QUALITY OF LIFE SERVICES

REGISTRATION DOCUMENT FISCAL 2012

including the Annual Financial Report

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REGISTRATION DOCUMENT FISCAL 2012

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French version of this Registration document was filed with the French Financial Markets Authority on November 12, 2012, 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 French Financial Markets Authority. 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 document is available on Sodexo's website, www. sodexo.com or on the website of the *Autorité des Marchés Financiers*, www.amf-france.org.

Message from PIERRE BELLON

Chairman of Sodexo's Board of Directors

1. THE SEVEN FUNDAMENTAL PRINCIPLES OF OUR DEVELOPMENT

1.1 MY DETERMINATION TO GROW AND DREAD OF RECESSIONS

In Marseilles **in the 1960's**, maritime replenishment was in decline; I witnessed the disappearance of three global shipping operations in Provence during those years. Before even creating the company, I made the audacious statement: Sodexo will be a growth company.

1.2 OUR NOTION OF A BUSINESS

Sodexo is the community of:

- its clients and consumers;
- its staff and its leaders;
- its shareholders.

Our purpose is to satisfy their expectations.

To reach our goals, we have chosen to focus on organic growth in revenues and profits, because organic growth:

- guarantees that we are able to retain our current clients as well as attract new ones;
- enables us to self-finance investment and job creation, giving priority to internal promotion;
- ensures return on investment for our shareholders;
- contributes to the economic and social development of communities, regions and countries in which we operate.

> "In 1966, I founded Sodexo in Marseilles with 100,000 Francs. During Fiscal 2012, the Group had 18.2 billion euro of consolidated revenues and 984 million euro of operating profit, serving 75 million consumers per day, with 420,000 employees in 80 countries. We are No. 1 in the world in most of our markets. The question we are often asked and that we also need to ask ourselves is: "How did this company, which started from scratch in Marseilles, become such a large global company?""

1.3 A CULTURE FOCUSED ON THE CLIENT AND THE CUSTOMER WITHOUT WHOM WE WOULDN'T EXIST

Three principles guide our development:

- retain our clients and satisfy our consumers: we have an average client retention rate of 94.1%;
- win new clients in two ways:
  - focus on client segments and sub-segments;
  - geographic expansion;
- broaden our services offer on our 34,000 sites, with a new expertise: facilities management.

1.4 DEVELOPING OUR HUMAN RESOURCES

Human resources development is a factor in our past development but it is especially the key to our future development.

Since the beginning, I made three observations:

- on my own, it would be hard to accomplish anything; I was a barrier to development. This is why I surrounded myself with competent men and women;
- recognition of the efforts of the men and women on sites is critical; they are the ones who are in daily contact with consumers, who understand their needs, ensure their satisfaction and are the ambassadors of the Group's image;
- lastly, our work needs to have meaning and we need to take pride in it. We have defined our vocation, values and ethical principles which today are shared by our managers who set the example and by our 420,000 employees. They unite us deeply and serve as a common bond for our teams throughout the world. This is what sets up apart from our competitors.

Our mission is twofold:

- improve the Quality of daily Life of our employees and all whom we serve;
- contribute to the economic, social and environmental development of the communities, regions and countries in which we operate.

Our values

The values shared by Sodexo's 420,000 employees are:

- Service Spirit;
- Team Spirit;
- Spirit of Progress.

Our ethical principles:

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

PIERRE BELLON'S

message, continued

Chairman of Sodexo's Board of Directors

1.5 OUR STRATEGIC POSITIONING

To define a strategy is to make a choice. It is to decide what we will do and, especially, what we will not do. When Sodexo was created in 1966, we made two major choices:

- we are and will remain a services company;
- we have sought to make Sodexo the world leader in Quality of Life services.

This is why we have chosen three activities, all of which contribute to improving Quality of Life for our colleagues, our employees, our clients and our consumers:

- On-site Services;
- Benefits and Rewards Services;
- Personal and Home Services.

The services we provide are catalysts for well-being and performance; **we contribute to the progress of companies as well as individuals**. This is true on a macro-economic level - it has been proven that the sustainable competitiveness of economies is increasingly dependent on the level of well-being - but also on a micro-economic level because they enhance companies' performance.

1.6 CHOOSING TO BECOME GLOBAL

We quickly understood that, like our clients and suppliers, we too had to become global and that France represented only 1% of the world's population.

1.7 OUR INDEPENDENCE

Since our creation in 1966, independence has been one of the Group's fundamental principles. Independence enables the Group to:

- maintain its values;
- focus on a long-term strategy;
- maintain management continuity;
- ensure its durability.

Our independence includes six factors.

The most important factor is financial independence

Our family shareholding prevents us from being acquired by a financial or industrial Group: as of August 31, 2012, our controlling holding company, Bellon SA, held 37.7% of Sodexo's capital and 49.6% of the voting rights.

Our financial independence is based on four simple principles:

- choose activities with low capital intensity and average tangible investments (excluding acquisitions) that represent less than 2% of revenues;
- have permanent access to sufficient cash resources to finance development, reimburse medium term borrowings and pay a dividend to shareholders;
- regularly generate operating profits;
- maintain a strong financial structure.

The other five factors of independence are with regard to:

- our clients: our largest client worldwide represents less than 2% of our total revenues;
- suppliers: our largest supplier represents less than 3% of our overall purchasing;
- our financing partners;
- any external organization that would limit the Group's proper functioning;
- public authorities.

Now that I have provided the seven reasons for our development, I would add that, in fact, I could have given only one: the sum of our successes was slightly greater than the sum of our failures. Personally, I have had many failures; I have taken risks and so have my colleagues. Therefore they have a right to fail. I have learned much more from my failures than from my successes.

Starting from nothing, we have become a large global company.

I would like to thank all of those who helped me build Sodexo: our employees, our site managers, our managers, our leaders, the Group Executive Committee and our Chief Executive Officer, Michel Landel, as well as the members of the Board of Directors.

Finally, I would like to thank my wife who has given me her support for the last 52 years and my four children who have tolerated my absences and who have given us 13 grandchildren.

I also want to thank my children Sophie, François- Xavier, Nathalie and Astrid; I am proud of them. They are all members of Sodexo's Board of Directors and are very close-knit. Their personal ambitions have taken a back seat to the ambition that we all have for our Group.

PIERRE BELLON'S
message, continued
Chairman of Sodexo's Board of Directors

2. WHAT SHOULD WE DO TO CONTINUE OUR SUCCESS IN THE FUTURE?

And now? Is the potential for development limitless?

2.1 THERE ARE MANY EXAMPLES DEMONSTRATING THAT A COMPANY'S PAST SUCCESS DOES NOT GUARANTEE ITS FUTURE

Since 1966, our main concern has been job creation, which is why we have continuously sought leading markets. This is why our potential for revenue growth is considerable; we estimate it at around 50 times our current revenues.

2.2 BUT WE FACE ENORMOUS CHALLENGES:

- globalization is developing;
- competition is intensifying;
- budget deficits and national debt in the U.S. and Europe keep increasing;
- the worst financial, economic and social crisis since 1929 is ongoing, affecting the most developed countries and slowing the growth of emerging countries.

Nevertheless, Michel Landel and his teams are confirming the Group's ambitions:

- to become, ultimately, the global leader in operating income, free cash flow and revenues generated in our three activities, in each client segment and sub-segment and in every country where we operate;
- to provide opportunities for employee development;
- to be among the global companies most admired by its employees;
- to make Sodexo a globally known, chosen and beloved brand;
- to generate 7% average annual revenue growth over the medium term;
- to reach a 6.3% operating margin within three years.

To achieve our ambitions, we have taken a two-pronged approach:

- firstly, reaffirming and sharing the seven fundamental principles that have made our development to date;
- secondly, taking actions that will allow us to continue to succeed in the future.

2.3 OUR FOUR KEY PRIORITIES FOR CONTINUED FUTURE SUCCESS

First priority: Develop our human resources, with a focus on:

- succession planning and future management of our leaders;
- review of our compensation and incentive policies for 1-year and 5-year performance;
- finally, the emergence of future internal entrepreneurs[1] who will increasingly need to be "global citizens."

Second priority: Transform our organization

Our future organization will need to be clear, simple, and understandable by our employees, our clients, our consumers, our suppliers and the public authorities.

It will need to be designed to increasingly take into consideration the needs of our clients and consumers.

Third priority: Improve our competitiveness

- Through moving from a budget focused culture to an entrepreneurial one.
- By increasingly considering non-tangible investments in our decisions.
- And in relying on progress measures in the four following areas:
  - the development and satisfaction of our clients and consumers;
  - human resources;
  - management;
  - financial performance.

The progress accomplished as a result of these measures will allow Sodexo to accelerate growth in operating profits, operating cash flows and revenues.

We will also develop a judicious use of new information and communications technologies to collect, share and disseminate our *savoir-faire*.

Fourth priority: Establish a global brand and a communication strategy

We have become a large company but we want the Sodexo brand to be globally recognized, loved and chosen. Investing in our brand, which is an essential non-tangible asset of the Group, will give us a competitive advantage.

To meet our challenges and continue to succeed in the future, the Board of Directors has full confidence in Michel Landel, Chief Executive Officer, his teams and all of the employees.

PIERRE BELLON
Chairman of the Board of Directors of Sodexo

(1) Sodexo was built by internal entrepreneurs, such as the country managers of France, Belgium, Holland, Italy, Spain, United Kingdom, Middle-East, Africa, South America, United States, Asia (China and India), etc. To continue to develop we will increasingly need to promote our internal entrepreneurs.

SODEXO'S BOARD OF DIRECTORS AS OF AUGUST 31, 2012

NATHALIE SZABO
Member of the Management Board, Bellon SA

PIERRE BELLON
Chairman of Sodexo's Board of Directors

SOPHIE CLAMENS
Chairman of the Management Board, Bellon SA

FRANÇOIS-XAVIER BELLON
Chief Executive Officer, Bright Yellow Group Plc

ASTRID BELLON
Member of the Management Board, Bellon SA

MICHEL LANDEL
Chief Executive Officer, Sodexo

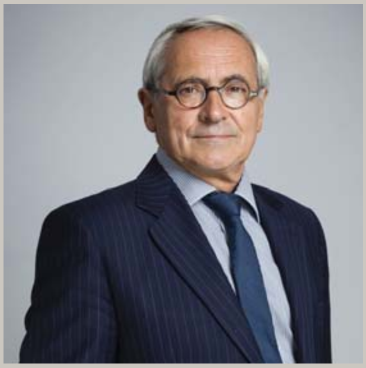
ROBERT BACONNIER
Vice Chairman of Sodexo's Board of Directors

BERNARD BELLON
Chairman of the Board of Directors, Finadvance

PATRICIA BELLINGER
Executive Director of Executive Education, Harvard Business School

FRANÇOISE BROUGHER
Vice President, Global SMB Sales & Operations, Google

PAUL JEANBART
Chief Executive Officer, Rolaco



ALAIN MARCHETEAU
Company Director

PETER THOMPSON
Company Director

Message from MICHEL LANDEL

Sodexo's Chief Executive Officer

1. IN A COMPLICATED ECONOMIC ENVIRONMENT, SODEXO'S GROWTH CONTINUES

In 2012, the global economic climate remained particularly troubled: Europe appears locked in a vicious recessionary circle, the U.S. is still vulnerable under the weight of its debt and the so-called "emerging" countries have felt the effects of the overall slowdown.

Despite this uncertain environment, Sodexo has continued to grow and is maintaining its medium-term objectives.

We can be confident in our Group's future for three main reasons:

1.1 OUR POSITIONING IS AT THE HEART OF SOCIETAL CHANGE

Services are driving development in modern societies. They play an increasingly important role in economic activity, employment and responding to individual needs.

The Quality of Life services we offer are central to this evolution. Because our services contribute to well-being and performance, we contribute to the advancement of individuals and organizations and to society in general.

1.2 A FAVORABLE ENVIRONMENT FOR OUTSOURCING

All companies and organizations (hospitals, universities, schools, etc.), in markets throughout the world are seeking to increase productivity and optimize their purchasing of services.

Sodexo today is able to offer highly effective integrated solutions to clients in a potential market that is around 50 times our company's current size.

1.3 PROACTIVE DEVELOPMENT IN HIGH POTENTIAL EMERGING MARKETS

With our many years of experience in emerging countries and with the recent acquisition of Puras do Brasil, we are today the market leader in all of the BRIC countries (Brazil, Russia, India and China), both in On-site Services and in Benefits and Rewards Services. Today, we generate 20% of our revenues from emerging economies - which extend beyond the BRICs – compared with 10% in 2005.

> "In a very difficult economic environment, I am pleased to confirm that Sodexo continues to be a growth company, demonstrating the effectiveness of our strategy and the strength of our unique positioning as an integrator of Quality of Life services.
> During the just completed fiscal year, we have maintained the investments necessary to support Sodexo's continued transformation."

2. THE WORLD'S LARGEST QUALITY OF LIFE SERVICES COMPANY BY 2015

I am convinced that our competitiveness and future growth depend primarily on our ability to accelerate our company's transformation, which has been ongoing for seven years.

Sodexo is in the process of inventing a new profession: services that improve Quality of Life. Our goal is clear: to make our offer a unique offer and our brand a strong global brand that clients and consumers want and for which they are willing to pay a price commensurate with the value delivered.

2.1 TRANSFORMATION IN FOUR DIMENSIONS

To do this, we will accelerate our transformation in four areas: changing our offer, leveraging the power of our brand, strengthening the nature of our relationships with our clients and lastly, rethinking our organization.

Sodexo is becoming an integrator of Quality of Life services

We have been working for several years to develop a comprehensive and integrated offer with a clear mission: to improve Quality of daily Life.

To do this, we rely on our wealth of expertise in our three activities: On-site Services, Benefits and Rewards Services and Personal and Home Services.

Our transformation is on track: today around half of our new contracts involve more than one service. We now are taking the development of our offer to a new level by:

- accelerating the reinforcement of our technical maintenance services skills through the recruitment of specialized teams and acquisitions such as Roth Bros in the U.S. and the facilities management subsidiary of Atkins in the UK in 2011;
- creating a global platform that coordinates the specialized "Hard FM" centers (technical maintenance, building services and energy optimization) across five continents and involving more than 20,000 experts.

The major contracts won this year demonstrate the relevance and attractiveness of our Quality of Life services offer. Examples include the new partnership with Unilever (21 services on 70 sites in 15 countries), the renewal and expansion of the contract with Procter & Gamble (43 services) and new contracts in Health Care in Asia, Education in the U.S. and Remote Sites in Australia, India and Chile.

Message from
MICHEL LANDEL
Sodexo's Chief Executive Officer, continued

Sodexo is becoming a BtoC brand

With 75 million people around the world benefiting each day from our Quality of Life services, Sodexo has all of the strengths to become a brand that connects not only with its clients but also its consumers. A stronger brand, symbolizing Quality of Life services, will accelerate our business development and our attractiveness as an employer.

We have initiated an extensive brand visibility program on client sites. Already, nearly 85,000 employees in 27 countries worldwide are wearing our new uniform while our brand is present as a signature of our services on over 10,000 sites.

Sodexo is becoming a strategic partner for its clients

Our challenge is to have an ever more relevant, value-creating offer that contributes directly to our clients' achievement of their strategic objectives. In-depth knowledge of each market's specifics and an intimate understanding of our consumers' needs allow us to create, manage and deliver Quality of Life services that help improve our clients' performance.

For example, through our in-depth knowledge of the lifestyles of the women and men who work on the offshore platforms of our oil and gas clients, this year we developed a comprehensive services offer that helps lower absenteeism and reduce occupational hazards.

Sodexo combines segmentation and internationalization

Over the years, we have developed an international network unmatched in our industry. Client segmentation is central to Sodexo's development and we have become specialists in Quality of Life services by client segments and sub-segments. This enables us to better respond to the specific needs of the organizations and consumers we serve.

Today, we want to strengthen this double competitive advantage - segmentation and internationalization - to respond to the globalization of our markets. In the coming years, we will be implementing a global organization by client segments to better anticipate and support the evolving needs of our clients.

2.2 PEOPLE: AT THE HEART OF OUR TRANSFORMATION

To complete the changes underway, we count on the women and men of Sodexo, who remain the main engine for our performance.

Sodexo's success is built on values and a philosophy that today unites our 420,000 employees and guides their actions.

The results of the third engagement survey we conducted this year are proof of this: the rate of employee engagement increased by 2 points compared to 2010 and 9 points compared to 2008, an encouraging result in the current economic environment. The participation rate increased significantly, reflecting the confidence of teams in their managers; and 85% of our employees consider Sodexo a better employer than its competitors.

This collective commitment provides a strong competitive advantage that we must maintain. But, by itself, it is not enough to meet the challenges we face if we are to accelerate our profitable growth, ensuring that we have the right resources at the right time to seize the opportunities before us.

- We must also be able to develop our skills and mindsets to accompany the changes in our markets and our own transformation, which is why we continue to invest around 10% of our operating profit in training.
- At the same time, we are working to standardize processes and optimize resources for even greater efficiency, competitiveness and profitability.
- Finally, we are focused on developing our teams so that they are truly "global citizens", representative of the world's full diversity. Our proactive policy is beginning to pay off, especially on the issue of gender equality: today, Sodexo's Board of Directors is composed of 38% women and 23% of our "Top 300" senior executives are women (compared with 16% in 2008).

Finally, we continue to enhance our contribution to the economic, social and environmental development of the countries where we operate as part of our Better Tomorrow Plan, launched in 2009. Our commitment has again been recognized through numerous awards this year, including the *Catalyst* Award for our diversity policy and being named *Global Sustainability Leader* - for the eighth consecutive year - in the Dow Jones Sustainability Index.

3. OUR FISCAL 2013 AND MEDIUM TERM OUTLOOK

As a result of the initiatives undertaken and Sodexo's unique strengths in the global marketplace, we can confirm our medium term objectives to:

- achieve an average of 7% annual consolidated revenue growth;
- reach a consolidated operating margin of 6.3% by the end of Fiscal 2015.

In the near term, the outlook for Fiscal 2013 is sharply contrasted with:

- on the one hand, very significant growth factors
  - a sustained pace of development in emerging countries, where the amount of services provided by our company continues to grow;
  - new contracts and a solid business portfolio in North America;
  - increasing demand for Quality of Life services from major international companies.
- and at the same time, the global economic downturn continues to exert pressure on our margins, particularly in Europe.

Message from
MICHEL LANDEL
Sodexo's Chief Executive Officer, continued

In this context, all of Sodexo's teams are fully mobilized to continue our business development while implementing a program to further improve operational efficiency and reduce costs at all levels to improve our competitiveness.

