borrowings from financial institutions described above have customary early redemption clauses. These 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. The loan matures in September 2034.

16. ACCRUED EXPENSES - DEFERRED REVENUES AND PREPAID EXPENSES

ACCRUED EXPENSES (in millions of euro)

Borrowings	34
Accounts payable	5
Tax and employee-related liabilities	19
TOTAL	58

DEFERRED REVENUES AND PREPAID EXPENSES (in millions of euro)

Deferred revenues	1
Prepaid expenses	3

17. RELATED-PARTY INFORMATION

(in millions of euro)	RELATED PARTIES	ASSOCIATED COMPANIES	OTHER	TOTAL
Assets – Gross values				
Equity investments	5,943	38		5,981
Receivables related to equity investments	41	11		52
Other investment securities				
Advances to suppliers				
Accounts receivable	67			67
Other operating receivables				
Due from related companies	42	1		43
Non-operating receivables				
TOTAL	6,093	50		6,143
Liabilities				
Accounts payable	18			18
Due to related companies	134			134
TOTAL	152			152
Income statement				
Revenues	111	1		112
Other operating income	219			219
Other operating expenses	(183)			(183)
Financial income	567			567
Financial expenses	(61)			(61)
Exceptional income	86			86
Exceptional expenses	(71)			(71)

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.

18. FINANCIAL COMMITMENTS

18.1 Commitments made by Sodexo S.A.

(in millions of euro)	AUGUST 31, 2018	AUGUST 31, 2017
Performance bonds given to Sodexo Group clients	1,559	1,498
Financial guarantees to third parties	4,137	2,398
Retirement benefit commitments	12	12
Other commitments	142	144
TOTAL	5,850	4,052

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 132 million euro was guaranteed as of August 31, 2018), 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 28 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, 2018	AUGUST 31, 2017
Commitments received	2,921	2,400

Commitments received mainly correspond to counter-guarantees by Sodexo, Inc. of Sodexo S.A.'s financial borrowings, which increased in Fiscal 2018 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, 2018
Forward currency purchase	April 2011	April 2021	USD 633 million	EUR 69 million
Swap hedging the currency and interest rate risk on loans to Sodexo do Brasil	April 2017	October 2017 and 2018, April 2018, May 2019	BRL 170 million	EUR 7 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)		DECREASES (in millions of euro)	
Exceptional amortization	15	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 4 million euro as of August 31, 2018.

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.

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21. DIRECTORS' FEES

Directors' fees paid to Board members during the fiscal year represented less than 1 million euro (refer to section 5 – note 3.1).

22. FRENCH TAX CONSOLIDATION

22.1 Benefit arising from French tax consolidation

Sodexo S.A. recognized a benefit of 18 million euro from the French tax consolidation for Fiscal 2018. 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, 2018

The amount of potentially reclaimable tax losses from subsidiaries included in the French tax consolidation as of August 31, 2018 was 306 million euro, resulting in a provision of 105 million euro (using a rate of 34.43%).

23. AVERAGE NUMBER OF EMPLOYEES

	AUGUST 31, 2018	AUGUST 31, 2017
Managers	303	279
Supervisors	29	33
Other	31	45
Apprentices	7	3
TOTAL	370	360

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 Registration Document.

25. POST-BALANCE SHEET EVENTS

On September 13, 2018, the Board of Directors decided to grant 34,100 shares to certain Group employees. The shares granted will only vest if the beneficiaries are still with the Group on the vesting date, and some of the share grants are subject to performance conditions.

On October 31, 2018, Sodexo announced the acquisition of Novae Restauration, significantly expanding its footprint in the attractive Swiss market. Founded in 2003, Novae Restauration 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.

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	274,753	93.46%	380,057	380,057				98,931	70,679
Sodexo Entreprises	52,189	21,685	99.15%	201,669	201,669		1,250	701,374	17,134	17,933
Sofinsod SAS	82,683	16,390	100.00%	133,860	133,860				11,688	13,998
Holding Sogeres	6,098	35,748	100.00%	104,702	104,702				6,523	
Sodexo GC	15,095	(2,190)	100.00%	72,218	72,218				2,352	
Lenôtre SA	2,606	(18,928)	100.00%	60,876	11,553			97,830	(7,186)	
Sodexo Ventures France	143	(754)	100.00%	23,425	2,900				(514)	
Société Française de Restauration et Services	1,899	(17,601)	90.92%	21,782	21,782		2,140	253,821	(5,709)	
Sodexo Afrique SARL	1,624	(2,437)	99.80%	14,539	17				484	
SoTech Services	2,025	2,060	100.00%	12,500	4,085				(310)	3,577
Ouest Catering	516	1,922	100.00%	7,900	7,900				1,033	1,529
French equity investments										
Sogeres	2,153	12,580	34.18%	72,570	72,570			486,783	9,212	3,828
Foreign subsidiaries										
Sodexo, Inc.	2	1,668,655	100.00%	2,120,844	2,120,844		1,291,772	7,592,879	239,202	265,812
Sodexo Holdings Ltd	572,372	38,066	100.00%	751,028	751,028		1,114			36,381
Sodexo Finance Designed Activity Company	100,000	448,130	100.00%	528,000	528,000		1,430,000		45,910	
Sodexo do Brasil Comercial SA	74,448	181,239	98.56%	438,515	438,515	25,620	8,556	611,463	18,280	
Sodexo Beteiligungs BV & Co. KG	194	161,747	100.00%	195,456	195,456				(4,910)	
Sodexo Food Solutions India Private Limited	11,604	(5,397)	100.00%	110,442	110,442			115,375	557	
Sodexo Australia Pty Ltd	98,115	(48,134)	100.00%	108,618	108,618		21,127	106,482	(28,575)	
Sodexo AB	10,206	20,894	100.00%	91,116	91,116			355,170	8,454	
Sodexo Services Asia	82,929	14,205	100.00%	89,462	89,462				7,552	1,718
Compagnie Financière Aurore International	58,010	209,999	100.00%	68,918	68,918				1,899	

(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					
Sodexo Belgium SA	16,765	23,583	88.54%	38,560	38,560		3,958	317,488	2,080	861
Sodexo Iberia SA	3,467	15,281	98.86%	26,804	26,804			221,516	3,169	1,270
Sodexo Global Services UK Ltd	25,072	76,481	100.00%	24,391	24,391				59,451	34,060
Sodexo Entegre Hizmet Yonetimi AS	4,476		100.00%	21,307	4,868			55,598		
Sodexo Mexico SA de CV	5,786	308	100.00%	17,434	6,094			61,458	749	
Sodexo Inversiones SA	14,256	20,924	100.00%	16,100	16,100		48,776		858	
Sodexo Facilities Management Services India Private Ltd	10,222	(1,452)	100.00%	14,191	14,191			98,414	253	
Sodexo Chile SA	11,619	7,317	99.61%	10,911	10,911		26,543	369,034	3,190	
Kalyx Limited	17	176,136	100.00%	9,430	9,430			167,656	25,519	
Sodexo Argentina SA	225	1,512	99.45%	9,137	9,137		1,817	49,495		
Sodexo Singapore Pte Ltd	8,456	2,140	100.00%	8,614	8,614			52,929	147	
Sofinsod Insurance Designed Activity company	7,868	(1,026)	100.00%	7,868	7,868		5,500			
Sodexo Maroc SA	2,525	(1,180)	100.00%	7,667	6,146		1,823	22,141		
Sodexo OY	5,046	2,457	100.00%	7,054	7,054			130,666	3,645	
Sodexo Italia SpA	1,898	75,408	100.00%	7,029	7,029			422,531	13,398	13,191
Foreign equity investments										
Mentor Technical Group Corporation		17,950	45.00%	18,423	18,423				1,313	782
Eat Club	46,277	(23,802)	17.05%	18,395	18,395			33,772	(3,800)	
Sodexo GmbH	308	307,618	37.40%	38,702	38,702				10,286	
Aggregate information										
Other French subsidiaries				13,171	10,990		44,576			26,587
Other foreign subsidiaries				40,843	27,348	12,151	71,342			43,371
Other French equity investments				375	7		1,786			57
Other foreign equity investments				14,389	11,649	272				5,871
TOTAL				5,979,282	5,838,423	38,043	2,962,080			541,505

4.3 SUPPLEMENTAL INFORMATION ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

4.3.1 Five-year financial summary

(in millions of euro)	FISCAL 2018 ⁽¹⁾	FISCAL 2017	FISCAL 2016	FISCAL 2015	FISCAL 2014
Capital at end of period					
Share capital	590	603	615	629	629
Number of ordinary shares outstanding	147,454,887	150,830,449	153,741,139	157,132,025	157,132,025
Maximum number of potential new shares issuable by conversion of bonds					
Income statement data					
Revenues excluding taxes	114	119	132	86	85
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	450	428	587	370	363
Income tax	62	14	(15)	(14)	5
Employee profit-sharing					
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	481	396	616	324	269
Dividend payout	407	417	371	347	283
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	3.47	2.93	3.72	2.27	2.34
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	3.26	2.62	4.01	2.06	1.71
Net dividend per share ⁽²⁾	2.75	2.75	2.40	2.20	1.80
Dividend premium per eligible share ⁽²⁾	0.275	0.275	0.24	0.22	0.18

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 22, 2019.

(2) The Board of Directors proposes that the Annual Shareholders' Meeting on January 22, 2019 approve the payment of a cash dividend of 2.75 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 1, 2019, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.275 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 2018	FISCAL 2017	FISCAL 2016	FISCAL 2015	FISCAL 2014
Employee data					
Average number of employees during the fiscal year	370	360	337	301	293
Salary expense for the fiscal year	44	40	40	39	34
Social security and other employee benefits paid during the fiscal year	20	16	16	21	18

4.3.2 Appropriation of earnings

(in millions of euro)	FISCAL 2018 ⁽¹⁾	FISCAL 2017	FISCAL 2016	FISCAL 2015	FISCAL 2014
Net income	481	396	616	324	269
Retained earnings	1,202	1,223	966	981	987
Retained earnings ⁽²⁾	18	11	12	8	8
Retained earnings ⁽³⁾	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-
Transfer from long-term capital gains reserve	-	-	-	-	-
Distributable earnings	1,701	1,630	1,594	1,313	1,264
Net dividend	405	415	369	346	283
Dividend premium ⁽⁴⁾	2	2	2	1	-
Reserves	-	-	-	-	-
Retained earnings	1,294	1,213	1,223	966	981
Number of shares outstanding	147,454,887	150,830,449	153,741,139	157,132,025	157,132,025
Number of shares entitled to a dividend	147,454,887	150,830,449	153,741,139	157,132,025	157,132,025
Earnings per share (in euro)	3.26	2.62	4.01	2.06	1.71

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 22, 2019.

(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 22, 2019 approve the payment of a cash dividend of 2.75 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 in February 1, 2019, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.275 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).

4.3.3 Supplier and client dues

INVOICES RECEIVED AND PAST DUE AS OF AUGUST 31, 2018

(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	554					278
Amount (incl. VAT)	5	18				18
% of total purchases for the fiscal year	3.6%	12.0%	0.2%			15.6%
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, 2018

(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	323					1,134
Amount (incl. VAT)	67	(25)	3	2	24	3
% of total purchases for the fiscal year	19.4%	(7.4)%	0.8%	0.6%	7.0%	0.9%
Invoices related to disputed or unrecognized receivables and not classified as late payment						
Number of invoices			48			
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, 2018

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, 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at August 31, 2018 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, 2017 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 the matter set out in note 2.5, "Foreign currency transactions" to the financial statements regarding the first-time application of ANC regulation no. 2015-05.

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 as at August 31, 2018 represented 5,840 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 the 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 and losses 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 consistent with 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 demanded 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.

Verification of the Management Report, of the other documents provided to the shareholders with respect to the financial position and the financial statements and of the information given in the Corporate Governance Report

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

Information given in the Management Report and the other documents provided to the shareholders with respect to the 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 management report of the Board of Directors, and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code 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 which 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.

As at August 31, 2018, PricewaterhouseCoopers Audit and KPMG Audit were in the twenty-fifth and sixteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance relating to the financial statements

Management is responsible for preparing financial statements presenting 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 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 of users taken 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 management of the company.

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 of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- 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 7, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Hervé Chopin

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, 2018

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 present our report 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.

Agreements and commitments to be approved by the Shareholders' Meeting

Agreements and commitments authorized and entered into during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments, which were entered into during the year and authorized in advance by the Board of Directors.

NON-COMPETE AGREEMENT ENTERED INTO WITH DENIS MACHUEL, GROUP CHIEF EXECUTIVE OFFICER, WITH EFFECT FROM JANUARY 23, 2018

- 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 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 (24) months 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.

- Terms and conditions:

As consideration for this agreement, Denis Machuel will receive an indemnity representing twenty-four (24) months of the gross fixed compensation that he received during the twelve (12) months preceding the entry into force of this agreement.

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.

SUPPLEMENTAL HEALTH, BENEFIT AND PENSION PLANS FOR DENIS MACHUEL, GROUP CHIEF EXECUTIVE OFFICER FROM JANUARY 23, 2018

- 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 311-3, 12° of the French Social Security Code (*code de la sécurité sociale*), which states that the Chief Executive Officers of French joint stock corporations (*sociétés anonymes*) 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 (i) the supplemental health and benefit plans set up by Sodexo and (ii) the ARRCO/AGIRC supplemental pension plan. His membership of these plans will be subject to the same conditions as all of the Sodexo employees who are plan members.

This commitment is intended to help Sodexo retain its Group Chief Executive Officer by allowing him to continue to be covered by supplemental health, benefit and pension plans.

- Terms and conditions:

The Group Chief Executive Officer 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 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 annual compensation that is greater than eight 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 FROM JANUARY 23, 2018

- Purpose and reasons given as to why they are beneficial for the Company:

Since his appointment to the Group 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 137-11-1 of the French Social Security Code, and which has been set up for the most senior executives employed by French companies of the Sodexo Group.

At its meeting on April 27, 2018, on the recommendation of the Compensation Committee, the Board of Directors decided that, following his appointment as Group Chief Executive, Denis Machuel would continue to be a beneficiary of this pension plan.

This commitment is intended to help Sodexo reward and retain its Group Chief Executive Officer.

- Terms and conditions:

Denis Machuel will be paid a pension under this supplemental pension plan if he has been a member of the plan for at least five years. The pension paid can represent up to 15% of his average fixed salary for the three years preceding his retirement if he has been a member of the plan for at least 15 years. This is in addition to 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.

Consequently, 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 accrue for the year concerned. However, if the achievement rate is less than 80%, no defined benefit contribution will accrue for the year.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved in previous years that remained in force 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 already approved by the Shareholders' Meeting in previous years and which remained in force during the year.

SERVICE AGREEMENT BETWEEN BELLON SA AND SODEXO

- Persons concerned:

Sophie Bellon, Nathalie Bellon-Szabo, Astrid Bellon, Bernard Bellon, François-Xavier Bellon, members of the Board of Directors of Sodexo and members of the Management Board or of the Supervisory 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 on January 23, 2018.

The new agreement came into effect on November 17, 2016 for a period of five years.

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 vote.

For the year ended August 31, 2018, the fees billed by Bellon SA under this agreement amounted to 3,709,500 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, BENEFIT PLANS FOR SOPHIE BELLON, CHAIRWOMAN OF THE BOARD OF DIRECTORS, AND MICHEL LANDEL, GROUP CHIEF EXECUTIVE OFFICER UNTIL JANUARY 23, 2018 AND DIRECTOR UNTIL JULY 1, 2018

- Purpose and reasons given as to why they are beneficial for the Company:

Sophie Bellon and Michel Landel are members of the national social welfare plans governed by the French general social security regime, as required by article 311-3, 12^o of the French Social Security Code, which states that the Chairs of the Boards of Directors and the Chief Executive Officers of French joint stock corporations 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 the employment contracts of Sophie Bellon and Michel Landel as a result of their respective corporate officer positions, they would continue to be members of (i) the supplemental health and benefit plans set up by Sodexo and (ii) the ARRCO/AGIRC supplemental pension plan. Their membership of these plans will be subject to the same conditions as all of the Sodexo employees who are plan members. Sophie Bellon and Michel Landel did not take part in the votes concerning them at the Board of Directors' meeting during which these commitments were authorized.

These commitments are intended to help Sodexo retain its Chairwoman of the Board of Directors and Group Chief Executive Officer, for as long as he holds this position within the Group, by allowing them to continue to be covered by supplemental health and benefit plans.

- Terms and conditions:

The Chairwoman of the Board of Directors and the Group Chief Executive Officer, for as long as they hold their respective positions within the Group, are members 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 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 annual compensation that is greater than eight times the French Social Security Code's annual ceiling;
- supplemental health insurance plan, which all Sodexo employees are entitled to, financed in part by Sodexo.

TRANSACTIONS WITH MICHEL LANDEL, GROUP CHIEF EXECUTIVE OFFICER UNTIL JANUARY 23, 2018 AND DIRECTOR UNTIL JULY 1, 2018

- Purpose and reasons given as to why they are beneficial for the Company:

Pursuant to a decision taken by the Board of Directors on November 6, 2008 and approved by the Shareholders' Meeting on January 19, 2009, in the event of the termination of his appointment as Group Chief Executive Officer (unless for reasons of resignation or retirement, and barring his removal from office for serious misconduct or gross negligence), Sodexo will pay Michel Landel an indemnity.

Michel Landel is also entitled to the Sodexo Group executive pension plan.

These commitments were intended to help Sodexo reward and retain its Group Chief Executive Officer.

- Terms and conditions:

For the indemnity paid out in the event of the termination of his appointment, the amount is equal to twice the gross annual compensation (fixed and variable) received during the twelve (12) months preceding the termination. The payment of this indemnity is subject to the Sodexo Group achieving a minimum 5% year-on-year increase in consolidated operating income, at constant consolidation scope and exchange rates, in each of the three financial years preceding the termination of his appointment, it being specified that the indemnity will be not payable in the event that Michel Landel resigns, retires or is removed from office for serious misconduct or gross negligence. As Michel Landel retired following the Shareholders' Meeting on January 23, 2018, he did not receive a termination indemnity at the end of his term of office.

Concerning his supplemental pension plan, Michel Landel is 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, and which has been set up for the most senior executives employed by French companies of the Sodexo Group.

Michel Landel will be paid a pension under this supplemental pension plan if he has been a member of the plan for at least five years. The pension paid can represent up to 15% of his average fixed salary for the three years preceding his retirement if he has been a member of the plan for at least 15 years. This is in addition to 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.

As of January 1, 2016, the date on which Michel Landel's employment contract with Bellon SA, the company that controls Sodexo, was terminated, he is no longer accruing any additional entitlements under this plan. However, as a corporate officer, he retains the entitlements he had accrued up until the termination of his employment contract.

Agreements and commitments approved during the year

We were informed of the implementation during the year of the following commitment, which was already approved by the Shareholders' Meeting on January 23, 2018 and included in the Statutory Auditors' report of November 15, 2017.

NON-COMPETE AGREEMENT ENTERED INTO WITH MICHEL LANDEL, GROUP CHIEF EXECUTIVE OFFICER UNTIL JANUARY 23, 2018 AND DIRECTOR UNTIL JULY 1, 2018

- Purpose and reasons given as to why they are beneficial for the Company:

On November 14, 2017, 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 Michel Landel'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, Michel Landel has knowledge of Sodexo's business, strategy and customers in each of its activities, which justifies the need for a non-compete agreement.

This non-compete agreement entered into between the Company and Michel Landel on November 14, 2017 will apply for a period of twenty-four (24) months as from January 23, 2018, the date on which his duties as Chief Executive Officer cease.

- Terms and conditions:

As consideration for this agreement, Michel Landel receives an indemnity representing twenty-four (24) months of the gross fixed compensation that he received during the twelve (12) months preceding the entry into force of this agreement, *i.e.*, a total of one million, eight hundred and sixty-six thousand, eight hundred euro (1,866,800 euro).

If Michel Landel fails to fulfill his obligations, 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 of nine hundred and thirty-three thousand, four hundred euro (933,400 euro), representing twelve (12) months of his most recent gross annual compensation.

Neuilly-sur-Seine and Paris La Défense, November 7, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Hervé Chopin

CORPORATE GOVERNANCE

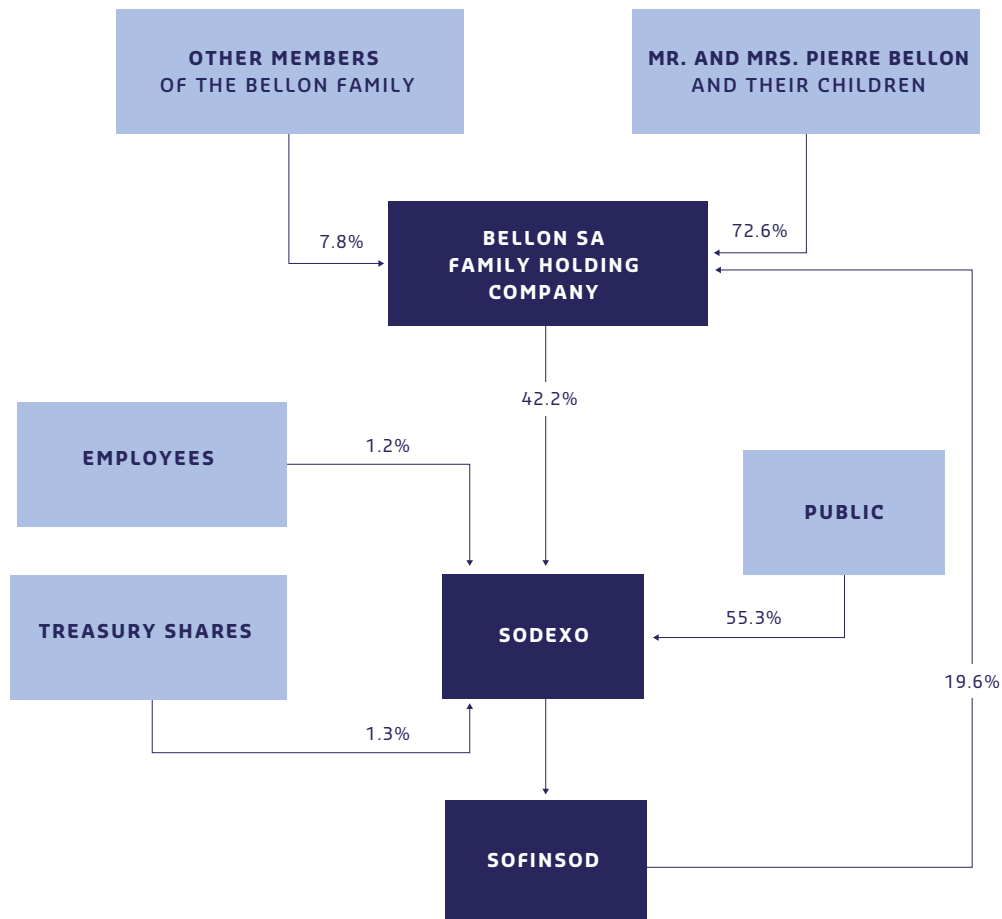
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In accordance with article L.225-37 of the French Commercial Code, this chapter includes the Board of Directors' Report on corporate governance. It describes (i) the composition of the Board of Directors and information on the preparation and organization of the Board's work; (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) Sodexo's ownership structure ; and (iv) the risk management and internal control procedures, as well as the Vigilance plan.

Information on the delegations concerning share capital increases is an integral element of the Corporate Governance Report and is presented in chapter 6 of this Registration Document.

5.1 SHAREHOLDING STRUCTURE*



For further information please refer to section 6.3 of the Registration Document.

* Figures have been rounded to the nearest higher value.

5.2 BOARD OF DIRECTORS

5.2.1 Composition and operating procedures of the Board of Directors

Sodexo is a French public liability 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, specialized Committees of the Board have been established in accordance with these Internal Rules.

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, 2018

NAME	POSITION HELD ON THE BOARD/ BOARD SPECIALIZED COMMITTEES	FIRST APPOINTMENT TO THE BOARD	TERM EXPIRES (AT THE ANNUAL SHAREHOLDERS' MEETING CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR INDICATED)	INDEPENDENT DIRECTORS ⁽¹⁾	DATE OF BIRTH	FEM (F) M (M)	NATIONALITY	NUMBER OF SODEXO SHARES HELD	NUMBER OF DIRECTOR/ OFFICER POSITIONS HELD IN OTHER LISTED COMPANIES
Sophie Bellon	Chairwoman of the Board of Directors Member of the Nominating Committee	07/26/1989	Fiscal 2020 ⁽²⁾		08/19/1961	F	French	7,694	1
Emmanuel Babeau	Director Chairman of the Audit Committee Member of the Compensation Committee	01/26/2016	Fiscal 2018	X	02/13/1967	M	French	400	3
Robert Baconnier	Director Member of the Audit Committee	02/08/2005	Fiscal 2018	X ⁽³⁾	04/15/1940	M	French	410	
Astrid Bellon	Director	07/26/1989	Fiscal 2018		04/16/1969	F	French	39,000	
Bernard Bellon	Director	02/26/1975	Fiscal 2018 ⁽²⁾		08/11/1935	M	French	117,200	
François-Xavier Bellon	Director Member of the Audit Committee	07/26/1989	Fiscal 2018		09/10/1965	M	French	36,383	
Nathalie Bellon-Szabo	Director Member of the Nominating Committee	07/26/1989	Fiscal 2020 ⁽²⁾		01/26/1964	F	French	1,147	
Philippe Besson	Director representing employees Member of the Compensation Committee	06/18/2014	Fiscal 2019	N/A ⁽⁴⁾	09/21/1956	M	French	⁽⁴⁾	
Françoise Brougher	Director Chairwoman of the Nominating Committee Member of the Compensation Committee	01/23/2012	Fiscal 2020 ⁽²⁾	X	09/02/1965	F	Dual French and American	400	
Soumitra Dutta	Director Member of the Audit Committee	01/19/2015	Fiscal 2020 ⁽²⁾	X	08/27/1963	M	Indian	400	1
Cathy Martin	Director representing employees Member of the Audit Committee	09/10/2015	Fiscal 2020	N/A ⁽⁴⁾	06/05/1972	F	Canadian	⁽⁴⁾	
Cécile Tandeau de Marsac	Director Chairwoman of the Compensation Committee Member of the Nominating Committee	01/24/2017	Fiscal 2019	X	04/17/1963	F	French	400	
Sophie Stabile ⁽²⁾	Director Member of the Audit Committee	07/01/2018	Fiscal 2019	X	03/19/1970	F	French	100	4

(1) Independent director as defined by the AFEP-MEDEF Code of corporate governance for listed companies.

(2) At the Annual Shareholders' Meeting to be held on January 22, 2019, the Board of Directors will propose that shareholders (i) reappoint these Board members and (ii) ratify the Board's June 20, 2018 decision to appoint by cooptation as of July 1, 2018 Sophie Stabile as a director to replace Patricia Bellinger, who resigned.

(3) For further information on the qualification of Robert Baconnier as independent Board director, please refer to the table "Comply or explain" available at the end of section 5.2 of this Registration Document related to the compliance with the AFEP-MEDEF Code of corporate governance for listed companies.

(4) In accordance with the law and the AFEP-MEDEF Code of corporate governance for listed companies, directors representing employees are not included in the determination of the following: the minimum and maximum number of Board members, the representation of men and women on the Board, and the number of independent Board members. In addition, they do not have to comply with the obligation defined in the Board of Directors' Internal Rules for directors to hold a minimum of 400 Sodexo shares.

Changes in the composition of the Board of Directors and the specialized Committees of the Board in Fiscal 2018

	DEPARTURE	APPOINTMENT	RE-ELECTION
Board of Directors	As of July 1, 2018: Michel Landel Patricia Bellinger	As of July 1, 2018: Sophie Stabile	As of January 23, 2018: Sophie Bellon Bernard Bellon Nathalie Bellon-Szabo Françoise Brougher Soumitra Dutta Cathy Martin
Audit Committee		As of July 1, 2018: Sophie Stabile	As of January 23, 2018: Soumitra Dutta Cathy Martin
Compensation Committee	As of July 1, 2018: Patricia Bellinger		As of January 23, 2018: Françoise Brougher
Nominating Committee			As of January 23, 2018: Sophie Bellon Nathalie Bellon-Szabo Françoise Brougher

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 of the Board of Directors and Chief Executive Officer.

In 1966, he founded Sodexo SA. He served as Chairman of the Board of Directors and Chief Executive Officer until August 31, 2005, when Michel Landel was named Chief Executive Officer 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 of Sodexo (new name since January 2008) 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**Inside the Group**

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

- **Chairman of the Supervisory Board:** Bellon SA
- **Member 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

FOREIGN COMPANIES

None

Other corporate offices held within the past five years but no longer held

- **Chairman of the Board of Directors:** Sodexo S.A. (France)

5.2.1.3 Board members as of August 31, 2018

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.