As the new fiscal year begins, I have full confidence in Sodexo's future.

I am confident in our business success through the value created by our unique Quality of Life services offer that is adapted to the expectations of our clients and our consumers. Even more so, because our success is based on a vision of progress that places our services at the heart of societal changes throughout the world, in both developed economies and in emerging countries.

Finally, our social and societal model has always been a driver for our development. We remain faithful to our mission and at a time when the global economic growth model is under extreme pressure – it will have to evolve – Sodexo will be more than ever a force for development in the communities where it operates.

I want to thank the members of the Executive Committee for their sustained commitment, our clients for their loyalty and our shareholders for their confidence.

Finally, I would like to warmly thank our employees, whose commitment is responsible for the good performance during Fiscal 2012 and who each day renew their commitment to improving Quality of Life for the people they serve.

MICHEL LANDEL
Chief Executive Officer, Sodexo

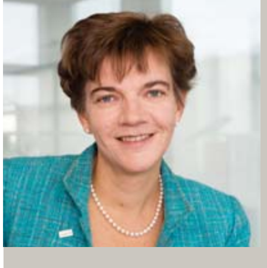
SODEXO'S EXECUTIVE COMMITTEE as of August 31, 2012

MICHEL LANDEL
Chief Executive Officer and member of the Board of Directors of Sodexo
President of the Executive Committee

ELISABETH CARPENTIER
Group Executive Vice President and Chief Human Resources Officer

GEORGE CHAVEL
Group Chief Operating Officer
Chief Executive Officer, North America, On-site Services

PIERRE HENRY
Group Chief Operating Officer
Chief Executive Officer Europe, On-site Services
President, Benefits and Rewards Services, and President Personal and Home Services



SIÂN HERBERT-JONES
Group Executive Vice President and Chief Financial Officer

NICOLAS JAPY
Group Chief Operating Officer
Chief Executive Officer, Remote Sites
Chief Executive Officer Asia/Australia, On-site Services

AURÉLIEN SONET
Group Executive Vice President, Strategic Planning and Group Communications

DAMIEN VERDIER
Group Executive Vice President and Chief Marketing Officer responsible for Client Retention, Offer Marketing, Supply Chain and Sustainable Development


sodexo
CONTROLLER
ON
OFF/RESET

1

HISTORY

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Our history

Pierre Bellon founds Sodexho, a company specializing in providing Foodservices to institutions, businesses, schools and hospitals, in Marseilles (France).	1966	
	1967	CNES, in French Guiana, awards Sodexho a contract in the "multiservices" market, signaling its entry into the remote site management business.
International expansion starts with Belgium, Italy and Spain, with developments in Africa and the Middle East. A new business – Service Vouchers – is launched in Belgium.	1971-1978	
	1983	Initial public offering of Sodexho shares on the Paris Bourse.
Sodexho establishes operations in North and South America, Japan, Russia and South Africa, and reinforces its presence in Continental Europe.	1985-1993	
	1995	Acquisitions of Gardner Merchant in the United Kingdom and Partena in Sweden, the then leaders in Foodservices in their respective countries.
The Service Vouchers and Cards business expands into Brazil with the acquisition of Cardàpio.	1996	
	1997	The holding company changes its name to Sodexho Alliance.
The merger of the Foodservice operations of Marriott International and Sodexho and the formation in the U.S. of Sodexho Marriott Services, 48.4% owned by Sodexho, which becomes North American market and global leader in Food and Facilities Management services. Sodexho Marriott Services will become Sodexho, Inc., a wholly-owned subsidiary of the Group, in 2001.	1998	
	2000	Following the integration of Universal, Sodexho becomes the world leader in remote site management.
Sogeres (France) and Wood Dining Services (U.S.) join the Group.	2001	
	2003	Succeeding Albert George, Jean-Michel Dhenain and Michel Landel are appointed Chief Operating Officers.

The succession plan for Pierre Bellon is being put into place. In September, the Board of Directors announces that effective September 1, 2005, the roles of Chairman of the Board and Chief Executive Officer will be separated.	2004	
	2005	Michel Landel becomes Chief Executive Officer of Sodexho Alliance, succeeding Pierre Bellon, who retains his role as Chairman of the Board of Directors.
Sodexho Alliance becomes Sodexo. Corporate headquarters is transferred to Issy-les-Moulineaux. Acquisition of VR's Service Vouchers and Cards activity making Sodexho the co-leader of this market in Brazil, the world's largest. Sodexo makes several further acquisitions in several markets, including Zehnacker, which doubles Sodexo's size in Germany, making it the leader in the Health Care segment.	2008	
	2009	Acquisition of Radhakrishna Hospitality Services Group (RKHS), the leading provider of On-site Services in India, tripling Sodexo's size in this market with vast potential. In North America, following the acquisition of Circles, a concierge services business, the acquisition of Comfort Keepers, specialized in non-medical services for seniors, contributes to the development of the Group's third activity: Personal and Home Services.
Sodexo becomes No. 1 in On-site Services in Brazil, following the acquisition of Puras do Brasil. The acquisition of Lenôtre, one of the greatest names in French cuisine, strengthens Sodexo's *savoir faire* in luxury gastronomy in Paris and worldwide.	2011	

Source: Sodexo.

2

OUR GROUP AND OUR QUALITY OF LIFE SERVICES

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2.1 Profile

GROUP KEY FIGURES

- 18.2 billion euro in consolidated revenues
- 421,391 employees
- 34,343 sites
- 75 million consumers served daily
- 80 countries

Source: Sodexo.

QUALITY OF LIFE IN THE SERVICE OF PERFORMANCE

Quality of Life, recognized today as a factor in individual well-being and societal progress, is a pre-requisite for improving the performance of companies and organizations.

It's why we have developed our expertise in this area for more than 40 years, supported by over **420,000 people** in **80 countries.** Through the diversity of Sodexo's talent, we are able to offer a comprehensive array of Quality of Life services, based on more than 100 different professions.

Sodexo is the world's only company offering **On-site Services, Benefits and Rewards Services**[(1)] and **Personal and Home Services,** which contribute to the performance of its clients, the fulfillment of its teams and the economic, social and environmental development of its host communities.

Our growth potential is considerable

Sodexo's market potential is estimated at more than 800 billion euro, approximately 50 times its current revenues.

- **On-site Services:** A market estimated at more than 650 billion euro
- **Benefits and Rewards Services:** A market estimated at more than 155 billion euro in issue volume

Sodexo estimate.

Note: Market estimates are likely to evolve over time, given the growing reliability of information sources in the various countries.

(1) Sodexo has changed the name of its Motivation Solutions activity to "Benefits and Rewards Services."

AWARDS

SODEXO LISTED AMONG FORTUNE MAGAZINE'S MOST ADMIRED COMPANIES

Sodexo was again included among the world's "Most Admired Companies" in FORTUNE magazine's prestigious listing, which evaluates the reputation of the largest companies in the world.

Sodexo ranked **4th in its industry category, "Diversified Outsourcing Services."** Around 4,000 business executives and analysts evaluated approximately 700 companies from 32 countries based on nine criteria, from investment value to social responsibility.

RECOGNITION OF SODEXO'S ONGOING EFFORTS IN SUSTAINABLE DEVELOPMENT

In 2012, Sodexo was named **"Global Sustainability Industry Leader"** for the eighth year in a row in the **Dow Jones Sustainability Index (DJSI),** for its industry sector, "Restaurants, Hotels, Bars and Recreational Services." Sodexo has been featured in the DJSI World and DJSI STOXX indexes since 2005.

ON-SITE SERVICES

KEY FIGURES

- **96%** of Group revenues
- **17.5** billion euro in consolidated revenues
- **417,308** employees *

Source: Sodexo.

* *Including Personal and Home Services and shared structures.*

Sodexo deploys its On-site Services in a wide array of workplace environments and living spaces.

In businesses, hospitals, schools and universities, prisons and major work sites located in extreme environments, **our teams ensure the well-being of individuals, optimize work processes and ensure the proper and safe operation of facilities.**

Sodexo-delivered services contribute to progress in eight client segments:

- Corporate;
- Defense;
- Justice Services;
- Remote Sites;
- Sports and Leisure;
- Health Care;
- Seniors;
- Education.

SODEXO, LEADER IN ON-SITE SERVICES IN MOST OF ITS MARKETS

Source: Sodexo.

BENEFITS AND REWARDS SERVICES

(Formerly Motivation Solutions)[1]

KEY FIGURES

- **14.7** billion euro in issue volume
- **4%** of Group revenues
- **756** million euro in consolidated revenues
- **3,633** employees
- **410,000** clients (excluding individuals)
- **30.2** million beneficiaries
- **1.2** million affiliated partners

Source: Sodexo.

Sodexo's **Benefits and Rewards Services** (including Meal Pass, Gift Pass and Social Pass) provide access to a wide range of services that improve Quality of Life of beneficiaries, including client employees, students and recipients of public benefits. Sodexo's offer focuses on three service categories to respond to the primary challenges facing its clients:

- **recruit talented individuals, retain employees and increase their motivation.** Employee Benefits responds to the issues of company compensation policies, helping clients enhance their attractiveness;
- **mobilize teams around quantitative or qualitative objectives.** With Sodexo's Incentive and Recognition programs, companies have access to customized tools to boost sales, engage their partner networks and promote good plant safety practices;
- **ensure and enhance the distribution and delivery of Public Benefits.** Sodexo-designed solutions are simple, transparent and effective in facilitating the work of governments and local authorities, helping them to optimize budgets and achieve their social policy, cultural or educational goals.

Transport, foodservices, gifts, training... more than one million merchants and service providers worldwide accept Sodexo Pass.

SODEXO, A WORLDWIDE LEADER IN BENEFITS AND REWARDS SERVICES

Source: Sodexo.

PERSONAL AND HOME SERVICES

Sodexo designs and deploys Personal and Home Services that improve **Quality of Life** in four main areas:

- childcare;
- tutoring and adult education;
- concierge services;
- senior care.

Through these services, Sodexo contributes to the development of children, teenagers, adults and seniors.

(1) Sodexo has changed the name of its Motivation Solutions activity to "Benefits and Rewards Services."

2.2 Financial performance and key figures

2.2.1 CONSOLIDATED REVENUES

CONSOLIDATED REVENUES

	(in millions of euro)
Fiscal 2008	13,611
Fiscal 2009	14,681
Fiscal 2010	15,256
Fiscal 2011	16,047
Fiscal 2012	**18,236**

Total growth in Sodexo's revenues for Fiscal 2012 was 13.6%. Organic growth was 6.3% for the On-site Services activity and 8.5% for Benefits and Rewards Services. Organic revenue growth accelerated compared to the previous year, in particular reflecting:

- the success of Sodexo's integrated and unique Quality of Life services offer;
- its strong growth in emerging markets;
- the contribution from contracts for two prestigious sporting events, the London Olympics and Rugby World Cup in New Zealand.

GROUP REVENUES BY REGION (FISCAL 2012)

North America	37%
Continental Europe	34%
United Kingdom and Ireland	8%
Rest of the World	21%

Sodexo benefits from a global network which today covers 80 countries, with leadership in emerging markets with strong growth potential.

REVENUES BY ACTIVITY AND CLIENT SEGMENT (FISCAL 2012)

On-site Services	96%
• Corporate	31%
• Defense	4%
• Justice Services	2%
• Remote Sites	10%
• Sports and Leisure	4%
• Health Care	18%
• Seniors	6%
• Education	21%
Benefits and Rewards Services (formerly Motivation Solutions)	4%

For On-site Services by client segment, organic growth was as follows:

- 9.3% in Corporate, a clear acceleration over the 6.7% achieved in Fiscal 2011;
- 2.7% in Health Care and Seniors, reflecting modest business development;
- 4.2% in Education, a result of satisfactory growth in North America.

Organic growth for **Benefits and Rewards Services accelerated**, reaching 8.5%, driven by growth in Latin America.

FACILITIES MANAGEMENT SERVICES' SHARE OF REVENUES

Fiscal 2008	22%
Fiscal 2009	23%
Fiscal 2010	24%
Fiscal 2011	25%
Fiscal 2012	**26%**

Facilities management services now represent 26% of consolidated revenues, compared with 18% in Fiscal 2005. During Fiscal 2011 and Fiscal 2012, the growth in facilities management services was three times that of foodservices.

REVENUES AND ISSUE VOLUME, BENEFITS AND REWARDS SERVICES (FORMERLY MOTIVATION SOLUTIONS) (FISCAL 2012)

	Revenues	Issue volume
South America	55%	48%
Europe and Asia	45%	52%

2.2.2 EMPLOYEES AND SITES

NUMBER OF EMPLOYEES AS OF THE END OF FISCAL

2008	355,044
2009	379,749
2010	379,137
2011	391,148
2012	**421,391**

EMPLOYEES BY REGION (FISCAL 2012)

North America	29%	123,698 employees
Continental Europe	25%	103,558 employees
United Kingdom and Ireland	9%	38,035 employees
Rest of the World	37%	156,100 employees

EMPLOYEES BY ACTIVITY AND CLIENT SEGMENT (FISCAL 2012)

On-site Services	97%
• Corporate	40%
• Defense	4%
• Justice Services	1%
• Remote Sites	10%
• Sports and Leisure	3%
• Health Care	14%
• Seniors	3%
• Education	22%
Benefits and Rewards Services (Formerly Motivation Solutions)	1%
Personal and Home Services	0.5%
Group headquarters and shared structures of activities	1.5%

NUMBER OF SITES AS OF AUGUST 31

2008	30,584
2009	33,884
2010	33,543
2011	33,400
2012	**34,343**

SITES BY CLIENT SEGMENT (FISCAL 2012)

• Corporate	51%
• Defense	3%
• Justice Services	1%
• Remote Sites	5%
• Sports and Leisure	2%
• Health Care	12%
• Seniors	9%
• Education	17%

2.2.3 RESULTS AND RATIOS

OPERATING PROFIT

	(in millions of euro)
Fiscal 2008	690
Fiscal 2009	746
Fiscal 2010	771
Fiscal 2011	853
Fiscal 2012	**984**

Operating profit increased by 15.4%, compared with the prior year, or 13.6% excluding currency effects.

Excluding a favorable accounting adjustment related to the cost of pension plans in the United Kingdom, the Group's operating profit was 958 million euro, an increase of 12.3% compared to the previous year, or 10.6% excluding currency effects. This increase is a result of:

- a more significant contribution to operating profit from On-site Services activities in the emerging markets, mainly resulting from the acquisition of Puras do Brasil in Brazil;
- a very good performance by Benefits and Rewards Services, reflecting higher volumes and productivity improvements;
- the favorable impact in the United Kingdom of two major sporting events during the year (the 2011 Rugby World Cup and the 2012 Olympics);
- on site productivity gains in North America.

These good performances more than offset the decline in operating profit in Continental Europe resulting from the current economic environment.

GROUP NET INCOME

	(in millions of euro)
Fiscal 2008	376
Fiscal 2009	393
Fiscal 2010	409
Fiscal 2011	451
Fiscal 2012	**525**

Group net income increased by 16.4% or 14% excluding currency effects compared to the prior year, slightly higher than the increase in operating profit, primarily as a result of the lower effective tax rate, which is explained by the greater weight in the results from activities in countries with lower tax rates.

DIVIDENDS PAID

	(in millions of euro)
Fiscal 2008	197
Fiscal 2009	197
Fiscal 2010	208
Fiscal 2011	229
Fiscal 2012*	**250**

* *Subject to approval at the Annual Shareholders' Meeting of January 21, 2013.*

Sodexo's Board of Directors will propose a dividend of 1.59 euro per share, an increase of 8.9% over the previous year, at the January 21, 2013 Shareholders' Meeting. This represents a payout ratio of approximately 50% of Group net income.

NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES

	(in millions of euro)
Fiscal 2008	780
Fiscal 2009	577
Fiscal 2010	1,006
Fiscal 2011	847
Fiscal 2012	**1,018**

Net cash provided by operating activities amounted to more than 1 billion euro, compared to 847 million euro generated in Fiscal 2011. This significant improvement is mainly a result of the increase in operating profit.

NET DEBT AS A PERCENTAGE OF SHAREHOLDERS' EQUITY*
(including non-controlling interests)

Fiscal 2008	21%
Fiscal 2009	38%
Fiscal 2010	24%
Fiscal 2011	15%
Fiscal 2012	**21%**

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

RETURN ON CAPITAL EMPLOYED (ROCE)*

Fiscal 2008	17%
Fiscal 2009	15%
Fiscal 2010	15%
Fiscal 2011	18%
Fiscal 2012	**17%**

$$\frac{\text{* Operating income after tax.}}{\text{Total of tangible and intangible assets plus goodwill plus client investments plus working capital, as of the end of the year.}}$$

2.2.4 PERFORMANCE PER SHARE

EARNINGS PER SHARE *(IN EURO)*

Fiscal 2008	2.42
Fiscal 2009	2.54
Fiscal 2010	2.64
Fiscal 2011	2.95
Fiscal 2012	**3.48**

DIVIDEND PER SHARE *(IN EURO)*

Fiscal 2008	1.27
Fiscal 2009	1.27
Fiscal 2010	1.35
Fiscal 2011	1.46
Fiscal 2012	**1.59***

* *At the Shareholders Meeting on January 21, 2013, Sodexo's Board of Directors will propose a dividend of 1.59 euro per share, an increase of 8.9% over the previous year.*

2.3 Our Quality of Life Services

SODEXO IS THE WORLD'S LEADING QUALITY OF LIFE SERVICES COMPANY

Sodexo's mission, since its founding in 1966, has been improving the Quality of Life of its own employees, its clients' employees, as well as that of students, parents, patients, seniors, workers in desert or frozen regions, soldiers in garrisons or on peacekeeping operations and prisoners.

To fulfill its mission, Sodexo has chosen three activities:

- On-site Services;
- Benefits and Rewards Services (formerly Motivation Solutions)[(1)];
- Personal and Home Services.

SYNERGIES BETWEEN OUR THREE ACTIVITIES

Important synergies exist between Sodexo's three activities.

Commercial synergies

Commercial relationships created by one of the three activities generate business development opportunities for the other two, such as:

- Sodexo's On-site Services clients may also need restaurant vouchers for geographically-dispersed employees; conversely, Benefits and Rewards Services clients may seek On-site Services;
- Benefits and Rewards Services and On-site Services clients may need Personal and Home Services such as concierge services, a childcare center or assistance for elderly individuals.

Brand visibility synergies

The Benefits and Rewards Services activity includes a large number of affiliates. The presence of the Sodexo brand at their points of sale contributes to building global brand awareness in countries where the Group operates, helping promote medium term development.

Organizational and cost synergies

The teams of Sodexo's different activities are able to share the same infrastructure (support functions, facilities, etc.), saving on overheads. In addition, the multiple career gateways that exist between the Group's three activities offer significant human resource synergies.

These examples illustrate how the choice of these three activities helps Sodexo **accelerate its organic growth.**

EIGHT LONG-TERM TRENDS CONTRIBUTE TO THE DEVELOPMENT OF SODEXO'S THREE ACTIVITIES:

- **demographic change** (population growth, life expectancy);
- **a global economy** in which capital, information, talents and trade are continuously interconnected;
- **rapid urbanization** and the development of megacities;
- **the transfer of economic power to new countries** with the development of emerging markets (including the BRIC countries, Mexico and Turkey) and a rising middle class;
- **increased public deficits**;
- **environmental issues** including natural resource depletion leading to high inflation in the cost of raw materials and the search for new renewable resources;
- **the growing influence of consumers** seeking well-being, Quality of Life, improved health and personalized service;
- **development of new information and communication technologies.**

(1) Sodexo has changed the name of its Motivation Solutions activity to "Benefits and Rewards Services."

2.3.1 OUR ON-SITE SERVICES

KEY FIGURES

- **96%** of Group revenues
- **17.5** million euro in consolidated revenues
- **417,308** employees *
- **34,343** sites

Source: Sodexo.

* *Including Personal and Home Services and shared structures.*

From construction management to reception, from medical equipment sterilization to housekeeping, from technical maintenance to leisure cruises, from foodservices to prisoner rehabilitation… **Sodexo delivers a wide array of performance-enhancing services across eight client segments:**

- Corporate;
- Defense;
- Justice Services;
- Remote Sites;
- Sports and Leisure;
- Health Care;
- Seniors;
- Education.

Whether improving workplace productivity, reinforcing a hospital's reputation, promoting student fulfillment, furthering prisoner rehabilitation or ensuring safety and comfort on a remote site… Sodexo contributes through its mission of improving the Quality of daily Life.

Focus on…

SODEXO STRENGTHENS FACILITIES MANAGEMENT TECHNICAL EXPERTISE

Today, Facilities Management services already account for more than 26% of Sodexo's revenues and are growing three times faster than foodservices. The recent acquisitions of technical services specialist, **Roth Bros,** in the U.S. and a facilities management subsidiary of Atkins – renamed **Sodexo Property Services** – in the United Kingdom have reinforced Sodexo's ability to provide best-in-class technical facilities management and infrastructure services.

Sodexo is implementing a worldwide technical expertise platform to drive the development of technical facilities management services throughout the Group.

This platform enables Sodexo to:

- define and deploy **shared processes, tools and standards** for the management of infrastructure and equipment in all countries;
- implement the **infrastructure and IT tools** required to expand the Group's technical expertise;
- manage the **monitoring, research and development** activities that will enable the Company to fine-tune and further expand its expertise in technical fields.

In recent years Sodexo has accelerated **the development of regional and national multi-technical platforms** including in Asia, Latin America, France, the United States, the United Kingdom, Germany, China, India and Singapore.

The worldwide platform will centralize and take this considerable expertise to a higher level, facilitating sharing of best practices.

CORPORATE

KEY FIGURES

- 5,713 million euro in revenues
- 31% of Group revenues
- 169,306 employees
- 17,632 sites

Source: Sodexo.

Our offer

QUALITY OF LIFE FOR BETTER PERFORMING ORGANIZATIONS

Faced with the unprecedented pace of competition, innovation and globalization, corporations are seeking solid partners to improve their employees' **Quality of Life** and **productivity**.

In essential areas such as **employee motivation, process efficiency** and **equipment reliability,** Sodexo provides innovative and integrated services to clients, meeting industry-specific challenges in offices, R&D laboratories, manufacturing sites and industrial zones. Through its strong presence in emerging countries, Sodexo supports its international clients while offering services to an increasing number of local clients.

Market trends

Beyond the long-term trends that promote the development of all Sodexo activities, specific factors affect the Corporate segment.

In a rapidly changing socio-economic context and a market still beset by uncertainty, clients are seeking **efficiency, simplification, flexibility, cost reduction and risk mitigation** to reinforce their ability to compete:

- new approaches such as working at home or remotely, made possible by new technologies, are leading to alternative workplace strategies for promoting productivity, flexibility and work-life balance;
- economic momentum in developing markets such as India, Brazil and China is accelerating competition for talent, driving higher demand for integrated services that contribute to the engagement and well-being of client employees;
- clients and governments are seeking socially-responsible outsourcing partners with demonstrated efficiency based on best practices, expertise in integrating business services and a commitment to ongoing innovation;
- international companies are seeking global partners able to meet their needs and capable of adapting to local contexts and cultures;
- the increasingly sophisticated expectations of clients and their global procurement strategies demand tailored solutions adapted to the client's specific organization, site portfolio and scale.

Source: Sodexo.

Growth potential

More than 250 billion euro in estimated total market value,

with an outsourcing rate around 55% (among the highest rates: the United Kingdom and Italy, above 70%; among the lowest rates: Brazil and China, around 35%).

Sodexo estimate.

On our clients' sites

SUPPORTING CULTURE CHANGE AT CHINA MOBILE

China Mobile is the world's largest cell phone operator. To strengthen its position in China's intensely competitive labor market, China Mobile's research arm selected Sodexo to help it retain highly qualified employees.

Our client's needs

China Mobile sought to improve its ability to recruit and retain highly-skilled people at its research and innovation site as part of a culture transformation drive.

Sodexo's response

Sodexo applied its integrated Quality of Life services approach successfully demonstrated at Nokia's Beijing headquarters. Sodexo customized its offer for China Mobile with a mix of foodservices and wellness services to create an optimum work environment.

Results

The success achieved was reflected in improved satisfaction survey results:

- restaurant patronage of **95%;**
- a decrease in the rate of offsite dining from 38% to **5%;**
- use of wellness services by **47%** of employees;
- an overall employee satisfaction rate of **88%** after only three months.

Focus on...

EUROPE – FACILITIES MANAGEMENT SERVICES FOR UNILEVER AT 70 SITES

Unilever, one of the world's leading suppliers of fast moving consumer goods, chose Sodexo to provide and integrate a wide range of services at 70 sites across 15 European countries.

This contract has been awarded for an initial five years. The agreement aligns strongly with Sodexo's strategic aim to expand its provision of facilites management (FM) solutions for its clients and to integrate a wide range of services that help improve its clients' performance as well as the Quality of Life of those it serves. Sodexo intends to take over the delivery of a wide range of hard and soft FM services.

Ken Manke, Unilever's Vice President for Workplace Services, commented: "This partnership is in line with Unilever's strategy to provide excellent services across the organization and to translate global scale into local competitiveness. Moving to one principal supplier contributes significantly to reducing cost, driving greater consistency and alignment in our services and improving the measurement of facility performance."

ROTH BROS. PARTNERS WITH THE U.S. POSTAL SERVICE

To manage the roofing maintenance for its 200 million square feet of facilities, the U.S. Postal Service (USPS) selected **Roth Bros.,** a leader in integrated facilities management services acquired by Sodexo in November 2011.

Under the contract, Roth provides a robust **maintenance option** to streamline care and upkeep of the client's roofing assets, an approach designed to double performance life. Condition designations are assigned to roofs and customized asset management "game plans" are created for each facility.

Services also include 24/7 management of requests for roof leak services, all part of ensuring a safe, dry environment and enjoyable retail experience for USPS customers. During the first year, 70% of the 6,150 locations in the client's facility portfolio were assessed and scheduled for preventative maintenance.

Highlights

INTERNATIONAL – PHARMACEUTICAL INDUSTRY QUALITY STANDARDS

Sodexo's global **Quality Management System** (QMS), which ensures that its services meet pharmaceutical industry regulatory standards and contribute toward client quality and safety goals, has been certified as meeting **ISO 9001** standards. Centered around core regulated services – such as Good Manufacturing Practice cleaning, distribution/logistics, laboratory services and technical facilities management – Sodexo's global pharmaceutical QMS enables clients to focus their management systems on their core business.

INTERNATIONAL – AWARD FOR "START-UP BUSINESS PROCESS EXCELLENCE PROGRAM"

Operational Excellence is a longstanding Sodexo priority, as illustrated through specific company programs such as its "Lean Six Sigma" approach. Beyond tools and methods, Sodexo's approach to **operational excellence** is based on the human factor and the expertise of its teams. This commitment was recognized independently in April 2012 when the Company's International Large Accounts team won the "Start-Up Business Process Excellence Program" award from the "Process Excellence Network."

INTERNATIONAL – CORENET GLOBAL PARTNERSHIP

Continuing to extend its **facilities management expertise,** Sodexo has renewed its strategic partnership with CoreNet Global, the world's leading association for corporate real estate and workplace professionals, service providers and economic developers. Sodexo is actively leveraging the partnership including by conducting surveys on workplace Quality of Life and global outsourcing.

UNITED KINGDOM – HEALTH AND SAFETY RECOGNITION

Sodexo received the **"Order of Distinction Award"** from the Royal Society for the Prevention of Accidents (RoSPA) for its commitment to occupational health and safety. Established in 1956, the **"RoSPA Occupational Health and Safety Awards"** recognize companies' overall health and safety management systems, including important practices such as strong leadership and workforce involvement.

UNITED STATES – LAUNCH OF A NEW SERVICE OFFER: "LOCAL ARTISAN"

"Local Artisan" is a new farm-to-table dining concept launched with Sodexo's Corporate clients in the U.S. Overseen by a specially-appointed chef, "Local Artisan" ensures a menu of fresh, hand-picked and locally-grown products that travel a simple and responsible path from farm to consumer.

Key contract wins

INTERNATIONAL – PROCTER & GAMBLE CONTRACT EXPANDS

Consumer products leader Procter & Gamble renewed its partnership with Sodexo, signing a **long term global agreement** under which Sodexo provides and integrates facility services for Procter & Gamble manufacturing sites around the world. The agreement expands the number of Procter & Gamble sites on which Sodexo teams deliver services, which include building and landscape maintenance, security, site mail services, industrial cleaning, and foodservices.

BRAZIL – NEW CONTRACTS

New contracts in Brazil include providing foodservices for 1,100 employees of **Reckitt Benckiser,** a global leader in household cleaning products, and 4,500 employees on four sites for **Vale Fertilizantes**.

COLOMBIA – SIEMENS CHOOSES SODEXO TO SUPPORT ITS DEVELOPMENT

Siemens selected Sodexo to provide a wide range of **Quality of Life services** to 900 people working in its new 96,000-square meter plant near Bogota. Sodexo's team customized services, incorporating several innovations such as advanced cleaning technology and an inspection process for maintenance. In optimizing the management and effectiveness of services while reducing direct costs, this integrated offer facilitates the client's expansion in the Colombian market.

GERMANY – SUPPORTING DEUTSCHE TELEKOM SITES

To support Deutsche Telekom's "Best Employer" strategy, Sodexo developed a foodservices offer for 275 sites with operational **concepts customized according to site size and needs.** In addition to improved employee satisfaction and the savings achieved, the partnership provided the client with a single interface, enabling efficient management of service delivery for all sites.

INDIA – "SIMPLY BLUE"

Sodexo's "Simply Blue" offer was chosen to improve Quality of Life for 1,500 employees at **Adani Power** and 2,500 employees at **Volvo Eicher Commercial Vehicles.** "Simply Blue" provides nutritious food with a clear emphasis on menu variety and efficient service to optimize worker relaxation during lunch breaks. Availability of fresh products and educational promotional materials in company restaurants underline "Simply Blue's" wellness and well-being principles.

NETHERLANDS – KLM-SODEXO PARTNERSHIP SOARS

Dutch airline KLM renewed for five years a contract under which Sodexo teams support the client's strategy implementation and deliver **45 types of services** including foodservices, cleaning, green space management, crew uniform care, building maintenance and transportation. One indicator of the client's satisfaction is Sodexo's **increasingly strategic role,** including managing overall costs of 700,000 square meters of buildings, shops and hangars at KLM's Schiphol Airport site.

THAILAND – HISTORIC SERVICES CONTRACT FOR NEW MEGA MALL

A 38-person Sodexo team will be delivering technical facilities management services for **SF Development** at a 700-store mega mall, the country's largest. Services include providing power, water and other utilities as well as carrying out preventative and corrective maintenance for tenants in the main concourse.

UNITED STATES – DELIVERING INNOVATION AND SUSTAINABILITY FOR THE FAA

Sodexo is now providing foodservices to the **Federal Aviation Administration** (FAA) in Washington, D.C., under a seven-year contract. In addition to providing **innovative offerings** to more than 5,000 federal employees through its retail foodservices operations, Sodexo is reducing waste management costs and water/energy consumption and will be decreasing landfill waste by five tons per year.

Among our clients…

Adidas, 3 sites, Germany

Agrosuper, 4 sites, Chile

Airbus Operations Ltd, 2 sites, United Kingdom

AkzoNobel, Germany, Italy, Netherlands, Russia

Alcatel-Lucent, Austria, Belgium, Canada, Czech Republic, France, Hungary, India, Italy, Poland, Portugal, Romania, Slovakia, Spain

ArcelorMittal, Belgium

AREVA, France

Argos, 90 sites, Colombia

AstraZeneca, Belgium, China, France, Mexico, Sweden, United Kingdom, United States

AXA, Australia, Belgium, France, Germany, Morocco, Spain, United Kingdom, United States

Bajaj Auto Limited, India

Banco Santander, 19 sites (Brazil), 2 sites (Spain)

Baosteel Group, 4 sites, China

BBVA Banco Continental, 268 sites, Peru

BlueCross Blue Shield, multiple locations (North Dakota, Nebraska), United States

China Energy Conservation and Environmental Protection Group, China

Coca-Cola Enterprises, Belgium, Brazil, Chile, China, Colombia, France, Hungary, Mexico, Netherlands, Peru, United Kingdom

Compañía Manufacturera de Papeles y Cartones (CMPC), 12 sites, Chile

Compagnie Maritime d’Affrètement Compagnie Générale Maritime (CMA CGM), France

ConocoPhillips, Ireland, United Kingdom, United States

Danfoss, 6 sites, Denmark

Dow Chemical (Michigan) United States

EADS, France, Germany, United Kingdom

Eli Lilly, China, France, Germany, Ireland, Italy, Spain

Ericsson, Netherlands, Russia, Turkey, United States,

Exxon Mobil, Australia, Italy, Luxembourg, Norway, United States

FAW, 22 sites, China

General Electric, Angola, Austria, China, Czech Republic, Finland, France, Germany, Italy, Mexico, Norway, Poland, Russia, Sweden, United Kingdom, United States

General Mills (Minnesota) United States

GSK, Argentina, Belgium, Brazil, Canada, Chile, China, Colombia, Costa Rica, France, Ireland, Italy, Mexico, Poland, Spain, United Kingdom, United States

Honda, United Kingdom

HSBC, Hong Kong, India, Ireland, Luxembourg, United Kingdom, United States

Jernbaneverket, 58 sites, Norway

Johnson&Johnson, Argentina, Belgium, Canada, China, Colombia, France, Germany, Portugal, Sweden, Switzerland, United Kingdom

Kamaz, Naberezhnye Chelny, Russia

La Poste Belge, 35 sites, Belgium

Merck, Austria, Belgium, Chile, Colombia, Cyprus, Czech Republic, France, Germany, Hungary, Israel, Italy, Lebanon, Morocco, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Spain, Switzerland, Turkey

Natura, 3 sites, State of São Paulo (Brazil)

Nokia, Brazil, Canada, China, Finland, Germany, India, United Kingdom, United States

Procter & Gamble, Argentina, Belgium, Brazil, Chile, China, Colombia, Czech Republic, France, Germany, Hungary, Italy, Japan, Mexico, Peru, Poland, Romania, South Africa, Turkey, United Kingdom, United States, Venezuela

Pilkington, 8 sites, United Kingdom

Reliance Industries Limited, 12 sites, India

Royal Dutch Shell, Denmark, Gabon, Norway, Russia, United States

Sanofi-Aventis, Brazil, France, India, Italy, Poland, Russia, South Africa, Spain, United States

Shanghai Automotive Industrial Corporation (SAIC), 2 sites, China

Société Générale, Czech Republic, Luxembourg, Morocco, Poland, United States

Tata Group, 46 sites, India

Toyota, Belgium, Italy, United States

Unilever, Austria, Belgium, Brazil, China, Costa Rica, Denmark, Finland, France, India, Italy, Netherlands, Poland, Portugal, Russia, Spain, Sweden, Switzerland, United Kingdom, United States

Wipro, India

DEFENSE

KEY FIGURES

- **667** million euro in revenues
- **4%** of Group revenues
- **13,468** employees
- **1,119** sites

Source: Sodexo.

Our offer

SUPPORTING QUALITY OF LIFE AT HOME AND ABROAD

Sodexo has years of experience supporting armed forces throughout the world. With its expertise and insight into the special demands of military life, Sodexo delivers **integrated service offers that improve the Quality of Life** for women and men serving their countries, on domestic bases and on missions overseas.

From maintenance, recreational activities and dining facilities on bases for service personnel and their families to the complex logistical services of peacekeeping operations, Sodexo's **flexibility, reliability** and **rapid deployment capabilities** make it a valued partner for defense leadership teams in delivering Quality of Life services.

Market trends

PROFESSIONALIZING THE ARMED FORCES

The trend toward professionalizing armies continues. Military leaders seek Quality of Life services that contribute to troop retention while also controlling costs. By outsourcing activities such as base operations maintenance, technical maintenance, uniform care and dining services, military leaders are able to focus their resources on their core mission.

PEACEKEEPING OPERATIONS

Armed forces are being downsized due to budget reductions but governments seek to maintain their foreign peacekeeping commitments undertaken through international bodies such as the United Nations, NATO and the European Union. With military forces stretched, these operations are becoming more sophisticated, demanding complex logistical resources that only experienced partners such as Sodexo can provide.

Source: Sodexo.

Growth potential

Over 20 billion euro in estimated total market value,

with an outsourcing rate around 40% (among the highest rates: the United Kingdom, more than 85%; among the lowest rates: Denmark, around 10%).

Sodexo estimate.

Focus on...

POSTAL SUPPORT FOR FRENCH TROOPS OVERSEAS

Sodexo will be supporting provision of **postal service** for French troops deployed in bases across **Africa, the Middle East** and **Central Asia** under a new four-year contract won in partnership with La Poste. Expanding on the many services it already provides to France's military services, Sodexo will be in charge of distributing mail and packages to military personnel and receiving their outgoing posts.