Other positions and corporate offices held

Inside the Group

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

- **Member of the Management Board:** Bellon SA
- **Chairwoman:** PB Holding SAS
- **Member of the Board of Directors:** L'Oréal*; *Association nationale des sociétés par actions (ANSA); Association française des entreprises privées (AFEP); Association Comité France Chine*

FOREIGN COMPANIES

None

Other corporate offices held within the past five years but no longer held

- **Vice Chairwoman of the Board of Directors:** Sodexo S.A.
- **Chief Executive Officer:** Sodexo Entreprises SAS (France)
- **Chairwoman of the Management Board:** Bellon SA (France)



* Listed company.

EMMANUEL BABEAU**Born February 13, 1967****Nationality: French****Graduate of the *École supérieure de commerce de Paris (ESCP Europe, 1989)*; 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 2018 (*renewal proposed*)

Chairman of the Audit Committee

Member of the Compensation Committee

Number of Sodexo shares held: **400****Business address:**Schneider Electric
35, rue Joseph-Monier
92500 Rueil-Malmaison (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, and in 2013 he became Deputy Chief Executive Officer in charge of Finance and Legal Affairs.

Other positions and corporate offices held**Inside the Group**

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

- **Deputy Chief Executive Officer:** Schneider Electric SE*
- **Vice Chairman:** Aveva Group plc*
- **Member of the Board of Directors:** Sanofi*
- **Member of the Board of Directors:** Schneider Electric Industries SAS**
- **Member of the Supervisory Board:** InnoVista Sensors SAS**; Aster Capital Partners SAS**; Schneider Electric Energy Access representing Schneider Electric Industries SAS** (corporate member)
- **Managing partner:** SCI GETIJ

FOREIGN COMPANIES

- **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); Invensys Ltd.** (UK); Carros Sensors Topco (formerly InnoVista Sensors Topco Ltd.)** (UK)

Other corporate offices held within the past five years but no longer held

- **Chairman of the Managing Board:** Schneider Electric Services International** (Belgium)
- **Member of the Management Board:** Schneider Electric SA** (France)
- **Member of the Board of Directors:** Schneider Electric Taiwan Co. Ltd.** (Taiwan); Telvent GIT SA** (Spain); Transformateurs SAS** (France)

* 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 (1965-1967)

First appointed: January 8, 2005

Expiration of current term: at the Annual Shareholders' Meeting held to approve the financial statements for Fiscal 2018 (*renewal proposed for one year*)

Member of the Audit Committee

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

Inside the Group

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Outside the Group

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Other corporate offices held within the past five years but no longer held

- **Non-voting Board member and member of the Audit Committee:** Siparex Associés (France)

ASTRID BELLON



Born April 16, 1969
Graduate of ESLSCA
Nationality: French
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 2018 (*renewal proposed*)

Number of Sodexo shares held: **39,000**

Business address:

Bellon SA
17, place de la Résistance
92130 Issy-les-Moulineaux (France)

Main role: Director

Background

Astrid Bellon is a member of the Management Board of Bellon SA.

Other positions and corporate offices held

Inside the Group

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Outside the Group

FRENCH COMPANIES

- **Member of the Management Board:** Bellon SA
- **Member of the Orientation Committee:** Pierre Bellon Foundation
- **Chairwoman:** Sofrane SAS
- **Legal Manager:** Sobelnat SCA (permanent representative of Sofrane SAS)

FOREIGN COMPANIES
None

Other corporate offices held within the past five years but no longer held

None

BERNARD BELLON**Born August 11, 1935****Nationality: French****Degree in French Literature from IAE Aix-Marseille****First appointed:** February 26, 1975**Expiration of current term:** at the Annual Shareholders' Meeting held to approve the financial statements for Fiscal 2018Number of Sodexo shares held: **117,200****Business address:**14, rue Saint Jean
1260 Nyon (Switzerland)**Main role:** Director**Background**

Bernard Bellon was director of Compagnie Hôtelière du Midi (part of the Compagnie de Navigation Mixte Group) from 1962 to 1970 and then held various managerial positions in banking at CIC-Banque de l'Union européenne Group from 1970 to 1988. He founded Finadvance SA, a venture capital company of which he was Chairman from its creation in 1988 until 2013.

Other positions and corporate offices held**Inside the Group**

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

- **Member of the Supervisory Board:** Bellon SA
- **Founding member:** Pierre Bellon Foundation

FOREIGN COMPANIES

None

Other 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 2018 (*Renewal proposed*)

Member of the Audit Committee

Number of Sodexo shares held: **36,383**

Business address:

LifeCarers Limited
2 East Throp House
1 Paddock Road
Reading RG4 5BY (United Kingdom)

Main role: Founder and CEO 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

Inside the Group

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

- **Chairman of the Management Board:** Bellon SA
- **Chief Executive Officer:** PB Holding SAS
- **Advisor:** French Foreign Trade Commission

FOREIGN COMPANIES

- **Chief Executive Officer:** PB Holding SAS (UK)
- **Member of the Board of Directors:** LifeCarers Ltd (UK)
- **Advisor:** U1st Sports SA (Spain); House of HR (Belgium)

Other corporate offices held within the past five years but no longer held

- **Advisor:** Dr Clic Sociedad Limitada (Spain)

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 Prestige Sports and Leisure/
Sodexo Prestige Sites and Brands
Tour Horizons
CP H 200
30, cours de l'Île Seguin
92777 Boulogne Billancourt (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 & 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**Inside the Group**

FRENCH COMPANIES

- **Chairwoman:** Yachts de Paris SAS; Compagnie d'armateur fluvial et maritime SAS; Société d'exploitation des vedettes Paris Tour Eiffel SAS; Sodexo Sports et Loisirs SAS; Gedex SAS; Umanis SAS
- **Chairwoman of the Board of Directors:** Millenia SA
- **Chairwoman of the Management Board:** Société du Lido (SEGSMI); Lenôtre SA

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

- **Member of the Management Board:** Bellon SA
- **Member of the Board of Directors:** Altima SA

FOREIGN COMPANIES

None

Other corporate offices held within the past five years but no longer held

None

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

Background

Philippe Besson joined the Sodexo Healthcare Division in 1981, as foodservices manager for the Paris Ile 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 and has served as a director representing employees since June 2014.

Other positions and corporate offices held

Inside the Group

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Other 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

Chairwoman of the Nominating Committee

Member of the Compensation Committee

Number of Sodexo shares held: **400**

Business address:

Pinterest
808 Brannan Street,
San Francisco,
California, 94103 USA

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

Inside the Group

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

None

FOREIGN COMPANIES

• **Member of the Board of Directors:** Blackbird Air (USA)

Other corporate offices held within the past five years but no longer held

• **Chief Operating Officer:** Square* (USA)

* 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:**Cornell SC Johnson
College of Business
Cornell University
Ithaca, New York (USA)**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**Inside the Group**

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

- **Member of the Board of Directors:** Dassault Systèmes*

FOREIGN COMPANIES

- **Chairman of the Board of Directors:** The Global Business School Network (USA)

Other corporate offices held within the past five years but no longer held

- **Member of the Board of Directors:** AACSB (USA)

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 Canada
740 Rue Saint-Maurice, bureau 106
Montreal, Quebec
H3C 1L5 (Canada)

Main role: Regional Manager

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

Inside the Group

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Outside the Group

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Other corporate offices held within the past five years but no longer held

None

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

Chairwoman of the Compensation Committee
Member of the Nominating Committee

Number of Sodexo shares held: **400**

Business address:

Solvay
Rue de Ransbeek, 310
B-1120 Brussels (Belgium)

Main role: Chief Human Resources Officer, Solvay Group

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 to transform Rhodia's organizational structure and to integrate Rhodia's teams following its acquisition by Solvay.

In September 2012, she was appointed Human Resources Director at Solvay.

Other positions and corporate offices held

Inside the Group

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Outside the Group

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Other corporate offices held within the past five years but no longer held

None



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

Member of the Audit 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 financial back offices. In 2010 she became the Accor group's Chief Financial Officer. From 2015 to 2017 she served as Chief Executive Officer, HotelServices France, 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**Inside the Group**

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Outside the Group

FRENCH COMPANIES

- **Member of the Board of Directors:** Ingenico*, Unibail-Rodamco*, Altamir*, SPIE*
- **Managing Partner:** Révérence

FOREIGN COMPANIES

None

Other corporate offices held within the past five years but no longer held

- **Chairwoman of the Supervisory Board:** Orbis
- **Chief Executive Officer:** HotelServices France for AccorHotels

* Listed company.

5.2.1.4 Internal Rules of the Board of Directors

The Internal Rules of the Board of Directors were amended and approved by the Board on November 6, 2018 in order to implement the new recommendations of the AFEP-MEDEF Code of corporate governance for listed companies. The new full version of the Internal Rules of the Board of Directors is available on the Group's website at www.sodexo.com. A summary of the key elements of these Rules is provided below.

5.2.1.4.1 Principles governing the composition of the Board of Directors

The Board of Directors regularly assesses whether the composition of the Board and its specialized Committees is well balanced, particularly in terms of diversity (gender mix, nationality, age, qualifications, professional experience, etc.).

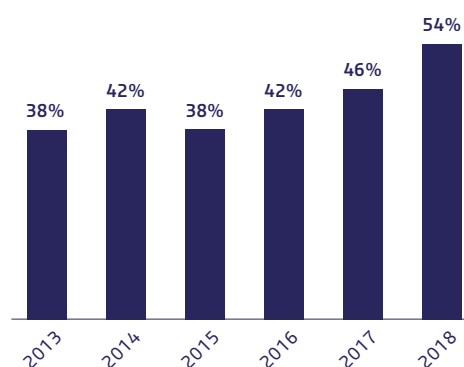
Diversity policy of the Board of Directors

CRITERIA	OBJECTIVES	IMPLEMENTATION AND RESULTS ACHIEVED IN FISCAL 2018
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Board of Directors' membership structure

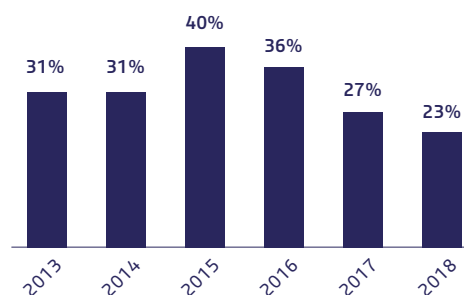
Optimal gender mix on the Board

WOMEN REPRESENTATION ON THE BOARD



To ensure the best possible balance by seeking diverse and complementary profiles, in terms of nationality, expertise and experience (including international)

INTERNATIONAL PROFILES REPRESENTATION ON THE BOARD



Expertise and experience:

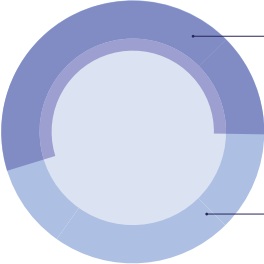
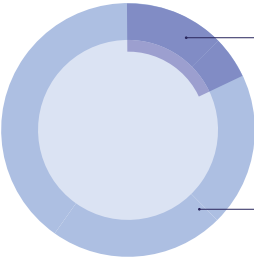
Human Resources:	2017: election of Cécile Tandeau de Marsac
Sales/Marketing:	2012: election of Françoise Brougher 2017: election of Cécile Tandeau de Marsac
IT/Digital:	2012: election of Françoise Brougher 2015: election of Soumitra Dutta
Finance/Executive Management:	2016: election of Emmanuel Babeau 2018: Board appointment of Sophie Stabile

All of the above directors qualify as independent and have extensive international experience.

Appointment of one or two directors representing employees.

Since 2015, the Company has had two directors representing employees.



CRITERIA	OBJECTIVES	IMPLEMENTATION AND RESULTS ACHIEVED IN FISCAL 2018
Directors' independence	1/3 independent directors in compliance with the AFEP-MEDEF Code of corporate governance for listed companies ⁽¹⁾ .	 <p>INDEPENDENT DIRECTORS 55%</p> <p>NON-INDEPENDENT DIRECTORS 45%</p>
Age of Directors	Not more than one third of the directors are over 70 years old, in line with the recommendation for controlled companies contained in the AFEP-MEDEF Code of corporate governance for listed companies.	 <p>OVER 70 YEARS OLD 18%</p> <p>UNDER 70 YEARS OLD 82%</p>

GENDER BALANCE

As of August 31, 2018, the Board of Directors had 13 members (including two directors representing employees), of which seven are women, including one woman director representing employees (54% of all Board members⁽²⁾). The number of women directors demonstrates that women are well represented on the Board in compliance with the requirements of the French Copé-Zimmermann Act on gender-balanced representation on Boards, which states that at least 40% of all corporate Board members must be women and at least 40% men. The Board's members include nationals of France, the United States, Canada and India.

EXPERTISE

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.

On June 20, 2018 the Board appointed by cooptation Sophie Stabile as a director to replace Patricia Bellinger, who resigned after having served on the Board for 13 years (since 2005), effective July 1, 2018. As the former Group Chief Financial Officer and Chief Executive Officer of Hotel Services France, of AccorHotels, Sophie Stabile will bring to Sodexo her in-depth experience in finance and the services industry. She is also a director of several other major French corporations and has a good understanding of Corporate Governance best practices.

¹ Refer to the table "Comply or explain" available at the end of section 5.2 of this Registration Document related to the compliance with the AFEP-MEDEF Code of corporate governance for listed companies.

² In accordance with the law and the AFEP-MEDEF Code of corporate governance for listed companies, the two directors representing employees are not included in the determination of the following: the minimum and maximum number of Board members, the representation of men and women on the Board, and the number of independent Board members.

The following matrix shows the number of directors who have skills considered important for the Board:

EXECUTIVE MANAGEMENT OF INTERNATIONAL COMPANIES		7 directors
FINANCIAL EXPERTISE		8 directors
SUSTAINABLE DEVELOPMENT, CSR AND HR		6 directors
DIGITAL/NEW TECHNOLOGIES		4 directors
MARKETING/SALES		6 directors
STRATEGY AND MERGERS & ACQUISITIONS		7 directors
KNOWLEDGE OF THE SERVICES INDUSTRY		7 directors

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 of corporate governance for listed companies

AFEP-MEDEF CODE INDEPENDENCE CRITERION

	EMPLOYEE/ EXECUTIVE OFFICER OF THE COMPANY OR GROUP IN THE PAST 5 YEARS	DOES NOT HOLD A CROSS- DIRECTORSHIP	NO SIGNIFICANT BUSINESS RELATIONSHIP WITH THE COMPANY OR GROUP	CLOSE FAMILY TIES TO AN OFFICER OF THE COMPANY	AUDITOR OF THE COMPANY IN THE PAST FIVE YEARS	DIRECTOR OF THE COMPANY FOR MORE THAN 12 YEARS	NON-EXECUTIVE OFFICER OF THE COMPANY	SIGNIFICANT SHAREHOLDER
Sophie Bellon	x	✓	✓	x	✓	x	✓	x
Emmanuel Babeau	✓	✓	✓	✓	✓	✓	N/A	✓
Robert Baconnier	✓	✓	✓	✓	✓	x	N/A	✓
Astrid Bellon	✓	✓	✓	x	✓	x	N/A	x
Bernard Bellon	✓	✓	✓	x	✓	x	N/A	x
François-Xavier Bellon	✓	✓	✓	x	✓	x	N/A	x
Nathalie Bellon-Szabo	x	✓	✓	x	✓	x	N/A	x
Françoise Brougher	✓	✓	✓	✓	✓	✓	N/A	✓
Soumitra Dutta	✓	✓	✓	✓	✓	✓	N/A	✓
Cécile Tandeau de Marsac	✓	✓	✓	✓	✓	✓	N/A	✓
Sophie Stabile	✓	✓	✓	✓	✓	✓	N/A	✓

In this table, ✓ indicates an independence criterion that is met and x indicates an independence criterion that is not met.

During Fiscal 2018, six⁽¹⁾ Board members were deemed independent directors (see end of section 5.2 of this Registration Document). No independent director has any significant business ties with the Company or any other Group entity. When the Board of Directors examined the independent status of its directors, it paid particular attention to any business relations existing between the Sodexo Group and the group or entity of which each independent director (as qualified based on the other independence criteria) is a member.

Based on this analysis, apart from Cécile Tandeau de Marsac and Emmanuel Babeau, no other independent director or the entity or group of which he or she is a member and in which he or she exercises executive powers, has any significant business relationship with the Company, its group or its management.

The Board carried out a quantitative and qualitative analysis of the situations of Cécile Tandeau de Marsac, Chief Human

Resources Officer at the Solvay Group, and Emmanuel Babeau, Deputy Chief Executive Officer of Schneider Electric and a director of Sanofi, as well as the business relations between Sodexo and Solvay, Schneider Electric and Sanofi groups.

In this analysis, the Board of Directors found, on the one hand, that the contracts are negotiated between the parties at arm's length and on the other hand, that the business flows between these groups (all activities combined and at the global level) are significantly lower than the 1% materiality threshold retained by the Board of Directors. Indeed, these business flows represent:

- less than 0.05% of the company's consolidated revenues between Sodexo and Schneider Electric;
- less than 0.1% of the company's consolidated revenues between Sodexo and Sanofi;

¹ In accordance with the law and the AFEP-MEDEF Code of corporate governance for listed companies, the two directors representing employees are not included in the determination of the following: the minimum and maximum number of Board members, the representation of men and women on the Board, and the number of independent Board members.

- less than 0.05% of consolidated revenues between Sodexo and Solvay.

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

Sophie Stabile, who was appointed by cooptation as a member of Sodexo's Board of Directors effective July 1, 2018, has also been a director of SPIE since 2014. In a certain number of limited and clearly identified cases within the technical services area, SPIE may be one of Sodexo's competitors in Europe. Consequently, Sodexo's Board of Directors has placed a number of restrictions on Sophie Stabile's directorship and no commercially sensitive information concerning the 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 of corporate governance for listed companies to which the company refers and with the provisions of the Internal Rules concerning conflict of interest situations.

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 by this trade union for a three-year term, effective from the Annual Shareholders' Meeting held on January 24, 2017.

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.

5.2.1.4.2 Preparation and organization 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 external 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. Since January 23, 2018, she has played a direct "support and challenge" role vis-à-vis the Chief Executive Officer, in order to leverage the complementary nature of the skill sets inherent to Chairwoman/Chief Executive Officer roles. In addition to these duties, Sophie Bellon plays an important role as ambassador of the Group.

OPERATING PROCEDURES OF THE BOARD OF DIRECTORS

In addition to the Company's bylaws, the Board of Directors is governed by the Board's Internal Rules, which define the Board's mission, the required number of Board members, 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 delegation of powers to the Chief Executive Officer, and define the policy for issuing guarantees. The principal elements of the Board's Internal Rules are described in this section.

MISSION OF THE BOARD OF DIRECTORS

The Board of Directors defines Sodexo's strategy, long-term objectives and overall policies in consideration of the social and environmental issues related to its activities.

It regularly supervises the management of the business (particularly progress made on metrics it has identified) and it appoints corporate officers to manage Group general policies.

The Board of Directors ensures the existence and effectiveness of the management of commitments, risk 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.

The Board of Directors ensures, where appropriate, 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 a policy of non-discrimination and diversity and a vigilance plan.

As required by law, the Board of Directors approves the financial statements for publication, proposes dividends, and makes decisions on significant investments and 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 beginning of September, when the budget is discussed:

- the Chief Executive Officer and the other operational executives in each 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 holds at least one meeting a year that executive and internal directors do not attend.

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.

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.

Directors are required to disclose to the Board all actual or potential conflicts of interest and must abstain from discussing and voting on those matters.

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, effective since July 3, 2016, 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 before the Board meeting that approves the half-year and annual consolidated financial statements for publication and up to and including the date of publication of those half-year and annual financial statements;
- 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. Consequently, 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 aligned with 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 one. directors who so request may receive additional training on the Corporate Social Responsibility issues affecting the Group. Board members receive continuous training for as long as they remain on the Board.

In addition, in accordance with decree no. 2015-606 of June 3, 2015, intended to ensure that directors representing employees are given the necessary time and training to enable them to fulfill their duties, the Board of Directors has decided that directors representing employees will be provided the time necessary to prepare their participation in each Board meeting and will also be given at least 20 hours' training per year during their mandate. 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 delivered by several senior managers of the Group's corporate functions. These training courses are open to all of Sodexo's directors.

BOARD SPECIALIZED COMMITTEES

To support its decision-making process, the Board of Directors has created three specialized Committees of the Board, each with its own charter approved by the Board of Directors setting out their roles, 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, 2018:

- Emmanuel Babeau, who chairs the Committee in his capacity as a "financial expert," independent director;
- Robert Baconnier, independent director;
- François-Xavier Bellon, director;
- Soumitra Dutta, independent director;
- Cathy Martin, director representing employees;
- Sophie Stabile, independent director.

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.

All of the other Audit Committee members have recognized expertise in finance and accounting, as confirmed by their professional background (see section 5.2.1.3).

The Audit Committee is responsible for ensuring that the Group's accounting policies (financial and extra-financial) are appropriate and consistently applied, particularly with respect to material transactions.

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 risk management governance, particularly the structure, scope and organization of risk management.

It periodically reviews senior management reports on risk exposure (including social and environmental risks) and prevention, and ensures that effective internal controls are applied.

The Committee assesses proposals from external auditor firms and submits candidate firms for approval by the Shareholders' Meeting.

It also performs an annual review of the fees paid to the external auditors of Sodexo and its subsidiaries and assesses auditor independence. In addition, it reviews the annual payment due under the service contract signed between Sodexo and Bellon SA (detailed in section 5.3.2), 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 Group Chief Financial Officer, the Senior Vice President Group Internal Audit and the external auditors. It may also make inquiries of any Group employee, without any Company executives being present, and seek advice from outside experts.

During Fiscal 2018, the Chief Executive Officer of Sodexo, the Group Chief Financial Officer and the Senior Vice President Group Internal Audit were regularly invited to attend Audit Committee meetings to discuss their activities and answer questions.

The Audit Committee met five times during the fiscal year, with a 100% attendance rate.

Issues addressed by the Committee included:

- review of the main risks and the risk management process;
- progress report on the evaluation of internal control;
- Internal Audit plan for Fiscal 2018;
- reports issued by the Internal Audit Department and progress reports on the implementation of its recommendations;
- supervision of the independence, terms of engagement and fees of the external auditors of Sodexo and its subsidiaries in connection with the audit of the consolidated financial statements for Fiscal 2018. The Audit Committee also approved in advance all other engagements performed by the Group's external auditors and by member firms of their networks;
- follow-up on the implementation of the new accounting standards on financial instruments, revenue and leases;
- review of the annual payment due under the service contract signed between Sodexo and Bellon SA for Fiscal 2019;
- financing;
- the General Data Protection Regulation (GDPR) compliance program;
- organization of the Purchasing Department and its internal control system;
- the compliance program for combating corruption;
- review of the scope of consolidation;
- review of the consolidated financial statements and notes, including note 4.24 on off-balance sheet commitments.

The Audit Committee also reviewed the annual consolidated financial statements for Fiscal 2017 and the interim consolidated financial statements for the first half of Fiscal 2018.

In addition to five formal meetings, the Chairman of the Audit Committee also had meetings during the fiscal year with the Chief Executive Officer, the Senior vice President Group Internal Audit, the Group Chief Financial Officer and the external auditors.

Nominating Committee

Composition as of August 31, 2018:

- Françoise Brougher, who chairs the Committee, independent director;
- Nathalie Bellon-Szabo, director;
- Sophie Bellon, director;
- Cécile Tandeau de Marsac, independent director.

This Committee:

- examines proposals made by the Chairwoman of the Board of Directors in relation to director nominations. The Nominating Committee assesses the knowledge and experience represented on the Board of Directors, as well as directors' level of independence, and prepares a description of the skills that should be sought in new candidates for election to the Board. The Group may retain the services of external executive search firms to identify a certain number of candidates, while ensuring that the backgrounds of short-listed candidates are sufficiently diversified;
- provides an opinion to the Board on director nominations. The Committee reviews nominees prior to their election as directors, and where it sees fit assesses the situation of directors in relation to the criteria concerning the composition of the Board of Directors specified in the relevant legislation and in the Board's Internal Rules. For compliance reasons, the Committee also provides the Board of Directors from time to time with a list of directors qualifying as independent;
- provides an opinion to the Board of Directors on the nomination of the Chief Executive Officer and, as appropriate, one or more Deputy Chief Executive Officers;
- examines and provides an opinion to the Board of Directors on the Chief Executive Officer's succession plan;
- ensures that succession plans are in place for the members of the Group Executive Committee;
- regularly examines changes in the Executive Committee's membership and the succession plans in place for the Committee's members;
- ensures that it is able to propose potential replacements at any time if the position of the Chief Executive Officer were to suddenly become vacant, while maintaining confidentiality;
- 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 2018, notably to review the appointment of a new independent director, the succession plans for the members of the Group Executive Committee, the training of directors representing employees, the composition of the Board's specialized Committees, the Board's

diversity policy and its composition, the implementation of a skills matrix for directors, and director nomination proposals. The attendance rate at these meetings was 100%.

Compensation Committee

Composition as of August 31, 2018:

- Cécile Tandeau de Marsac, who chairs the Committee, independent director;
- Emmanuel Babeau, independent director;
- Philippe Besson, director representing employees;
- Françoise Brougher, independent director.

This Committee makes proposals relating to the compensation policy and packages of corporate officers, the executive compensation policy, performance-based incentives, and in particular, performance share grants (including the related performance conditions), as well as employee share ownership plans. The principles and rules applied by the Board of Directors in determining the compensation and benefits in kind provided to the corporate officers are described in section 5.5.1 of this document.

In connection with its work, the Compensation Committee may use external specialists.

The Compensation Committee met five times during the fiscal year and the attendance rate was 88%.

The Compensation Committee made recommendations to the Board of Directors on issues such as the compensation packages for the Company's corporate officers, executive incentive programs and performance share grants and the related performance conditions. Accordingly, the Committee recommended to the Board that 917,880 free shares should be granted to 1,671 people on April 27, 2018 (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.

BOARD MEETINGS DURING THE FISCAL YEAR

Board meetings

The Board of Directors met 13 times during Fiscal 2018, fulfilling the minimum requirement of six meetings per year as stated in the Board of Directors Internal Rules. Before the Board's annual September meeting, a full day is devoted to presentations given by the Group's operations and corporate teams on strategic issues. Plans not reviewed during the September meeting are examined at subsequent Board meetings held during the fiscal year.

The average attendance rate at Board meetings during Fiscal 2018 was 92%.

AGENDA AND ATTENDANCE RATE OF BOARD MEETINGS

DATE	MAIN ITEMS ON THE AGENDA	ATTENDANCE RATE
09/14/2017	Human resources Benefits and Rewards activity Energy & Resources Segment (On-site Services) Personal and Home Services (concierge services and senior care) On-site Services Fiscal 2018 budget Update on equal pay between genders European Market Abuse Regulation Update on acquisitions Financing Budget for directors' fees	100%
10/02/2017 and 10/10/2017	Acquisition files	100%
11/14/2017	Approval of the Fiscal 2018 financial statements for publication Finalization of the Board Report Review of the annual earnings press release Re-examination of regulated related-party agreements and commitments Convening and preparation of the Annual Shareholders' Meeting Approval of the share repurchase program Update on acquisitions Financing	100%
01/23/2018 Pre-Annual Shareholders' Meeting	Business review for the opening months of Fiscal 2018 Chief Executive Officer's compensation Special unpaid assignment entrusted to Michel Landel as part of the handover process	93%
01/23/2018 Post-Annual Shareholders' Meeting	Share repurchase program Chairwoman's compensation Arrival of the new Chief Executive Officer Chief Executive Officer's compensation Board of Directors' Internal Rules and limits on the Chief Executive Officer's powers	93%
02/22/2018	Financing	71%

DATE	MAIN ITEMS ON THE AGENDA	ATTENDANCE RATE
03/06/2018	Strategic agenda and operational governance Defense Segment (On-site Services) North America (On-site Services) Approval of the fee payable under the service contract between Bellon SA and Sodexo for the period April 2018 to March 2019 Update on acquisitions	93%
03/28/2018	First-half business performance	79%
04/10/2018	Strategic agenda Markets and competition Approval of the interim consolidated financial statements for the first half of Fiscal 2018 for publication Update on acquisitions Update on share buybacks Financing Approval of the Interim Report for the first half of Fiscal 2018 Review of the first-half earnings press release. Charter of the Compensation Committee Meeting outside the presence of executive and internal directors	100%
04/27/2018	Adoption of the 2018 free share plan	100%
06/20/2018	Business review for the first nine months of Fiscal 2018 Financing Health Care Segment (On-site Services) Operational governance Assessment of the Board's performance: action plans Update on acquisitions Financing Charter of the Nominating Committee	93%
08/29/2018	Briefing on the Capital Markets Day (meeting with financial analysts and investors)	77%

DIRECTORS' ATTENDANCE RATES AT BOARD AND COMMITTEE MEETINGS DURING FISCAL 2018

	BOARD MEETINGS	AUDIT COMMITTEE MEETINGS	COMPENSATION COMMITTEE MEETINGS	NOMINATING COMMITTEE MEETINGS
Sophie Bellon	100%			100%
Emmanuel Babeau	100%	100%	100%	
Robert Baconnier	100%	100%		
Patricia Bellinger*	67%		60%	
Astrid Bellon	69%			
Bernard Bellon	100%			
François-Xavier Bellon	92%	100%		
Nathalie Bellon-Szabo	92%			100%
Philippe Besson	85%		80%	
Françoise Brougher	100%		100%	100%
Soumitra Dutta	100%	100%		
Michel Landel*	100%			
Cathy Martin	85%	100%		
Sophie Stabile**	100%			
Cécile Tandeau de Marsac	100%		100%	100%

* The directorships of Patricia Bellinger and Michel Landel expired on July 1, 2018.

** The directorship of Sophie Stabile began as of July 1, 2018.

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 between April and May 2017 and its findings were presented and discussed at the Board meeting on June 14, 2017.

The general view of the Board's operating procedures was very positive, with the directors emphasizing that the atmosphere on the Board of Directors is constructive, with active members free to express their opinions. The assessment also showed that there is a high degree of involvement in Board meetings and that over the past few years there has been a marked improvement in terms of performance and team spirit. In addition, the Board's membership structure has recently been strengthened with the arrival of new independent directors with significant expertise in finance, human resources and operations.

The directors were generally satisfied with the Audit Committee's operating procedures although it was felt that more time should be devoted to the Group's risk mapping. The directors also expressed their confidence in the work performed by the Nominating Committee and the Compensation Committee and the general view was that these specialized Committees' new membership structure and more frequent meetings will lead to further improvements.

The directors all considered that their fellow members participate actively in the work of the Board of Directors. They appreciate the atmosphere at meetings of the Board of Directors and the climate of trust that prevails among its members. They indicated that they are willing to become even more involved and suggested certain areas for improvement, including discussing strategic issues in more detail, enhancing the talent management process and continuing to make progress in relation to the Compensation Committee.

The directors were unanimous in their appreciation of the strategic review held in September with the presentation to the Board of business segments and they welcomed this unique opportunity to meet and discuss with the members of the Group's senior management team.

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 pledge any security interest, endorsement or guarantee as follows:

- term greater than 15 years, regardless of the amount (except in cases where the term is less than 25 years and the amount is less than 100 million euro, subject to prior approval of the Chairman of the Audit Committee);
- 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 give any security interest, 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 participations for more than 50 million euro 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 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. These limits are not enforceable against third parties, as the Chief Executive Officer has the broadest powers to bind the Company in its dealings with third parties.

Denis Machuel was appointed Group 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. To ensure a smooth transition, Denis Machuel was named Deputy CEO of Sodexo on September 1, 2017 and worked alongside Michel Landel until January 23, 2018.

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 periodNumber 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**Inside the Group****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 (United States)
- **Member of the Management Board:** Sodexo Pass Venezuela CA (Venezuela)
- **Member of the Supervisory Board:** iAlbatros Poland SA (Poland)

Outside the Group**FRENCH COMPANIES**

None

FOREIGN COMPANIES

- **Member of the Board of Directors:** Catalyst

Other corporate offices held within the past five years but no longer held

- **Chief Executive Officer:** Sodexo Pass GmbH (Germany)
- **Managing Director:** Sodexo Pass Romania SRL (Romania)
- **President:** Sodexo Ventures France (France); Amelis Développement et Franchise (France); Défi Crèche (France); Pro'formance (France); AMD Réalisation (France)
- **Chairman of the Board of Directors:** Sodexo Benefits and Rewards Services Polska SPP ZOO (Poland); Sodexo Motivation Solutions Mexico SA de CV (Mexico); Sodexo Pass CIS SARL (Russia); Circles Sweden AB (Sweden); Sodexo Avantaj Ve Oduullendirme Hizmetleri AS (Turkey); Sodexo Beneficios de Innovacion Panama SA (Panama)
- **Member of the Board of Directors:** Imagor SA (Belgium); Sodexo Pass Belgium (Belgium); Sodexo SVC India Private Limited (India); Smart Prepaid (France); Sodexo Travel and Business UK Limited (United Kingdom); Sodexo Pass Do Brasil Gestao de Despesas e Frota Ltda (Brazil); Foco Sistemas Para Transações Eletrônicas Eireli (Brazil); Motucom (United Kingdom); AYTM Limited (United Kingdom); My Family Care Vouchers Limited (United Kingdom); P&MM Limited (United Kingdom); Sodexo Benefits and Rewards Services Taiwan Co Ltd (Taiwan); Sodexo SVC Uruguay SA (Uruguay); Sodexo Soluciones de Motivacion Espana SAU (Spain); Conecs (France); Sodexo Pass Do Brasil Servicos de Inovacao Ltd (Brazil); Sodexo Pass France SA (France); Sodexo Pass Do Brasil Serviços e Comércio SA (Brazil); Sodexo Pass Ceska Republika AS (Czech Republic); Sodexo Pass Luxembourg SA (Luxembourg); CK Franchising Inc. (United States); Sodexo Pass Do Brasil Corretora De Seguros Ltda (Brazil); Sodexo Home Care Services UK Ltd (United Kingdom); Circle Company Associates LLC (United States); Prestige Nursing Limited (United Kingdom); Prestige Nursing (Franchise) Limited (United States); Prestige Medical Recruitment Limited (United Kingdom); Padsca Limited (United Kingdom); Elite Care (United Kingdom) Limited (United Kingdom); CK Holdco Inc. (United States); Sodexo Pass Vietnam Company Limited (Vietnam); Sodexo Pass USA (United States); Vouchers Acquisiton corporate Holding BV (Netherlands); SBR Services Asia Private Limited (Singapore); Sodexo Pass Luxembourg (Luxembourg); Vivaboxes UK (United Kingdom); Sodexo Mobility and Expense Limited (United Kingdom); Sodexo Circles UK Limited (United Kingdom); Sodexo Motivation Solutions UK Limited (United Kingdom)
- **Chairman of the Management Board:** Sodexo Ventures France (France); Crèche Attitude (France)
- **Member of the Management Board:** Sodexo Benefits and Rewards Services Austria GmbH (Austria); Circles France (France)

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.

As of August 31, 2018, Sodexo's Executive Committee had 19 members (including Denis Machuel), 37% women with seven different nationalities:

Denis Machuel	Chief Executive Officer
Nathalie Bellon-Szabo	CEO, Sports and Leisure
Cathy Desquesses	Chief People Officer
Johnpaul Dimech	Region Chair, Asia Pacific
Lorna Donatone	Region Chair, North America, and CEO, Geographic Regions
Sean Haley	CEO, Service Operations and Region Chair, UK & Ireland
Nicolas Japy	CEO, Energy & Resources
Tony Leech	CEO, Government & Agencies
Satya-Christophe Menard	CEO, Schools & Universities
Sylvia Metayer	CEO, Corporate Services
Belen Moscoso Del Prado	Chief Digital and Innovation Officer
Anna Notarianni	Region Chair, France
Marc Plumart	CEO, Health Care and Seniors
Marc Rolland	Chief Financial Officer
Dianne Salt	Chief Communications Officer
Didier Sandoz	CEO, Personal and Home Services
Aurélien Sonet	CEO, Benefits and Rewards Services
Bruno Vanhaelst	Chief Marketing Officer
Damien Verdier	Chief Strategy and Corporate Responsibility Officer

The Executive Committee is supported by a **Group Investment Committee** whose members comprise the Group Chief Executive Officer, the Group 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 any cumulative overrun of the investment budget approved at the beginning of the fiscal year;

- any plan to invest in or acquire companies;
- disposals of shareholdings.

In Fiscal 2018, the Group Investment Committee formally met 34 times.

COMPLIANCE WITH THE AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES

Sodexo complies with the AFEP-MEDEF Code of corporate governance for listed companies, as amended in June 2018, except for the following recommendations:

AFEP-MEDEF RECOMMENDATIONS	SODEXO PRACTICE/EXPLANATIONS
<p>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 not having been a Board member for more than 12 years.</p>	<p>On February 9, 2017, Mr. Robert Baconnier had been a director of Sodexo for more than 12 years. Robert Baconnier is a financial expert and has contributed significantly to the Board's discussions notably concerning the Group's finances, acquisitions, tax issues, risk analysis and internal control. As a result of his in-depth knowledge of the Group, he chaired the Audit Committee for several years until 2017.</p> <p>The Board of Directors has considered the objectivity that Robert Baconnier 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. It considers that his personality, leadership qualities and underlying commitment are all evidence of his independent mindset. Taking all of these elements into consideration, the Board of Directors believes that Robert Baconnier makes significant and constructive contributions to the Board of Directors and that freedom of judgment constitutes the essential criterion for a director's independence. His experience is essential to the Group in view of the recent changes in independent directors and the inclusion directors representing employees on the Board of Directors. These qualities, along with his deep understanding of the Group's challenges and goals, mean that Robert Baconnier continues to make an important contribution to the Board's discussions and perspectives on decisions.</p> <p>In view of the above, the Board of Directors has decided not to apply the independence criterion limiting Board members' terms of office to 12 years and to continue to qualify Robert Baconnier as an independent director.</p> <p>The reappointment of Robert Baconnier is proposed for a one-year term. Moreover, Robert Baconnier has informed the Chairwoman of the Board of his intention to no longer sit on the Audit Committee effective following the next review of its composition on January 22, 2019.</p>
<p>Proportion of independent members on the Nominating Committee (section 16.1 of the Code) - The Code recommends that the majority of the members of Nominating Committees be independent directors.</p>	<p>Sodexo's Nominating Committee is chaired by an independent director and currently 50% of its members are independent directors.</p> <p>However, in its 2016 Activity Report the French national Corporate Governance agency (Haut Comité de Gouvernement d'Entreprise) specified that having a proportion of 50% independent directors on this Committee was not a serious shortcoming.</p>

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 6.5.10 of this 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 set out in section 6.3.1 of this 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;
- Bernard Bellon (director) is the uncle of Sophie Bellon;
- 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 57.2% of the exercisable voting rights as of August 31, 2018. Agreements prevent them from selling

their Bellon SA shares to third parties. 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 executives, 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 executives, related persons and persons with close ties to these executives declared to the AMF pursuant to article L.621-18-2 of the French Monetary and Financial Code were as follows during Fiscal 2018:

	TRANSACTION TYPE	TRANSACTION DATE	AVERAGE PRICE
Bernard Bellon (director) - Persons with close ties to him	Purchase of 10,000 shares	September 15, 2017	€100
Bernard Bellon (director)	Sale of 9,437 shares	September 22, 2017	€103.50
Bernard Bellon (director)	Sale of 563 shares	September 25, 2017	€103.50
Bernard Bellon (director)	Sale of 12,000 shares	September 29, 2017	€105.50
Bernard Bellon (director) – Persons with close ties to him	Purchase of 1,189 shares	October 11, 2017	€102.50
Bernard Bellon (director) – Persons with close ties to him	Purchase of 20,000 shares	November 17, 2017	€102.66
Bernard Bellon, director	Sale of 10,000 shares	November 21, 2017	€107.70
Bernard Bellon, director	Sale of 10,000 shares	November 29, 2017	€109.80
Bernard Bellon, director	Sale of 20,000 shares	December 5, 2017	€112.70
Michel Landel (Group Chief Executive Officer until January 23, 2018)	Exercise of 120,000 stock options	December 8, 2017	€43.37
Bernard Bellon (director)	Sale of 20,914 shares	December 19, 2017	€113.92
Bernard Bellon (director) – Persons with close ties to him	Purchase of 20,000 shares	January 12, 2018	€105.50
Bernard Bellon (director) – Persons with close ties to him	Purchase of 8,879 shares	February 1, 2018	€100.80
Bernard Bellon (director) – Persons with close ties to him	Purchase of 1,121 shares	February 2, 2018	€98.82

	TRANSACTION TYPE	TRANSACTION DATE	AVERAGE PRICE
Bernard Bellon (director) – Persons with close ties to him	Purchase of 12,811 shares	February 20, 2018	€98.46
Astrid Bellon (director)	Purchase of 1,000 shares	April 26, 2018	€81.02
Michel Landel (director until July 1, 2018)	Sale of 115,017 shares	May 23, 2018	€85.44
Michel Landel (director until July 1, 2018)	Exercise of 135,000 stock options	May 23, 2018	€51.40
Sophie Stabile (director as from July 1, 2018)	Purchase of 100 shares	July 30, 2018	€93.90

Controlling shareholder measures

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 13 members of the Board of Directors (including two directors representing employees) as of August 31, 2018;
- (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 in the AFEP-MEDEF Code of corporate governance for listed companies;
- (c) the separation of the roles of Chairman of the Board and Group 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 (changes in which are 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 conflicts 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

Agreements and commitments submitted for approval at the Annual Shareholders' Meeting of January 22, 2019

Information concerning the commitments given by the Company to Denis Machuel in his capacity as the new Chief Executive Officer since January 23, 2018 concerning his non-compete commitments, supplemental pension plan and supplemental health and benefit plans, and which fall within the scope of article L.225-42-1 of the French Commercial Code, are described in the presentation of the resolutions submitted to the Annual Shareholders' Meeting to be held on January 22, 2019 (section 7.2 of this Registration Document) and in the Statutory Auditors' Special Report (section 4.4.2 of this Registration Document).

Agreements and commitments approved by the shareholders in previous years that remained in force during Fiscal 2018

Service agreement between Bellon SA and Sodexo, in which Sophie Bellon, Nathalie Bellon-Szabo, Astrid Bellon, Bernard Bellon and François-Xavier Bellon are corporate officers and exercise control as defined in article L.233-3 of the French Commercial Code.

The service agreement between Bellon SA and Sodexo S.A. which fall within the scope of article L.225-38 of the French Commercial Code, approved by shareholders in previous years has remained in force during Fiscal 2018. 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 which were effective on November 17, 2016 and was approved at the Shareholders' Meeting of January 23, 2018.

BENEFITS OF THE AGREEMENT FOR SODEXO

Under the terms of this agreement, Sodexo benefit from the professional experience and expertise of the three Bellon SA Managers.

FINANCIAL TERMS OF THE AGREEMENT

Under the terms of the 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. 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 contract are the annual billed fees are reviewed every year by the Board of Directors (with the abstention from voting of the directors from Bellon's family).

The annual billed 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 vote).

In Fiscal 2018, the fees billed by Bellon SA under this agreement amounted to 3,709,500 euro excluding taxes, relating to the compensation (including payroll taxes) paid to the Chief Financial Officer, Chief Human Resources Officer, and Chief Strategic Planning Officer.

Other agreements and commitments

Moreover, the commitments made by the Company to Sophie Bellon (concerning her supplemental health and benefit plans) and Michel Landel (concerning his indemnity for loss of office, supplemental pension plan, supplemental health and benefit plans and non-compete commitments) governed by article L.225-42-1 the French Commercial Code and approved by shareholders in previous years have remained in force during Fiscal 2018.

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 Registration Document.

5.3.3 Vigilance Plan

The Vigilance Plan⁽¹⁾ 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) environment resulting from our activities and those of our subcontractors and suppliers.

Sodexo has been actively managing these 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.

Sodexo operates in over 72 countries in a variety of complex economic and socio-cultural contexts.

The Vigilance Plan covers Sodexo and its subsidiaries' activities and is perfectly in line with our Corporate Responsibility Roadmap. This first vigilance plan was constructed around the five obligations prescribed by law:

(i) risk mapping derived from the Company's activities and those of its subsidiaries, subcontractors, and suppliers;

(ii) establishment of procedures for regular assessments of the Company's situation and that of its subsidiaries, subcontractors, and suppliers with whom the Group has an established commercial relationship;

(iii) identification and implementation of appropriate actions to mitigate risks or prevent serious impacts on human rights and fundamental freedoms, health and safety, or the environment;

(iv) establishment of an internal alert mechanism;




(v) operational process for monitoring measures implemented to ensure the effectiveness of the Plan.

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 details in section 2 of this Document. Information regarding the fifth obligation is also included in section 5.4 of this Registration Document.

Below are long-standing initiatives already implemented by the Group on certain measures and their evaluation.

¹ In accordance with article L.225-102-4 of the French Commercial Code.

MAIN ELEMENTS OF THE GROUP'S VIGILANCE PLAN

	RISK MAPPING	REGULAR EVALUATION PROCEDURES COMPANY-WIDE
	<ul style="list-style-type: none"> • Materiality Assessment • Risk management approach • Risk Mapping (see Risk Management Section) • Identification of 3 Risk categories: Textile: Uniforms; Seafood: Tuna; Agricultural products: Beef⁽¹⁾ 	<ul style="list-style-type: none"> • Responsible Business Conduct implementation
	<ul style="list-style-type: none"> • Materiality Assessment • Risk management approach • Risk Mapping (see Risk Management Section) • Zero harm culture 	<ul style="list-style-type: none"> • Sodexo's global Health and Safety policy • Responsible Business Conduct implementation
	<ul style="list-style-type: none"> • Materiality Assessment • Risk management approach • Risk Mapping (see Risk Management Section) • Identification of 3 Risk categories: Textile: Uniforms; Seafood: Tuna; Agricultural products: Beef⁽¹⁾ 	<ul style="list-style-type: none"> • Standard Operating Procedures (SOPs) for Site Managers • Training on sustainable practices • Implementation of Group policies: Palm Oil, Seafood, Eggs, Animal Welfare • Sodexo's Supplier Code of Conduct • Risk management framework

¹ These three product categories come from industries which are known to be at risk; more specifically: risks related to the respect of human rights (forced labor, undeclared work, or child labor) and risks related to environmental impact (carbon emissions, conservation of natural resources, and the management of agricultural inputs).

ALERT AND REPORTING MECHANISM	APPROPRIATE ACTIONS TO MITIGATE RISKS OR PREVENT SERIOUS HARM	FOLLOW UP ON IMPLEMENTED MEASURES AND EVALUATION OF THEIR EFFECTIVENESS
<ul style="list-style-type: none"> • “Speak up” grievance mechanism (extending from employees to suppliers) 	<ul style="list-style-type: none"> • Respect of Ethical principles and Values • Work Contract clauses • Statement of Business Integrity • Supplier Contract Management (Contract clauses; Right Supplier, Right Terms) • Regular supplier review process (Certification, mitigation and remediation) 	<ul style="list-style-type: none"> • Third-party independent Audit (KPMG) • Other Independent Audits • Biennial Engagement Survey • External certifications • Self-assessments
<ul style="list-style-type: none"> • Health and Safety Reporting Tool (Salus) • “Speak up” grievance mechanism (extending from employees to suppliers) 	<ul style="list-style-type: none"> • Deployment of global workplace health and safety policies • Zero harm culture • Work Contract clauses • Supplier Contract Management (Contract clauses; Right Supplier, Right Terms) • Regular supplier review process (Certification, mitigation and remediation) 	<ul style="list-style-type: none"> • Third-party independent Audit (KPMG) • Other Independent Audits • External certifications and compliance to standards (e.g. OHSAS 18001) • Self-assessments
<ul style="list-style-type: none"> • “Speak up” grievance mechanism (extending from employees to suppliers) 	<ul style="list-style-type: none"> • Sales Academy (Environment) • Site Manager Academy (Environment) • Risk management framework for Sodexo buyers • Supplier Contract Management (Mandatory Signature and specific contract clauses) • Regular supplier review process (Certification, mitigation and remediation) 	<ul style="list-style-type: none"> • Third-party independent Audit (KPMG) • Other Independent Audits • Biennial Engagement Survey • External certifications • Self-assessments

REGULAR EVALUATION PROCEDURES: SODEXO AND ITS SUPPLIERS

- 2008:** Formalization and publication of the first Sodexo supplier code of conduct, which is updated every three years. This updates process is vital to ensure that the Code of conduct remains in line with the Group's internal policies and our stakeholders' requirements. In addition, suppliers are required to share Sodexo's expectations with their own supply chain.
- 2014:** Creation of the Suppliers Guide to help suppliers, service providers, subcontractors and other partners (collectively referred to as "Suppliers" along with their subsidiaries), in understanding and applying the Sodexo supplier code of conduct. All of our suppliers are also asked to adhere to this policy, which forms part of all of our contracts.
- 2017:** Most recent update of the Sodexo supplier code of conduct and its accompanying Guide.
- 2018:** Creation of the Code of Business Integrity.
- 2018:** Monitoring of Suppliers: 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. The tool 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 our social responsibility commitments and are required to update them throughout their relationship with Sodexo.

At the end of August 2018, more than 11,000 suppliers were assessed using this tool.

MECHANISM FOR ALERTING AND COLLECTING REPORTS: "SODEXO SPEAK UP"

This internal alert mechanism allows employees, worldwide, to report any suspicion of abusive practices, any violation of ethical standards, or any attack on a person's integrity or safety. A procedure for processing the reports has also been established. Sodexo Speak Up provides an alternative channel for Group employees to voice their concerns either anonymously or not, according to each individual's wishes and the local legislation, and in their own languages.

Furthermore, through campaigns across all of our sites, employees are encouraged to contact their manager or Human Resources Department when they have concerns regarding ethics, respect for human rights, or compliance with safety procedures.

Sodexo Speak Up is currently being gradually rolled out in each country to replace the local alert systems that were already in place.

GDPR COMPLIANCE MEASURES

As vigilance is a concern for everyone, and everybody is responsible, Sodexo has put in place a program to ensure the protection and security of the personal data of its employees, customers, and consumers.

What is GDPR?

2018 was the year of the implementation of “GDPR” or the General Data Protection Regulation⁽¹⁾, 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 governance and a comprehensive compliance management program for GDPR, as well as for other data protection laws applicable in other countries.

What measures have been implemented by Sodexo to comply with GDPR?

A Group Data Protection Officer and a team dedicated to the roll-out of this comprehensive compliance program have been appointed. Together with the IT teams, an inventory of personal data processing operations implemented by Sodexo in Europe has been compiled. This inventory project is reflected in particular through the drawing up of personal data processing records, a comprehensive policy on data protection, and a practical guide on GDPR compliance, intended to harmonize the roll-out of Sodexo entities in necessary measures.

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). This is a legal framework proposed by GDPR, which allows multinational companies to submit a binding Code of conduct for personal data protection. Once approved by the CNIL, this Code will allow Sodexo to oversee intra-group flows of personal data, to share common compliance management rules with all Group entities, but also to have the tools to ensure the effective application of these rules regardless of the country in which Sodexo is operating (audits, training, etc.).

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 Law No. 78-17 of January 6, 1978 relating to information technology, data files, and civil liberties, as amended by Law No. 2018-493 of June 20, 2018.

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 Registration Document and are presented at the start of each Shareholders' Meeting.

The Group's internal control procedures rely on these principles and on the related policies.

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. The Group is also continuing to work on adding new policies on internal and brand communication, research and innovation and the development of digital technologies.

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 nothing in 1966 and then become a major international group with 460,000 employees, in 72 different countries, and the 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, quality and competencies;
- to rank among the world's employers most appreciated by its employees;
- to promote the emergence of a growing number of internal entrepreneurs by giving priority to internal promotions.

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, international mobility, 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 shareholder. As of August 31, 2018, Sodexo's holding company, Bellon SA, held 42.2% of the shares and 58.2% 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.

Statement of Business Integrity

The Statement of Business Integrity 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 Statement for financial or other business objectives or personal gain. The

company 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 we serve and contribute to the economic, social and environmental development of the communities, regions and countries in which we operate. 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 by 2025, 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:

- for the past 20 years, Sodexo has been supporting the fight against hunger and malnutrition through Stop Hunger;
- working with local and small businesses and contributing to local economies through the Partner Inclusion program which allows thousands of local businesses 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 powered by LeanPath;
- 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 2018, Sodexo, world leader in Quality of Life services, was named Global Sustainability Industry Leader in its sector for the 14th 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 expectations and guides its actions in this area. 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;
- Systems Security;
- Mobile Terminal Allocation and Security;
- IS&T Capital Expenditure Programs.

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 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:

- total growth potential for the Group over the next ten years, separated into potential by activity, by country and by client segment;
- client retention rate;
- client and consumer satisfaction rates;
- comparable unit growth;
- new business development rate compared to competitors;
- 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;
- reduction in general and administrative expenses by subsidiary, by client segment and by function.

Procurement metrics:

- percentage of purchases made from referenced suppliers;
- reduction in the 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 (Euro).

Environmental protection metrics, including:

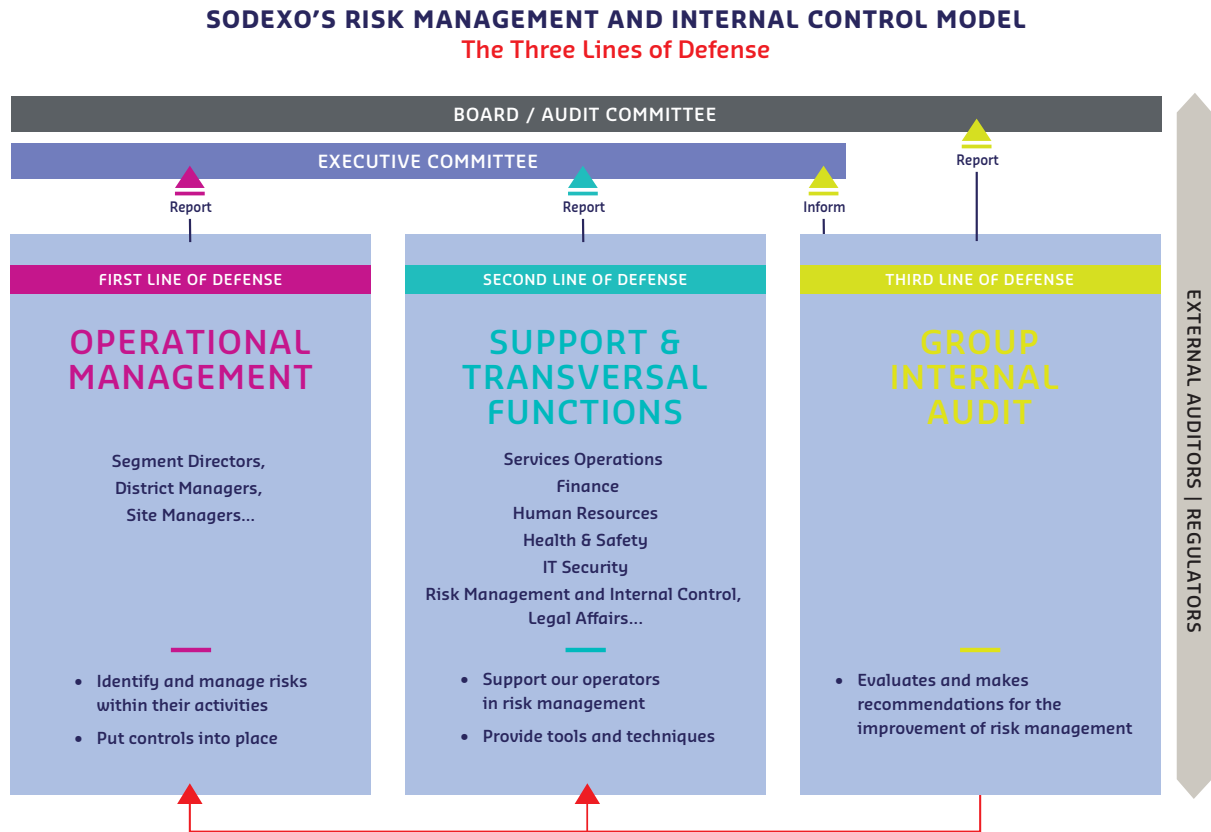
- measure of the consumption of products, identified as having an impact on the environment (for example palm oil);
- percentage of sustainable fish and seafood;
- percentage reduction in carbon emissions (compared to 2011 baseline) intensity.

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 chapter 3, page 99 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:



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 tools and techniques 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 line 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 local or the Group 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

The risk identification process is carried out, in parallel, locally and at the central level for the Group:

- the Chief Executive Officers of the main Group entities assess their main risks by potential impact and likelihood of occurrence and describe the controls in place in order to manage them and evaluate the effectiveness of those controls;
- these self-assessments are aggregated at Group level and presented annually to the Audit Committee;

- an additional risk assessment exercise is done by senior leaders within Sodexo, before combining these perspectives to create a consolidated risk profile for the Group. In compiling this complete risk profile, consideration is given to risks that are external to our business, core to our day-to-day operations, related to business changes and any other that may impact the achievement of our objectives. The consolidated risk profile is shared with the Chief Executive Officer and Group Chief Financial Officer, prior to being submitted to the Audit Committee and the Board of Directors.