The contract also includes **setting up and managing post offices in operational theaters** and providing deployed troops with top quality postal services. Among the strengths in the contract bid: Sodexo's expertise in operating in hostile environments.

Highlights

AUSTRALIA – EXPERT PARTNER TO AUSTRALIA'S DEFENCE FORCE

- Environmental services

  Under frequently challenging conditions in the Australian Outback*, Sodexo and its partner Serco provide a wide range of environmental services to their client, Australian Defence Force. Among the services requiring **specialized expertise** are reduction of fuel loads to control wildfires, weed management services and mosquito control.

- Optimized facilities maintenance

  Through a new systems "interface" developed with the Australian Defence Force's database, Sodexo and Serco can now provide the client with accurate, up-to-the minute asset inventories. The **new framework** allows optimization of Facilities Management services, including effective maintenance and life cycle budgeting for facilities and equipment.

UNITED KINGDOM – SODEXO COLCHESTER GARRISON TEAM WINS TOP FM AWARD

The Sodexo team serving the British Army at Colchester Garrison won the prestigious **"Partners in Facilities Management Award"** from Premises & Facilities Management magazine. The 550-member team delivers a comprehensive array of support services, including foodservices, cleaning, administrative support and security services to the British Army's rapid reaction force.

UNITED STATES – SODEXO AGAIN WINS MARINE'S BEST MESS HALL AWARD

For a second time, the Sodexo-run Mess Hall 590 at Parris Island, South Carolina, earned the United States Marine Corps' highest honor for a foodservices operation. The operation was named the winner of the **"2012 W.P.T. Hill Memorial Award"**, an annual competition recognizing foodservices excellence at Marine installations around the world.

Key contract wins

CHILE – MILITARY HOSPITALS RENEW THEIR CONFIDENCE IN SODEXO

- Contract won to provide hygiene and general cleaning services to the 305-bed **Hospital Militar Santiago,** adding to the foodservices and retail services already delivered by Sodexo. The Company also was recognized by its client for the reliability of its safety processes at the 84,000-meter square hospital.
- Renewed the contract with the 360-bed **Hospital Naval Almirante Neff at Viña del Mar** where Sodexo provides foodservices, retail, vending, general services and bio-cleaning.

Among our clients...

AUSTRALIA

Australian Defence Force, 52 bases – 6 contracts

CHILE

Astilleros y Maestranzas de la Armada (ASMAR), Naval base in Talcahuano

Empresa Nacional de Aeronáutica de Chile (ENAER), Santiago

Military Hospital, Santiago and Antofagasta

Naval Hospital, Talcahuano and Viña del Mar

* *Outback: the remote semi-arid region of Australia, which is as large as two-thirds of Europe, and has fewer than one million inhabitants.*

FRANCE

Future Defense Ministry Headquarters, Paris

Institution Nationale des Invalides (Military hospital), Paris

Naval Air Station, Landivisiau

INDIA

Naval Officers Club, Delhi

POLAND

Military Medical Institute, Warsaw

SINGAPORE

Civil Defence Force Basic Rescue Training Centre and Academy

SOUTH KOREA

DLA Troop Support, Osan

SWEDEN

The Ronneby Air Force Garrison

UNITED ARAB EMIRATES

1 US base

French foreign Legion base, Abu Dhabi

UNITED KINGDOM

Army main Garrisons of Aldershot, Brecon, Bulford, Catterick, Colchester, London, Tidworth, Warminster, York

Joint garrisons in Cyprus and the Falkland Islands

Naval Air Stations, Culdrose and Yeovilton

Naval shore establishments, Fleet Headquarters Portsmouth, HMS Nelson, HMS Sultan, HMS Collingwood

Royal Marines Commando Training Centre

UNITED STATES

U.S. Air Force, 1 retail operation

U.S. Army, 9 hospital sites, 1 retail operation

U.S. Marine Corps, 48 mess halls, 8 retail operations

U.S. Merchant Marine Academy, 1 dining facility

U.S. Navy, 7 Starbucks Stores, 5 facilities management contracts

Military Office Building Retail Operations, 6 client sites

IN THEATER MILITARY FORCES

Postal service for the troops in the French deployed bases

UNIFIL, Lebanon

U.S. Air Force 1 site, Kuwait

U.S. Defense Logistics Agency (MRO contract), South Korea

U.S. Forces Camps, 3 sites, Kuwait

JUSTICE SERVICES

KEY FIGURES

- **353** million euro in revenues
- **2%** of Group revenues
- **4,088** employees
- **119** sites

Source: Sodexo.

Our offer

QUALITY OF LIFE AT THE SERVICE OF PRISONER REHABILITATION

Sodexo operates prisons only in democratic countries that do not have the death penalty, where the ultimate goal of incarceration is prisoner rehabilitation and where its staff is not required to carry arms. Sodexo adapts its offer to national laws and cultures.

Consistent with its commitment, Sodexo has developed a strong expertise **in prisoner rehabilitation** and has made education, training and help with basic actions necessary to successfully re-enter society, such as opening a bank account or finding housing or a job, an intrinsic part of its offer.

Market trends

ECONOMIC AND SOCIETAL COSTS, PRISON OVER-POPULATION ARE MAJOR CHALLENGES

Government budgets everywhere are falling, reflecting the continuing effects of the global economic crisis and causing many clients to outsource certain services in an effort to significantly reduce costs while maintaining standards.

The high economic and societal costs of re-offending resulting from the associated police, court and prison costs are compelling governments to look at more effective forms of rehabilitation in order to reduce the number of repeat offenders.

Justice Departments around the world are seeing that the private sector can meet their social needs effectively while complying with budget constraints and bring added expertise to prison management and offender rehabilitation.

Source: Sodexo.

Focus on...

FRANCE – REHABILITATION THROUGH CONSTRUCTION JOBS

Prisoners at Sodexo-managed prisons in France, are being given the opportunity to learn construction trades while serving their terms and increasing their chances to find long-term employment upon release. Released for the day to work on external construction sites, detainees sign a fixed term contract and are paid according to normal employment laws.

Examples of projects include the renovation of social housing by 11 prisoners over a 10-month period in Saint Martin d'Hardinghem and the renovation of a paper mill by eight prisoners over a six-month period.

As part of its support for its client's commitment to prisoner rehabilitation, Sodexo has set an objective of finding long-term construction jobs for 70% of the detainees working in the program.

Highlights

CHILE – TRAINING PRISONERS IN HISTORIC FURNITURE RESTORATION

Sodexo has reached an agreement with UNESCO to train long-term prisoners in the restoration of furniture belonging to the National Collection. The training, for up to a full year, helps prisoners at the Alto Hospicio prison to learn a useful new trade while also aiding the Chilean government in providing the furniture at low cost for the New Heritage Centre. The Centre, located in former nitrate mines, is home to new offices, shops and a museum.

FRANCE – FLORIST TRAINING

At the Seysses prison in France, a "flower fashion show" highlighted the creative work of women detainees being trained in a degree course in applied arts and floral composition in the prison's workshops. The bouquets created in the workshops are sold to staff in the prison's florist "boutique", with the benefits donated to a local charity.

UNITED KINGDOM

- Restorative Justice

  Sodexo-managed HMP Bronzefield is piloting a program that enables victims of crime and the prisoners who committed the crimes against them to meet face to face. The "Restorative Justice" initiative is proving to be a powerful instrument in helping offenders realize the consequences of their actions. This initiative also is being used successfully between prisoners who have disagreed with – and perhaps committed violent acts against – one other.

- Business development unit

  HMP Peterborough has launched a business development unit, with prisoners manufacturing a range of prison-designed goods and crafts for sale, learning new skills and generating revenue that is re-invested in prisoner training. A newly opened restaurant is enabling female prisoners to prepare for vocational qualification – including Barista-coffee bar training – while also providing an excellent facility for prison staff.

- Health and safety performance

  All four of the Sodexo managed prisons in the UK have achieved the highest level of international accreditation in health and safety, the International H&S Award from the British Safety Council. Three of the prisons achieved the highest possible rating of five stars "*****", receiving the "Sword of Honour", awarded each year to 40 companies worldwide.

Key contract win

BELGIUM – AN INAUGURAL CONTRACT IN THE PRISON SECTOR

The 312-bed **Marche-en-Famenne prison** will open in 2013, Sodexo's first Justice Services contract in Belgium. Services provided under the contract include foodservices, laundry services, grounds maintenance, waste management, janitorial services and technical maintenance. **Rehabilitation of prisoners** to aid their reintegration is an integral part of the contract and many of the services will be provided by inmate volunteers, who will receive vocational training organized in close collaboration with Sodexo.

Among our clients...

BELGIUM

Ministry of Justice, 1 prison (2013)

CHILE

Ministry of Justice, 5 prisons

FRANCE

Ministry of Justice, 34 prisons

ITALY

Ministry of Justice, 17 prisons

NETHERLANDS

Ministry of Justice, 54 prisons

SPAIN

Catalonia Government, 5 prisons

UNITED KINGDOM

Ministry of Justice England and the Scottish Prison Service, 4 prisons

REMOTE SITES

KEY FIGURES

- **1,777** million euro in revenues
- **10%** of Group revenues
- **40,625** employees
- **1,765** sites

Source: Sodexo.

Our offer

EFFICIENCY AND QUALITY OF LIFE AT THE ENDS OF THE EARTH

Sodexo contributes to the performance of remote sites clients around the world, both on and offshore. Our teams' international expertise and our proven technical processes put us in a unique position to deliver **innovative, valued services** that contribute to the **well-being** of the women and men who live and work in these challenging, often isolated environments.

From conception to dismantling of remote sites, Sodexo's integrated offer:

- includes added-value technical and cost-saving services;
- meets rigorous Quality, Health, Safety and Environmental standards;
- creates a safe and comfortable workplace for all;
- reflects Sodexo's commitment to sustaining the economic development, social needs and environmental resources of host communities.

Market trends and growth potential

MARKET TRENDS

Mining companies have strongly increased their exploration investments, driven by rising demand from emerging countries. Challenges include the need to reach higher risk remote locations, attracting and retaining workers and engineers as well as ensuring site compliance with local regulatory requirements.

In the oil and gas sector, high oil prices continue to drive large exploration and production projects for deep-water and unconventional resources. At the same time, regulatory uncertainties may continue to affect drilling activity in the Gulf of Mexico.

While work on some mega-projects launched before the recession in the **engineering and construction sector** remains suspended or has slowed, new growth opportunities are being generated through demand from the petrochemicals industry and the increasing reliance of financially constrained governments on private sector participation to address infrastructure needs.

Source: Sodexo.

Growth potential

10 billion euro total estimated sales for On-site Services

Sodexo estimate.

Focus on...

INTERNATIONAL – ON TRACK WITH WELL TRACK

To help its clients attract and retain employees, Sodexo has introduced the "**Well Track**" offer, a comprehensive incentives-based program that helps workers on remote sites to get and stay in shape, both physically and mentally, at work and on leave. Workers are provided with constant encouragement and rewards through the three-module program, which includes:

- **"Fit to work,"** aimed at improving professional, social, fitness, nutritional and recreational conditions under the supervision of a Sodexo Wellness coach;
- **"Family away,"** to improve workers' relations with their families while apart through the use of a virtual concierge;
- and **"Motivation"** providing incentives for workers to become actors in their own well-being, featuring gifts for workers and their families through an online points system.

An excellent example of synergies between the Group's three activities.

Highlights

AUSTRALIA – SUPPORTING INDIGENOUS COMMUNITIES

Sodexo was recently awarded the **"Indigenous Engagement Award"** in **Rio Tinto**'s Iron Ore Supplier Recognition Program. The award recognizes Sodexo for its indigenous employment, trainee and apprenticeship programs, its commitment to helping aboriginal micro-businesses develop through sub-contracting and its participation in events within the Aboriginal Pilbara communities in the mining region of Western Australia.

CANADA – 63% OF EMPLOYEES FROM ABORIGINAL COMMUNITIES

Sodexo has renewed its partnership agreements and reinforced its relations with Aboriginal communities, continuing a 22-year commitment. Sodexo has **36 active partnerships** with investments in training and development programs for Aboriginal Canadians and an average of 63% of site employees are members of Aboriginal communities. For the fourth consecutive year, Sodexo has achieved **"Gold certification"** for Progressive Aboriginal Relations by the Canadian Council for Aboriginal Business.

INDIA – HEALTH AND SAFETY COMMITMENT RECOGNIZED

Sodexo was awarded the prestigious **"British Gas Group Chairman's Award"** in partnership with British Gas Exploration and Production India Limited (BGEPIL), in recognition of its ongoing commitment to health and safety. Sodexo is the only food and facilities provider to obtain **HACCP** certification for its operations with BGEPIL, reflecting compliance with all requirements and standards at British Gas India's offshore processing platform.

INTERNATIONAL – ECO-CAMP

Oxygen Eco Village is Sodexo's innovative, turnkey offer for new, onshore camps with integrated, environmental performance monitoring. With thorough design of orientation, ventilation, lighting and landscaping and careful selection of the most efficient technologies and processes – including insulation, renewable energy, water management and eco friendly materials – Sodexo's solution protects the environment, offers superior comfort and saves clients money.

PERU – CORPORATE SOCIAL RESPONSIBILITY COMMITMENT RECOGNIZED

The numerous CSR awards won by Sodexo teams include:

- the **"Antamina Mining Company's Sumajg award"** for the "Local Suppliers Development Program;"
- the **"2011 Entrepreneurial Creativity award"** for the "Nutrition and Food Partnerships for Inclusion Project;"

- the "National Society of Mining, Oil and Energy's Sustainable Development 2011 award" for the "Community Nutrition and Food initiative;"
- and "Barrick Misquichilca Mining Company's Social Responsibility excellence award."

Key contract wins

ARGENTINA – MAJOR CONTRACT

Sodexo signed its largest contract in Argentina, with mining company Vale, to provide food, cleaning, laundry, accommodation and recreation services for Consorcio Rio Colorado's 3,200-member camp, in partnership with Grupo Alvarez.

CHILE – MULTI-EXPERTISE TEAMS

- More than 1,000 Sodexo employees will deliver food, cleaning, laundry, concierge, maintenance and upkeep services for as many as 6,000 people at the Sierra Gorda copper mining camp. Once it opens in 2014, Sierra Gorda is expected to produce more than 200,000 metric tons of copper annually, making it one of the country's most promising projects.
- BHP Billiton Escondida, which operates two copper mines at Antofagasta with 6,300 people, entrusted a wide array of services to Sodexo including laundry and cleaning services, leisure activities, maintenance of recreational equipment and security.

PERU – NEW CONTRACT WINS

Sodexo won a number of major contracts in Peru during the year, including with Repsol, JJC Contratistas Generales and Hunt Oil Company as well as with Hochschild Mining at its Selene, Pallancata and Inmaculada mines.

QATAR – EXPANDED FACILITIES MANAGEMENT SERVICES

Sodexo is providing facilities management services to two ExxonMobil administrative sites in Doha, adding to the services already provided at a number of the client's remote sites. Services provided at the head office and research center include technical hotline, equipment maintenance, janitorial services, pest control, landscaping, visitor reception, vehicle fleet management, mail and management of file and copy room and conference center.

UNITED ARAB EMIRATES

- Strategic water management

  Sodexo is providing food and facilities management services for 2,800 people as part of Abu Dhabi's Strategic Water Storage Project.
- Desert mobilization in record-time

  A new camp and foodservices facilities for 5,000 workers at Samsung Engineering's new Ruwais refinery project was set up by Sodexo teams in just four weeks. Services include five dining halls, lunch boxes, gardening, catering and cleaning, as well as laundry, linen distribution, and soft camp maintenance.

Among our clients...

OIL AND GAS

BP, Argentina, Norway, United Kingdom, United States (Alaska, Gulf of Mexico)

ConocoPhillips, United Kingdom, United States (Alaska, Gulf of Mexico)

ExxonMobil, Angola, Australia, Canada, Norway, Saudi Arabia, United States (Alaska, Gulf of Mexico)

Petrobras, Brazil

Saudi Aramco, Saudi Arabia

Shell, Gabon, Norway, Qatar, Russia, Saudi Arabia, Sultanate of Oman, United Kingdom, United States (Gulf of Mexico)

Talisman, Norway, United Kingdom

Total, Angola, Congo, Gabon, Indonesia, Netherlands, Norway, Qatar

ENERGY

GDF-Suez, Netherlands

Manitoba Hydro, Canada

Suncor, Canada

OFFSHORE AND MARINE

Diamond Offshore, Norway, United Kingdom

ENSCO, Angola, Denmark, Indonesia, Qatar, United Arab Emirates, United Kingdom

Noble Drilling, Netherlands, Qatar, Singapore, United Kingdom, United States (Gulf of Mexico)

Seadrill, Angola, Brazil, China, Indonesia, Mexico, Norway, Saudi Arabia, United States (Gulf of Mexico), Vietnam

Teekay, Brazil, Norway, Qatar, United Kingdom

Transocean, India, Malaysia, Netherlands, Norway, Qatar, Saudi Arabia, Thailand

MINES

Anglo American, Chile, Peru

Barrick Gold, Australia, Chile, Dominican Republic, Peru, Tanzania

BHP Billiton, Australia, Brazil, Chile, Gabon, Peru

Codelco, Chile

Freeport McMoran, Democratic Republic of Congo

Rio Tinto, Australia, Guinea Conakry, Madagascar, Russia

Vale, Brazil, New Caledonia, Peru

Xstrata, Australia, Chile, Peru

ENGINEERING AND CONSTRUCTION

Bechtel, Peru

Fluor Daniel, Canada, Qatar

Foster Wheeler, Australia

Halliburton, Algeria, Congo, Qatar, United States (Gulf of Mexico)

Punj Lloyd, Oman, Qatar

Samsung engineering, United Arab Emirates

SPORTS AND LEISURE

KEY FIGURES

- **830** million euro in revenues
- **4%** of Group revenues
- **12,856** employees
- **806** sites

Source: Sodexo.

Our offer

QUALITY OF LIFE FOR EXCEPTIONAL MOMENTS

As a strategic partner in managing **unique venues** and organizing **world-class sports and cultural events,** including the Olympics, Rugby World Cup and the Chelsea Flower Show, Sodexo has been delivering exceptional services that respond to the demands of exacting clients for more than 20 years.

From ticketing, travel, foodservices, security and logistics to technical and artistic execution, Sodexo teams know what it takes to create memorable events and enhance the reputation of prestigious sites.

Sodexo also helps clients attract visitors and consumers by emphasizing social responsibility, local procurement and eco-friendly practices in its foodservices operations. Organizers know they can rely on Sodexo's expertise and creativity to bring exceptional moments to daily life.