The main risk factors to which the Group is exposed are described in section 5.4.3 of this Registration Document.

Internal control procedures are part of an ongoing process of identifying, evaluating and managing the Group's risk exposures.

The risk management and internal control process 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).

The Group Executive Committee and the Board of Directors strongly endorse the risk management and internal control process.

5.4.3 Risk factors

5.4.3.1 Principal Risks & Risk Management Measures

Summary of Sodexo's Principal Risk Factors

AT STAKE	RISK
Growth	Commercial Risks related to On-site Services Client Retention Competition Dependency on a client or supplier Consumer Expectations Acquisitions
Operational Efficiency	Food cost inflation and access to food commodities Technology
Talent	People Management Facilities management
Corporate Responsibility	Food, Services and Workplace Safety Environmental Impact
Risks in relation to external environment	Regulatory Risk Liquidity, interest rate, foreign exchange and counter-party risk Participation in Multi-employer defined Benefit Pension Plans Economic downturn Litigation

Description of Principal Risk Factors

RISK DESCRIPTION	MANAGEMENT OF RISK
<p>Commercial Risks related to On-site Services</p> <p>On-site Services contracts can vary significantly depending on the size, the geographies and the complexity of the scope encompassed. The pricing model is defined in relation to the type of contract (fixed price/cost plus) and the type of services.</p> <p>For fixed price contracts, the main risks relate to accurately pricing the unit rates per service and ensuring that all relevant variables are taken into consideration.</p> <p>For cost plus or management contracts, the risk is to accurately establish the detailed scope of services.</p>	<p>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.</p> <p>Contracts include periodic indexation clauses which allow for price increases (such as labor or food costs) to be passed on to clients.</p> <p>Sodexo focuses on principles and methods to efficiently manage the application of the contract, changes in scope, organization or service levels. The aim is that services are provided in line with commitments made to the client, so that any necessary changes identified are fully reflected in a new contract base-line or unit-cost.</p>
<p>Client retention risk</p> <p>Sodexo's business depends on retaining and renewing contracts with existing clients, and bidding successfully for new contracts. This depends on various factors including the quality, cost and suitability of its services, which contribute to Sodexo client satisfaction and its ability to deliver differentiating, competitive services.</p>	<p>To drive its client retention rate, Sodexo utilizes a client relationship management process to ensure alignment with client expectations on an on-going basis.</p> <p>As of August 31, 2018, the client retention rate for On-site Services was 93.8%.</p>
<p>Competition</p> <p>Given the number of countries in which the Group operates, and the wide range of services it provides, Sodexo has numerous competitors, at the local, national and international level. The operators competing against Sodexo in On-site Services may be companies offering a single type of service (such as food services, cleaning or technical maintenance) or a range of services.</p> <p>In addition, competition may arise when existing or potential clients opt to self-operate their On-site Services rather than outsource them. In the 35 countries where Sodexo offers Benefits and Rewards Services, there is generally one global competitor and several regional or local competitors.</p>	<p>The effects of competition are identified through knowledge of markets and participants (evolution of market share) and addressed in particular by the differentiation and innovation strategies that Sodexo has put in place: the Quality of Life service offer and digital innovation. Sodexo also benefits from a large global footprint which allows it to offset the effects of competition.</p> <p>For Benefits and Rewards Services, the key competitive advantage is the solid network of merchant affiliates in each country. In this activity, growth is reliant on geographic expansion, market penetration, the development of new service offerings, and brand recognition. The growing convergence between Onsite services and Benefits and Rewards Services, with the digital content, widens the choice that can be offered to consumers in both activities. This will strengthen the Group's competitive positioning in Quality of Life services for consumers.</p>
<p>Dependency on a client or supplier</p> <p>Over-reliance on one particular client may mean that, were Sodexo to lose that client, there would be a significant drop in revenues. Equally over-reliance on one supplier would mean that, were that supplier unable to deliver or went bankrupt, Sodexo may not be able to perform services to meet its contractual obligations.</p>	<p>The Group is broadly diversified both in terms of geography and the various business segments within which it operates.</p> <p>Although business depends on Sodexo's ability to renew existing contracts and win new ones on favorable economic terms, no single contract represents more than 2% of total Group revenues.</p> <p>In addition, no industrial supplier represents more than 2% of the total volume of the Group's purchases. However, the Group's ability to organize its supply systems, including purchasing and logistics, significantly affects its performance.</p> <p>Sodexo's activities are not dependent on any patent or licensed brand name of which Sodexo is not the legal owner.</p>

RISK DESCRIPTION	MANAGEMENT OF RISK
<p>Consumer Expectations</p> <p>The influence of the consumer is growing, particularly in relation to the role they play in the decisions of Sodexo's clients. Consumers expect more personalized services which enhance their Quality of Life. Equally there are expectations around the responsible conduct of economic players.</p> <p>If Sodexo cannot anticipate and interpret consumer expectations in terms of personalization and innovation, or meet their expectations in relation to environmental impact or business conduct, its revenues, as well as its reputation, could be affected.</p>	<p>Numerous changes need to be taken into account: factors such as technology (expanded possibilities), lifestyle, and the desire for a certain quality of life have changed consumer expectations.</p> <p>To meet these expectations in relation to social responsibility, Sodexo has set out its Better Tomorrow program. This Sodexo corporate responsibility Roadmap sets out 9 commitments based on their impact on individuals, communities and the environment, and Sodexo's role as an employer, service provider and corporate citizen. For more information on Better Tomorrow, please refer to chapter 1, and chapter 2 in this document.</p> <p>In business conduct, Sodexo has established ethical principles: business integrity and respect for human rights are also at the heart of our fundamentals.</p> <p>In addition, digital transformation creates new opportunities to expand and personalize services that improve the Quality of Life of consumers. These new opportunities for innovation are identified both internally (innovation projects led by field teams) and externally (investment in startups).</p>
<p>Acquisitions</p> <p>Business acquisitions contribute to Sodexo's growth. Their integration and the achievement of the objectives and synergies defined at the time of acquisition are all subjects that must then be closely monitored to ensure that the initial objectives are achieved.</p>	<p>Each Sodexo activity – On-site services, Benefits and Rewards Services and Personal and Home Services – is responsible for integrating the acquired entities and ensuring that the objectives and synergies defined at the time of acquisition are properly achieved. In addition integration reviews are carried out at Group level.</p>
<p>Food cost inflation and access to food commodities</p> <p>Sodexo can be exposed to fluctuations in food prices and difficulties in the supply of certain products. The price of food and its availability in the marketplace may vary in different regions of the world.</p>	<p>Sodexo negotiates supplier contracts for certain goods with price protections.</p> <p>Client contracts provide for the pass-through of product costs; fixed price contracts provide for adjustments based on a referenced cost index.</p>
<p>Technology</p> <p>Our information technology systems and data are increasingly vital to how we market, develop, operate and grow our business. Sodexo recognizes the need to maintain the confidentiality, availability and integrity of our information technology assets and be able to assure our clients, consumers and regulators of our ability to efficiently provide innovative services whilst securely protecting sensitive data. As our technology evolves, so do the risks. Traditional risks such as infrastructure failures and uncontrolled changes are joined by the challenges of managing systems in the Cloud and controlling access to powerful Big Data solutions.</p> <p>In addition, digital innovations mean that we are increasingly collaborating directly with our clients and consumers, sharing access to data and systems across companies and borders, and working with an ever-increasing number of third party partners. At the same time cyber threats are increasing in volume and sophistication, and regulations are getting stronger, particularly in the area of data privacy.</p>	<p>In order to be effective in addressing our information security risks, our Group Information & Systems Security Policy adopts a risk based approach using the ISO 27001 framework of controls. This is supported by global security solutions and proactive security directives that provide best practice guidance on how to address specific challenges such as Cloud technology and key focus areas, such as logical access. Our IT Governance Process supports security by design and incorporates risk and privacy impact assessments early in the project lifecycle. IT risk is clearly defined so that it can be aligned with our client's needs and our business goals. This process also takes into account the risks related to privacy and the protection of personal data from the very beginning.</p> <p>Sodexo selects suppliers who understand and support our security-driven culture, and select solutions that can adapt to the new technological trends, emerging threats and increasing regulation. This supplier selection process also incorporates the protection of personal data by default by verifying our suppliers' compliance with personal data protection rules and signing protective agreements for Sodexo and the data subjects.</p>

RISK DESCRIPTION

MANAGEMENT OF RISK

People Management

Service quality is largely dependent on the ability to attract, develop, motivate and retain the best talent. Sodexo therefore is committed to improving quality of life for its employees, so that they, in turn, can improve quality of life for our clients and consumers.

Sodexo anticipates the need for resources and skills by setting up centers of expertise that train and prepare employees for their jobs today and tomorrow. In addition, Sodexo's values and culture are strong attraction and retention factors for front-line employees. Sodexo pursues its training policy at all levels of the company and places special emphasis on prevention and safety. Employee development contributes to the motivation and retention of our best talent.

Employee satisfaction and involvement is measured through the Sodexo Global Engagement Survey. The engagement survey is also a tool for developing action plans to meet the expectations of employees. The diversity of backgrounds, cultures and skills among its people represents both a challenge and a major opportunity. Sodexo continues to capitalize on this diversity to create an inclusive work environment for all, a competitive advantage and to remain a truly global enterprise. Sodexo maintains numerous programs to support diversity.

As far as it is aware Sodexo is not exposed to any specific labor-related risk other than those arising in the ordinary course of business for an international group of its size.

Facilities management

Although facilities management services have long been a part of the business, Sodexo's strategy is to accelerate the development of these services, resulting in a larger contribution to revenue. These services require skilled personnel, particularly in the areas of building maintenance, electrical engineering, plumbing, heating systems and air conditioning. Consequently, the Group faces certain operational risks and has a need for qualified human resources. The Group's capacity to grow in this highly specialized environment depends on its knowledge of these markets and its ability to find, attract, recruit and train suitable employees.

Sodexo's FM operational support platforms provide tools, and expertise to our managers, and encourages best practice sharing globally. In addition, our Global Facilities Management Academy helps to develop the skills and knowledge necessary for managers to grow our facilities management business, to positively impact the Quality of Life of our consumers and the performance of our clients.

Food, Services and Workplace Safety

Every day, Sodexo serves a vast number of consumers worldwide, and is committed to the safety of the food and services provided.

In addition, workplace accidents may occur in food services and in facilities management services.

If there were to be a significant incident at one or more Sodexo sites, there could be an impact on the Group's activities, profits and reputation.

In order to protect against shortcomings in this area, Sodexo has implemented control procedures designed to ensure strict compliance with applicable regulations, sector standards and client requirements. Global food and workplace safety policies are rolled out in all countries in which the Group operates and include appropriate training requirements for all employees.

Environmental Impact

Sodexo is aware of the potential environmental impact of its activities, even though most of the operations are on client sites. The Group makes every effort to manage and limit environmental risk.

The environmental impact of its activities arises mainly from:

- potential environmental incidents in the provision of client services;
- consumption of water and energy in the provision of services on client sites;
- production of organic waste from food preparation;
- consumer waste;
- climate change impacting commodity prices and therefore operating costs.

To constantly improve its role as a corporate citizen and to limit these environmental risks, Sodexo launched its revised Corporate Responsibility Roadmap, Better Tomorrow 2025 in July 2017. This program consists of 9 commitments as an employer, a service provider and as a corporate citizen to ensure constant improvement in the management of resources. For more info, please refer to section 1 and 2 of this document.

RISK DESCRIPTION	MANAGEMENT OF RISK
<p>Regulatory Risk</p> <p>The nature of Sodexo's business and its worldwide presence mean that it is subject to a wide variety of laws and regulations including labor law, antitrust law, corporate law, anti-corruption law, data protection and privacy, and health, safety and environmental law.</p> <p>Most services in the Benefits and Rewards Services activity benefit from favorable tax treatment in certain countries. These tax incentives may be adjusted to varying degrees by the governments concerned. A change in the related laws or regulations could have a direct impact on Sodexo's business, either by creating opportunities or by posing a threat to existing services. As such, if tax incentives were to be reduced or abolished, this could lead to a significant reduction in issue volume for the services concerned.</p>	<p>Legal teams are deployed at the central and local levels, and provide advice to operational staff to ensure compliance with applicable laws and regulations. Teams are specialized by area of expertise, and also have recourse to external experts in legal firms.</p> <p>Close monitoring of the regulatory environment allows the Group to anticipate changes in laws and regulations.</p>
<p>Liquidity, interest rate, foreign exchange and counter-party risk</p> <p>Sodexo has access to a wide variety of bank funding sources in addition to being able to raise funds directly from investors on the commercial paper and bond markets.</p>	<p>As Sodexo has operations in 72 countries, all components of the financial statements are subject to foreign currency translation effects. However, exchange rate fluctuations do not generate operational risk, because each subsidiary bills its revenues and incurs its expenses in the same currency.</p> <p>Sodexo uses derivative instruments to manage its exposure to interest rate and foreign exchange risk. However the Group's policy is to avoid any speculative positions.</p> <p>Risk sensitivity analysis on exchange and interest rates is carried out and is outlined in notes 5.1, 5.2 and 5.3 to the consolidated financial statements in section 3.4 of this Registration document.</p>
<p>Participation in Multi-Employer Defined Benefit Pension Plans</p> <p>We may incur significant liability as a result of our participation in multiemployer defined benefit pension plans.</p> <p>We operate at several locations under collective bargaining agreements. Under some of these agreements, we are obligated to contribute to multiemployer defined benefit pension plans. As a contributing employer to such plans, should a "complete" or "partial withdrawal" be triggered, Sodexo would be subject to withdrawal liability (or partial withdrawal liability) for the proportionate share of any unfunded vested benefits. In addition, if a multiemployer defined benefit pension plan fails to satisfy the minimum funding standards, Sodexo could be liable to increase its contributions to meet minimum funding standards. Also, if a participating employer withdraws from the plan or experiences financial difficulty, including bankruptcy, Sodexo's obligation could increase. The financial status of some of the plans to which Sodexo contributes has deteriorated in the recent past and continues to deteriorate. In addition, any increased funding obligations for underfunded multiemployer defined benefit pension plans could have an adverse financial impact on the Group.</p>	<p>Sodexo monitors Multiemployer Pension Plans' funding levels, closely controls new contracts to minimize entry into additional plans, and closely monitors certain potential triggering events such as contract termination or decertification of a union.</p>
<p>Economic Downturn</p> <p>Adverse economic conditions and weak commodity prices could affect the Group's operations and earnings, in particular in the Corporate and Energy & Resources segments.</p> <p>The weight of national debt, government deficits and continued unemployment could lead to significant pressures on economic activity particularly in the public sector, leading to a decline in demand for the services Sodexo offers its clients and thus have a negative impact on operations in Education, Healthcare, Justice and Defense.</p> <p>Lastly, unfavorable economic conditions could result in a lengthening of payment terms or impair the solvency of Sodexo's clients. Conversely, the economic situation could lead clients to increase outsourcing in order to achieve cost savings.</p>	<p>Sodexo's presence in 72 countries and the spread of operations across different client segments helps to limit this risk. In addition, particular attention is paid to the economic/political situations in which Sodexo operates.</p> <p>Client risk is regularly assessed by Segment and Regional Finance, both at the time of the tender offer and during the life of the contract.</p>

RISK DESCRIPTION

MANAGEMENT OF RISK

Litigation

Refer to note 4.28 of the notes to the consolidated financial statements in section 3.4 of this Registration document for information on these risks.

No additional risk was identified during Fiscal 2018.

Review of any current litigation is conducted jointly by Finance and Legal.

5.4.3.2 Risk coverage**5.4.3.2.1 Insurance cover**

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 U.S.A 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 U.S.A and Canada, but has been expanded globally from June 1, 2017.

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 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 2018 1,231 controls were independently tested by Group Internal Audit in different entities. 34% of the recommendations made by Internal Audit in Fiscal 2018 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 entities' Finance Departments.

The entities' 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 revenue growth on existing comparable sites) 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 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 for financial strengths by the Insurance Industry;
- put in place insurance coverage to protect the interests of our 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 our 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 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 Chairman 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 Group Chief Executive Officer, the Group 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.

Most (81%) of the Group Internal Audit Plan approved by the Audit Committee at the start of Fiscal 2018 was completed

during the year. The Group Internal Audit Department, with an average of 26 staff, conducted 58 audits in 30 countries. In addition, a network is in place of some 85 internal control coordinators (many of whom report to the Finance Directors). 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 2018. All audits are followed up within a maximum of 12 months.

Around 90% of recommendations made in years prior to Fiscal 2018 have been implemented by the entities' management. For Fiscal 2017, 34% of the 1,034 recommendations made by the Group Internal Audit Department have already been implemented and the other recommendations are addressed in action plans. In Fiscal 2018, the Internal Audit Department carried out a survey of a sample of entities. The vast majority (93%) 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 2018, investigations, assistance engagements and process efficiency audits generated added value of 12.3 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.

However, 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, Sodexo has notably relied on the "Reference Framework" produced by the French Market Advisory Group and published by the AMF.

5.5 COMPENSATION

The disclosures within this document comply with the recommendations contained in the AFEP-MEDEF Code of corporate governance for listed companies 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

This section constitutes the report required under article L.225-37-2 of the French Commercial Code on 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. At the Annual Shareholders' Meeting to be held on January 22, 2019, the shareholders will be asked to approve, on the basis of this report, the compensation principles established by the Board of Directors under the guidance of the Compensation Committee.

In all cases, these principles and criteria apply to any person who holds a corporate officer's position.

5.5.1.1 General principles for corporate officers' compensation

The compensation 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 (including its Chairman), except for one director representing employees. The Compensation Committee may use the services of external advisors specialized in corporate officers' compensation. It also considers observations received 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 compliance with the recommendations of the AFEP-MEDEF Code of corporate governance for listed companies.

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 involves taking into consideration two main objectives: first, ensuring that the Company has the ability to attract, motivate and retain the talent that it needs, and second, 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 relation to determining the compensation policy as well as when the policy is implemented and the actual amounts of the compensation packages are determined.

5.5.1.2 Compensation policy for the Chairwoman of the Board of Directors (nonexecutive director)

Compensation package

The compensation package of the Chairwoman of the Board of Directors includes a fixed compensation payment and the benefit of 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, and she does not benefit from 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 a 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;
- 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.

However, 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 reasons would be publicly disclosed.

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.

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 has been assigned 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 Group's 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, which all Sodexo employees are entitled to, financed in part 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 of the Board meetings. In addition, she will not receive a termination benefit if her corporate office is terminated.

5.5.1.3 Compensation policy for the Group Chief Executive Officer (executive corporate officer)

Compensation package

Based on the Compensation Committee's recommendations, each year the Board of Directors ensures that the Group Chief Executive Officer's variable compensation – which is based on specific performance criteria – constitutes a sufficiently significant portion of his fixed compensation.

The aim of the compensation policy for the Group 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 keeping stakeholders' interests in mind, the Company strives to ensure consistency between the Group Chief Executive Officer's compensation package and Sodexo's performance trends.

Fixed compensation

The fixed compensation of the Group 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 Group 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 Group 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.

Directors' fees

In the case where the Group Chief Executive Officer is also a member of the Board of Directors of Sodexo, he does not receive any directors' fees.

Annual variable compensation

CALCULATION METHODS

The Group Chief Executive Officer's annual variable compensation is intended to encourage the attainment of the annual performance targets determined by the Board of Directors in line with Sodexo's strategy.

Provided that all applicable objectives are achieved, it amounts to 100% of his fixed compensation.

The variable component is based mainly on financial criteria.

For Fiscal 2019, the applicable criteria and weightings are as follows:

- 70% of the variable compensation is contingent on targets based on the Group's financial performance for the fiscal year, including organic revenues growth, consolidated underlying operating profit, Group net income and free cash flow;

- 30% is contingent on non-financial targets, primarily including quantitative targets (including occupational health and safety, talent management and the DJSI ranking).

The bonus is calculated and paid following the close of the fiscal year to which it applies, and after the Annual Shareholders' Meeting has approved the financial statements.

In the first quarter of each year, the Board of Directors, based on the Compensation Committee's recommendations, confirms or determines the applicable criteria and their weightings, and the expected performance levels, including:

- a trigger threshold under which no compensation is paid;
- a target level, corresponding to the amount due when a target is reached; and
- a quantitative performance measurement, which also applies to non-financial criteria.

For Fiscal 2019, the Group Chief Executive Officer's performance bonus may represent up to:

- 100% of the annual variable compensation amount if the objectives are attained;
- 150% of the annual variable compensation amount if the objectives are exceeded.

The financial performance targets that are based on financial indicators are determined precisely by reference to the budget approved in advance 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 Group Chief Executive Officer is appointed or the existing Group 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. However, if a Group 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 Group 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 its published target growth rate for underlying operating profit over a period of several years, (ii) Sodexo's share performance compared with its reference market, and (iii) Corporate Social Responsibility criteria. The system therefore helps to increase the Group Chief Executive Officer's motivation and loyalty while aligning his interests with those of Sodexo and its shareholders.

LONG-TERM COMPENSATION SYSTEM

Sodexo's long-term compensation system currently consists solely of free performance share grants. This performance share grant system is stricter than general market practices in France, as all of the free shares granted to the Group Chief Executive Officer can only vest if he remains with the Group over a four-year period and if during that period certain pre-defined targets, relating to his presence within the Group and the Group's performance, are met.

The Board of Directors has capped the value of the performance shares granted to the Group Chief Executive Officer at 150% of his total annual compensation (including fixed compensation and annual variable compensation at objectives attained). In addition, the performance shares granted to him may not represent more than 5% of the total number of free shares granted by the Board of Directors in any given fiscal year.

PERFORMANCE CONDITIONS

The proportion of the performance shares that will vest depend on the achievement of both internal and external performance conditions as measured over a four-year period. 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.

The aim of the criteria used is to measure the Group's overall performance and they are directly related to the Group's main strategic goals, *i.e.*:

- financial performance: 50%;
- stock market performance: 30%;
- Corporate Responsibility performance: 20%.

At its "Capital Markets Day" on September 6, 2018, Sodexo announced its ambition of returning to market-leading growth. The Group plans to deliver organic revenue growth of over 3% as from Fiscal 2020 and then return its underlying profit margin to above 6% (excluding currency effects) on a sustainable basis.

For performance shares granted in 2019, in view of the need to restimulate growth, the Board has decided to add an organic revenue growth performance condition and to change the underlying operating profit target to a target based on underlying operating profit margin so that the performance conditions are fully in line with the objectives announced to the markets.

The allocation of the shares contingent on the organic revenue growth and underlying operating profit margin performance conditions will be subject to a trigger achievement level corresponding to the objectives announced to the markets, with 100% of the shares concerned only awarded if these objectives are exceeded.

As the Group has not announced any medium-term objectives to the markets, the other target achievement levels are not disclosed for confidentiality reasons.

However, at the end of the plan, both the target and actual achievement levels related to these performance conditions will be fully disclosed.

For the performance shares to be granted in 2019, the following performance conditions will apply:

- 25% of the shares will be subject to a vesting condition based on average organic revenue growth;
- 25% of the shares will be subject to a vesting condition based on growth in underlying operating profit margin;
- 30% of the shares will be subject to a Total Shareholder Return (TSR) vesting 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 prior grant, 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 will be subject to a vesting condition based on a diversity and inclusion objective set by Sodexo with a view to encouraging the promotion of women to top management positions.

For the purposes of this objective, 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 or to a CEO of any of the Group's businesses who is not on the Executive Committee.

Sodexo's Corporate Responsibility objective is for 37% of its top managers to be women by August 31, 2022 and 40% by 2025, compared with 32% as of August 31, 2017.

The conditions now reflect a good balance between the Company's performance, investor confidence in the Group and Corporate Responsibility performance.

CONTINUED PRESENCE CONDITION

In order for his performance shares to vest, the Group Chief Executive Officer must still be working with the Group at the vesting date. However, in accordance with article 24.5.1 of the AFEP-MEDEF Code of corporate governance for listed companies and the plan rules applicable to all of the other beneficiaries of the Group's stock option and performance share plans, the Board of Directors may authorize the Group Chief Executive Officer to retain his rights to any non-vested shares at the date of his departure, on a proportional basis. In such a case, the Board must disclose its decision and the underlying reasons why it was made. Any rights to performance shares thus retained by the Group Chief Executive Officer will remain subject to all of the rules of the applicable plans, particularly in terms of vesting dates and performance conditions.

LOCK-UP CONDITION

In accordance with article L.225-197-1 of the French Commercial Code, the Group Chief Executive Officer is required to hold in registered form, for the duration of his term of office, a number of vested shares equal in value to 30% of his annual fixed compensation at the date the shares are delivered.

In addition, as long as he remains in office, the Group 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 any multi-year compensation system, preferring instead to use 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 Group Chief Executive Officer's term of office is terminated for any reason (other than resignation, retirement or gross or willful misconduct) then he will be entitled, subject to certain performance conditions, to an indemnity representing up to twice the amount of his gross annual compensation (fixed and variable) received over the 12 months preceding his departure.

This indemnity will only be paid if the annual increase in the Sodexo Group's consolidated underlying operating profit (based on a constant scope of consolidation and exchange rates) is equal to or higher than 5% for each of the three fiscal years ended prior to the termination of the Group Chief Executive Officer's term of office.

Denis Machuel has expressly refused this indemnity and therefore will not benefit from any payment in case of termination of office.

Non-compete agreement

The Company has entered into a non-compete agreement with a maximum term of 24 months in order to protect the Group by restricting the Group Chief Executive Officer's freedom to carry out certain activities following the end of his term as Chief Executive Officer. The activities concerned include holding any position as an employee, executive officer, or carrying out any consulting work, for any of Sodexo's competitors, either directly or through another legal entity. As consideration for these restrictions, the Group Chief Executive Officer will be paid an indemnity representing up to 24 months of his fixed compensation paid during the fiscal year preceding his departure.

However, the Board of Directors may decide to waive the Company's right to enforce this agreement when the Group Chief Executive Officer leaves the Group. In addition, the maximum aggregate amount paid to the Group Chief Executive Officer under (i) the non-compete agreement and/or (ii) his indemnity on termination of office may not exceed 24 months' worth of his fixed compensation.

In any case, the payment of this indemnity is excluded if the Chief Executive Officer retires, and in all circumstances, beyond the age of sixty-five (65).

Supplemental pension plan

The Group Chief Executive Officer is 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, 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 employed by, or is a corporate officer of, the Company at the time of his retirement.

The Board of Directors has decided that the Group 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, 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 the 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.

Company car

In his capacity as a representative of Sodexo, the Group Chief Executive Officer has the use of a company car. The insurance, maintenance and fuel costs (related to his professional use) are covered by Sodexo.

Collective health and benefit plans

The Group 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 has been assigned for the purpose of determining these benefits.

Unemployment insurance

As the Group Chief Executive Officer does not have an employment contract, the Company has taken out a private unemployment insurance policy with the French association in charge of unemployment insurance for corporate officers (*Association pour la garantie sociale des chefs et dirigeants d'entreprises* - GSC). Under this policy, if the Group Chief Executive Officer were to lose his office, he would receive benefits for a maximum period of 24 months.

Potential change of governance

If one or more Deputy Chief Executive Officers were appointed, the components of compensation and the principles and criteria provided for in the Group 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 of the Group Chief Executive Officer).

Exceptional compensation

In accordance with article 24.3.4 of the AFEP-MEDEF Code of corporate governance for listed companies, the Board of Directors has decided that the Group Chief Executive Officer may receive exceptional compensation in certain circumstances (notably in the event of structural transactions) that must be precisely disclosed and explained.

In accordance with article L.225-37-2 of the French Commercial Code, the payment of any such compensation would be subject to shareholder approval.

Signing bonus

Pursuant to article 24.4 of the AFEP-MEDEF Code of corporate governance for listed companies, if a new Group Chief Executive Officer is recruited from outside the Group, the Board of Directors may decide to grant him or her a sum (in cash or shares) in order to compensate the new Group Chief Executive Officer for any loss of remuneration (excluding pension benefits) related to his or her departure from his or her previous position.

In accordance with article L.225-37-2 of the French Commercial Code, the payment of any such compensation would be subject to shareholder approval.

5.5.2 Information on the components of compensation due or awarded to corporate officers for Fiscal 2018

5.5.2.1 Compensation of Sophie Bellon, Chairwoman of the Board of Directors

The amounts paid in Fiscal 2018 for the various components of Sophie Bellon's compensation are presented in the tables below.

These amounts were set in line with the compensation policy for the Chairwoman of the Board of Directors approved at the January 23, 2018 Annual Shareholders' Meeting (14th resolution).