MARKET TRENDS

The continuing uncertain economic climate has impacted the market in terms of:

- **funding**: Reduced government and sponsorship support for sports and leisure activities is prompting clients to seek high value-added solutions to attract consumers;
- **limiting of discretionary spending** in many parts of the world;
- despite the difficult economic conditions, **France,** and particularly **Paris,** where Sodexo has a significant presence, remains a favored destination for international tourists.

New opportunities arising in this market include:

- **sustainability, wellness and diversity** are fast becoming key drivers for partner selection and retention and a source of differentiation for market leaders like Sodexo;
- **optimization of venue utilization** is a key request from clients, who are seeking partners that can better assist them in attracting new guests to boost attendance and facility rentals.

Source: Sodexo.

Focus on...

LONDON 2012

More than **4,000 Sodexo employees** were involved in the London **2012 Olympic and Paralympic Games,** providing foodservices to athletes, staff, journalists and spectators. Sodexo provided foodservices at numerous event venues and provided hospitality packages for the games through Prestige Ticketing Limited (PTL), its joint venture with Mike Burton Group. PTL designed and built hospitality pavilions at Olympic Stadium and other venues and provided exclusive hospitality at Wimbledon and the North Greenwich Arena.

Highlights

FRANCE

- Rising to the occasion!

  The **Lounge Eiffel** is the new dining area opened in June 2012 on the first level of the Eiffel Tower, part of the 18-month refurbishment of the Paris icon. The friendly, welcoming environment features a bar and take-out counter.

- What's new on the water

  A new look now welcomes customers aboard the **Diamant II**, the redesigned flagship of **Bateaux Parisiens**. Small rooms under the windows offer a cozy atmosphere and round tables grace the boat's front deck offering an elegant, friendly atmosphere for cruising through Paris. A **new tri-maran** will join the Bateaux Parisiens fleet in spring 2013. Meanwhile, following the redevelopment of Port Javel II, **Yachts de Paris** will offer a new center for corporate events, a plaza overlooking the river and a terrace restaurant along the Seine.

NETHERLANDS – FLORIADE WORLD HORTICULTURAL EXHIBITION

Sodexo was the hospitality partner during the **2012 Floriade** world horticultural exhibition, held every ten years in the Netherlands. Operating in an enormous exhibition area (equal to 130 football fields), Sodexo's 250-person team managed business banqueting events and operated five large restaurants with an average of 700 seats, an Aspretto coffee corner and ice cream salon and 22 catering kiosks. More than two million visitors visited the 2012 exposition between April and October.

NEW ZEALAND – SODEXO CONTINUES RUGBY WORLD CUP RUN

Rugby World Cup 2011 in New Zealand proved a resounding success with sales of travel and hospitality packages by Sodexo exceeding expectations. Sodexo's joint venture with the Mike Burton Group, **Rugby Travel & Hospitality** (RTH), was awarded the contract to exclusively create, implement and market the official travel and hospitality program following its success at the 2007 tournament in France, where it achieved record sales. RTH was also was awarded the contracts for both the 2015 Rugby World Cup in England and the 2019 tournament in Japan.

UNITED STATES

- New comprehensive offer: Shomi Events by Sodexo

  Sodexo now offers comprehensive **sales, marketing and technical and artistic production for events** through a new service. "Shomi Events" provide each client with customized solutions, including designing, planning and producing every aspect of an event.

- New awards

  Among recognitions received during the year were the "Catered Arts Through Innovative Excellence award" by the International Caterer's Association for the **Atlanta Zoo,** the "2012 Pinnacle Awards" for the **High Country and Black Canyon conference centers** and the listing of **Shedd Aquarium** and **The Children's Museum of Indianapolis** as two of the best ten museums to throw a party.

Key contract wins

FRANCE

- Seminars

  Sodexo will provide overall management and marketing for events at the **Château de Fillerval.** Located 90 minutes from Paris and owned by GDF-Suez, the magnificent 78-room edifice is equipped with high-performance equipment for corporate seminars and events.

- Amusement Parks

  Sodexo signs a contract with the **"Parc de Sainte-Croix",** an animal park welcoming 250,000 visitors annually, and the future **"Parc de la Grotte Chauvet",** Europe's first prehistoric park and a UNESCO world heritage candidate, which will open its doors in 2015.

POLAND – A BIG START FOR SPORTS AND LEISURE SEGMENT

Sodexo teams have signed a 10-year contract to provide foodservices to the **National Stadium in Warsaw,** the first for the Sports & Leisure Segment in Poland. In addition to its 58,000 seats, the Stadium includes 35 kiosks, 65 VIP lodges and two Club Areas with capacity to host up to 2,500 guests. Its Club Prestige area welcomed 6,000 guests for the opening match of the Euro 2012 soccer tournament.

UNITED KINGDOM – MULTIPLE SERVICES, MULTIPLE SPORTS

Sodexo won an exclusive, long-term contract with **Headingley Experience** to provide catering, hospitality and retail services for Leeds Rhinos, Leeds Carnegie and Yorkshire County Cricket Club.

UNITED STATES

- Professional sports

  Circuit of The Americas selected Sodexo to design, manage and deliver all aspects of concession services including catering, food and beverage services, hospitality and associated vendor management for the USA's first Formula One Race Grand Prix event, in Austin, Texas.

- Cultural pursuits

  Sodexo was awarded the contract for the **National Zoo,** in Washington, D.C., which welcomes two million visitors annually. The contract with the National Zoo, part of the **Smithsonian Museums**, reinforces Sodexo's position as a leading provider of high-quality foodservices in the cultural destination sector.

- Conference centers

  A new contract with the **Arnold and Mabel Beckman Center** expanded Sodexo's long-term corporate services relationship with **the National Academy of Sciences**.

Among our references...

ATHLETIC AND CULTURAL ACTIVITIES

Art Café, Strasbourg (France)

Ascot Racecourse, Berkshire (United Kingdom)

Bateaux Parisiens, Paris (France)

Café Carlu (Cité de l'Architecture et du Patrimoine), Paris (France)

Children's Museum of Indianapolis, Indiana (United States)

Dallas Museum of Art, Texas (United States)

Detroit Institute of Art, Michigan (United States)

Grand Parc du Puy du Fou, (France)

Hampden Park, Glasgow, Scotland (United Kingdom)

Hippodrome race courses, Auteuil, Enghien, Longchamp, Maisons-Laffitte, Saint-Cloud, Vincennes (France)

Houston Zoo, Texas (United States)

Jardin du Petit Palais, Paris (France)

Lido de Paris (France)

L'Olympique Lyonnais Football Club, Lyons (France)

L'Olympique de Marseille Football Club, Marseilles (France)

Le Tour de France

Museo del Prado, Madrid (Spain)

Museum of Science and Industry, Chicago, Illinois (United States)

Newcastle United Football Club, Newcastle (United Kingdom)

Roland Garros Tennis Stadium, Paris (France)

Seattle Aquarium, Washington (United States)

Shedd Aquarium, Chicago, Illinois (United States)

Space Center Houston, Texas (United States)

The Churchill Museum & Cabinet War Rooms, London (United Kingdom)

The Dakar Rally, France, Chile, Argentina

PRESTIGE RESTAURANTS

Huntington Library Gardens Café, Pasadena, California (United States)

Le Pré Catelan, Paris (France)

St. Bartholomew's Church, New York City (United States)

The restaurants of the Eiffel Tower, Paris (France)

Yachts de Paris, Paris (France)

PRIVATE CLUBS, ASSOCIATIONS AND CONFERENCE CENTERS

Aéroclub de France, Paris (France)

Black Canyon Conference Center, Phoenix, Arizona (United States)

Centre d'Affaires Étoile Saint-Honoré, Paris (France)

Centre d'Affaires Capital 8, Paris (France)

Desert Willow Conference Center, Phoenix, Arizona (United States)

Domaine du Manet, Montigny-le-Bretonneux (France)

La Faisanderie – Stade Français, Paris (France)

La Maison des Polytechniciens, Paris (France)

Les Salons de la Maison des Arts et Métiers, Paris (France)

Maison de la Recherche, Paris (France)

San Ramon Valley Conference Center, California (United States)

Tecnológico de Monterrey (Mexico)

HEALTH CARE

KEY FIGURES

- **3,329** million euro in revenues
- **18%** of Group revenues
- **59,654** employees
- **4,033** sites

Source: Sodexo.

Our offer

IMPROVING HEALTH CARE THROUGH QUALITY OF LIFE SERVICES

Sodexo understands the interdependency of care activities in a hospital and contributes to a **positive patient experience** through the productive use of human, material and financial resources. Sodexo's services range from management of clinical equipment to sterilization of medical devices, from disinfection of patient rooms and operating theaters to patient reception and admissions, and from hospital logistics to providing foodservices for patients, visitors and hospital staff. With all of this expertise, Sodexo's services are adapted to address **client priorities**:

- improve quality of care and health outcomes;
- increase patient satisfaction;
- motivate and retain staff;
- ensure compliance with rigorous medical standards;
- reduce overheads;
- maximize revenues.

The value added: **better patient outcomes,** improved **operational performance** and **increased competitiveness** in their market.

Market trends

Health care costs are constantly increasing, driven by a combination of demographic, social, economic and technological factors.

In developed countries:

- concentration of the health care sector is resulting in larger but fewer facilities;
- budgetary constraints and technological advances are contributing to a reduction in the number of beds and average length of stay, as well as the development of care outside of the traditional hospital setting (ambulatory centers or home care);
- chronic diseases (diabetes, cardiovascular disease, cancer, etc.) have a significant impact on the organization and costs of health systems;
- patient consumerism is forcing hospitals to focus increasingly on improving the patient experience;
- economic crisis and healthcare reforms are reducing reimbursement rates, requiring hospitals to further focus on increasing efficiency and cutting costs.

In emerging markets:

- increased disposable income, emergence of private insurance and population growth are driving higher demand;
- national health care systems are struggling to provide the appropriate level of care, due to insufficient infrastructure and limited budgets and health care human resources, paving the way for a growing and ever stronger private healthcare sector.

Source: Sodexo.

Growth potential

More than 150 billion euro
in estimated total market value,
with an outsourcing rate around 40% (among the highest rates: Chile and Spain above 60%; among the lowest rates: Finland and Sweden, around 25%).

Sodexo estimate.

Focus on...

SUPPORTING CLIENT PERFORMANCE ACCREDITATION IN EMERGING MARKETS

Sodexo's global health care expertise is playing an important role in supporting clients in emerging countries to achieve international accreditation, such as from Joint Commission International (JCI). Sodexo's value adding services contribute not only to strengthening operational performance but also to improving patient and staff satisfaction and, thus, client competitiveness. Achieving accreditation is quite often one of the primary reasons why a hospital chooses Sodexo as a service partner.

In Malaysia, for example, Sodexo's quality assurance and technical innovations helped increase the quality of service to patients and staff at **Sri Kota Specialist Medical Centre** (SKSMC). Sodexo's experience supported SKSMC in earning accreditation from the national quality assurance agency.

Client hospitals achieving national or international accreditations with Sodexo's support also included TotalCor Hospital and Santa Paula Hospital in Brazil, Max Bathinda, Max Mohali & Shalimar Bagh Hospitals, and Vijaya Hospital in India and Pantai Hospital in Malaysia.

Highlights

CHILE – LAUNCH OF NEW FOODSERVICES OFFER

Sodexo implemented a new retail concept called **"Le Jardin",** a mixed cafeteria and restaurant concept, at a new 350-bed facility for **Clínica Alemana** Santiago. The vertical garden inside the Sodexo-designed and operated restaurant lends a special ambience amidst an atmosphere of nature.

NETHERLANDS – "AT YOUR REQUEST®"

Sodexo's popular "At Your Request®" service, an innovative approach to food preparation and meal delivery developed in North America was introduced on the Dutch market at the 500-bed **Ziekenhuis Gelderse Vallei** hospital in Ede. The hospital, the first in Europe to implement hotel-style "room service", believes the new service will be a driver of culture change at the facility.

THAÏLAND

- **Innovative meal ordering system**

  Sodexo's **"Touch to Order menu"** system provides a real-time ordering system that directly links the patient ward to the kitchen, greatly improving efficiency while reducing printing and recurring paper costs. The modern, innovative system was launched at **Bangkok Nursing Home** and has received positive feedback from patients and hospital staff.

- **New state-of-the art services**

  With its acquisition of Bangkok-based Global Lithotripsy Services, Sodexo is now providing a **lithotripsy* service** used by over 100 urologists at 85 hospitals across Thailand. The equipment can be installed at a site, transported between sites or deployed inside a fully equipped mobile lithotripsy clinic, manned by trained specialists.

UNITED STATES – ADVANCED INFECTION-FIGHTING TECHNOLOGY

In partnership with Xenex, the world leader in room disinfection systems, Sodexo has incorporated **pulsed UV technology** into its infection prevention solutions to bring the advanced technology to hospital clients and to help lower costs. Results following implementation at one leading hospital showed a 58% decrease in Hospital Acquired Infections, a significant increase in satisfaction scores and a nearly two-thirds reduction in costs.

Key contract wins

FRANCE – A COMPREHENSIVE SERVICES SOLUTION FOR IMPROVED COORDINATION

At the Red Cross' 158-bed **Henri Dunant Hospital,** Sodexo is delivering an integrated services offer that responds to the client's needs for a single point of contact, improved service levels and better cost control. Services provided include foodservices, bio cleaning, waste management, maintenance, security and green spaces management.

* *Lithotripsy or shock wave lithotripsy is a set of techniques used to remove kidney stones through fragmentation and disintegration.*

SINGAPORE – FIRST HEALTH CARE CONTRACTS

Sodexo signed its first Health Care contract in Singapore with the **National University Hospital,** providing foodservices to 1,000 patients per day. To enhance the patient experience, Sodexo offers varied meal choices, personalized meal service, celebration dinners and distinct menus to meet specific needs, such as for post-natal patients and children. Sodexo also won contracts to provide foodservices at the 350-bed **AMK Hospital** and at the 850-bed **KKH Women's Hospital**.

SPAIN – CAPIO GROUP RENEWS ITS CONFIDENCE IN SODEXO

For only the second time, Spain's largest private hospital Group, **Capio**, has outsourced foodservices at one of its major hospitals, **Fundación Jimenez Diaz,** again choosing Sodexo.

SWEDEN – EXPANDED SCOPE OF SERVICES

Sodexo has added a wide array of new services to the foodservices it already provides to Stockholm's **Danderyds Hospital,** including patient transportation, mail handling services, goods reception, deliveries of drugs and medical gases, waste management, handling of medical tests and linen supply.

Among our clients...

Beijing Friendship Hospital, Beijing (China)

Casa di Cura Multimedica SpA, 4 sites, Sesto San Giovanni, Milan (Italy)

Centre Hospitalier Universitaire Ibn Rochd, Casablanca (Morocco)

Centre Hospitalier Universitaire, Rennes (France)

Deventer Ziekenhuis, Deventer (Netherlands)

Groupe 3H, Niort (France)

Hospital Militar de Santiago, Santiago (Chile)

ICESP – Hospital do Câncer de São Paulo, (Brazil)

Institut Catala de Salud, Catalonia, 10 sites (Spain)

Johns Hopkins Medical Center, Baltimore, Maryland (United States)

KCS Klinikum, Darmstadt (Germany)

Krakow University Hospital, Krakow (Poland)

KZN Public Hospitals, 9 sites (South Africa)

Lilavati Hospital, Mumbai (India)

Lowell General Hospital, Massachusetts (United States)

Mackenzie Health, Ontario (Canada)

Medi-Partenaires, 25 sites (France)

Military Medical Institute (WIM), Warsaw (Poland)

Orbis Medical Park, Sittard (Netherlands)

Papworth Hospital NHS Foundation Trust, Cambridgeshire (United Kingdom)

Samitivej Hospitals, 3 sites, Bangkok (Thailand)

Stockholm County Council (Sweden)

The Hillingdon Hospital, Uxbridge, Middlesex (United Kingdom)

Universitair Ziekenhuis Gent, Ghent (Belgium)

University Healthcare Consortium (UHC), an alliance of 107 university medical centers and 233 affiliated hospitals (United States)

Vancouver Coastal Health Authority, multiple sites, Vancouver (Canada)

Wilhelminenspital, Vienna (Austria)

SENIORS

KEY FIGURES

- 1,043 million euro in revenues
- 6% of Group revenues
- 13,622 employees
- 2,920 sites

Source: Sodexo.

Our offer

IMPROVING THE QUALITY OF LIFE OF SENIORS

Sodexo helps ensure the overall well-being of seniors through medical nutrition and a full range of high value-added services designed to:

- **ensure efficient assistance** to senior care providers: Sodexo's services enhance client business performance and reputation;
- **improve seniors Quality of Life**: with a good understanding of the diversity of senior needs, Sodexo offers services appropriate to all stages of the aging process;
- **contribute to the physical, emotional and mental well-being** of seniors residing in retirement communities and care facilities;
- **enable seniors to preserve their independence** through the delivery of quality services in the home.

Market trends

ECONOMIC TRENDS

Rising demand and expenditures

- The increasing senior population is contributing to rising health care costs.
- Greater prevalence of chronic diseases is contributing to higher costs.

Controlling budgets

- Many seniors lack sufficient personal resources to cover medical care costs.
- Governments are seeking cost-effective solutions to meet the increasing demands for senior care.

SOCIAL TRENDS

Extended life expectancy, changing society

- Medical advances are prolonging life expectancy with those over 80 comprising the fastest growing segment of the population in many countries.
- More seniors, preferring to live independently at home, are entering facilities later in life.

A rising need for professional caregivers

- Growing numbers of families are seeking help to meet the unique requirements of the elderly.
- Competition for professional caregivers is intensifying.

Source: Sodexo.

Growth potential

Close to 90 billion euro
in estimated total market value,

with an outsourcing rate around 25% (among the highest rates: Australia and Denmark, above 50%; among the lowest rates: Hungary and the United States, around 10%).

Sodexo estimate.

Focus on...

UNITED STATES – NEW SOLUTIONS FOR SENIOR INDEPENDENCE

Together with its partner **Healthsense**, an industry leader in technology enabled care solutions, Sodexo offers fully integrated services designed to increase independence and improve Quality of Life for seniors.

A wireless technology platform supports multiple solutions, including the **eNeighbor®** system, which monitors a resident's daily routine through a series of small, unobtrusive sensors. The system "learns" an individual's daily routine and is able to call for assistance automatically in the event of emergencies as well as notifying caregivers to abnormal levels of daily activity that could indicate a deteriorating health condition.

Another system, **eNeighborVitals™,** supports four vital sign monitoring devices while **eCall™,** a state of the art emergency call system, alerts staff and provides valuable information about the location of an emergency to speed the response.