SUMMARY OF COMPENSATION AWARDED TO THE CHAIRWOMAN OF THE BOARD OF DIRECTORS FOR FISCAL 2018

SOPHIE BELLON CHAIRWOMAN OF THE BOARD OF DIRECTORS SINCE JANUARY 26, 2016 (in euro)	FISCAL 2018		FISCAL 2017	
	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)
Fixed compensation	625,347	625,347	550,000	550,000
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees paid by Sodexo S.A. in her capacity as Chairwoman of the Board of Directors	-	-	-	-
Fringe benefits	1,730	1,730	1,829	1,829
TOTAL	627,077	627,077	551,829	551,829
For information, amounts paid by Bellon SA in her capacity as a member of the Management Board:				
• fixed compensation	180,000	180,000	173,333	173,333
• directors' fees	-	-	-	-

SUMMARY OF COMMITMENTS GIVEN TO THE CHAIRWOMAN OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2018

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		ACTUAL OR POTENTIAL LIABILITY FOR COMPENSATION OR BENEFITS RESULTING FROM TERMINATION OR CHANGE OF POSITION		COMPENSATION IN CONNECTION WITH A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Sophie Bellon								
Date appointed: January 26, 2016		X		X		X		X
Expiration of current term: 2021 Annual Shareholders' Meeting								

5.5.2.2 Compensation of Michel Landel, Group Chief Executive Officer until January 23, 2018

The amounts paid in Fiscal 2018 for the various components of Michel Landel's compensation, including measurement of the value of performance shares granted, are presented in the tables below. Since Fiscal 2017, Michel Landel's target variable compensation has been set at 120% of his fixed compensation.

The amounts presented below were set in line with the compensation policy for the Group Chief Executive Officer approved at the January 23, 2018 Annual Shareholders' Meeting (15th resolution).

SUMMARY OF COMPENSATION AWARDED TO THE GROUP CHIEF EXECUTIVE OFFICER

MICHEL LANDEL GROUP CHIEF EXECUTIVE OFFICER (in euro)	FISCAL 2018 (PROPORTIONAL)		FISCAL 2017	
	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)
Fixed compensation	372,165	372,165	933,400	933,400
Variable compensation ⁽¹⁾	252,383	1,092,528	1,090,118	825,715
Non-compete bonus	622,267	622,267	-	-
Directors' fees ⁽²⁾	22,000	22,000	-	-
Fringe benefits ⁽³⁾	829	829	1,916	1,916
TOTAL	1,269,644	2,109,789	2,025,434	1,808,902

(1) Variable compensation corresponds to Michel Landel's bonus for the year, to be paid the following year, and to travel allowances paid during the year (see table below for details).

(2) Michel Landel received directors' fees for his position as a director following the end of his term of office as Group Chief Executive Officer.

(3) Michel Landel benefited from a company car.

BREAKDOWN OF VARIABLE COMPENSATION DUE FOR FISCAL 2018

		WEIGHTING OF OBJECTIVES	MAXIMUM IN % OF OBJECTIVE	ACHIEVEMENT LEVEL	CORRESPONDING AMOUNT IN EURO
70% based on financial targets	Organic growth	20%	175%	0%	0
	Growth in operating profit	20%	175%	0%	0
	Growth in Group net income	10%	175%	0%	0
	Free cash flow	20%	175%	175%	156,309
	Total financial targets	70%	175%	35%	156,309
10%	Health and safety target	10%	100%	0%	0
10%	Employee engagement rate	10%	100%	0%	0
10% based on non-financial objectives	Dow Jones Sustainability Index	10%	100%	100%	44,660
SUBTOTAL BEFORE HIGH-END OPERATING PROFIT GROWTH TARGET		100%	150%	45%	209,969
ACHIEVEMENT OF HIGH-END OPERATING PROFIT GROWTH TARGET		50%	50%	0%	0
TOTAL PERFORMANCE BONUS FOR FISCAL 2018		150%	200%	45%	200,969
TRAVEL ALLOWANCE PAID IN DECEMBER 2017					51,414
TOTAL VARIABLE COMPENSATION FOR FISCAL 2018					252,383

BREAKDOWN OF VARIABLE COMPENSATION DUE FOR FISCAL 2017

		WEIGHTING OF OBJECTIVES	MAXIMUM IN % OF OBJECTIVE	ACHIEVEMENT LEVEL	CORRESPONDING AMOUNT IN EURO
65% based on financial targets	Revenue growth	15%	177%	0%	0
	Growth in consolidated operating profit	15%	177%	40%	67,205
	Growth in Group net income	20%	177%	177%	396,508
	Free cash flow	15%	177%	177%	297,381
	Total financial targets	65%	177%	104%	761,094
10%	Health and safety target	10%	100%	0%	0
10%	Diversity target	10%	100%	100%	112,008
15% based on non-financial objectives	Dow Jones Sustainability Index and employee engagement rate	15%	100%	100%	168,012
SUBTOTAL BEFORE HIGH-END OPERATING PROFIT GROWTH TARGET		100%	150%	93%	1,041,114
ACHIEVEMENT OF HIGH-END OPERATING PROFIT GROWTH TARGET		50%	50%	0%	0
TOTAL PERFORMANCE BONUS FOR FISCAL 2017		150%	200%	93%	1,041,114
TRAVEL ALLOWANCE PAID IN DECEMBER 2016					49,004
TOTAL VARIABLE COMPENSATION FOR FISCAL 2017					1,090,118

Percentages for achievement levels have been rounded.

PERFORMANCE SHARES GRANTED TO MICHEL LANDEL IN FISCAL 2018

No performance shares were granted to Michel Landel during Fiscal 2018.

STOCK OPTIONS EXERCISED BY MICHEL LANDEL IN FISCAL 2018

	DATE OF PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FISCAL YEAR ⁽¹⁾	EXERCISE PRICE ⁽¹⁾
Michel Landel	12/13/2010	120,000	48.37
Group Chief Executive Officer	12/13/2011	135,000	51.40

(1) Number of options and exercise price adjusted for capital transactions carried out since the grant date.

SUMMARY OF COMPENSATION AND STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THE GROUP CHIEF EXECUTIVE OFFICER DURING THE FISCAL YEAR

MICHEL LANDEL GROUP CHIEF EXECUTIVE OFFICER (in euro)	FISCAL 2018 (PROPORTIONAL)	FISCAL 2017
Compensation due (gross, before tax)	1,269,644	2,025,434
Value of stock options granted	N/A	N/A
Value of performance shares granted	0	3,258,860
TOTAL	1,269,644	5,284,294

SUMMARY OF COMMITMENTS GIVEN TO THE GROUP CHIEF EXECUTIVE OFFICER AS OF AUGUST 31, 2018

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		ACTUAL OR POTENTIAL LIABILITY FOR COMPENSATION OR BENEFITS RESULTING FROM TERMINATION OR CHANGE OF POSITION		COMPENSATION IN CONNECTION WITH A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Michel Landel Group Chief Executive Officer								
Date appointed: September 1, 2005		X*	X		X		X	
No fixed term								

* Employment contract rescinded effective January 1, 2016.

5.5.2.3 Compensation of Denis Machuel, Group Chief Executive Officer since January 23, 2018

The amounts paid in Fiscal 2018 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 were set in line with the compensation policy for the Group Chief Executive Officer approved at the January 23, 2018 Annual Shareholders' Meeting (16th resolution).

SUMMARY OF COMPENSATION AWARDED TO THE GROUP CHIEF EXECUTIVE OFFICER

DENIS MACHUEL GROUP CHIEF EXECUTIVE OFFICER (in euro)	FISCAL 2018 (PROPORTIONAL)	
	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)
Fixed compensation	545,768	545,768
Variable compensation ⁽¹⁾	245,595	
Exceptional compensation	N/A	N/A
Fringe benefits ⁽²⁾	7,531	7,531
TOTAL⁽³⁾	798,894	553,319

(1) Variable compensation corresponds to Denis Machuel's bonus for the year, to be paid the following year, (see table below for details).

(2) Denis Machuel has the use of a company car and is the beneficiary of an unemployment insurance policy.

(3) The gross amounts paid during the year including the pre-appointment period amount to 1,138,359 euro.

BREAKDOWN OF VARIABLE COMPENSATION DUE FOR FISCAL 2018

		WEIGHTING OF OBJECTIVES	MAXIMUM IN % OF OBJECTIVE	ACHIEVEMENT LEVEL	CORRESPONDING AMOUNT IN EURO
70% based on financial targets	Organic growth	20%	175%	0%	0
	Growth in consolidated 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
10%	Health and safety target	10%	100%	0%	0
10%	Employee engagement rate	10%	100%	0%	0
10% based on non-financial objectives	Dow Jones Sustainability Index	10%	100%	100%	54,577
SUBTOTAL BEFORE HIGH-END OPERATING PROFIT GROWTH TARGET		100%	150%	45%	245,596
ACHIEVEMENT OF HIGH-END OPERATING PROFIT GROWTH TARGET		50%	50%	0%	0
TOTAL PERFORMANCE BONUS FOR FISCAL 2018		150%	200%	45%	245,595

Percentages for achievement levels have been rounded.

PERFORMANCE SHARES GRANTED TO THE GROUP CHIEF EXECUTIVE OFFICER IN FISCAL 2018

	DATE OF PLAN	NUMBER OF SHARES GRANTED DURING THE FISCAL YEAR	VALUE OF SHARES ⁽¹⁾ (in euro)	VESTING DATE	END OF LOCK-UP PERIOD ⁽²⁾	PERFORMANCE CONDITION
Denis Machuel	04/27/2018	25,000 ⁽³⁾	1,600,438	04/27/2022	04/20/2022	Yes ⁽⁴⁾

(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 5.22 to the consolidated financial statements). An accounting charge for the share grants is recognized over a period of four years.

(2) In light of the extension of the vesting period and in order to align the Group's French and international plans, the shares are no longer subject to a lock-up period after the vesting date as was previously the case.

(3) Representing 0.016% of the Company's share capital as of August 31, 2018 and 2.68% of all free shares granted during the fiscal year by the Board of Directors (within the limits defined in the 14th resolution of the January 2016 Annual Shareholders' Meeting). The grants have no dilutive impact as only existing shares have been allocated to the plan.

(4) The vesting conditions for these shares are based on the following, as assessed over a four-year period: (i) growth in consolidated underlying operating profit (50% of the shares), (ii) TSR, (30%), and (iii) a Corporate Responsibility objective (20% as described hereinafter).

The applicable performance conditions under this plan are as follows:

- 50% of the shares are subject to a vesting condition based on growth in consolidated operating profit;
- 30% of the shares are subject to a vesting condition based on Sodexo's Total Shareholder Return (TSR) compared with two peer groups. Out of this 30%:
 - 15% will vest based on Sodexo's TSR compared with a peer group comprising CAC 40 companies,
 - 15% will vest based on Sodexo's TSR compared with a peer group comprising 12 companies (Elior, Compass, Edenred, Aramark, ISS, JLL, CBRE, ABM, Elis, G4S, Rentokil and Securitas),

- 20% of the shares are subject to a vesting condition based on a Corporate Responsibility objective.

The methods for calculating the four objectives comprising the performance conditions are as follows:

- (i) **Growth in consolidated underlying operating profit:** vesting condition applicable to 50% of the shares granted. The average annual growth in consolidated underlying operating profit (excluding currency effects and based on the consolidated financial statements) must be between 8% and 10% for four fiscal years (Fiscal 2018, 2019, 2020 and 2021). The ranges that will apply are as follows:

GROWTH IN CONSOLIDATED OPERATING PROFIT	% OF SHARES SUBJECT TO THIS CONDITION THAT WILL VEST
Less than 8% per year	0%
Between 8% and 9% per year	30%-60%
Between 9% and 10% per year	60%-100%
10% or higher per year	100%

Within the ranges set out above, the number of vested shares will be calculated on a linear proportional basis and rounded down to the nearest whole number.

(ii) **TSR objective:** vesting condition applicable to 30% of the shares granted and based on Sodexo's overall stock market performance as measured by comparing its TSR with that of two peer groups. Out of this 30%:

- 15% will vest based on Sodexo's TSR compared with a peer group comprising CAC 40 companies, and
- 15% will vest based on Sodexo's TSR compared with a peer group comprising 12 companies (as defined above).

The shares will vest based on Sodexo's TSR ranking within each peer group:

QUARTILE ACHIEVED BY SODEXO IN RELATION TO THE TSR OF THE PEER GROUP CONCERNED	% OF SHARES SUBJECT TO THE TSR VESTING CONDITION THAT WILL VEST
Top quartile	100%
Second quartile	50%
Third quartile	15%
Fourth quartile	0%

Within the ranges set out above, the number of vested shares will be calculated on a linear proportional basis and rounded down to the nearest whole number.

Sodexo's overall stock market performance compared with the overall stock market performance of each peer group will be measured over a period of 47 months.

The starting share price used will be the average of the share prices quoted over the 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 30 calendar days preceding the performance assessment date (*i.e.* March 27, 2022).

(iii) **Corporate Responsibility objective:** vesting condition applicable to 20% of the shares granted and based on a diversity and inclusion objective set by Sodexo with a view to encouraging the promotion of women to top management positions.

For the purposes of this objective, 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 or to a CEO of any of the Group's businesses who is not on the Executive Committee.

On August 31, 2017, 32% were women.

Sodexo's Corporate Responsibility objective is for women to account for 36% of its top managers by August 31, 2021.

SUMMARY OF COMPENSATION AND STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THE GROUP CHIEF EXECUTIVE OFFICER DURING THE FISCAL YEAR

DENIS MACHUEL
GROUP CHIEF EXECUTIVE OFFICER
(in euro)

FISCAL 2018
(PROPORTIONAL)

Compensation due (gross, before tax)	798,894
Value of stock options granted	N/A
Value of performance shares granted	1,600,438
TOTAL	2,399,332

SUMMARY OF COMMITMENTS GIVEN TO THE GROUP CHIEF EXECUTIVE OFFICER AS OF AUGUST 31, 2018

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		ACTUAL OR POTENTIAL LIABILITY FOR COMPENSATION OR BENEFITS RESULTING FROM TERMINATION OR CHANGE OF POSITION		COMPENSATION IN CONNECTION WITH A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Denis Machuel Group Chief Executive Officer								
Date appointed: January 23, 2018		X	X		X		X	
No fixed term								

5.5.2.4 Compensation and benefits paid or awarded for Fiscal 2018 - Say on Pay**Compensation and benefits paid or awarded for Fiscal 2018 to Sophie Bellon, Chairwoman of the Board of Directors**

TYPE OF COMPENSATION OR BENEFITS	AMOUNT	COMMENTS
Fixed compensation	€625,347	Pre-tax gross amount due for the fiscal year
Fringe benefits	€1,730	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 2018 to Michel Landel, Chief Executive Officer until January 23, 2018

TYPE OF COMPENSATION OR BENEFITS	AMOUNT	COMMENTS
Fixed compensation	€372,165	Pre-tax gross amount paid for the fiscal year. Michel Landel's fixed compensation had remained unchanged since January 1, 2011. Michel Landel's annual fixed compensation for Fiscal 2018 was unchanged at 933,400 euro; the amount allocated to him was calculated proportionately from September 1, 2017 through January 23, 2018, the date on which his term as Chief Executive Officer ended.
Variable compensation	€252,383	Variable compensation comprising (i) the bonus due for Fiscal 2018 (which will be paid in Fiscal 2019), corresponding to 45% of the fixed compensation due for Fiscal 2018, and (ii) travel allowances paid during Fiscal 2018, the amount of which varies depending on the countries visited and the duration of the stay. The amount of Michel Landel's variable compensation was calculated proportionately from September 1, 2017 through January 23, 2018.
Directors' fees	€22,000	Following the end of his term as Chief Executive Officer, Michel Landel received directors' fees in his capacity as a member of the Board of Directors until July 1, 2018.
Stock options and performance shares	No shares or options awarded	Michel Landel did not receive any performance shares or stock options during Fiscal 2018.
Indemnity for loss of office	No amounts due or paid	As decided by the Board of Directors on November 6, 2008 and approved by the Shareholders' Meeting of January 19, 2009 (fifth resolution), Michel Landel was entitled to an indemnity subject to performance conditions in the event of the termination of his appointment as Chief Executive Officer (excluding voluntary termination or retirement and unless revoked for cause), for which a payment could have been made to him up an amount equal to twice the gross annual compensation (fixed and variable) received during the 12 months preceding the termination. This indemnity would have been paid only if, at constant consolidation scope and currency exchange rates, the annual increase in the Sodexo Group's consolidated operating profit would have been equal to or higher than 5% for each of the three fiscal years ended prior to the termination of the appointment. As Michel Landel retired when his term as Chief Executive Officer ended, no indemnity for loss of office was paid to him.
Non-compete indemnity	€622,267	Since Michel Landel's term as Chief Executive Officer ended he has been subject to a two-year non-compete obligation, expiring on January 23, 2020. As consideration for this obligation, he may be entitled to a non-compete indemnity amounting to two years' worth of his annual fixed compensation, corresponding to a total of 1,866,800 euro. The indemnity is payable in accordance with the terms and conditions set out in the non-compete agreement signed on November 14, 2017, which was duly authorized by the Board of Directors on that date and approved by the shareholders at the Annual Shareholders' Meeting held on January 23, 2018. If Michel Landel fails to comply with the obligations set forth in the non-compete agreement, he will not be entitled to the above-described indemnity. He will then be required to return any amounts already received and to pay to the Company a lump sum of 933,400 euro, corresponding to 12 months' worth of his last annual fixed compensation.
Supplemental pension plan	No amounts due or paid	Under Michel Landel's supplemental defined benefit pension plan, which is governed by article 39 of the French General Tax Code and article 137-11-1 of the French Social Security Code and subject to a minimum of five years of presence in the plan, the pension paid can represent up to 15% (for seniority in the plan of at least 15 years) 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 employed by, or is a corporate officer of, the Company at the time of his retirement. Michel Landel met all of the above conditions to benefit from this plan as of the date of his retirement on January 23, 2018.
Other benefits	€829	Michel Landel had the use of a company car.

Michel Landel does not receive any of the following types of compensation or benefits: multi-year variable compensation or exceptional compensation.

Compensation and benefits due or awarded for Fiscal 2018 to Denis Machuel, Chief Executive Officer from January 23, 2018

TYPE OF COMPENSATION OR BENEFITS	AMOUNT	COMMENTS
Fixed compensation	€545,768	Pre-tax gross amount due for the fiscal year. Denis Machuel's annual fixed compensation has been set at 900,000 euro; the amount allocated to him for Fiscal 2018 was calculated proportionately as from January 23, 2018, the date on which he was appointed Chief Executive Officer.
Variable compensation	€245,596	Variable compensation comprising (i) the bonus due for Fiscal 2018 (which will be paid in Fiscal 2019), corresponding to 45% of the fixed compensation due for Fiscal 2018. As Denis Machuel's term as Chief Executive Officer began on January 23, 2018, the amount of his variable compensation for Fiscal 2018 was calculated on a proportionate basis.
Stock options and performance shares	€1,600,438	On April 27, 2018, the Board of Directors used the authorization granted in the fourteenth resolution of the January 26, 2016 Shareholders' Meeting to grant Denis Machuel 25,000 performance shares (representing 2.68% of the total number of free shares and performance shares allocated by the Board during the fiscal year). These shares are subject to a four-year vesting period and the following vesting conditions: <ul style="list-style-type: none"> • for 50% of the shares, average growth in operating profit (excluding currency effects) amounting to 8% to 10% per year, based on the financial statements for four fiscal years (Fiscal 2018, 2019, 2020 and 2021); • for 30% of the shares, a TSR objective based on Sodexo's TSR compared with two peer groups. Of this 30%: <ol style="list-style-type: none"> a) 15% will vest based on Sodexo's overall stock market performance, assessed by measuring Sodexo's TSR against that of a peer group comprising CAC 40 companies, and b) the other 15% will vest based on Sodexo's overall stock market performance, assessed by measuring Sodexo's TSR against that of a peer group comprising 12 companies (Elior, Compass, Edenred, Aramark, ISS, JLL, CBRE, ABM, Elis, G4S, Rentokil and Securitas); • for 20% of the shares, a Corporate Responsibility objective, whereby the proportion of women holding top management positions within the Group must represent at least 36% by August 30, 2021. These performance conditions are described in detail in section 5.5.2.3 of this Registration Document. No stock options were granted to Denis Machuel during Fiscal 2018.
Non-compete indemnity	No amounts paid	On April 27, 2018, the Board of Directors authorized the signature of a non-compete agreement between the Company and Denis Machuel, its Chief Executive Officer, which would come into effect if his term of office is terminated. This non-compete agreement covers a 24-month period directly following the end of the Chief Executive Officer's term of office. Its purpose is to protect the Sodexo Group by restricting the Chief Executive Officer's freedom to work for a competitor in the capacity of employee or corporate officer, or to carry out advisory engagements for a competitor, either directly or indirectly. The Board has drawn up a list of competitor companies for this purpose, which is included in the non-compete agreement signed on August 30, 2018 and amended by way of an addendum signed on November 6, 2018. As consideration for this commitment, Denis Machuel will receive an indemnity, for the same 24-month period, representing 24 months of the fixed compensation paid to him in the fiscal year preceding the fiscal year in which his duties as Chief Executive Officer cease. The non-compete indemnity will not be paid if Denis Machuel retires, and in any event will not be paid once he reaches the age of 65. The Board of Directors may waive the right to invoke this commitment at the time of the Chief Executive Officer's departure.
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 Group 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 employed by, or is a corporate officer of, the Company at the time of his retirement. Since August 7, 2015, under French law, supplemental pension benefits for corporate officers of listed companies (who are appointed or whose term of office is renewed after that date) 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.
Other benefits	€7,531	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.

5.5.3 Compensation of directors other than corporate officers

Except for the Chairwoman of the Board and the Group Chief Executive Officer, the members of the Board of Directors of Sodexo are not corporate officers.

5.5.3.1 Directors' fees paid to directors other than corporate officers

The total annual amount of directors' fees 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 of directors' fees actually paid to all directors (both executive and nonexecutive) for Fiscal 2018 was 879,9000 euro, compared to 732,750 euro for Fiscal 2017.

Directors' fees were calculated and paid in accordance with the Board of Directors' Internal Rules, based on the following criteria established for Fiscal 2018:

- **20,000 euro** fixed fee to each director;
- **4,000 euro** per attendance at Board meetings;

- **5,500 euro** fixed fee to each member of a Board Committee;
- **2,400 euro** per attendance at Committee meetings;
- **1,250 euro** travel allowance per Board meeting attended for directors traveling from the United States;
- **20,000 euro** fee for directors who chair the Board Committees (Audit, Compensation and Nominating Committees) in addition to their fee as a Committee member.

Directors' fees paid to directors other than corporate officers in office as of August 31, 2018 for Fiscal 2018 and Fiscal 2017 were as follows:

MEMBERS OF THE BOARD OF DIRECTORS	FISCAL 2018 (in euro)	FISCAL 2017 (in euro)
Emmanuel Babeau	100,600	80,400
Robert Baconnier	65,500	84,400
Patricia Bellinger	58,950	91,950
Astrid Bellon	44,000	35,500
Bernard Bellon ⁽¹⁾	50,000	39,000
François-Xavier Bellon	65,500	54,500
Nathalie Bellon-Szabo	63,100	52,100
Philippe Besson ⁽²⁾	63,100	56,900
Françoise Brougher	106,950	75,050
Soumitra Dutta	74,250	63,250
Michel Landel	22,000	N/A
Cathy Martin	65,500	39,300
Sophie Stabile ⁽³⁾	4,250	N/A
Cécile Tandeau de Marsac ⁽⁴⁾	98,200	42,000

(1) This total includes 2,000 euro in directors' fees paid by Bellon SA in Fiscal 2018 and Fiscal 2017 for his role as a member of Bellon SA's Supervisory Board.

(2) Out of the directors' fees due to Philippe Besson for his role as director representing employees, 21,249 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.

(4) Cécile Tandeau de Marsac was appointed on January 24, 2017.

5.5.3.2 Compensation paid to non-executive directors by Bellon SA and Sodexo

No stock options or free 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 2018 (in euro)			FISCAL 2017 (in euro)		
	TOTAL ANNUAL COMPENSATION			TOTAL ANNUAL COMPENSATION		
	FIXED	VARIABLE ⁽¹⁾	FRINGE BENEFITS	FIXED	VARIABLE ⁽¹⁾	FRINGE BENEFITS
Astrid Bellon ⁽²⁾	230,000	-	-	206,667	-	-
François-Xavier Bellon ⁽³⁾	320,000	-	-	275,667	-	-
Nathalie Bellon-Szabo ⁽⁴⁾	490,923	-	3,583	459,490	-	3,583

(1) Variable compensation is contingent upon meeting quantitative and qualitative targets.

(2) Compensation paid for her role as a member of the Management Board of Bellon SA.

(3) Compensation paid for his role as Chairman of the Management Board of Bellon SA.

(4) Compensation paid for her role as a member of the Management Board of Bellon SA (270,000 euro) 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) (220,923 euro). 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 (free 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 changed in 2017 by decision of the Board of Directors, pursuant to the Compensation Committee's recommendations. These modifications aimed to:

- weight the compensation package more heavily towards rewarding long-term performance;
- raise the various qualification thresholds in order to increase the level required to attain the maximum annual bonus;
- introduce a stock market performance indicator – a Total Shareholder Return (TSR)⁽¹⁾ target – into the performance share plan's performance conditions. This condition has been reinforced (i) since the 2017 plan, with Sodexo's TSR performance now compared with that of the companies making up the CAC 40 and (ii) since 2018, with Sodexo's TSR performance also now compared against that of a peer group.

These changes were made in order to respond more effectively to shareholders' expectations.

The compensation of the Executive Committee members for fiscal 2019 comprises 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 free and performance share grants. All of the shares are subject to a presence and performance conditions assessed over a four-year vesting period. The presence conditions has been reduced from 50% in 2015 to 40% in 2017 and to 20% in 2018 to achieve 0% in 2019.

The applicable performance conditions and the number of shares subject to each condition are described in section 5.5.1.3 concerning the compensation policy for the Group Chief Executive Officer.

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.

Six new members joined the Executive Committee on July 1, 2018.

Total compensation paid during Fiscal 2018 by the Group to members of the Executive Committee in office as of August 31, 2018 (including the Group Chief Executive Officer, details of whose compensation are provided in section 5.5.2.2 of this document), amounted to 12,691,268 euro.

This amount comprises:

- a fixed portion of 7,701,285 euro, including 56,635 euro of contributions to the above-mentioned pension plans;
- a variable portion of 4,989,983 euro (comprising the Fiscal 2017 performance-based bonus and the travel allowances of 131,592 euro paid in Fiscal 2018).

1 Total Shareholder Return (TSR) is a measure of the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder.

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 the shareholders;
- attracting and retaining the entrepreneurs needed to expand and strengthen Sodexo's market leadership.

Stock option plans

Until Fiscal 2012, as part of this policy stock options were granted at regular intervals in accordance with resolutions adopted at Shareholders' Meetings. The plans met the following requirements:

- options were generally granted at the same time of the year and their exercise price was not discounted;
- option lives were six to seven years;
- vesting of options was contingent upon the beneficiary's continued employment with the Sodexo Group and, for plans subsequent to 2007, to the achievement of an annual increase in Group net income at constant currency exchange rates of at least 6% over three years. However, this latter condition applied only to a certain portion of the stock options granted to each beneficiary (between 0% and 50%, except for the Group Chief Executive Officer, whose grant was wholly subject to the performance condition), the remainder of the options vesting in equal increments over four years.

The number of unexercised stock options issued by the Company to managers in the Group in connection with various plans still in effect 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. All options were exercisable as of August 31, 2018 and each option entitles the holder to one Sodexo share if exercised.

Free share plans

Since Fiscal 2013, long-term incentive plans have consisted exclusively of free share plans.

The rules governing free share plans within the Group are as follows:

- all free share grants are made in the same period of the year;
- vesting of shares granted under this long-term incentive program is contingent upon the beneficiary's **employment with the Group through the vesting date**;
- **performance conditions apply to a certain proportion of the grant, as follows:**
 - 100% of the free shares granted to the Group Chief Executive Officer, as explained above,
 - 80% of the free shares granted to members of the Executive Committee (excluding the Group Chief Executive Officer), as explained above (for the shares granted in April 2018),
 - tranches of the free shares granted to other beneficiaries, as explained below (for the shares granted in April 2018):

NUMBER OF SHARES GRANTED PER BENEFICIARY	% OF SHARES SUBJECT TO A PERFORMANCE CONDITION
Up to 250 shares	The vesting of 100% of these shares is only contingent upon continued employment
Between 251 and 1,000 shares	The vesting of all of these shares is contingent upon continued employment; 30% of these shares are also subject to a performance condition
More than 1,001 shares	The vesting of all of these shares is contingent upon continued employment; 50% of these shares are also subject to a performance condition

The performance conditions have changed gradually, with a TSR target introduced in Fiscal 2015 and a comparative TSR target in Fiscal 2016. Also in Fiscal 2016, the indicator for the financial performance condition was changed from Group net income to consolidated underlying operating profit in order to align this condition with the market guidance issued in relation to the Group's medium-term targets.