Highlights

AUSTRALIA – REINFORCING DESIRED BEHAVIORS

The U.S.-developed **CARES*** behavioral training program is part of a new Human Resources plan to reinforce employee responsiveness with consumers in the Seniors segment. Already, it has resulted in increased resident satisfaction and higher employee engagement on sites where it has been introduced.

FRANCE – "FAMILY TIME" FOR ALZHEIMER'S PATIENTS

Sodexo has developed "Family time", an **innovative, pro-active foodservices offer** designed specifically to reduce the risks of malnutrition linked to Alzheimer's disease. The offer encourages patient autonomy and socializing and aids families and support staff while providing an important regular and enjoyable moment during the day for patients in a family environment. Successfully tested with residents of care facilities, the offer is customized to each patient's individual condition to provide an effective nutritional solution that improves their Quality of Life.

UNITED STATES – WELL-BEING SERVICES FOR SENIORS… AND THE ENVIRONMENT

At the **Asbury-Solomons Island senior community** in Maryland, Sodexo's Solution Center Energy and Construction Services team installed new, energy-efficient cooling and heating units and a new building automation system to control the equipment.

* *Compassion, Accountability, Respect, Enthusiasm and Service.*

Key contract wins

FRANCE – MENU OF SERVICES

Omega, a private provider of senior living centers chose Sodexo to ensure quality foodservices for residents while optimizing costs. The client sought a customized offer that would maintain its own teams in place while optimizing costs across its 11 sites. In addition to providing a catalogue of products and an array of service options, Sodexo's SoAppro offer also provides expert counseling on foodservices operations, including safety, hygiene, nutrition, menu planning as well as human resource management.

UNITED STATES – COMFORT, WELL-BEING AND VITALITY

Under a new contract, a 75-member Sodexo team provides an array of Quality of Life services, at the **Wesley Willows** continuing care retirement community in Rockford, Illinois. Sodexo's services help Wesley Willows improve Quality of Life and wellness for its 600 residents through a full fitness center, fine dining, concierge services, computer center, art center, salon, and a large auditorium for Group activities and events. Additional services include indoor and outdoor maintenance, housekeeping, and complimentary scheduled transportation.

Among our clients…

Adavir Group, 12 sites (Spain)

Air Force Villages, San Antonio, Texas (United States)

American Baptist Homes of the West (ABHOW), 10 sites (United States)

Asbury Group, 6 sites (United States)

Baptist Housing, 5 sites in British Columbia (Canada)

China Welfare Institute (CWI), Shanghai (China)

Covenant Retirement Communities, 15 sites (United States)

CSP Campo Grande, Lisbon (Portugal)

Domain Principal Group, 7 sites (Australia)

Fondation Caisses d'Épargne pour la Solidarité, 94 sites (France)

Fondazione Maria Ausiliatrice, Bergamo/Villa Serena di Brembate, Bergamo (Italy)

Fundación Teleton, 6 sites (People with Disabilities) Santiago (Chile)

Hopeatie Senior Home, Helsinki (Finland)

Hospedaría Hogares de Cristo, 5 sites, Santiago (Chile)

Keshet Amuta Le-Maan Ha-Kashish, 3 sites (Israel)

Korian, 95 sites (France)

Maison Marie Immaculée, 4 sites – Neufvilles (Belgium)

Maison Notre Dame (The Sisters of the Sacred-Heart) Beirut (Lebanon)

Maisons de Soins de Bettembourg et de Wasserbillig (Luxembourg)

MENSA, 8 sites – Meulebeke (Belgium)

Novaire, 11 sites (Spain)

Orpéa, 5 sites (Spain)

Retirement Home, City of Stockholm (Sweden)

Seniorenresidenz Schloß Kahslperg, Puch (Austria)

Shepherd Village, Toronto, Ontario (Canada)

Stichting Cordaan, Amsterdam (Netherlands)

Uniting Care Ageing NSW ACT, 15 Aged Care sites, Sydney, New South Wales (Australia)

Yallambi Aged Care Facility, Melbourne, Victoria (Australia)

PEOPLE WITH DISABILITIES

Our offer

IMPROVING QUALITY OF LIFE FOR INDIVIDUALS WITH DISABILITIES

Sodexo helps people with disabilities overcome challenges and provides ways to make their daily life simpler, safer and more enjoyable.

In helping to integrate people with disabilities more fully into society and the workplace, Sodexo actively engages in increasing awareness – and altering attitudes – about all forms of disability.

Highlight

FRANCE – *"CAP SAVEURS"*

Sodexo's foodservices solution *"Cap Saveurs"* (top flavors) unit operates a **central kitchen specifically designed** both to accommodate workers with varied disabilities and meet the specific nutritional needs of consumers with disabilities, such as children or individuals who cannot receive solid food. For its client **Apogei 94,** *"Cap Saveurs"* delivers its specially conceived *"menu du jour"* offerings at more than 30 of the association's sites.

Focus on...

UNITED KINGDOM – RECOGNITION FOR DEDICATED SERVICE

Pat Metcalfe, Sodexo site manager at **Doncaster Deaf Trust,** was recognized for her years of service to the Trust's nursery, school and college students through the **"Specialist Manager Award"** at the "Educatering Awards".

Pat received the award for the service she and her team provide on a daily basis to 320 students who have disabilities and special educational needs, accommodating special dietary requirements related to allergies or religious backgrounds.

Pat manages the extra demands by investing heavily in the training and development of her chefs, who are encouraged to go the extra mile in coming up with new menu ideas for the students. Each member of her team also has learned sign language in order to improve their ability to communicate with their young consumers.

EDUCATION

KEY FIGURES

- 3,785 million euro in revenues
- 21% of Group revenues
- 91,375 employees
- 5,949 sites

Source: Sodexo.

Our offer

FOSTERING SUCCESS THROUGH ENHANCED QUALITY OF LIFE

Schools and universities today face considerable challenges, from increased competition for students and faculty to aging infrastructure and constrained budgets to concern over student nutritional habits. Sodexo plays a key role in helping **ensure a safe, welcoming and healthy learning environment** through efficient and innovative integrated service offers that:

- create positive student experiences that improve performance and achievement;
- enhance Quality of Life for the learning community;
- ensure students are offered balanced, healthy diets;
- strengthen clients' image and reputation;
- retain students and faculty;
- help control operating expenses.

Market trends

STUDENT HEALTH AND WELLNESS

Governments in developed and emerging economies are battling to curb alarming increases in both obesity and malnutrition, including among student populations. In the U.S., The Healthy Hunger-Free Kids Act, provides an opportunity to make real reforms to school lunch and breakfast programs for the first time in 30 years by improving the critical nutrition and hunger safety net for millions of children.

GLOBALIZATION OF EDUCATION

International student and faculty exchanges are on the rise; Western schools and universities are building campuses abroad and increasing international partnerships to meet rising demand in developing countries, especially Southeast Asia and the Middle East, while adapting to increased international student enrollment on their home campuses.

SUSTAINABILITY

With an educational institution's commitment to sustainable practices now a key factor influencing school selection, universities are increasingly adopting sustainable energy and environmental policies – which also help reduce operating costs and improve productivity, satisfaction and health.

FINANCIAL CONSTRAINTS

With a focus on attracting and retaining students but facing increased financial constraints, educational institutions are hard-pressed to meet day-to-day operating budgets and fund capital projects; increasingly, they are relying on their outsourcing partners to optimize costs while governments are turning to the private sector for investments.

TECHNOLOGY

More than ever before, technology is transforming classroom dynamics. Education is being individualized, allowing for greater engagement with students and increasing knowledge development. For today's educational institutions, applying cutting edge technology is an absolute requirement.

ECONOMIC CONDITIONS

Prolonged and rising unemployment in many developed nations has reduced families' spending power, multiplying the number of children without access to proper nutrition.

Source: Sodexo.

Growth potential

Over 150 billion euro
in estimated total market value,
with an outsourcing rate around 35% (among the highest rates: Belgium and Singapore, more than 60%; among the lowest rates: Canada and Poland, around 25%).

Sodexo estimate.

Award

UNITED STATES – PROMOTING STUDENT WELL-BEING

Long Branch Middle School was one of 111 schools across the U.S. that received **"Healthier U.S. School Challenge awards"**, with the help of Sodexo's nutrition expertise. The school was the first in New Jersey to earn the **"Gold Award of Distinction"** under the challenge program, designed to promote good nutrition and physical activity in schools, and First Lady Michelle Obama's **"Let's Move initiative"** to end childhood obesity.

Sodexo, a partner to more than 480 school districts across the country, works with its clients to provide healthy options to students and teach them about the importance of making smart nutrition choices – a continuation of the Company's long-term commitment to student well-being.

Focus on...

FRANCE – KEEPING MARSEILLES' SCHOOLCHILDREN HAPPY AND HEALTHY

Emphasis on local suppliers, the introduction of organic products and the preparation of "home-made" pastries in a special kitchen are among the unique features of a new Sodexo contract to provide **foodservices for 45,000 students in 314 school restaurants** in Marseilles, France's second largest city.

Other sustainable initiatives include use of electric delivery vehicles, the recycling of all central kitchen waste and an extensive awareness and communications campaign to inform children and adults about the principles of balanced nutrition.

A one-of-a-kind agreement, this seven-year contract will generate cost savings that can be reinvested in higher quality products and the creation of lunchtime presentations.

Highlights

FRANCE – MY LUNCH HANGOUT – AT SCHOOL!

Encouraging high school students to remain at school during lunch period and to dine on healthy fare is the aim of *"l'Entre Pot'"*, Sodexo's **new fast food-style offering** being tested at schools in three French cities. Based on studies showing students forsaking in-school, self-service cafeterias for commercial fast food outlets, the new concept, modeled on an apartment environment, provides a warm, friendly space for students to gather during mealtime. Serving attractive, seasonal menus that comply with national nutritional guidelines (France's *"Plan National Nutrition Santé"*), the alternative venues are proving a success, with **increases in patronage of up to 15%** recorded at the test sites.

SPAIN – NEW RESTAURANT CONCEPT REVITALIZES MADRID CAMPUS

Dining sites at the **European University of Madrid** have quickly become an integrated part of daily student life following the successful introduction of Sodexo's "The Unity" concept on the campus. Two restaurants and four "corner" cafeterias offer diversified menus with a Mediterranean flair to the population of more than 10,000 students, faculty and staff as well as welcoming, multifunctional areas for relaxing or working. Widely implemented at UK universities, "The Unity" theme is proving a hit in Spain as well, helping **to increase sales by 20% since its arrival.**

UNITED STATES

- **Fostering technology on college campuses**

  Sodexo's **"Food on Demand"** (FoD) dining concept was recognized by **Nation's Restaurant News** as the winner of one of five 2011 Hot Concepts Awards. The program is customizable for each campus allowing guests to order digitally from a touchscreen kiosk. Each dish is then individually prepared, and the customer is buzzed via smartphone or pager when the meal is ready. The "Food on Demand" concept was lauded for displaying bold tactics, outstanding creativity and strong performance in a somewhat slower economy.

- **Ambassador for "Good Eating" Remmi Smith,** Sodexo's first-ever student ambassador, is bringing a new kid-level perspective to nutrition education and allowing students to learn from one of their peers. Through the partnership, the 12-year-old aspiring chef plays a leadership role in student nutrition, inspiring kids to make healthy food choices both in and out of school. "Chef Remmi" was an integral part of the Sodexo-organized Future Chef's Challenge for which the Company received the **"2012 Operator Innovations Award"** from the National Restaurant Association.

Key contract wins

CHINA – GROWING PRESENCE IN SHANGHAI

Sodexo's contract wins in Shanghai include providing foodservices for 2,500 students at the SMIC School under a three-year contract, which began July 1, 2012. The latest contract doubles the number of education sites served by Sodexo in Shanghai.

SPAIN – CAMPUS UNITY IN CATALONIA

Sodexo has implemented its "Unity" foodservices concept at the Universidad Politècnica de Catalunya, Catalonia's leading university for engineering, architecture and other technical degrees. Sodexo operates two restaurants under the 10-year contract, providing foodservices for the university's 800 students and 150 professors.

UNITED KINGDOM AND IRELAND – NUMEROUS NEW CONTRACT WINS

Brunel Université and Oasis Community Learning were among the year's notable contract wins in the UK and Ireland. Other successes included the United Kindom's largest girls' grammar school at Altrincham where Sodexo added foodservices to an existing cleaning services contract, Ireland's Clongowes Wood College, and the City of London Freemen's and Grammar Schools, to deliver foodservices, cleaning, laundry, reception and transport for 3,650 students and staff. Several new facilities management services contracts brought to more than 6,000 the number of university student rooms for which Sodexo provides daily services.

UNITED STATES

- Facilities management outsourcing

  In New Albany, Indiana, Sodexo won a new Facilities Management contract to provide custodial services for the benefit of 12,000 students and 1,200 personnel at the Floyd County Consolidated School District – administrative building, maintenance facility and 16 public schools.

- Facilities management again…

  At the Mount Ida College Newton Centre in Newton, Massachusetts, Sodexo is delivering an array of Facilities Management services for the 1,500 students at Mount Ida College, including building maintenance, landscaping, energy management, shuttle services and housekeeping. Under the five-year contract, Sodexo will maintain the campus' 30 buildings and 72 acres.

- New contract with Vermont colleges

  Vermont State College System consisting of four colleges awarded Sodexo a new 10-year dining solutions partnership to serve its 13,000 students, with a strong emphasis on local sourcing.

Among our clients…

Aditya Birla World School, Mumbai (India)

AIM, Melbourne (Australia)

Al Yasmina School, Abu Dhabi (United Arab Emirates)

American School of Bombay, Mumbai (India)

Asian Institute of Technology, Pathum Thani – Bangkok area (Thailand)

Brest public schools (France)

British School, São Paulo, Rio de Janeiro (Brazil)

British International School, Kuala Lumpur (Malaysia)

Brunel University, Middlesex (United Kingdom)

City of London Freemen's School, (United Kingdom)

Colegio Franco Argentino, Buenos Aires (Argentina)

Detroit Public Schools, Detroit, Michigan (United States)

Dongping Primary School, Guangdong (China)

École Française de Riyadh (Saudi Arabia)

EDHEC, Lille (France)

Embry-Riddle Aeronautical University, Daytona Beach, Florida, and Prescott, Arizona (United States)

Fundação Dom Cabral, Minas Gerais (Brazil)

Garden International School, Kuala Lumpur (Malaysia)

Gems Academy, Dubai (United Arab Emirates)

Haileybury College, Melbourne (Australia)

Hong Kong International School, Hong Kong (China)

International School Hamburg (Germany)

Jakarta International School, Jakarta (Indonesia)

Lappeenranta University of Technology, Lappeenranta (Finland)

Lycée Français International, Bangkok (Thailand)

Lycée Français Paul Valéry, Cali (Colombia)

Lycée Louis Massignon, Abu Dhabi, (United Arab Emirates)

Marseilles public schools (France)

Northwestern University, Evanston, Illinois (United States)

Oasis Community Learning, 17 sites

Pontifical Catholic University, Rio de Janeiro (Brazil)

Providence City School District, Rhode Island (United States)

Putnam City School District, Oklahoma City, Oklahoma (United States)

Saint Nicholas School, São Paulo (Brazil)

San Jose Unified School District, California (United States)

SMIC School, Shanghai (China)

Tanglin Trust International School (Singapore)

Texas Christian University, Fort Worth (United States)

United World College of South East Asia, Singapore

Universidad Católica de Chile, Santiago (Chile)

Universidad Europea de Madrid (Spain)

Università di Pavia, Pavia (Italy)

Université Saint-Joseph, Beirut (Lebanon)

University of California, Davis, California (United States)

University of Ljubljana, Ljubljana (Slovenia)

University of Technology and Economics, Budapest (Hungary)

2.3.2 OUR BENEFITS AND REWARDS SERVICES

ACTIVITY

KEY FIGURES

- 14.7 billion euro in issue volume
- 756 million euro in revenues
- 4% of Group revenues
- 3,633 employees
- 410,000 clients (excluding individuals)
- 30.2 million beneficiaries
- 1.2 million affiliated partners

Source: Sodexo.

Our offer

A BROAD RANGE OF QUALITY OF LIFE BENEFITS

Sodexo Benefits and Rewards Services provides access to a wide range of services that **improve the Quality of Life of beneficiaries,** including employees, students and public benefits recipients. For example, Meal Pass promotes a varied diet, Gift Pass rewards employees and provides an abundance of choices, while a variety of additional Pass offerings provide access to educational, sports, cultural or other activities.

Because they improve daily life, facilitate work-life balance and recognize effort, Sodexo Benefits and Rewards Services have a positive effect on employee motivation and contribute to improving the performance of companies and organizations.

Sodexo's offer focuses on three service categories to respond to the main **challenges facing its clients:**

- **recruit, retain and increase the motivation of talented people. Employee Benefits** responds to the issues of company compensation policies, helping clients enhance their attractiveness;
- **mobilize teams around quantitative or qualitative objectives.** With Sodexo's **Incentives and Recognition** programs, companies have access to customized tools to boost sales, engage their partner networks and promote good plant safety practices;
- **ensure and enhance the distribution and delivery of Public Benefits.** Sodexo-designed solutions are simple, transparent and effective in facilitating the work of governments and local authorities, helping to optimize budgets and achieve their social policy, cultural or educational goals.

Market trends and growth potential

MARKET TRENDS

Beyond long-term trends that promote the development of all of Sodexo's activities, specific factors affecting Benefits and Rewards Services include:

- **socioeconomic:** the increasing service economy, growing numbers of working women, the search for a competitive edge, growing importance given to the human factor;
- **sociological:** work-life balance, environmental and health concerns;
- **political:** combating illegal work, controlling public spending.

The impact of these trends varies widely according to country economic situations.

Companies seeking to attract and retain talent to cope with rapidly changing markets are turning to employee motivation programs to differentiate themselves, enhance productivity and respond to the new needs of their workforce.

- **In industrialized countries,** continuing urbanization, a growing number of working women and an aging population that is working longer are creating new needs and expectations.
- **In emerging markets,** middle class growth and a more service-driven economy are increasing demand for human resource services. Companies in countries like Brazil, where competition for trained talent is intense, are seeking solutions to make life easier for employees and improve their purchasing power.

Governments and local authorities are constantly looking for efficient aid distribution solutions and are pursuing pro-active policies to improve delivery of support to disadvantaged members of society.

Source: Sodexo.

Growth potential

A market estimated at **more than 155** billion euro in issue volume.

Sodexo estimate.

EMPLOYEE BENEFITS

KEY FIGURE

> **23.6** million beneficiaries

Source: Sodexo.