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 four-year vesting period applies to all free shares granted, irrespective of whether or not they are subject to performance conditions.

Further details of the plan are provided in section 5.5.2.2.

In 2016 the vesting period for all plans was harmonized to four years and the lock-up period for French plans was removed in order to simplify the plans and align their durations. Previously,

the shares granted under French plans were subject to a vesting period of two or three years followed by a two-year lock-up period.

Consequently, the shares granted by the Board of Directors on April 27, 2018 will be delivered on April 27, 2022, provided that the beneficiary is still working with the Group and that the performance conditions have been met.

The performance conditions for the April 27, 2015 performance share plans were met.

Consequently, 252,682 shares granted under the French plans were delivered to their beneficiaries on April 27, 2018 but are subject to a two-year lock-up period expiring on April 27, 2020.

At August 31, 2018, 481,395 shares remained to be delivered to the members of the international plans. The delivery will take place on April 27, 2019 and the shares will not be subject to a lock-up period.

5.5.5.1 Stock options granted to Group managers

DATE OF SHAREHOLDERS' MEETING	DATE OF BOARD MEETING GRANTING STOCK OPTION PLAN ⁽¹⁾	TOTAL NUMBER OF OPTIONS GRANTED ⁽²⁾	TOTAL NUMBER OF OPTIONS GRANTED TO CORPORATE OFFICERS (MICHEL LANDEL)	START DATE OF VESTING PERIOD
01/19/2009	12/13/2010 (A1a)	63,650		12/13/2011
				70% of the options: 12/13/2011
01/19/2009	12/13/2010 (A1b)	282,650		30% of the options: 12/13/2013 ⁽⁴⁾
				50% of the options: 12/13/2011
01/19/2009	12/13/2010 (A1c)	219,000		50% of the options: 12/13/2013 ⁽⁴⁾
01/19/2009	12/13/2010 (A3)	120,000	120,000*	100% of the options: 12/13/2013 ⁽⁴⁾
01/19/2009	12/13/2011 (A1a)	57,150		12/13/2012
				70% of the options: 12/13/2012
01/19/2009	12/13/2011 (A1b)	358,500		30% of the options: 12/13/2014 ⁽⁴⁾
				50% of the options: 12/13/2012
01/19/2009	12/13/2011 (A1c)	330,000		50% of the options: 12/13/2014 ⁽⁴⁾
01/19/2009	12/13/2011 (A2a)	74,500		12/13/2012
				70% of the options: 12/13/2012
01/19/2009	12/13/2011 (A2b)	430,300		30% of the options: 12/13/2014 ⁽⁴⁾
01/19/2009	12/13/2011 (A3)	135,000	135,000*	100% of the options: 12/13/2014 ⁽⁴⁾
				70% of the options: 12/13/2012
01/19/2009	12/13/2011 (Bb)	483,500		30% of the options: 12/13/2014 ⁽⁴⁾

(1) Beneficiaries of plans:

- (A) plan reserved for non-U.S. employees;
- (A1) plan reserved for employees resident in France;
- (A2) plan reserved for employees non-resident in France;
- (A3) plan reserved for corporate officers;
- (B) plan reserved for employees resident in North America;
- (C) plan reserved for U.S. employees non-resident in the United States.

(2) Total number of options granted by the Board of Directors at grant date.

(3) Exercise price adjusted after capital transactions carried out since grant date.

(4) Subject to achieving an annual increase in Group net income of at least 6% over three years at constant currency exchange rates.

(5) Total number of options cancelled as a result of departure of beneficiaries.

* Under article L.225-185 of the French Commercial Code, the Board of Directors had decided that Michel Landel, the only corporate officer (mandataire social) granted stock options, would be required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent in value to 30% of his base salary as of the date of exercise of these options for the duration of his term.

EXPIRATION DATE	EXERCISE PRICE ⁽³⁾ (in euro)	TERMS OF EXERCISE	CUMULATIVE NUMBER OF SHARES PURCHASED AS OF 08/31/2018	CUMULATIVE NUMBER OF OPTIONS CANCELLED ⁽³⁾	OPTIONS OUTSTANDING AS OF 08/31/2018
12/12/2017	48.37	25% at each anniversary date	50,837	12,813	0
12/12/2017	48.37	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	247,537	35,113	0
12/12/2017	48.37	12.5% at each anniversary date 50% at the 3 rd anniversary date ⁽⁴⁾	219,000	0	0
12/12/2017	48.37	100% at the 3 rd anniversary date ⁽⁴⁾	120,000	0	0
12/12/2018	51.40	25% at each anniversary date	42,138	8,747	6,265
12/12/2018	51.40	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	270,530	48,470	39,500
12/12/2018	51.40	12.5% at each anniversary date 50% at the 3 rd anniversary date ⁽⁴⁾	280,000	50,000	0
12/12/2017	51.40	25% at each anniversary date	62,287	12,213	0
12/12/2017	51.40	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	387,499	42,801	0
12/12/2018	51.40	100% at the 3 rd anniversary date ⁽⁴⁾	135,000	0	0
12/12/2017	51.40	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	451,057	32,443	0



Stock options granted to or exercised by members of the Group Executive Committee as of August 31, 2018

Options granted to or exercised by members of the Group Executive Committee under plans still in effect in Fiscal 2018 are detailed below:

NAME	DATE OF BOARD MEETING GRANTING STOCK OPTION PLAN	NUMBER OF OPTIONS GRANTED ⁽¹⁾	EXERCISE PRICE (in euro)	EXPIRATION DATE	OPTIONS EXERCISED AS OF 08/31/2018	OPTIONS EXERCISED DURING THE FISCAL YEAR	OPTIONS UNEXERCISED AS OF 08/31/2018
Michel Landel	12/13/2010 (A3)*	120,000	48.37	12/12/2017	120,000	120,000	0
	12/13/2011 (A3)*	135,000	51.40	12/12/2018	135,000	135,000	0
Sylvia Métayer	12/13/2010 (A1b)	17,000	48.37	12/12/2017	17,000	17,000	0
	12/13/2011 (A2b)	20,000	51.40	12/12/2018	20,000	8,500	0

(1) Total number of options granted by the Board of Directors at grant date.

* Under article L.225-185 of the French Commercial Code, the Board of Directors had decided that Mr. Michel Landel, the only corporate officer (mandataire social) granted stock options, would be required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent in value to 30% of his base salary as of the date of exercise of these options for the duration of his term.

Stock options granted to and exercised by the ten Group employees receiving or exercising the largest number of options (other than corporate officers) during Fiscal 2018

	TOTAL NUMBER	WEIGHTED AVERAGE PRICE (in euro)
Options granted during the fiscal year to the ten Group employees receiving the largest number of options	N/A	N/A
Options exercised during the fiscal year by the ten Group employees exercising the largest number of options ⁽¹⁾	150,400	50.58

(1) Including 37,400 options granted on December 13, 2010 and 113,000 options granted on December 13, 2011.

5.5.5.2 Free shares granted to Group managers

As of August 31, 2018, a total of 5,269,630 free shares has been granted to Group managers since 2013 (cumulatively representing approximately 3.57% of the capital since the adoption of the resolution at the January 2013 Annual Shareholders' Meeting) for an amount of 382,203,175 euros (based on estimated fair value at the grant date, taking into account the related terms and conditions). Starting in 2016, the French and international plans were harmonized.

These grants concerned 1,123 beneficiaries in 2013, 1,200 in 2014, 1,307 in 2015, 1,282 in 2016, 1,357 in 2017 and 1,691 in 2018.

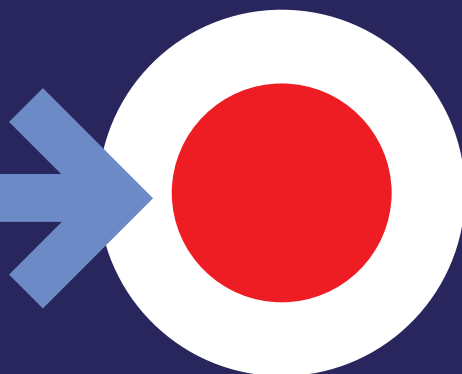
	2014 PLAN	2015 PLAN	2015-2 PLAN	2016 PLAN	2016-2 PLAN	2016-3 PLAN	2017 PLAN	2017-2 PLAN	2018 PLAN
Date of Annual Shareholders' Meeting	01/21/2013	01/21/2013	01/21/2013	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/26/2016
Date of grant by the Board of Directors	03/11/2014	04/27/2015	12/01/2015	04/27/2016	09/30/2016	11/30/2016	04/20/2017	09/14/2017	04/27/2018
Total number of shares granted	840,000	848,875	15,100	866,075	11,950	10,000	884,895	14,000	917,880
Total number of beneficiaries	1,200	1,299	8	1,264	16	2	1,357	5	1,671
% of share capital	0.53%	0.54%	0.01%	0.56%	0.01%	0.01%	0.58%	0.01%	0.62%

	2014 PLAN	2015 PLAN	2015-2 PLAN	2016 PLAN	2016-2 PLAN	2016-3 PLAN	2017 PLAN	2017-2 PLAN	2018 PLAN
Performance conditions									
For grants of more than 250 shares									
Growth in Group net income	X	X	X						
Growth in consolidated operating profit				X	X	X	X	X	
Growth in consolidated underlying operating profit									X
TSR – Applicable only to members of the Executive Committee (see description above)		X	X	X	X	X	X	X	X
FRENCH PLANS									
Vesting date for shares subject to the condition of the beneficiary still working with the Group	03/11/2016	04/27/2017	12/01/2017						
Vesting date for shares subject to performance conditions	03/11/2017	04/27/2018	12/01/2018						
End of lock-up period	03/11/2019	04/27/2020	12/01/2020						
Total number of shares granted	280,825	276,140	6,750						
Number of shares granted to the corporate officer	40,000	40,000							
% of share capital	0.03%	0.03%							
Cumulative number of shares cancelled	(10,313)	(24,458)	0						
Transferred shares (beneficiaries participating in the international mobility program)	(21,555)	0	0						
Vested shares	248,957	251,682	3,725	0	0	0	0	0	0
SITUATION OF THE FRENCH PLAN AT AUGUST 31, 2018	0	0	3,025	0	0	0	0	0	0
INTERNATIONAL PLANS									
Vesting date	03/11/2018	04/27/2019	12/01/2019	04/27/2020	09/30/2020	11/30/2020	04/20/2021	09/14/2021	04/27/2022
End of lock-up period/date available	03/11/2018	04/27/2019	12/01/2019	04/27/2020	09/30/2020	11/30/2020	04/20/2021	09/14/2021	04/27/2022
Total number of shares granted	559,175	572,735	8,350	866,075	11,950	10,000	884,895	14,000	917,880
Number of shares granted to the corporate officer				44,000			44,000		25,000
% of share capital				0.03%			0.03%	0.00%	0.02%
Cumulative number of shares cancelled	(111,045)	(96,715)	(5,000)	(106,470)	(350)		(45,646)		(7,510)
Transferred shares (beneficiaries participating in the international mobility program)	21,555	0		0	0	0	0	0	0
Vested shares	469,685	1,000		1,000					
SITUATION OF THE INTERNATIONAL PLAN AT AUGUST 31, 2018	0	475,020	3,350	758,605	11,600	10,000	839,249	14,000	910,370
TOTAL OF THE PLANS AT AUGUST 31, 2018	0	475,020	6,375	758,605	11,600	10,000	839,249	14,000	910,370

6

SHAREHOLDERS AND SHARE CAPITAL

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Financial communications calendar

Fiscal 2019 first quarter revenues	January 10, 2019
2019 Annual Shareholders' Meeting	January 22, 2019
Ex-Dividend date	January 30, 2019
Dividend record date	January 31, 2019
Dividend payment date	February 1, 2019
Fiscal 2019 half-year results	April 11, 2019
Fiscal 2019 nine month revenues	July 8, 2019
Fiscal 2019 annual results	November 7, 2019
2020 Annual Shareholders' Meeting	January 21, 2020

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.

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Sodexo, Investor Relations - 255, quai de la Bataille-de-Stalingrad - 92866 Issy-les-Moulineaux Cedex 9 - France

On the Sodexo website

www.sodexo.com

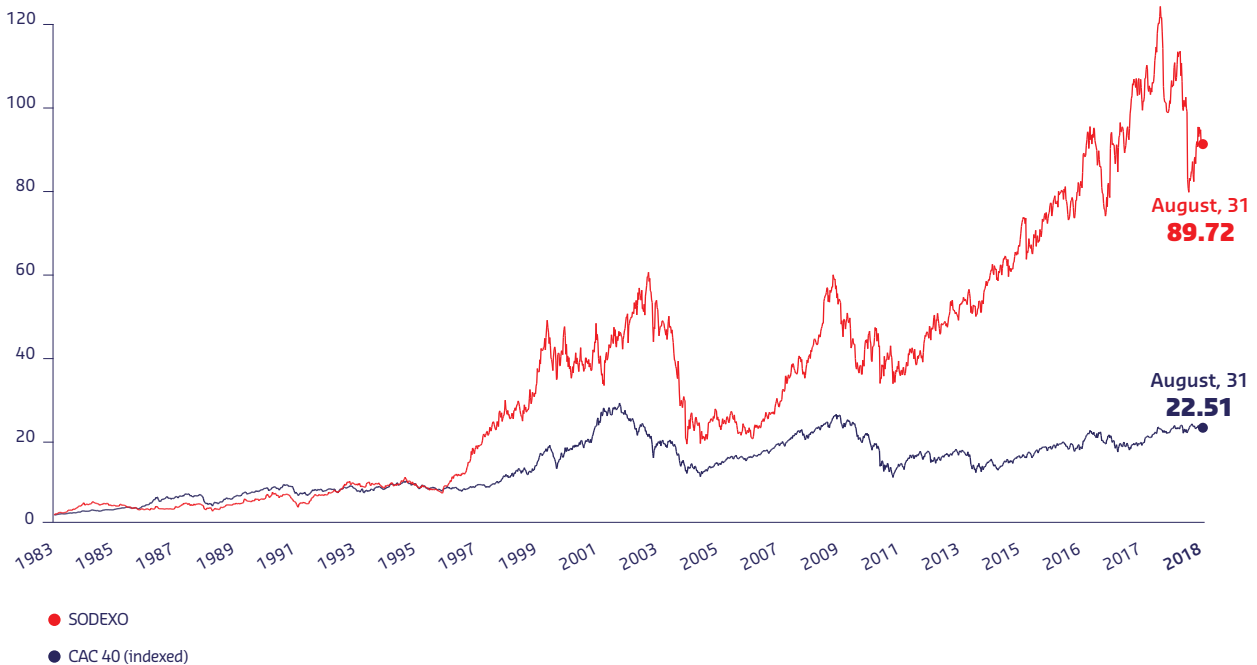
6.1 SODEXO SHARE PERFORMANCE

— 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.

— Sodexo had a Standard & Poor's rating of A- long-term and A-1 short-term as of August 31, 2018.

6.1.1 Stock market performance

ADJUSTED SODEXO SHARE PRICE TRENDS FROM INITIAL LISTING THROUGH AUGUST 31, 2018 (in euro)



The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2018 (the last trading day of Fiscal 2018), the closing share price was 89.72 euro.

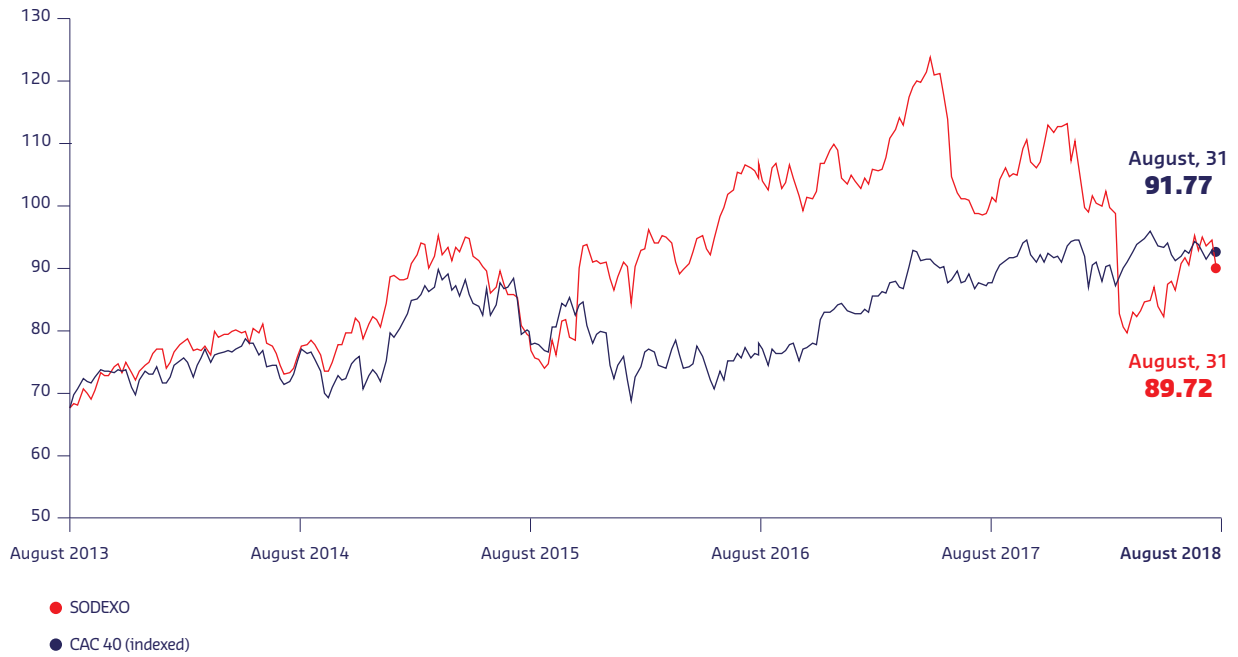
Since its first listing, the value of the Sodexo share has been multiplied by 58, whereas the CAC 40 index has been multiplied

by only 14.5 over the same period, which means that Sodexo's shares have significantly outperformed the CAC 40.

Since its listing on the stock exchange in 1983, Sodexo's share value has appreciated by an average of 12.3%⁽¹⁾ per annum, excluding dividends.

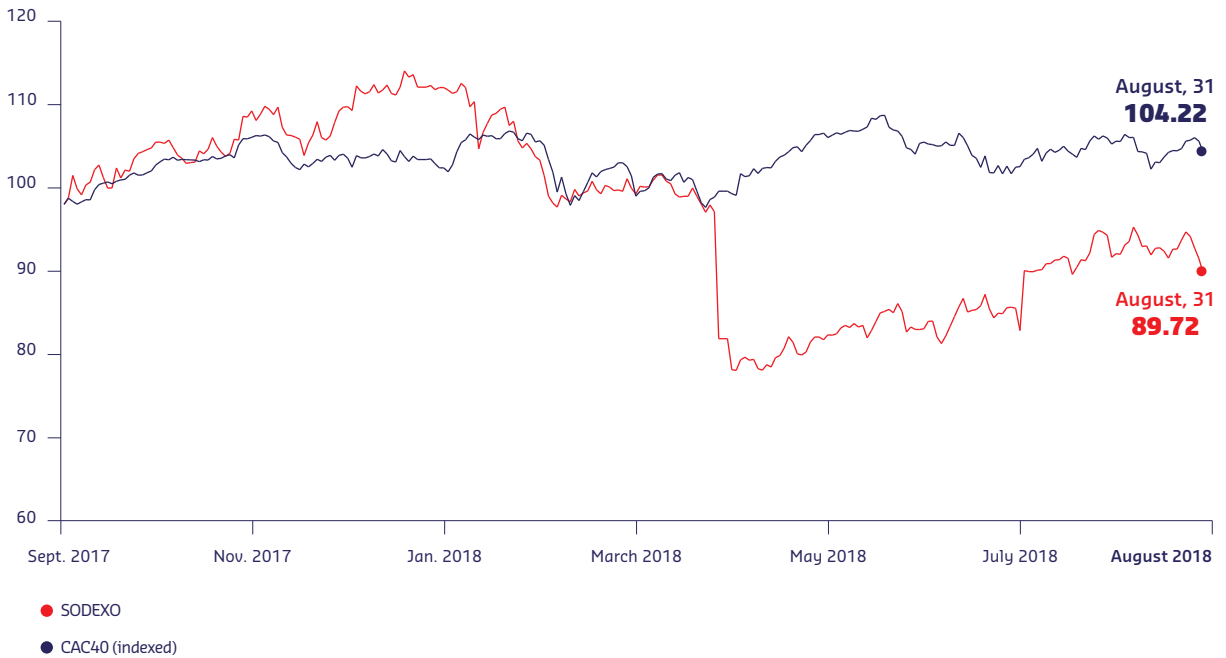
1 CAC 40 index reconstituted from 1983 to 1987.

SODEXO SHARE PRICE FROM SEPTEMBER 1, 2013 THROUGH TO AUGUST 31, 2018 (in euro)



Over the last five fiscal years, Sodexo’s share price has increased by 34%, whereas the CAC 40 index has increased by 37% during the same period.

SODEXO SHARE PRICE FROM SEPTEMBER 1, 2017 THROUGH TO AUGUST 31, 2018 (in euro)



During Fiscal 2018, the share price decreased by 8.5% whereas the CAC 40 index rose by 6.3%. This underperformance is due to a 20% fall in the share price at the end of March following the announcement of a greater than expected decline in first half Underlying operating profit and a downward revision of annual guidance. The Guidance as announced in November 2017 was for organic revenue growth of between +2% and +4%, and a stable underlying operating margin at 6.5% excluding currency effects.

On March 29, 2018, the Group announced organic growth of +1 to +1.5% and an Underlying operating margin of 5.7%, excluding currency impacts.

More than half the fall was recovered by the end of August.

As of August 31, 2018, the market capitalization of Sodexo was 13.2 billion euro.

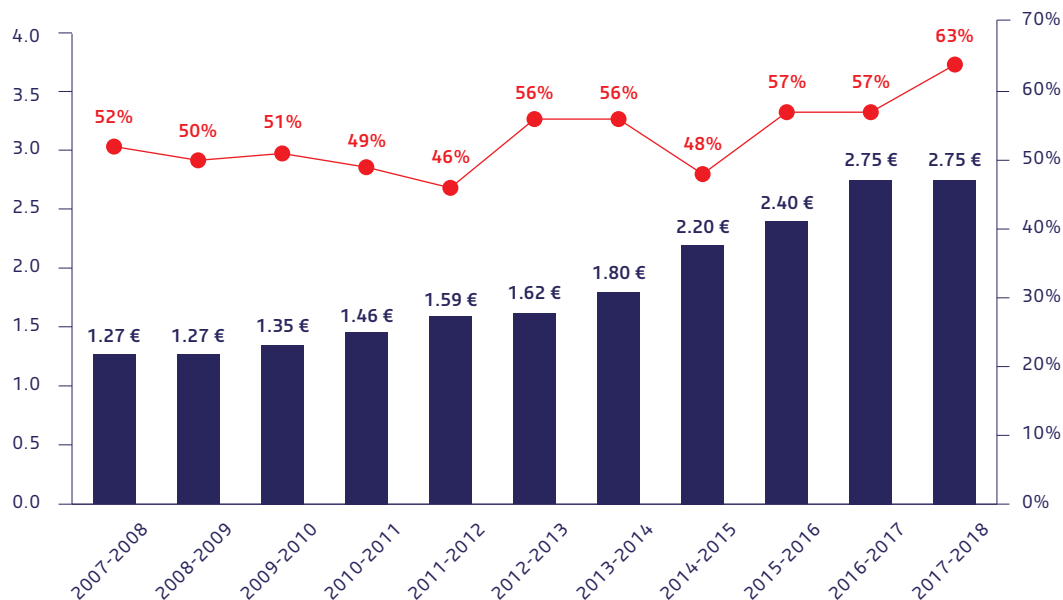
6.1.2 Share and dividend performance

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 22, 2019, the Board of Directors will propose that shareholders approve the payment of a cash dividend of 2.75 euro per share for Fiscal 2018, stable compared with Fiscal 2017.

In addition, shares held in registered form for the past four years or more (*i.e.*, since at least August 31, 2014) and which are still held in such form when the dividend becomes payable on February 1, 2019 will be entitled to a 10% dividend premium, representing an additional 0.275 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 63%.

The dividend and dividend premium (for eligible shares) will become payable on February 1, 2019, with a Euronext Paris ex-dividend date of January 30, 2019. The record date – *i.e.*, the date before which an investor must own shares in order to receive the dividend – will be January 31, 2019.

Dividends not claimed within five years of the date on which they were payable to shareholders are forfeited.

	FISCAL 2018	FISCAL 2017	FISCAL 2016	FISCAL 2015	FISCAL 2014
SHARE PRICE (in euro)					
Opening price as of September 1	98.26	104.75	77.71	75.03	67.30
Closing price as of August 31	89.72	98.03	103.85	78.43	74.97
Market capitalization as of August 31 (in billions of euro)	13.2	14.8	16.0	12.3	11.8
12-month low	78.10	96.02	70.45	69.49	66.69
12-month high	114.05	123.60	106.7	95.76	80.58
DAILY AVERAGE VOLUME OF SHARE TRADING					
In number of shares	361,046	241,150	275,923	232,550	178,656
In value (in thousands of euro)	34,221	25,607	24,551	19,800	13,333
DIVIDEND AND SHARE PERFORMANCE					
Total payout ⁽²⁾ (in millions of euro)	407 ⁽¹⁾	411	371	335	276
Payout ratio including dividend premium (Total payout/Group net profit)	62.6%	57%	58.2%	47.9%	56.3%
Dividend per share (DPS) (in euro)	2.75 ⁽¹⁾	2.75	2.40	2.20	1.80
10% dividend premium (in euro)	0.275 ⁽¹⁾	0.275	0.24	0.22	0.18
Earnings per share (EPS) ⁽³⁾ (in euro)	4.40	4.85	4.21	4.60	3.23
Payout ratio (DPS/EPS)	62.5%	57%	57%	47.8%	55.7%
TOTAL SHAREHOLDER RETURN (TSR)⁽⁴⁾	-5.9%	-4.1%	36.5%	6.9%	13.8%

(1) Subject to approval at the Annual Shareholders' Meeting on January 22, 2019.

(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 1, 2019 for the fiscal year ended August 31, 2018 for shareholders holding registered shares (directly or indirectly) since August 31, 2014 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:	DIVIDEND PREMIUM FOR THE DIVIDEND PAID IN*:	ISIN CODES FOR REGISTERED SHARES
Before August 31, 2014	2018	February 2019	FR0011532431**
August 31, 2015	2019	February 2020	FR0012891414
August 31, 2016	2020	February 2021	FR0013193125
August 31, 2017	2021	February 2022	FR0013270261
August 31, 2018	2022	February 2023	FR0013353075
August 31, 2019	2023	February 2024	FR0000121220

* Dates provided for indicative purposes only and subject to the approval of a dividend payment by the Annual Shareholders' Meeting.
** On September 1, 2018, Euroclear merged the shares held under the code SODEXO ACTIONS PRIME DE FIDÉLITE 2018 – FR0012033199 into the code FR0011532431 (which will be eligible for the 10% dividend premium for the February 2019 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

6.2 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;
- **ease of access to financial meetings:** Annual Shareholders' Meeting 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 about the Group, including the bylaws, 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 Group Chief Executive Officer and members of the Executive Committee are authorized to provide financial communications. The Group 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 communications are 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 Group Chief Executive Officer, the Group 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 about 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 Registration Document

This document is an English-language version of the *Document de référence* filed with the french securities regulator (*Autorité des marchés financiers* – AMF) in accordance with its General Regulation. The French-language *Document de référence* can be consulted on the AMF website (www.amf-france.org). It is also available, along with

the English-language Registration Document, at www.sodexo.com (“Finance” section, “Presentations and publications” tab).

An interactive version of the Registration Document in French and English is also available on the Group’s website to facilitate reading.

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 agenda is available in French and English at least 15 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 observe the voting on resolutions. The webcast of the last Annual Shareholders’ Meeting has been archived and is available on the Sodexo website – 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 Group Chief Executive Officer and Group Chief Financial Officer. In addition, a program of regular meetings with investors and analysts is put in place each year, with the Group Chief Executive Officer and Group 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.