Our offer

IMPROVING QUALITY OF LIFE TO ATTRACT AND RETAIN TALENT

In today's extremely competitive environment, **attracting and retaining top performers** is essential for every public and private organization, regardless of size or market. Knowing how to motivate employees can provide companies with a true competitive edge.

Sodexo has developed **customized, easy-to-use, economical solutions with optimized tax treatment** that address client human resource needs and help increase their attractiveness.

Whether through access to a varied diet offered by Meal Pass, the ability to buy environmentally friendly products through Eco Pass or the support for commuting costs provided by Mobility Pass... our services improve the lives of employees and their Quality of Life, enabling them to devote themselves fully to their work.

On our clients' sites

BRAZIL – IMPROVING QUALITY OF LIFE FOR GRUPO É-OURO EMPLOYEES

Grupo É-OURO, with 150 distributors in 13 Brazilian states, is the official distributor of Grupo Petrópolis brewery. Its best known brands are Itaipava beer and Crystal beer. Premium line brands include Petra, Black Princess and TNT energy drink.

- Our client's needs

  To support its quest to become Brazil's market leader, beverage distributor Grupo É-OURO sought to increase **engagement and productivity of its 10,000 employees** through improved Quality of Life.
- Sodexo's response

  Partnering with the client's HR Department, Sodexo created a **customized program** combining its Meal, Food and Gift Pass offers and **emphasizing better health and well-being**. The strategy includes a nutritional program, monthly workshops on "Conversations on Well Being" and a recognition program for employees. To promote Quality of Life internally, the HR Department is using a Sodexo study on "Valuing people to create value."

- Results

  The positive response is reflected in high participation employee levels in the offer. For example, 150 employees diagnosed as overweight or as being predisposed to diabetes or hypertension are enrolled in a support program led by Sodexo dietitians.

Focus on…

MEXICO: SODEXO REINFORCES EMERGING MARKET LEADERSHIP

Sodexo continued to extend its presence in emerging economies with **the acquisition of Servi-Bonos,** a leading provider of food and meal vouchers and cards in Mexico. Serving 5,000 clients through its nationwide network, Servi-Bonos generated issue volume of 300 million euro in 2011.

The acquisition reinforces Sodexo's position as the Quality of Life services leader and its Benefits and Rewards Services expertise in the fast-growing Mexican market.

Highlights

FRANCE – A GIFT CARD WITH SPIRIT

The new **Spirit of Cadeau** gift card launched in France enables retail customers to choose from a large scope of products, services or activities around specialized themes. Possible **Sports Card** uses include equipment purchases and club memberships while the **Home Card** can be used in multiple ways for decorating and making home improvements. For those interested in fashion, beauty products and accessories, there is **Style Card for men** and **Trend Card for women**. Providing freedom of choice and gift personalization based on the beneficiary's interests is one of the strengths of the cards, accepted by more than 40 partners at over 1,000 stores.

INTERNATIONAL

- e-business sites launched

  In just three clicks, new web sites in Belgium, Brazil, Chile, France, Luxembourg and the Czech Republic provide visitors with **full information on Benefits and Rewards Services'** offers. New sites are being deployed soon in Turkey, Tunisia and Venezuela, part of a rollout to all countries.

- Innovation: "my lunch spot" app

  In several countries, employees can easily locate nearby affiliates where they can use their employer-provided benefits using a smart phone application created by Sodexo. In France, for example, the **"Déj@côté"** app helps pinpoint the nearest affiliated restaurant and a recommended itinerary. Similar apps are available in China, India, Italy and Spain.

ITALY – HEALTHY INNOVATION

Working with client HR managers to respond to expectations regarding benefits for their employees, Sodexo has developed an innovative and convenient new service, the **Health Pass.** Italian companies can provide the card for use by employees and their families in a network of medical centers to access a range of services, such as dental care and medical check-ups. The card also can be used in combination with required health insurance coverage.

Key contract wins

BRAZIL – MAJOR CONTRACT WINS

- Sodexo Food and Meal Pass offers benefit approximately 23,000 employees and professors at the **University of São Paulo,** Brazil's largest public university.
- The public company, **COPEL,** responsible for generating, transmitting and distribution of electric power in the state of Parana, provides Sodexo's Food Pass and Meal Pass for its 9,500 employees.

CHINA – OPTIMIZING MANAGEMENT OF EMPLOYEE MEALTIMES

Through Meal Pass, Sodexo is now ensuring the efficient management of workday meals for employees of **Commercial Aircraft Corporation of China, Ltd** and its subsidiaries. Sodexo's offer helps the client optimize management of employee mealtimes while also helping to improve administrative processes and reduce costs.

CZECH REPUBLIC – YOUR CHOICE

Sodexo's employee benefits platform enables **bank client CSOB** to manage its benefits program efficiently for its 8,000 employees. From employees' point of view, the platform provides a wide choice of employee benefits, including for health, culture, sport, education and holidays, available through 500 affiliates on-line and at a total of 11,000 affiliates that accept Sodexo Pass vouchers.

FRANCE – COMMUNITY-WIDE BENEFITS

In providing restaurant vouchers for 8,000 employees of the **city of Lyons,** Sodexo relies on local businesses in helping to provide jobs for people with disabilities in partnership with employment agency ESAT, which also assists Sodexo On-site Services. This new contract reinforces Sodexo's commitment to offer services tailored to support the policies of local authorities.

Among our clients...

BANKS – INSURANCE – CORPORATE SERVICES

Adecco, France, Germany, Mexico, Spain, Tunisia

Barclays Bank PLC, India

BNP Paribas Group, Czech Republic, France, Germany, Mexico, Spain, Tunisia, Turkey

HSBC Group, Mexico, Spain, Turkey

ING Belgium

KPMG, Belgium

PricewaterhouseCoopers, France, Germany, Hungary, Luxembourg, Mexico, Slovakia

IT – ELECTRONICS

Hewlett-Packard, Brazil, Philippines, Tunisia, Vietnam

Microsoft, Czech Republic, Philippines

Samsung Electronics, Brazil, Romania, Spain, Tunisia

SAP, Brazil, Germany, Luxembourg, Spain

CONSUMER GOODS

L'Oréal, India, Romania, Turkey

Nestlé, Czech Republic, Philippines, Venezuela

PepsiCo, Philippines, Romania, Slovakia

TV Globo, Brazil

Unilever, Hungary, Philippines, Spain, Tunisia

INDUSTRY – ENERGY

Eli Lilly, Czech Republic, India, Mexico

General Motors do Brazil, Brazil

Michelin, Hungary, Mexico, Romania, Tunisia, Turkey, United Kingdom

Pfizer, Spain, Tunisia, Turkey

Schneider Electric, France, Germany, India, Spain, Vietnam

Siemens, France, Philippines, Romania, Tunisia, Turkey

Tata Steel Processing & Distribution Limited, India

Toyota Motors, Philippines, Spain, United Kingdom

NATIONAL PUBLIC SERVICES

Bulgarian Post, China Postal Express & Logistics Co. Ltd, Shanghai Post Co. (China), National Railways (Hungary), Steel Authority of India Limited (India), National roads of Romania, Ministry of Defence (United Kingdom), Tunisair (Tunisia), Ministry of Agriculture and Fisheries (Uruguay), Executive Direction of Magistracy (Venezuela), Ministry of Popular Power of Health (Venezuela).

INCENTIVE AND RECOGNITION PROGRAMS

KEY FIGURE

> 4.7 million beneficiaries

Source: Sodexo.

Our offer

ENHANCING ORGANIZATIONAL PERFORMANCE THROUGH QUALITY OF LIFE

Sodexo's customized incentive programs provide companies with the tools to unite and motivate employees around common objectives and to reward their efforts. Clients can easily and efficiently manage programs to increase sales, manage a partner network or promote good safety practices in a factory.

Through its wide range of options, through its online platform and Gift Pass, Sodexo helps in motivating teams, recognizing and rewarding commitment, helping clients to achieve their goals and improve their performance.

Highlight

INTERNATIONAL – WEB PLATFORM FOR INCENTIVE PROGRAMS

Management of clients' multi-country incentive and recognition programs are now being delivered through the Sodexo developed Web Motivation Center. The platform offers an international catalogue and enables clients to create and manage Incentive and Recognition campaigns, distributing points and rewards and communicating about the campaigns with their beneficiaries. The online platform also serves as an expert resource supporting Sodexo country teams in implementing their local offers.

On our clients' sites

INDIA – REINFORCING ALCATEL-LUCENT EMPLOYEE ENGAGEMENT

Alcatel-Lucent, a leader in mobile, fixed, IP and Optics technologies, and a pioneer in applications and services, is the single largest supplier of digital switching in India with over 50% of market share.

- Our client's needs

  To encourage, reinforce and promote behavior supporting Alcatel Lucent values*, the Company wanted to put in place a recognition program for individuals and teams, with multiple levels of reward based on significance of contribution.

- Sodexo's response

  To help its client achieve its objectives, Sodexo provided an online rewards catalogue, providing employees with reward points, which offers them the freedom of choice to choose their own gift. In addition, employees have a clear picture of their performance and can track their reward redemptions via the Sodexo-provided technology platform. They also receive regular communications about the program and a call center is available to respond to their inquiries.

- Results

  After the first 18 months, employees had a positive response, appreciating in particular the program's flexibility and responsiveness. In addition to the boost to employee motivation, the client appreciated the improved efficiency made possible by Sodexo's program.

Key contract win

BELGIUM – HELPING AN AUTOMOTIVE COMPANY REINFORCE DEALER LOYALTY

Sodexo designed and rapidly deployed a web platform with an online gift catalogue for an automotive client, enabling the Company to strengthen connections with its more than 170 tire dealers and reward their loyalty. The platform, which facilitates goal setting, updating of results and use of earned points to buy gifts, is already having a positive impact on dealer loyalty.

* *Customers first, Innovation, Teamwork, Respect, Accountability*

Among our clients...

BANKS – INSURANCE – CORPORATE SERVICES

Adecco, Mexico, Tunisia

HSBC Group, Argentina, Mexico

PricewaterhouseCoopers, Luxembourg

IT – ELECTRONICS

Hewlett-Packard, Tunisia

SAP, Philippines

CONSUMER GOODS

Henkel Adhesive Technologies, India

L'Oréal, Philippines, Romania, Tunisia

Nestlé, Hungary, Philippines, Tunisia

PepsiCo, Philippines, Romania, Slovakia

Thomas Cook, India

INDUSTRY – ENERGY

Eli Lilly, India, Mexico

Michelin, India, Tunisia

Renault Nissan Technology & Business Centre India Pvt. Ltd, India

Schneider Electric, India

Siemens, France, Philippines, Tunisia

Toyota Motors, Philippines

PUBLIC BENEFITS

KEY FIGURE

> 1.9 million beneficiaries

Source: Sodexo.

Our offer

IMPROVING QUALITY OF LIFE THROUGH OPTIMIZED SOCIAL WELFARE PROGRAMS

Through its Public Benefits programs, Sodexo provides access to basic services, culture or residential support services for millions of people worldwide.

Sodexo designs **simple, transparent and effective responses** to facilitate the work of government, optimize budget resources and help clients achieve their **social policy, cultural or educational objectives.** In promoting the development of the local economy, Sodexo also contributes to the creation of enduring employment.

Examples include Culture Pass, which offers students access to sports and cultural activities, Education Pass, helping families to provide learning support for their young children and CESU Pass, offering assistance to seniors or to individuals with disabilities in their homes.

Highlight

CHILE – INNOVATION: DIAL-A-LUNCH

Low income university students without access to their meal cards no longer risk losing out on their daily allocated lunch benefit thanks to **a mobile phone-based payment system** created by Sodexo. Using a secure account, students can access their accounts with a **mobile phone,** an innovation that helps the client, JUNAEB (National department of education and scholarships), ensure a secure, reliable means of delivering the benefit to 200,000 income-eligible students.

Key contract wins

ARGENTINA – SOCIAL PASS

The provincial government of Chaco renewed its confidence in Sodexo's customized program to deliver social benefits in the remote, economically disadvantaged region. Accepted by retailers throughout the province, Sodexo's Social Pass card helps ensure that nutritional and other basic needs are met for the 90,000 beneficiaries.

SPAIN – STUDY ABROAD SCHOLARSHIPS FOR STUDENTS

Sodexo's innovative new system, featuring cards and on-line applications, helped the Community of Madrid effectively manage its 2012 study abroad scholarship program. Each scholarship recipient was provided with a personalized card with available credit of up to 1,600 euro, to be used for language training abroad at any of the Community-approved language study centers.

Among our clients...

PUBLIC AUTHORITIES

JUNAEB (Junta Nacional de Auxilio Escolar y Becas), Chile

Ministry of Social, Development of Chaco (Argentina)

United Kingdom Borders Agency (United Kingdom)

2.3.3 OUR PERSONAL AND HOME SERVICES

Our offer

QUALITY OF LIFE FOR ALL AGES

Four types of services:

- Childcare

  Sodexo designs, builds and manages childcare centers for local authorities and companies, providing attentive care and education and helping parents balance family and work life.

- Tutoring and adult education

  Sodexo offers in-home and online tutoring services for a vast array of subjects, helping students of all ages develop knowledge and skills and to gain confidence.

- Concierge services

  Circles, a Sodexo subsidiary, helps to increase employee loyalty toward its clients by taking on the private to-do lists of their customers and employees – from restaurant reservations and ticketing to in-home services, vacations and dry cleaning.

- In-home senior care

  In-home senior care services enable seniors to remain independent and happy at home. Our non-medical services include companionship, housekeeping, transportation, meal preparation, phone assistance and more.

Market trends

Personal and Home Services responds to four demographic and social megatrends affecting society and companies: an aging society, shortage of skilled labor, women in the work force and work-life balance.

CHILDCARE: DEMAND EXCEEDS SUPPLY

In developed countries, parents are facing a scarcity of affordable childcare solutions, leading many governments to adopt policies promoting development of childcare facilities, and companies to seek "turnkey" solutions to help enhance employee loyalty.

ACADEMIC SUCCESS: A MAJOR CONCERN FOR PARENTS

For parents eager to ensure their children's success at school but lacking the time and skills for tutoring, outsourcing the task to professionals is an ideal solution.

A BETTER WORK-LIFE BALANCE

Facing increasingly challenging time constraints, people are juggling between work and personal life. Companies that provide support for achieving an improved work-life balance benefit from happier, more productive employees, which also translates into increased engagement and loyalty.

HOME SWEET HOME

As the population ages, the need for in-home assistance for dependent persons will continue to rise, particularly given that seniors prefer to remain in their home for as long as possible. To control public spending, some governments are promoting homecare solutions and technologies that enable autonomy.

Source: Sodexo.

On our clients' sites

FRANCE'S FIRST HOSPITAL CONCIERGE SERVICES AT GUSTAVE-ROUSSY CANCER INSTITUTE

Institut Gustave-Roussy is one of Europe's leading cancer treatment and research facilities. Its 2,500-member staff focuses on cancer patient care, research and application of new therapies and knowledge sharing with the international medical and scientific community.

- Our client's needs

  Institut Gustave-Roussy asked Sodexo's Circles subsidiary to implement an array of concierge services to improve **Quality of Life for its medical staff**.

- Sodexo's response

  To support a better work-life balance for staff during workdays that often include long hours and night shifts, Circles offers an **array of services** including dry cleaning, shoe repair and fresh produce delivery, and also manages an onsite boutique with postal services and other amenities.

- Results

  Initial reaction from patients and staff members has been very positive, with an increasing number of requests for Circles' concierge services.

Focus on...

THE "GREEN" CONCIERGE

Sodexo subsidiary Circles, France's leader in concierge services, is providing an array of **concierge services** for French utility **Électricité de France's (EDF) 700 employees** at its Lyons, France site under a five-year contract. The site is piloting EDF's offer of environmentally friendly, Quality of Life services to employees.

Operating in accordance with the site's sustainability charter and the client's "green" strategy, Circles gives preference in its purchases to local suppliers and provides recycling for mobile phone batteries, small electrical appliances and single-use clothes hangers.

Highlights

BELGIUM – HOSPITAL CONCIERGE SERVICES DEBUT

Circles, a Sodexo subsidiary, celebrated its first hospital concierge launch at the **Grand Hôpital de Charleroi** (GHdC). Situated within the largest site of the hospital Group, Circle's concierge services are complimented by a reception and boutique managed by Sodexo. The concierge services will soon be available to 4,500 staff across GHdC's 5 sites, as well as to patients and visitors.

Dry cleaning, alterations, shoe repair, reservations, tickets, administrative tasks, florist services, organic fruit delivery – everyone can benefit from a wide range of services that are easily accessible directly at the concierge desk as well as by phone or internet. Given the tremendous response since the launch, Circles' hospital concierge services have already proven to be a grand success.

UNITED STATES – COMFORT KEEPERS WINS RECOGNITION

For the second year in a row, the Sodexo subsidiary Comfort Keepers, specializing in in-home senior care services, received the **"World-Class Franchise" certification** from the Franchise Research Institute, a recognition based on feedback from franchisees.

Key contract wins

FRANCE – DYNAMIC GROWTH OF CONCIERGE SERVICES

Sodexo subsidiary Circles is now delivering customized services to several leading companies operating in France, including **Sanofi, PSA Peugeot-Citroën, Thales, Bic, Oracle, Shell** and **Biogaran**. In addition, Circles extended its offering with L'Oréal to include services at its international headquarters on the rue Royale in Paris.

LUXEMBOURG – EUROPEAN INVESTMENT BANK (EIB) CHILDCARE CENTER

A multicultural bank, the EIB needed an operator that could offer tri-lingual childcare (French, English, German) and service a capacity of 100 children between the ages of 10 weeks and three years old. Together with its subsidiary Crèche Attitude, Sodexo was able to leverage its international dimension and 30 years of experience as a service provider to the EIB to respond effectively to the client's needs and multicultural criteria.

UNITED STATES – CHILDREN'S HOSPITAL SERVICES

Sodexo provides concierge services for patients and staff under a four-year contract at the **Nemours/Alfred I. duPont Hospital for Children.** The complimentary service, including meal delivery and errand running, is designed to optimize the health care experience for patients and their families. The wide array of available services, such as home services/repair referrals and product research and comparison, also save staff members time and money, contributing to an improved work-life balance.

Among our clients...