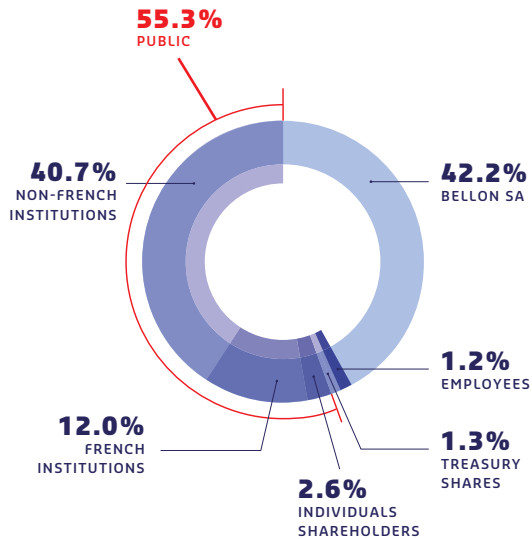
Sodexo also regularly participates in industry presentations and conferences organized by brokerage firms in France and abroad.

Lastly, the Financial Communications Department is always available to answer questions from analysts and investors.

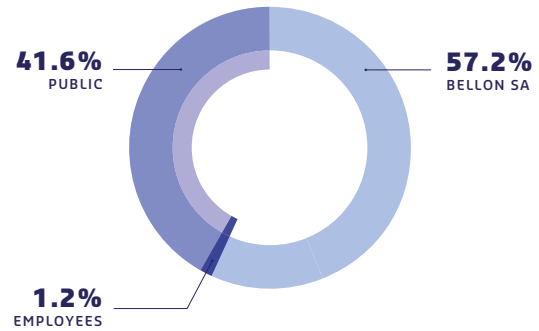
On September 6, 2018, the Group organized its first Capital Markets Day in nine years. The event was held at the Yachts de Paris, on the banks of the Seine, with presentations on the strategy of the Group, and its various activities including a presentation by Sophie Bellon of her vision on the Group. 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).

6.3 SHAREHOLDERS

SHAREHOLDER BREAKDOWN AS OF AUGUST 31, 2018



VOTING RIGHTS BREAKDOWN AS OF AUGUST 31, 2018



Source: Nasdaq

6.3.1 Changes in the breakdown of share capital and voting rights over the last three years

SHAREHOLDER	AUGUST 31, 2018				AUGUST 31, 2017				AUGUST 31, 2016			
	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS	% OF ACTUAL VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS	% OF ACTUAL VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS	% OF ACTUAL VOTING RIGHTS
Bellon SA	62,250,485	42.2	56.7	57.2	60,900,485	40.4	55.2	55.8	60,900,485	39.6	54.0	54.8
Artisan Partners ⁽¹⁾	8,019,726	5.4	3.7	3.8	-	-	-	-	-	-	-	-
First Eagle Investment Management ⁽¹⁾	6,913,289	4.7	3.1	3.1	4,218,962	2.8	1.9	1.9	4,143,755	2.7	1.9 ⁽³⁾	1.9
International Value Advisers ⁽¹⁾	3,821,370	2.6	1.8	1.8	-	-	-	-	-	-	-	-
Employees ⁽²⁾	1,721,960	1.2	1.1	1.2	1,599,407	1.1	1.1	1.1	1,383,773	0.9	1.0	1.0
Treasury shares	1,869,352	1.3	0.9	0	2,205,010	1.5	1.0	0	3,074,444	2.0	1.4	0
Public	62,858,705	42.6	32.6	32.9	81,906,585	54.2	40.8	41.2	84,238,682	54.8	41.7	42.3
TOTAL	147,454,887	100%	100%	100%	150,830,449	100%	100%	100%	153,741,139	100%	100%	100%

(1) Acting on behalf of its managed funds.

(2) This figure includes the shares held by employees in an account with Société Générale as a result of free share awards, in accordance with French Act no. 2015-990 of August 6, 2015 on growth, business and equal economic opportunities.

(3) First Eagle Investment Management made its declaration on September 25, 2015 having gone through the statutory threshold of 2.5% of the capital of the Company, owning as of September 17, 2015, 2.5% of the capital and 1.8% of the voting rights. This threshold resulted from the acquisition of 100,000 Sodexo shares as at that date.

The members of the Board of Directors together directly held less than 0.5% of the Company's share capital.

Bellon SA

During the Fiscal year 2017-2018, Bellon SA decided to increase its stake in the Company and purchased 1,350,000 Sodexo shares in June 2018. As Bellon SA already held the majority of Sodexo's voting rights, and was unable to increase its equity stake in the Company by more than 1% in a period of 12 consecutive months, Bellon SA had requested and been granted on June 26, 2018, an exemption by the French securities regulator (*Autorité des Marchés Financiers* – AMF) from the obligation to file a public exchange offer under article 234-9, paragraph 6, of the General Regulations of the AMF in order to increase its stake.

Following the share buy-back program and the decision of the Board of Directors of August 29, 2018, to cancel 3,375,562 treasury shares of the Company representing 2.2% of the share capital, the stake held by Bellon SA as of August 31, 2018, stood at 42.2% of the share capital of the Company and 57.2% of exercisable voting rights.

Mr & Mrs Pierre Bellon and their four children control 72.6% of Bellon SA. Agreements are in place to prevent them from selling their Bellon SA shares to third parties. In June 2015, Mr & Mrs Pierre Bellon and their children signed 50-year term agreements to prevent direct descendants from selling their Bellon SA shares. 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.

Crossing of legal and statutory thresholds

In accordance with article L. 233-7, I of the French Commercial Code and article 9.4 of the bylaws of the Company, the following shareholders reported to the Company that they had exceeded the legal or statutory disclosure thresholds during the Fiscal year 2017-2018:

- on May 8, 2018, the company Artisan Partners Limited Partnership, acting within the scope of its management activities on behalf of funds, reported that it had exceeded the statutory threshold of 2.5% of the Company's share capital, holding 5,476,873 shares, representing 3.6% of the share capital of the Company and 2.5% of voting rights as of May 8, 2018. The threshold was exceeded following the acquisition of 1,856,807 Sodexo shares on that date;
- on July 2, 2018, the company International Value Advisers, LLC, acting within the scope of its management activities on behalf of funds, reported that it had exceeded the statutory threshold of 2.5% of the Company's share capital, holding 3,821,370 shares, representing 2.5% of the share capital of the Company and 1.8% of voting rights as of July 2, 2018. The threshold was exceeded following the acquisition of 200,782 Sodexo shares on that date;
- on August 31, 2018, the company Artisan Partners Limited Partnership, acting within the scope of its management activities on behalf of funds, reported that it had exceeded the legal threshold of 5% of the Company's share capital, holding 7,554,178 shares, representing 5% of the share capital of the Company and 3.5% of voting rights as of August 28, 2018. The threshold was exceeded following the acquisition of 14,269 Sodexo shares on that date.

The Company is not aware of any other shareholder that increased or decreased its shareholding in the Company to above or below any legal or statutory disclosure threshold during Fiscal year 2018.

As of the date of this document, to the best of Sodexo's knowledge:

- since August 31, 2018, only Blackrock Inc., acting within the scope of its management activities on behalf of funds, reported that it had exceeded the legal threshold of 5% of

the Company's share capital, holding as at October 16, 2018, 7,856,410 shares, or 5.3% of the share capital and 3.7% of the voting rights. On November 14, 2018, Blackrock Inc. reported that it had crossed below the 5% threshold, holding as at November 13, 2018, 7,360,951 shares, representing 4.99% of the share capital and 3.4% of the voting rights;

- only Bellon SA, Artisan Partners Limited Partnership, Blackrock Inc., First Eagle Investment Management and International Value Advisers, LLC 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.

Repurchases and disposals of Sodexo shares

By way of reminder:

- the Ordinary Annual Shareholders' Meeting of January 24, 2017 had authorized the Board of Directors, in its 15th 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 24, 2017 (*i.e.*, a total of 7,687,056 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 23, 2018, had 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 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 above authorizations had been granted in order to cover stock option and free 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 7 of the Fiscal 2016 Registration Document and/or section 8 of the Fiscal 2017 Registration Document.

For information, during the Fiscal year 2018, the Board of Directors implemented the said authorizations as follows:

- Sodexo repurchased 3,906,732 shares (representing 2.15% of the share capital) at an average price of 90.75 euro per share plus trading fees of 141,813 euro excluding taxes;
- Sodexo transferred 1,051,528 shares on the exercise of stock options and for delivery under free share plans;
- during its meeting on August 29, 2018, the Board of Directors of Sodexo reduced the share capital of the Company through the cancellation of a total of 3,375,562 treasury shares, *i.e.*, 2.2% of the share capital, pursuant to the authorization granted by the Combined Annual Shareholders' Meeting on January 23, 2018 in its 18th resolution;
- under the liquidity contract concluded between Sodexo and Kepler-Cheuvreux on October 1, 2016, in line with the charter of ethics established by the french securities regulator (*Autorité des marchés financiers* – AMF), Sodexo carried out the following transactions:

- purchase of 1,087,734 shares for a total amount of 104,544,019.85 euro (average purchase price of 96.11 euro),
- sale of 903,034 shares for an aggregate 89,024,048.25 euro (average purchase price of 98.58 euro).

As of August 31, 2018:

- Sodexo directly held 1,869,352 of its own shares (representing 1.27% of the share capital) intended to hedge various stock option and free share plans set up for Group employees (for more information about stock option and free share plans, please refer to section 5.5 of the Fiscal 2018 Registration Document);
- the total carrying amount of the treasury shares portfolio was 177 million euro as of August 31, 2018;
- the Sodexo liquidity account was composed of 184,700 shares.

Since August 31, 2018, the Company has not purchased any Sodexo shares other than through the liquidity contract.

Description of the share buy-back program subject to the authorization of the Annual Shareholders' Meeting on January 22, 2019

The Board of Directors will propose that the Combined Annual Shareholders' Meeting on January 22, 2019, in its 17th 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 free 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 22, 2019, *i.e.*, a maximum number of 7,372,744 shares.

The maximum share purchase price under this share buy-back program cannot exceed 120 euro per share and the total amount allocated to the program cannot 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 23, 2018, in its 17th resolution.

For further information about this authorization submitted to a vote at the next Combined Annual Shareholders' Meeting on January 22, 2019, please consult the draft resolutions presented in chapter 7 of the Fiscal 2018 Registration Document.

6.3.2 Employee share ownership

As of August 31, 2018, Group employees held 1.2% of the Company's share capital, *i.e.*, approximately 1,721,960 shares, 51.6% of which was held in an employees' mutual fund (FCPE).

As of August 31, 2018, the number of Group employee shareholders was estimated at 28,773.

Company Employee Savings Plans

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.

6.4 ADDITIONAL INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

6.4.1 Share capital

As of August 31, 2018, 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.

6.4.2 Evolution of the share capital in the last three fiscal years

Since September 18, 2008 and until June 14, 2016, the share capital of the Company was 628,528,100 euro, divided in 157,132,025 shares with a nominal value of 4 euro each.

Board of the authorisations approved by the General Meeting of January 26, 2016, in its 11th resolution, and January 23, 2018, in its 18th resolution.

The table below provides the evolution of the share capital over the last three fiscal years following the utilization by the

BOARD DECISION	NATURE OF THE OPERATION	NUMBER OF SHARES CANCELLED	NUMBER OF SHARES COMPRISING THE SHARE CAPITAL FOLLOWING THE OPERATION	SHARE CAPITAL FOLLOWING THE OPERATION
June 14, 2016	Share cancellation	3,390,886	153,741,139	€614,964,556
June 14, 2017	Share cancellation	2,910,690	150,830,449	€603,321,796
August 29, 2018	Share cancellation	3,375,562	147,454,887	€589,819,548

6.4.3 Potential share capital

As of the date of this Registration Document, there are no securities outstanding, other than existing equity securities and the remaining employee stock options, which carry immediate or future rights to Sodexo's share capital.

6.4.4 Capital authorized but not issued

As at the date of the present document, the Board 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) ⁽¹⁾ (in millions of euro)	MAXIMUM AMOUNT OF CAPITAL INCREASE(S) ⁽¹⁾ (% 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 (19 th)	March 23, 2020	Unused
• Issuance of debt securities carrying rights to Sodexo shares	1,000	N/A	January 23, 2018 (19 th)	March 23, 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 (21 st)	March 23, 2020	Unused
• Grant of free shares and performance shares	About 15	2.5%	January 26, 2016 (14 th)	March 26, 2019	See section 5.5
Issuance of shares by capitalizing profit, reserves or premiums	100	17%	January 23, 2018 (20 th)	March 23, 2020	Unused
Share capital reduction through cancellation of shares		5% of number of shares	January 23, 2018 (18 th)	March 23, 2020	See section 6.3.2

(1) Adjusted amounts of share capital as of August, 2018.

The Board will propose the renewal of the authorization, previously authorized on January 26, 2016, at the Annual General Meeting on January 22, 2019, through the 18th resolution, before its expiration, for the Board to proceed with free share attributions of existing shares or shares to be

issued, for employees, Group executives, or sub-groups. More information on the resolutions to be submitted to the Annual General Meeting on January 22, 2019, is presented in Chapter 7 of this present document.

6.5 GENERAL INFORMATION ABOUT SODEXO BYLAWS

6.5.1 Legal company name and registered office

Legal company 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.

Nationality: French.

6.5.2 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.

6.5.3 Date of incorporation and expiration (article 5 of the Bylaws)

"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.

6.5.4 Corporate purpose (article 2 of the Bylaws)

"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."*

6.5.5 Registration

Sodexo is registered in the Trade and Companies Register of Nanterre under no. 301 940 219.

Business identifier code (APE code): 5629B

6.5.6 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 Registration Document) are available on our website (www.sodexo.com) and may also be consulted at our registered office at 255, quai de la Bataille-de-Stalingrad – 92130 Issy-les-Moulineaux, France, preferably by appointment.

6.5.7 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.

6.5.8 Fiscal year (article 17 of the Bylaws)

“The fiscal year commences on September 1 of each year and ends on August 31 of the following year.”

6.5.9 Appropriation of earnings and dividend premium (excerpt from article 18 of the bylaws)

“[...]2. 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 obligatory 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.

3. 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:

- a) 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;*
- b) 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 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 0.5% ceiling has been applicable since the payment of the dividend for the fiscal year ended August 31, 2013.

6.5.10 Shareholders Meetings (excerpt from article 16 of the Bylaws)

"1. 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 the 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.

2. 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 the 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 law and the regulations.

Equally, all shareholders may take part in discussions when meetings are in session and vote via electronic data.

3. 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. [...]"

6.5.11 Double voting rights (excerpt from article 16 of the Bylaws)

"[...] 4. Double voting rights, having regard to the percentage of issued capital that they represent, are conferred on:

- all fully paid shares registered in the name of the same shareholder for at least four years;*
- 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.

[...]"

6.5.12 Share ownership disclosure thresholds (excerpt from article 9 of the Bylaws)

"[...] 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."

6.5.13 Identification of shareholders (excerpt from article 9 of the Bylaws)

"The Company can 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."

6.5.14 Modification of shareholders' rights

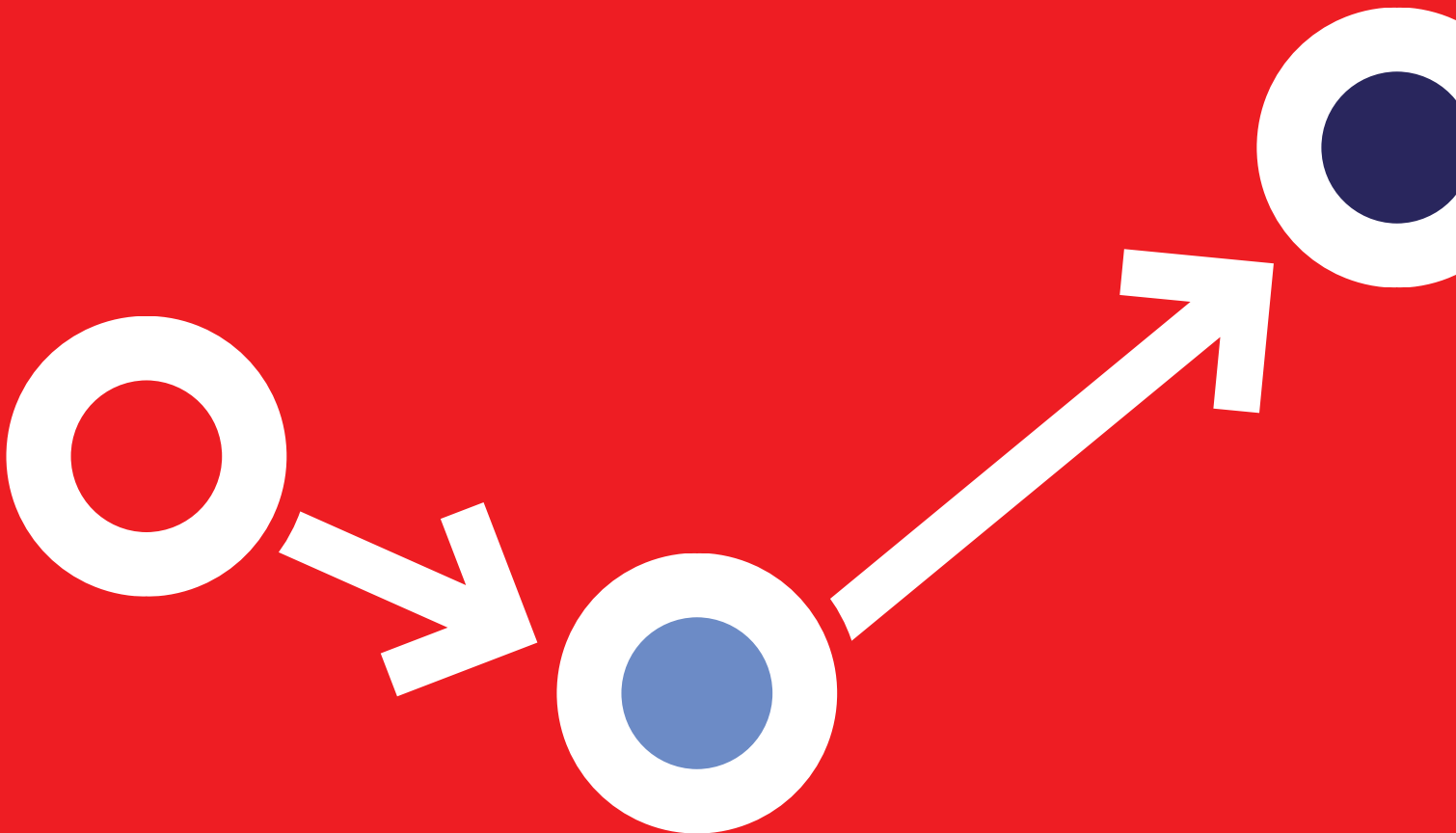
All modifications to share capital or voting rights attached to the shares therein are subject to legal requirements, as the bylaws do not contain specific provisions.

A full version of the Company's bylaws is available in the Group's website at www.sodexo.com.



COMBINED ANNUAL SHAREHOLDERS' MEETING, JANUARY 22, 2019

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7.1 AGENDA

Ordinary business

1. Adoption of the individual company financial statements for Fiscal 2018.
2. Adoption of the consolidated financial statements for Fiscal 2018.
3. Appropriation of net income for the fiscal year and determination of dividend.
4. Approval of related-party commitment governed by article L.225-42-1 of the French Commercial Code regarding a non-compete agreement with Denis Machuel.
5. Approval of related-party commitment governed by article L.225-42-1 of the French Commercial Code regarding Denis Machuel's collective supplemental health and benefit plans.
6. Approval of related-party commitment governed by article L.225-42-1 of the French Commercial Code regarding Denis Machuel's supplemental pension plan.
7. Reappointment of Emmanuel Babeau as director for a period of three (3) years.
8. Reappointment of Robert Baconnier as director for a period of one (1) year.
9. Reappointment of Astrid Bellon as director for a period of three (3) years.
10. Reappointment of François-Xavier Bellon as director for a period of three (3) years.
11. Ratification of the Board's appointment by cooptation of Sophie Stabile as director.
12. Approval of the compensation and benefits paid or awarded for Fiscal 2018 to Sophie Bellon, Chairwoman of the Board of Directors.
13. Approval of the compensation and benefits paid or awarded for Fiscal 2018 to Michel Landel, Chief Executive Officer, until January 23, 2018.
14. Approval of the compensation and benefits paid or awarded for Fiscal 2018 to Denis Machuel, Chief Executive Officer, since January 23, 2018.
15. Approval of the principles and criteria used to determine, allocate and award the components of the compensation and benefits payable to the Chairman(woman) of the Board of Directors.
16. 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.
17. Authorization to the Board of Directors for the Company to purchase shares of the Company.

Extraordinary business

18. Authorization to the Board of Directors to grant existing and/or newly issued free shares of the Company to all or certain employees and/or corporate officers of the Group with an automatic waiver of shareholders' preferential subscription rights.
19. Powers to carry out formalities.

7.2 RESOLUTIONS SUBMITTED TO THE COMBINED ANNUAL SHAREHOLDERS' MEETING OF JANUARY 22, 2019

Ordinary resolutions

First and second resolutions: Adoption of the individual company and consolidated financial statements

Purpose

In the first and second resolutions, shareholders are invited to adopt the individual company financial statements of Sodexo for Fiscal 2018, which show net income of 48 million euro, and the consolidated financial statements of the Group, presenting profit attributable to equity holders of the parent of 651 million euro.

First resolution

(ADOPTION OF THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS, FISCAL 2018)

Having considered the Board of Directors' Report and the Statutory Auditors' Report on the individual company financial statements, the Shareholders' Meeting adopts the individual company financial statements for the fiscal year ended August 31, 2018 as presented, which show net income of 481 million euro.

The Shareholders' Meeting also approves the transactions reflected in these financial statements and/or described in these reports.

Second resolution

(ADOPTION OF THE CONSOLIDATED FINANCIAL STATEMENTS, FISCAL 2018)

Having considered the Board of Directors' Report and the Statutory Auditors' Report on the consolidated financial statements, the Shareholders' Meeting adopts the consolidated financial statements for the fiscal year ended August 31, 2018 as presented, which show profit attributable to equity holders of the parent of 651 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 and determination of dividend

Purpose

In the third resolution, shareholders are invited to approve the Board's recommended appropriation of net income and the distribution of a dividend of 2.75 euro per share for Fiscal 2018, unchanged from Fiscal 2017.

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, 2014, and which are still held in such form when the dividend for Fiscal 2018 is paid (*i.e.*, on February 1, 2019), will automatically be entitled to a 10% dividend premium, representing an additional 0.275 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, 2018).

The payment of the dividend and the 10% dividend premium, as described above, represents a payout ratio of 63%, which is fully in line with Sodexo's policy of giving shareholders a return on their investment over the long term.

The dividend payment schedule is as follows:

January 30, 2019: **Ex-dividend date**, *i.e.*, date on which the shares are traded without rights to the Fiscal 2018 dividend.

January 31, 2019: **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 2018 dividend payment.

February 1, 2019: **Payment date of dividend** and for shares eligible for the dividend premium.

Third resolution**(APPROPRIATION OF NET INCOME FOR THE FISCAL YEAR AND APPROVAL OF DIVIDEND)**

In accordance with the proposal made by the Board of Directors, the Shareholders' Meeting resolves:

to allocate net income for Fiscal 2018 of	€481,376,461
plus retained earnings as of the close of Fiscal 2018 of	€1,219,692,533
Making a total available for distribution of	€1,701,068,994
In the following manner:	
• dividend (on the basis of 147,454,887 shares comprising the share capital as of August 31, 2018)	€405,500,939
• a 10% dividend premium (on the basis of 7,227,652 shares held in registered form as of August 31, 2018 that are eligible for the dividend premium after application of the limit of 0.5% of capital per shareholder)	€1,987,604
• retained earnings	€1,293,580,451
TOTAL	€1,701,068,994

Accordingly, the Shareholders' Meeting resolves that a dividend of 2.75 euro will be paid for Fiscal 2018 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, 2014 and which are still held in such form when the dividend for Fiscal 2018 is paid, *i.e.*, on February 1, 2019, will automatically be entitled to a 10% dividend premium, representing an additional 0.275 euro. The number of shares eligible for this 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 capital as of August 31, 2018).

The dividend and dividend premium (for eligible shares) will be paid on February 1, 2019, with a Euronext Paris ex-dividend date of January 30, 2019. The record date will be January 31, 2019.

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 7,227,652 shares held in registered form that are eligible for the dividend premium as of August 31, 2018 cease to be recorded in registered form between September 1, 2018 and February 1, 2019 (the dividend payment date), the amount of the dividend premium due on such shares will not be paid and will be transferred to retained earnings.

In accordance with article 243 bis of the French General Tax Code, the full amount of the recommended dividend (including the premium) will be eligible for the allowance provided for in article 158-3 2° of said Code to individuals domiciled for tax purposes in France, if they have opted for their overall income to be taxed in accordance with the sliding income tax scale provided for in paragraph 2 of article 200 A of the French General Tax Code.

The Shareholders' Meeting notes that dividends paid for the last three fiscal years were as follows:

	FISCAL 2017 (PAID IN 2018)	FISCAL 2016 (PAID IN 2017)	FISCAL 2015 (PAID IN 2016)
Dividend per share*	€2.75	€2.40	€2.20
Total payout	€410,658,908.28	€359,265,450	€334,962,161

* Dividend fully eligible for the 40% allowance applicable to individuals domiciled for tax purposes in France, as provided for in article 158-3 2° of the French General Tax Code.

Fourth to sixth resolutions: Approval of related-party commitments

Purpose

Related-party commitments concluded between the Company and the Chief Executive Officer are subject to specific approval by the Shareholders' meeting.

In the fourth to sixth resolutions, shareholders are invited to approve three (3) related-party commitments concerning Denis Machuel, which were authorized by the Board of Directors when he was appointed as the Group's new Chief Executive Officer on January 23, 2018. These commitments are part of the Chief Executive Officer's compensation policy approved at the Shareholders' Meeting held on January 23, 2018.

Non-compete indemnity: The Board of Directors authorized a non-compete agreement between the Company and Denis Machuel that will apply if Denis Machuel's mandate as Chief Executive Officer is terminated.

The non-compete commitment will cover a twenty-four (24) month period following the end of his mandate as Chief Executive Officer. Its purpose is to protect Sodexo Group by restricting the Chief Executive Officer's freedom to work for a competitor in the capacity of employee or corporate officer, or to carry out advisory engagements for a competitor, either directly or indirectly. The Board prepared a list of competitor companies, which is included in the non-compete agreement signed on August 30, 2018.

As consideration for this commitment, the Chief Executive Officer will receive, over the same period, an indemnity corresponding to twenty-four (24) months' worth of the fixed compensation paid to him in the fiscal year preceding his termination as Chief Executive Officer.

The Board may waive the right to invoke this commitment at the time of the Chief Executive Officer's departure.

In order to comply with the new recommendations of article 23 of the AFEP-MEDEF Code of corporate governance for listed companies as revised in June 2018, an addendum to the non-compete agreement was signed on November 6, 2018 between the Company and Denis Machuel in order to exclude the payment of the non-compete indemnity if the Chief Executive Officer retires, and in all circumstances, beyond the age of sixty-five (65).

Supplemental pension plan: Following Denis Machuel's appointment as Company's Chief Executive Officer, the Board of Directors decided that he should continue to be a beneficiary of the defined benefit pension plan of which he has been a beneficiary since he was appointed as a member of the Group Executive Committee in September 2014.

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 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 only accrue if the achievement rate for his annual variable compensation targets is at least 80% each year. If this rate is reached then, an additional percentage of contribution to the defined benefit plan will be accrued for that year. However, if the achievement rate is less than 80%, no defined benefit contribution will be accrued for that year.

Supplemental health and benefit plans: Following the termination of Denis Machuel's employment contract when he was appointed as Chief Executive Officer, the Board of Directors decided that he should continue to benefit from the supplemental health and benefit plans set up by the Company in order to ensure the continuity of his coverage. His membership in these plans will be subject to the same terms and conditions as those applicable to the category of employees to which he has been assigned for the purpose of determining the related benefits.

Details of these commitments are provided in the Board of Directors' Corporate Governance Report and the Statutory Auditors' Special Report on related-party agreements and commitments, in sections 5.3.2 and 4.4.2 respectively of this Fiscal 2018 Registration Document.

Fourth resolution

(APPROVAL OF RELATED-PARTY COMMITMENT GOVERNED BY ARTICLE L.225-42-1 OF THE FRENCH COMMERCIAL CODE REGARDING A NON-COMPETE AGREEMENT WITH DENIS MACHUEL)

Having considered the Board of Directors' Corporate Governance Report and the Statutory Auditors' Special Report on related-party agreements and commitments governed by articles L.225-38 and L.225-40 to L.225-42 of the French Commercial Code, the Shareholders' Meeting approves, in accordance with article L.225-42-1 of said Code, the

commitment made by the Company to Denis Machuel, Chief Executive Officer, regarding a non-compete indemnity payable to him as consideration for a non-compete obligation, as authorized by the Board of Directors on April 27, 2018 (amended on November 6, 2018) and described in the aforementioned reports.

Fifth resolution

(APPROVAL OF RELATED-PARTY COMMITMENT GOVERNED BY ARTICLE L.225-42-1 OF THE FRENCH COMMERCIAL CODE REGARDING DENIS MACHUEL'S COLLECTIVE SUPPLEMENTAL HEALTH AND BENEFIT PLANS)

Having considered the Board of Directors' Corporate Governance Report and the Statutory Auditors' Special Report on related-party agreements and commitments governed by articles L.225-38 and L.225-40 to L.225-42 of the French Commercial Code, the Shareholders' Meeting approves, in accordance with article L.225-42-1 of said Code, the commitment made by the Company to Denis Machuel, Chief Executive Officer, regarding his supplemental health and benefit plan, as authorized by the Board of Directors on January 23, 2018.

Sixth resolution

(APPROVAL OF RELATED-PARTY COMMITMENT GOVERNED BY ARTICLE L.225-42-1 OF THE FRENCH COMMERCIAL CODE REGARDING DENIS MACHUEL'S SUPPLEMENTAL PENSION PLAN)

Having considered the Board of Directors' Corporate Governance Report and the Statutory Auditors' Special Report on related-party agreements and commitments governed by articles L.225-38 and L.225-40 to L.225-42 of the French Commercial Code, the Shareholders' Meeting approves, in accordance with article L.225-42-1 of said Code, the commitment made by the Company to Denis Machuel, Chief Executive Officer, regarding his supplemental pension plan, as authorized by the Board of Directors on April 27, 2018.

Seventh to tenth resolutions: Reappointment of four (4) directors**Purpose**

The Board of Directors currently has thirteen (13) members, including two (2) directors representing employees, six (6) independent directors and seven (7) women.

The purpose of the seventh to tenth resolutions is to reappoint the following members of the Board of Directors, whose mandates expire at the end of this Shareholders' Meeting: Emmanuel Babeau, Robert Baconnier, Astrid Bellon and François-Xavier Bellon.

Shareholders are invited to reappoint Emmanuel Babeau, Robert Baconnier, Astrid Bellon and François-Xavier Bellon as directors of the Company in order to enable the Company to continue to benefit from:

- the financial and operational expertise of Emmanuel Babeau (reappointment sought for a period of three (3) years);
- the financial expertise of Robert Baconnier and his significant contribution to the Board of Directors (reappointment sought for a period of one (1) year);
- the experience of Astrid Bellon in the services sector and her in-depth knowledge of the Sodexo Group (reappointment sought for a period of three (3) years);
- the operational and financial skills and long-term strategic vision of François-Xavier Bellon, who has been a director since 1989 (reappointment sought for a period of three (3) years).

Emmanuel Babeau and François-Xavier Bellon will continue to seat on the Audit Committee.

Bernard Bellon, who has been director of the Company since February 26, 1975 and whose current mandate expires at the end of this Shareholders' Meeting, has stated that he does not wish to be reappointed as director. Sophie Bellon would like to thank Bernard Bellon, personally and on behalf of the Board of Directors and all of the shareholders, for his contribution to the Board.

Biographical information on these directors is provided in section 5.2.1 of the Fiscal 2018 Registration Document.

Seventh resolution

(REAPPOINTMENT OF EMMANUEL BABEAU AS DIRECTOR FOR A PERIOD OF THREE (3) YEARS)

Having considered the Board of Directors' Report and noting that the directorship of Emmanuel Babeau expires at the end of this meeting, the Shareholders' Meeting resolves to reappoint him as director for a three (3) year period expiring at the end of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ending August 31, 2021.

Eighth resolution

(REAPPOINTMENT OF ROBERT BACONNIER AS DIRECTOR FOR A PERIOD OF ONE (1) YEAR)

Having considered the Board of Directors' Report and noting that the directorship of Robert Baconnier expires at the end of this meeting, the Shareholders' Meeting resolves to reappoint him as director for a one (1) year period expiring at the end of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ending August 31, 2019.

Ninth resolution

(REAPPOINTMENT OF ASTRID BELLON AS DIRECTOR FOR A PERIOD OF THREE (3) YEARS)

Having considered the Board of Directors' Report and noting that the directorship of Astrid Bellon expires at the end of this meeting, the Shareholders' Meeting resolves to reappoint her as director for a three (3) year period expiring at the end of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ending August 31, 2021.

Tenth resolution

(REAPPOINTMENT OF FRANÇOIS-XAVIER BELLON AS DIRECTOR FOR A PERIOD OF THREE (3) YEARS)

Having considered the Board of Directors' Report and noting that the directorship of François-Xavier Bellon expires at the end of this meeting, the Shareholders' Meeting resolves to reappoint him as director for a three (3) year period expiring at the end of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ending August 31, 2021.

Eleventh resolution: Ratification of the Board's appointment by cooptation of Sophie Stabile as director

Purpose

Following Patricia Bellinger's decision to terminate her directorship on July 1, 2018, in advance of its term, in the eleventh resolution, shareholders are invited to ratify the Board's appointment by cooptation of Sophie Stabile as a new director of the Company, effective from July 1, 2018 for the remainder of her predecessor's term of office, expiring at the end of the Shareholders' Meeting held to approve the financial statements for the fiscal year ending August 31, 2019.

Sophie Stabile – who qualifies as an independent director – will bring to the Board her extensive operational and financial experience in the services and hospitality sector.

Sophie Stabile is also a member of the Audit Committee.

Biographical information on Sophie Stabile is provided in section 5.2.1 of the Fiscal 2018 Registration Document.

Eleventh resolution

(RATIFICATION OF THE BOARD'S APPOINTMENT BY COOPTATION OF SOPHIE STABILE AS DIRECTOR)

Having considered the Board of Directors' Report, the Shareholders' Meeting ratifies the Board's appointment by cooptation of Sophie Stabile as director of the Company, effective from July 1, 2018 for the remainder of her predecessor's term of

office, expiring at the end of the Annual Shareholders' Meeting held to approve the financial statements for the fiscal year ending August 31, 2019.

Twelfth to fourteenth resolutions: Approval of the compensation and benefits of corporate officers for Fiscal 2018

Purpose

Shareholders are invited to give their opinion on the compensation and benefits paid or awarded for Fiscal 2018 to the corporate officers.

Consequently, in the twelfth to fourteenth resolutions, shareholders are invited to approve the compensation and benefits paid or awarded for Fiscal 2018 to Sophie Bellon, Chairwoman of the Board of Directors, Michel Landel, Chief Executive Officer until January 23, 2018, and Denis Machuel, Chief Executive Officer since January 23, 2018.

These compensation components are described in section 5.5.2 of the Corporate Governance Report of the Board of Directors in the Fiscal 2018 Registration Document.

Twelfth resolution

(APPROVAL OF THE COMPENSATION AND BENEFITS PAID OR AWARDED FOR FISCAL 2018 TO SOPHIE BELLON, CHAIRWOMAN OF THE BOARD OF DIRECTORS)

The Shareholders' Meeting approves the total compensation and benefits paid or awarded for Fiscal 2018 to Sophie Bellon, Chairwoman of the Board of Directors, as described in the Corporate Governance Report of the Fiscal 2018 Registration Document.

Thirteenth resolution

(APPROVAL OF THE COMPENSATION AND BENEFITS PAID OR AWARDED FOR FISCAL 2018 TO MICHEL LANDEL, CHIEF EXECUTIVE OFFICER UNTIL JANUARY 23, 2018)

The Shareholders' Meeting approves the total compensation and benefits paid or awarded for Fiscal 2018 to Michel Landel, Chief Executive Officer until January 23, 2018, as described in the Corporate Governance Report of the Fiscal 2018 Registration Document.

Fourteenth resolution

(APPROVAL OF THE COMPENSATION AND BENEFITS PAID OR AWARDED FOR FISCAL 2018 TO DENIS MACHUEL, CHIEF EXECUTIVE OFFICER SINCE JANUARY 23, 2018)

The Shareholders' Meeting approves the total compensation and benefits paid or awarded for Fiscal 2018 to Denis Machuel, Chief Executive Officer since January 23, 2018, as described in

the Corporate Governance Report of the Fiscal 2018 Registration Document.

Fifteenth and sixteenth resolutions: Approval of the compensation policy applicable to corporate officers

Purpose

Shareholders are invited to approve the compensation policy applicable to corporate officers.

Therefore, in the fifteenth and sixteenth resolutions, shareholders are invited to approve the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components, where applicable, of the compensation and benefits payable to the Chairwoman of the Board of Directors and the Chief Executive Officer. These principles and criteria will apply to any person who holds a similar position and will be applicable as from Fiscal 2019 until the approval of a new compensation policy by the Shareholders' Meeting.

The compensation policies applicable to the corporate officers are described in the Board of Directors' Corporate Governance Report in section 5.5.1 of the Fiscal 2018 Registration Document.

Fifteenth resolution

(APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE COMPONENTS OF THE COMPENSATION AND BENEFITS PAYABLE TO THE CHAIRMAN(WOMAN) OF THE BOARD OF DIRECTORS)

The Shareholders' Meeting approves the principles and criteria used to determine, allocate and award the components of the compensation and benefits payable to the Chairman(woman) of the Board of Directors, as described in the Corporate Governance Report of the Fiscal 2018 Registration Document.

Sixteenth 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)

The Shareholders' Meeting approves the principles and criteria used to determine, allocate and award the components of the compensation and benefits payable to the Chief Executive Officer, as described in the Corporate Governance Report of the Fiscal 2018 Registration Document.

Seventeenth resolution: Authorization for the Company to purchase shares of the Company

Purpose

As of August 31, 2018, the Company held 1.27% of its share capital, corresponding to 1,869,352 treasury shares, chiefly allocated to cover commitments to beneficiaries under stock option plans, free share plans and employee share purchase plans.

In the seventeenth resolution, shareholders are invited to renew the eighteen (18) month authorization granted to the Board of Directors to enable the Company to purchase treasury shares other than during public tender offers.

Although French law authorizes share repurchases 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 Shareholders' Meeting on January 22, 2019.

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 free share plans, (ii) reduce the Company's issued capital by canceling shares, and (iii) carry out market-making in Sodexo shares under the liquidity contract entered into between Sodexo and Kepler-Cheuvreux.

For further information on the implementation of the previous share buyback authorization, see section 6.3.1 of the Fiscal 2018 Registration Document.

Seventeenth resolution

(AUTHORIZATION TO THE BOARD OF DIRECTORS FOR THE COMPANY TO PURCHASE TREASURY SHARES)

Having considered the Board of Directors' Report, and in accordance with articles L.225-209 *et seq.* of the French Commercial Code and Regulation (EU) no. 596/2014 of April 16, 2014, the Shareholders' Meeting authorizes the Board of Directors – or any duly authorized representative of the Board – to purchase, or arrange for the Company to purchase, treasury shares, in particular 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 free 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 cancel the shares by reducing the issued capital, pursuant to the eighteenth resolution of the January 23, 2018 Annual Shareholders' Meeting or to any future resolution to 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, prepared in accordance with the Code of conduct recognized by the french securities regulator (*Autorité des marchés financiers* – AMF); 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.

The program is also intended to permit the implementation of any market practices that may be authorized at a future date by the french securities regulator (*Autorité des marchés financiers* – 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 effected 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, outside of periods of public tender offers, subject to the limits imposed by the laws and regulations in force at the time.

The Shareholders' Meeting resolves that the maximum number of shares acquired pursuant to this resolution may not exceed 5% of the Company's issued capital as of the date of this meeting (*i.e.*, as an indication, as of August 31, 2018, 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 have 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 par value of the Company's shares, a capital increase carried out by capitalizing reserves, a bonus share plan, 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 effect 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

Eighteenth resolution: Free grants of existing and/or newly issued shares to Group employees and/or corporate officers

Purpose

In the eighteenth resolution, shareholders are invited to renew the authorization given in the fourteenth resolution of the January 26, 2016 Annual Shareholders' Meeting (which is due to expire) to carry out free grants of existing and/or newly issued shares of the Company to all or selected categories of employees and/or corporate officers of the Group.

The number of existing and/or newly issued shares granted to employees may not exceed 2.5% of the issued share capital as of the date of the Board of Directors' decision and 1.5% of the share capital during a single fiscal year.

The free shares would only vest if the beneficiary remains with the Group throughout the four (4) year vesting period. In addition, for certain beneficiaries, the vesting of the shares would be subject to performance conditions determined by the Board of Directors, in accordance with the approved compensation policy.

Shares granted to the Chief Executive Officer may not represent more than 5% of the total free shares granted by the Board of Directors during each fiscal year pursuant to this authorization and their vesting must be subject to (i) the Chief Executive Officer remaining with the Group throughout the vesting period, and (ii) the achievement of several performance conditions determined by the Board of Directors.

The Board of Directors considers that the above conditions reflect a good balance between the Company's performance, investor confidence in the Group and Sodexo's Corporate Responsibility performance.

This authorization would be valid for a period of thirty-eight (38) months.

For further information on the implementation of the previous authorization given by the shareholders for this same purpose and on the performance conditions set for Fiscal 2019, see section 5.5.5 of the Fiscal 2018 Registration Document.

Eighteenth resolution

(AUTHORIZATION TO THE BOARD OF DIRECTORS TO GRANT EXISTING AND/OR NEWLY ISSUED FREE SHARES OF THE COMPANY TO ALL OR CERTAIN EMPLOYEES AND/OR CORPORATE OFFICERS OF THE GROUP, WITH AN AUTOMATIC WAIVER OF SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS)

Having considered the Board of Directors' Report and the Statutory Auditors' Special Report, the Shareholders' Meeting:

1. authorizes the Board of Directors, in application of articles L.225-197-1 *et seq.* of the French Commercial Code – or any duly authorized representative of the Board – to grant, on one or more occasions, existing and/or newly issued shares of the Company, free of consideration, to all or selected categories of employees and/or corporate officers of the Company and/or entities and/or groupings of entities affiliated to the Company within the meaning of article L.225-197-2 of the French Commercial Code;
2. sets the duration of this authorization at thirty-eight (38) months from the date of this meeting;
3. resolves that the number of existing and/or newly issued shares granted pursuant to this authorization may not exceed 2.5% of the issued capital as of the date of the decision made by the Board of Directors and 1.5% of the share capital during a single fiscal year, before taking into account any adjustments made to protect beneficiaries' rights;
4. resolves that existing and/or newly issued shares may, under the conditions imposed by law, be granted to the Chief Executive Officer in his capacity as a corporate officer of the Company, provided that (i) these shares do not represent more than 5% of the total share grants made during each fiscal year by the Board of Directors and (ii) their vesting is subject to the Chief Executive Officer remaining with the Group throughout the vesting period and to the achievement of several performance conditions determined by the Board of Directors. The number of shares granted to the Chief Executive Officer in his capacity as corporate officer that must be held in registered form for as long as he remains in office will be set by the Board of Directors;
5. resolves that (i) the shares granted will vest at the end of a vesting period that will be determined by the Board of Directors but may not be shorter than that stipulated in the French Commercial Code at the date of the Board of Directors' decision, (ii) the beneficiaries will be required to retain their shares during a lock-up period that will be determined by the Board of Directors, and (iii) the combined duration of the vesting period and lock-up period may not be shorter than that stipulated in the French Commercial Code at the date of the Board of Directors' decision. However, if the vesting period for all or some of the free shares is at least two (2) years, the Shareholders' Meeting authorizes the Board of Directors not to impose

a lock-up period for the shares concerned. The Board of Directors will be authorized to set different vesting and lock-up periods according to the existing laws in the countries of residence of the beneficiaries;

6. resolves that the vesting of the existing and/or newly issued shares granted may be subject to (i) the beneficiary remaining with the Group throughout the vesting period and (ii) the achievement of one or more performance conditions as set by the Board of Directors;
7. resolves that, if a beneficiary is subject to a category 2 or 3 disability as defined in article L.341-4 of the French Social Security Code or the equivalent in another country, the shares granted to him or her will vest immediately, *i.e.* before the end of the vesting period, and will be freely transferable as from the date they are delivered;
8. notes that if newly issued shares are granted, this authorization will result, as and when the shares vest, in a capital increase by capitalizing reserves, profits or premiums for the benefit of the beneficiaries, and will entail an automatic waiver by the shareholders of their preferential subscription rights to the shares, in favor of the beneficiaries;
9. confers full powers on the Board of Directors, or any duly authorized representative, to implement this authorization under the conditions described above and within the limits prescribed by the applicable rules and regulations, and in particular to:
 - determine whether the shares granted will be existing or newly issued shares,
 - determine the list of beneficiaries, or the category or categories of beneficiaries, and the number of shares to be granted in each case,
 - set the terms and conditions of the share issues to be carried out pursuant to this authorization and the *cum* rights dates of the new shares,
 - make all adjustments to beneficiaries' rights that may be required in the event of transactions affecting the Company's capital during the vesting period in order to safeguard said rights,
 - place on record the vesting dates of the shares granted and the dates from which the shares will be freely transferable, taking into account the applicable legal restrictions,
 - place on record the completion of each capital increase and amend the bylaws accordingly,
 - provide for the possibility of temporarily suspending the grant rights in the case of a corporate action, and
 - generally, do everything that may be useful or necessary under the applicable laws and regulations;
10. acknowledges that this authorization cancels from this day the unused portion of the authorization to the same effect granted in the fourteenth resolution of the January 26, 2016 Annual Shareholders' Meeting.

Nineteenth resolution: Powers

Purpose

The nineteenth resolution is a standard resolution conferring powers to perform all legal formalities and filings relating to the resolutions approved at the Annual Shareholders' Meeting.

Nineteenth resolution (POWERS)

The Shareholders' Meeting confers full powers on the bearer of a copy or extract of the minutes of this meeting to carry out all necessary formalities.

7.3 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT FREE EXISTING OR NEWLY ISSUED SHARES

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 should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Combined Shareholders' Meeting of January 22, 2019 - 18th resolution)

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, and in compliance with the provisions of article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed authorization to grant free existing or newly issued shares to employees and/or corporate officers of the Company and related companies, which is submitted to you for approval. The total number of shares granted under the authorization may neither exceed 2.5% of the Company's share capital as of the date on which they are granted by the Board of Directors nor 1.5% of the share capital in a single fiscal year.

On the basis of its report, the Board of Directors invites you to authorize it, with the possibility of subdelegation in accordance with the law and for a period of thirty-eight (38) months, to grant free existing or newly issued shares.

It is the Board of Directors' responsibility to prepare a report on the proposed transaction. It is our responsibility to provide you with our observations, if any, in respect of the information provided to you on the proposed transaction.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted primarily in verifying that the proposed terms and conditions described in the Board of Directors' report comply with the applicable legal provisions.

We have no matters to report on the information provided in the Board of Directors' report concerning the proposed authorization to grant free shares.

Neuilly-sur-Seine and Paris La Défense, November 7, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA
Hervé Chopin

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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 and Rewards Services

Sodexo's Benefits and 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 and Gift boxes and cards.

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 chapter 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 and 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 and 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 REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

8.2.1 Responsibility for the Registration Document

Responsibility for the *Document de référence* (French-language equivalent of the Registration Document).

“Having taken all reasonable precautions, I hereby declare that the information contained in the *Document de référence* 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 described on page 309 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, 2018

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 Hervé Chopin	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 Appendix I of European Regulation no. 809/2004. Disclosures not applicable to Sodexo are marked "N/A";
- 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 disclosures constituting the Management Report of the Board of Directors defined by the French Commercial Code;
- the information required by article R.225-105-1 of the French Commercial Code;
- the GRI, ISO 26000 and UN Global Compact Indicators.

8.3.1 Appendix I of European Regulation no. 809/2004

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* Pursuant to article 28 of Rule (CE) n° 809/2004 of the European Commission of April 29, 2004, the following information is incorporated by reference into this Registration Document:

- Group Management Report, Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 2017, as presented in the Registration Document filed with Autorité des marchés financiers (French financial markets authority) on November 20, 2017, under number D. 17-1057;
- Group Management Report, Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 2016, as presented in the Registration Document filed with Autorité des marchés financiers (French financial markets authority) on November 21, 2016, under number D. 16-0973.

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)

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1. Workforce-related data:				
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		ii	new employee hires and dismissals	90
		iii	remuneration and any related changes	63, 249-270
b	Work organisation:	i	working-time organisation	90
		ii	absenteeism	92
c	Labour/Management relations:	i	organisation of social dialogue including information procedures, consultation and negotiation with employees	93
		ii	summary of collective bargaining agreements	93
d	Health and safety:	i	occupational health and safety conditions	67, 92-93
		ii	summary of collective bargaining agreements signed with trade unions or workers' representatives on occupational health and safety	67, 92-93
		iii	occupational accidents, including accident frequency and severity rates, and occupational diseases	92-93
e	Training and education:	i	policies implemented regarding training and education	67, 91-92
		ii	total number of hours of training	67, 91-92
f	Diversity and equal opportunity:	i	measures implemented to promote gender equality	66, 89
		ii	measures implemented to promote the employment and integration of disabled people	66, 91
		iii	policy against discrimination	60-67, 91
g	Promotion of and compliance with the core Conventions of the ILO relative to:	i	freedom of association and the right to collective bargaining	92-93
		ii	non-discrimination in respect of employment and occupation	60-67, 237, 242
		iii	the elimination of all forms of forced or compulsory labour	60-67, 237, 242
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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	94-96	
		ii	information and training measures for employees regarding environmental protection	94-96	
		iii	resources allocated to the prevention of environmental risks and pollution	94-96, 244	
		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	94-96, 244	
b	Pollution:	i	Measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment	98, 244	
		ii	consideration of noise and any other activity-specific pollution	98, 244	
c	Circular economy: i) Waste prevention and management:	i	Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	56, 58, 71, 95-96	
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	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	57, 95-96
			ii	Adaptation to consequences of climate change	57, 95-96
e	Protection of biodiversity:	i	measures implemented to protect or develop biodiversity	94-96	

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3. Social data:				
a	Territorial, economic and social impact of the Company's activity:	i	regarding regional employment and development	63, 71, 96
		ii	on local residents/communities	63, 71, 96
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	63, 71, 96
		ii	partnership or sponsorship actions	63, 71, 96
c	Subcontractors and suppliers:	i	inclusion of social and environmental issues in the Company's procurement policy	69, 94-95, 231-237
		ii	extent of subcontracting and the importance placed on social and environmental responsibility in relations with subcontractors and suppliers	69, 94-95, 231-237
d	Fair business practices:	i	anti-corruption policies and procedures	4-5, 245-248
		ii	measures implemented to promote consumer health and safety	94
e	Other actions implemented to promote human rights:	i	other actions implemented to promote human rights	69, 93

8.3.6 Global Reporting Initiative (GRI) guideline

GRI SUSTAINABILITY REPORTING STANDARDS	ISO 26000	SUSTAINABLE DEVELOPMENT GOALS AND PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT	PAGE
GRI 101: Foundation 2016			
1. Reporting Principles	<p>1.1 The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.</p> <p>1.2 The report shall present the reporting organization's performance in the wider context of sustainability.</p> <p>1.3 The report shall cover topics that:</p> <ul style="list-style-type: none"> • 1.3.1 reflect the reporting organization's significant economic, environmental, and social impacts; or • 1.3.2 substantively influence the assessments and decisions of stakeholders. <p>1.4 The report shall include coverage of material topics and their Boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess the reporting organization's performance in the reporting period.</p> <p>1.5 The reported information shall be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.</p> <p>1.6 The reported information shall reflect positive and negative aspects of the reporting organization's performance to enable a reasoned assessment of overall performance.</p> <p>1.7 The reporting organization shall make information available in a manner that is understandable and accessible to stakeholders using that information.</p> <p>1.8 The reporting organization shall select, compile, and report information consistently. The reported information shall be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations.</p> <p>1.9 The reporting organization shall gather, record, compile, analyze, and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information.</p> <p>1.10 The reporting organization shall report on a regular schedule so that information is available in time for stakeholders to make informed decisions.</p>		

GRI SUSTAINABILITY REPORTING STANDARDS	ISO 26000	SUSTAINABLE DEVELOPMENT GOALS AND PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT		PAGE
2. Using the GRI Standards for sustainability reporting	2.1 The reporting organization shall apply all Reporting Principles from Section 1 to define report content and quality. 2.2 The reporting organization shall report the required disclosures from GRI 102: General Disclosures. 2.3 The reporting organization shall identify its material topics using the Reporting Principles for defining report content. • 2.3.1 The reporting organization should consult the GRI Sector Disclosures that relate to its sector, if available, to assist with identifying its material topics. 2.4 The reporting organization shall identify the Boundary for each material topic. 2.5 For each material topic, the reporting organization: • 2.5.1 shall report the management approach disclosures for that topic, using GRI 103: Management Approach; and either; • 2.5.2 shall report the topic-specific disclosures in the corresponding GRI Standard, if the material topic is covered by an existing GRI Standard (series 200, 300, and 400); or • 2.5.3 should report other appropriate disclosures, if the material topic is not covered by an existing GRI Standard. 2.6 If the reporting organization reports a required disclosure using a reference to another source where the information is located, the organization shall ensure: • 2.6.1 the reference includes the specific location of the required disclosure; • 2.6.2 the referenced information is publicly available and readily accessible. 2.7 When preparing a sustainability report, the reporting organization should: • 2.7.1 present information for the current reporting period and at least two previous periods, as well as future short and medium-term targets if they have been established; • 2.7.2 compile and report information using generally accepted international metrics (such as kilograms or liters) and standard conversion factors, and explain the basis of measurement/calculation where not otherwise apparent; • 2.7.3 provide absolute data and explanatory notes when using ratios or normalized data; • 2.7.4 define a consistent reporting period for issuing a report.			
3. Making claims related to the use of the GRI Standards	There are two basic approaches for using the GRI Standards: 1. Using the GRI Standards as a set to prepare a sustainability report in accordance with the Standards. 2. Using selected Standards, or parts of their content, to report specific information.			

GRI 102: GENERAL DISCLOSURES 2016

1. Organizational profile	102-1. Name of the organization			Cover Page
	102-2. Activities, brands, products, and services			24-31
	102-3. Location of headquarters			285
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	102-5. Ownership and legal form			280-282, 285
	102-6. Markets served			24-31, 36-41
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	102-8. Information on employees and other workers			40-43, 60-67
	102-9. Supply chain			69, 94-95, 231-237
	102-10. Significant changes to the organization and its supply chain			69, 94-95, 231-237
	102-11. Precautionary Principle or approach			236-248
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	102-13. Membership of associations			66, 71-72
2. Strategy	102-14. Statement from senior decision-maker	4.6; 6.2		12-13, 20-21
	102-15. Key impacts, risks, and opportunities	3.4.2		236-248

GRI SUSTAINABILITY REPORTING STANDARDS		ISO 26000	SUSTAINABLE DEVELOPMENT GOALS AND PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT	PAGE
3. Ethics and integrity	102-16. Values, principles, standards, and norms of behaviour	4.4	SDG 16	4-5, 69
	102-17. Mechanisms for advice and concerns about ethics	6.6.3		4-5, 69, 236-248
4. Governance	102-18. Governance structure			
	102-19. Delegating authority			
	102-20. Executive-level responsibility for economic, environmental, and social topics			
	102-21. Consulting stakeholders on economic, environmental, and social topics			
	102-22. Composition of the highest governance body and its Committees			
	102-23. Chair of the highest governance body			
	102-24. Nominating and selecting the highest governance body			
	102-25. Conflicts of interest			
	102-26. Role of highest governance body in setting purpose, values, and strategy			
	102-27. Collective knowledge of highest governance body	6.2	SDG 5	6-11
	102-28. Evaluating the highest governance body's performance	7.4.3	SDG 16	68-72
	102-29. Identifying and managing economic, environmental, and social Impacts	7.7.5		201-270
	102-30. Effectiveness of risk management processes			
	102-31. Review of economic, environmental, and social topics			
	102-32. Highest governance body's role in sustainability reporting			
	102-33. Communicating critical concerns			
	102-34. Nature and total number of critical concerns			
	102-35. Remuneration policies			
	102-36. Process for determining remuneration			
102-37. Stakeholders' involvement in remuneration				
102-38. Annual total compensation ratio				
102-39. Percentage increase in annual total compensation ratio				
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	102-41. Collective bargaining agreements			
	102-42. Identifying and selecting stakeholders	5.3		6-11
	102-43. Approach to stakeholder engagement			71-72
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6. Reporting practice	102-45. Entities included in the consolidated financial statements			
	102-46. Defining report content and topic Boundaries			
	102-47. List of material topics			
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	102-50. Reporting period	7.5.3		97-103
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	102-53. Contact point for questions regarding the report			
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102-55. GRI content index				
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	202-2. Proportion of senior management hired from the local community	6.4.3	SDG 5	60-67
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