Altran, Belgium

Baker & McKenzie, Sweden

Bic, France

Biogaran, France

Biogen Idec, United States

Boston Red Sox, United States

Coca-Cola, United States

EDF, France

European Investment Bank (EIB), Luxembourg

Grand Hôpital de Charleroi, Belgium

Institut Gustave Roussy, France

Kraft Foods, Sweden

L'Oréal, France

Microsoft, France, United States

NCC, Sweden

Nemours/Alfred I. duPont Hospital for Children, United States

Oracle, France

Procter & Gamble, United States

PSA, France

Saab, Sweden

Sanofi-Pasteur, France

Shell, France

St. Jude Medical Inc., United States

Thales, France


GIFT
sodexo

3

ECONOMIC, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

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Information pertaining to economic, social and environmental aspects of Sodexo's worldwide operations, and particularly in France, is provided below. Further information is available in the "Better Tomorrow Plan" Corporate and Social Responsibility Report available on the Sodexo website www.sodexo.com.

Corporate and social commitments have always been central to Sodexo's fundamental principles. Today, those fundamentals are the cornerstone of its development as a socially responsible company and its economic performance.

True to its mission, Sodexo improves the Quality of daily Life and contributes to the economic, social and environmental development of the cities, regions and countries where it operates.

In 2009, Sodexo unveiled its roadmap, the "Better Tomorrow Plan", aimed at enhancing its economic, social and environmental performance and evaluating the impact of its actions across 80 countries and more than 34,300 sites. The Better Tomorrow Plan is a strategy of continuous progress.

The Better Tomorrow Plan comprises three core pillars:

- **We are:** the fundamentals that serve as the cornerstone of our development;
- **We do:** four priorities with our commitments to action;
  - our commitments as an employer,
  - our commitments to better nutrition, health and wellness,
  - our commitments to support our host communities,
  - our commitments to protect the environment;
- **We engage:** in dialogue and joint actions with our stakeholders.

The Better Tomorrow Plan

3.1 We are

OUR MISSION, OUR VALUES AND OUR ETHICAL PRINCIPLES

Sodexo is driven by a philosophy and shared values which today still unite its 420,000 employees worldwide.

Sodexo's employees are key to its growth, past, present and future. This growth needs to have meaning, which is why, upon the creation of Sodexo in 1966, Pierre Bellon, founder of the Group defined:

- a mission;
- values;
- ethical principles.

OUR MISSION

Our mission is two fold:

- **improve the Quality of daily Life** of our employees and all whom we serve;
- **contribute to the economic, social and environmental development** of the communities, regions and countries in which we operate.

OUR VALUES

The values shared by Sodexo's 420,000 employees are:

- Service Spirit;
- Team Spirit;
- Spirit of Progress.

OUR ETHICAL PRINCIPLES

- loyalty;
- respect for people and equal opportunity;
- transparency;
- business integrity.

Our mission, our values and our ethical principles allow for a common vision and a sense of initiative, for the work of each of us.

Today, 46 years after Sodexo's creation, they are the foundation of our commitment, uniting us and serving as a common bond for our teams throughout the world.

This is what sets us apart from our competitors.

3.2 We do

We do: our four priorities and commitments to action

- our commitments as an employer;
- our commitments for better Nutrition, Health and Wellness;
- our commitments to our host communities;
- our commitments to protect the environment.

3.2.1 OUR COMMITMENTS AS AN EMPLOYER

Sodexo is first and foremost a people company. With 420,000 employees, we are the 20th employer worldwide*. Our success is built on a unique economic and social model: our ability to contribute to client and consumer satisfaction is primarily due to our employees' professionalism and engagement.

As an employer, Sodexo is committed to providing employees with the means to **grow and develop** throughout their career and to foster **diversity and inclusion**. Sodexo fully respects its employees' **fundamental rights** and is committed to ensuring their **safety**.

Sodexo has set ambitious human resources objectives in order to ensure its growth:

- **have the Human Resources available, in terms of both quantity and quality, and with the requisite skills,** to satisfy the demands of all its clients, and to offer innovative solutions for their needs;

  Investing in **employee training and development** at all levels is therefore a priority. Examples include:

  - training for employees leading to recognized qualifications;
  - orientation programs for future site managers;
  - advanced training programs for managers, including an e-learning platform;
- **promote access to jobs and equal opportunities;**
- **be one of the world's most appreciated employers by its employees.**

3.2.1.1 DEVELOPMENT OF OUR EMPLOYEES

People have always been central to Sodexo's fundamentals. Today, those fundamentals are the cornerstone of its development as a socially responsible company. As with improving the Quality of Life for its clients and consumers, Sodexo firmly believes that, as an employer, improving the Quality of Life for employees in the workplace is the surest way to secure their lasting engagement, thereby satisfying all of its stakeholders and driving efficiency for the Group. Sodexo's 420,000 employees have the **same passion for service for the greatest satisfaction of clients and consumers.**

For Sodexo, the development of our people means:

- **offering a fulfilling work environment;**
- **providing continuous training and professional development throughout their career;**
- **offering opportunities for internal promotion;**
- **ensuring constructive labor relations.**

Our **Employee Value Proposition, "Your future, so Sodexo",** ensures the quality and consistency of their career experience for all Sodexo employees, focused on the five key moments of professional life: Recruiting, Welcoming, Living, Growing and Rewarding.

* *Source: Fortune 500 – July 23rd 2012.*

A fulfilling work environment

A work environment and jobs that are fulfilling are the basis for ensuring the continuous engagement of our employees.

This means that Sodexo works to ensure a **stable, healthy and positive work environment** with employees united around strong fundamentals and our shared values – Service Spirit, Team Spirit and Spirit of Progress – and guided by the Company's ethical principles.

It also means providing employees with **assistance in their everyday lives,** both within and outside the workplace, thereby helping them to remain fully dedicated to serving our clients and consumers.

"LifeWorks" – Support for daily life

Sodexo's "LifeWorks" offer provides **personal and professional resources to U.S. employees and their families** to help them manage life's daily challenges. From dependent care to financial assistance to planning a vacation, "LifeWorks" professional consultants are accessible by telephone 24/7 to every employee.

Among the most common topics are child care, caring for seniors or the disabled within the family, and legal, financial or health issues.

Launched in 2010, this initiative has proven highly successful with **20,000 employees** seeking help from "LifeWorks" in Fiscal 2012, generating 1,500 consultations, of which 872 were in person.

KEY FIGURE

Retention rate for our site managers: 84.7% in Fiscal 2012 compared to 83.6% in Fiscal 2011.

Providing continuous training and professional development

Employee training and development is one of the cornerstones of the Group's Human Resources strategy. Sodexo maintained its investments in training in Fiscal 2012.

Number of employees who have undergone training*

Employees	Management	Total
279,694	47,575	327,269

* *Excluding on-site training.*

15,875 additional employees received training as compared to the prior year.

Percentage of employees who have undergone training*, compared to average workforce in each grade

Employees	Management	Total
75.2%	95.3%	77.5%

* *Excluding on-site training.*

Number of training hours

The total number of training hours for all Group employees was 5,407,094 hours, which is 12% higher than for Fiscal 2011.

In providing opportunities to all employees to learn new skills and strengthen their expertise to change professions or move internationally, Sodexo ensures that a **team of talented, committed professionals** is available to clients and consumers, understanding and responding effectively to their needs.

All employees whatever their position and function, benefit from effective training throughout their career.

Throughout the world, Sodexo Academies offer Group employees an impressive array of training and development opportunities offered by **Sodexo Academies.** For example, in the U.S., 113,000 employees participated in 400 different training courses during Fiscal 2012.

Training and development programs have been organized to respond to employees' specific needs and expectations, including academies for the Defense and Healthcare segments, for facilities management as well as an orientation and development program for senior executives.

International – "Emerging talents"

"Emerging Talents" is a mentoring program focused on developing management talent in emerging markets. The program provides participants with opportunities to enhance their management and operational skills to prepare them for key positions within the organization. The program includes classes and e-learning, with sessions on Sodexo's organization and worldwide strategy. Six women and six men participated in the first year of the program, drawn from Angola, Gabon, India, Malaysia, Oman, Singapore and Thailand.

KEY FIGURE

In Fiscal 2012,
327,269 employees
participated in a training program.

Offering opportunities for internal promotion

Providing opportunities for internal advancement is at the heart of Sodexo's employee value proposition... and one of the secrets of our success.

Our constant growth, the range of our activities and diversity of professions enable us to support our employees who want to progress in the organization, whatever their level or function.

During Fiscal 2012, 2,250 front-line staff were promoted to site manager and 488 site managers and other non-site staff were promoted to non-site managerial positions, for a total of 2,738 internal promotions to a manager grade by promotion from one grade to another. These figures do not include internal promotions within the same grade.

Internal promotion by promotion from one grade to another	Front-line staff to site manager positions	Site manager and other non-site staff to managerial positions
Internal promotion/ (internal promotion and recruitment)	26%	27%

In Fiscal 2012, Sodexo continued to deploy **Ingenium,** which helps Sodexo's Human Resources teams manage the annual performance review process, talent and succession planning and the creation of personal development plans. The program is also used to manage international postings and global succession planning, providing a global view of talent, enabling consistent talent management and ensuring a quality and calibrated global standard throughout the world. Since 2010, 25,000 managers have participated in the program, with an objective to reach 45,000 employees in 2015.

KEY FIGURE

27% of site managers and other non-site staff were promoted to managerial positions in Fiscal 2012.

Ensuring constructive labor relations

Since our creation, Sodexo has always maintained a strong social dialogue with our employees and their representatives in the countries where we operate. Such dialogue:

- corresponds with our core values;
- contributes to the long term economic and social development of our Company;
- supports our growth and contributes to the attainment of our strategic objectives.

Sodexo is committed to respecting the right of employees to join the trade union of their choice, or not, as they may so choose and to bargain collectively, free from any form of pressure, as defined by the International Labour Organization (ILO).

Group – International Framework Agreement

In December 2011, Sodexo became the first company in its industry to sign an International Framework Agreement with the International Union of Food Workers (IUF).

This innovative partnership will serve as a forum to **advance social dialogue** and **promote the labor rights** of Sodexo employees around the world.

Through an Annual Meeting and *ad hoc* visits to Sodexo operational sites, Sodexo and the IUF will continuously improve respect for fundamental labor principles, including freedom of association and collective bargaining.

Maintaining social dialogue with trade unions worldwide is a major concern for Sodexo. For instance, Sodexo meets annually with the European Works Council, which includes employee representatives from 22 countries, and quarterly with the Council's Executive Committee to discuss topics of common interest.

3.2.1.2 HUMAN RIGHTS

As a signatory of the United Nations Global Compact, Sodexo is committed to respecting the Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Sodexo further acknowledges and respects the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, as well as the employment and industrial relations chapter of the OECD Guidelines for Multinational Enterprises.

Sodexo recognizes that companies have a responsibility to respect human rights as outlined in the United Nations Guiding Principles on Business and Human Rights. Sodexo's respect for human rights dates from the company's founding in 1966. Sodexo's mission, values and ethical principles form the basis for all that we do, and how we interact with all stakeholders.

Sodexo published the Group Human Rights Policy in 2009, which is now available in sixteen languages on Sodexo websites around the world.

As a global employer, Sodexo respects employee rights, as defined through the key principles of the International Labour Organization:

- freedom of association and effective recognition of the right to collective bargaining;
- elimination of all forms of forced or compulsory labor;
- effective abolition of child labor;
- elimination of discrimination with respect to hiring and employment.

Consistent with these principles, Sodexo has adopted a Fundamental Rights at Work Charter, which is supported by:

- deployment of a self-assessment questionnaire to evaluate country level policies and practices concerning employee rights, with action plans developed to respond to the issues identified;
- creation and distribution of a Guide to Fundamental Rights at Work to help in the development of action plans;
- creation of an e-learning tool for managers, to raise their awareness about Fundamental Rights at Work;
- introduction of a "Fundamental Rights at Work" assessment in the internal audit function;
- incorporation of Fundamental Rights at Work within Sodexo's Supplier Code of Conduct.

3.2.1.3 DIVERSITY AND INCLUSION

For Sodexo, diversity and inclusion is a **business imperative** that ensures our ability to attract, develop and retain the best talent and create an inclusive workplace where employees can thrive and deliver the services that improve Quality of Life for our clients and consumers.

Sodexo has identified diversity and inclusion as a strategic priority and set five key areas of focus:

- **gender:** Expand the representation, engagement and development of women in leadership and operational positions;

- **generations**: Build awareness and identify new opportunities to increase generational representation and a culture of effective working relationships across generations;
- **ethnic minorities**: Strive to have our workforce reflect the diversity of our consumers and clients;
- **people with disabilities**: Recruit, engage, develop and provide accommodations for employees with special needs;
- **respect for sexual orientation and gender identity**: Foster an inclusive environment in which Lesbian, Gay, Bisexual and Transgender employees can "bring their whole selves to work."

Four key drivers support achievement of these areas of focus: supporting and strengthening the **commitment of leaders**; increasing recruitment, development, engagement and retention of **top talent**; fostering a **culture of diversity and inclusion** developed at all levels and in all functions; and making diversity and inclusion **a competitive advantage**.

Diversity and inclusion is an essential element of our **long-term strategy** that will enable the future success of the organization. For the past five years, Sodexo's progress has been measured through a scorecard that tracks both quantitative and qualitative accountability to ensure we are sourcing, developing and retaining a diverse and highly skilled workforce.

SWIFt – Promoting women's development

- Launched three years ago by Sodexo's Chief Executive Officer Michel Landel, the **Sodexo Women's International Forum for talent (SWIFt)** works to advance Sodexo's global gender strategy, increase representation of women in management positions and reinforce the engagement of women throughout the company.
- Bringing together 25 senior women leaders, representing 14 nationalities and all areas of the organization, SWIFt proposes concrete actions to allow the organization to attain its target: **25% representation of women among Sodexo's Top 300 managers by 2015.**
- SWIFt has initiated a culture change at Sodexo by raising awareness of the business case, championing new initiatives and implementing new tools for developing mentoring programs and employee networks.

United States – Diversity leadership

- Sodexo received the **"Catalyst Award"** for the proven, measurable results of its multi-pronged diversity and inclusion strategy that addresses the **recruitment, development** and **advancement of women** and **minorities** in the workplace. Evaluation criteria include business rationale, senior leadership support, accountability, communication, employee engagement, innovation and measurable results.
- In addition, for the seventh straight year, Sodexo was included in the Diversity Inc Top 50 list, ranking #2 for the second consecutive year, among a group of more than 500 participating companies from a wide range of industries.

KEY FIGURE

In five years, the percentage of women in senior management has increased from16% to 23%.

3.2.1.4 HEALTH AND SAFETY

Health and Safety is an integral part of Sodexo's mission to improve Quality of daily Life. Sodexo is committed to achieving a global health and safety culture and world class health and safety performance. We believe that integrating health and safety into everything we do will minimize risk to employees and consumers.

Food Safety

Our global **Food Safety and Hygiene Policy** defines a management framework for food safety consistent with ISO 22000 (food safety) that incorporates good hygiene practices and generic HACCP (Hazard Analysis and Critical Control Points) controls. Requirements of the system include health monitoring, hygiene, management of food suppliers, training, food safety audits, food service facilities and equipment, food safety, inventory control and verification of use-by dates and temperature.

All Sodexo food service operations are required to implement the Food safety & Hygiene Policy. Our progress is tracked using **Key Performance Indicators** in the following areas; Food Supplier authorization, Food Safety Training, Food Safety Audits and Food Safety incident tracking.

Occupational Health and Safety

Our **global health and safety management system**, based on the OHSAS 18001 framework (occupational health and safety), has been launched in UK, Australia, the U.S. and France. Work is ongoing to harmonize existing processes, systems and standards to enable a common management system approach globally. Implementation is the responsibility of each business unit leader, who defines and puts in place country-specific health and safety policies and supporting procedures consistent with the Group health and safety policy, Group standards and local laws and regulations.

Our progress is tracked using **Key Performance Indicators** including deployment status, occupational health & safety legal and regulatory training and site audits.

All business activities have processes to identify and manage work-related risks with an objective to continuously improve occupational risk prevention methods. All business operations are required to update their major risk assessments for workplace health and safety annually, followed by consolidation at the Group level.

In the interest of continuous improvement, it is important for Sodexo to have sites and operational activities which have received certifications such as OHSAS 18001 (occupational health and safety), ISO 9001 (quality management), ISO 14001 (environmental management) and ISO 22000 (food safety), granted by independent external auditors.

WORK-RELATED ACCIDENTS

Number of work-related accidents by grade

Employees	Management	Total
7,247	388	7,635

Percentage of work-related accidents relative to average workforce

(number of accidents/average workforce)

Employees	Management	Total
1.95%	0.78%	1.81%

Despite a sharp increase in the workforce, the number of work-related accidents remained stable between 2011 and 2012, thanks to a constantly evolving Health and Safety policy.

3.2.1.5 EMPLOYEE ENGAGEMENT

Employees' engagement and Quality of Life are a strategic challenge for Sodexo, in pursuit of its ambition to become one of the world's most appreciated employers by its employees.

In May 2012, Sodexo conducted its fourth worldwide Engagement Survey in 60 countries (such countries cover more than 98% of the Group's employees). This survey measures employees' engagement, identifies what motivates them, and allows for action plans to be developed.

The 70% response rate was 14 percentage points better than in Fiscal 2010.

The Groupwide engagement score of 57%(1) was 9 percentage points better than for the Fiscal 2008 survey and 2 percentage points better than for the Fiscal 2010 survey.

The next survey will be conducted in Fiscal 2014.

KEY FIGURE

85% of employees rate Sodexo a better employer than its competitors.

Source: 2012 Engagement Survey, on a representative sample of 130,000 employees.

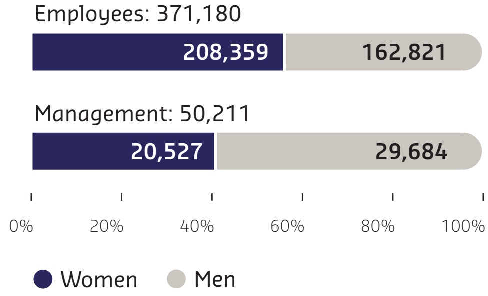
(1) Percentage of employees responding to the six questions relating to engagement with an average score equal to or greater than 4.5, on a rising scale of 1 to 6.

3.2.1.6 HUMAN RESOURCES DATA[1]

Worldwide

GROUP WORKFORCE AS OF THE END OF FISCAL 2012

Employees	Management	Total
371,180	50,211	421,391



WORKFORCE BY GEOGRAPHIC REGION (AS OF THE END OF THE FISCAL YEAR)

Geographic region	2011-2012	2010-2011	2009-2010
North America	123,698	124,919	122,425
Continental Europe	103,558	102,166	104,609
United Kingdom & Ireland	38,035	34,918	33,507
Rest of the World	156,100	129,145	118,596
TOTAL	**421,391**	**391,148**	**379,137**

The Group's workforce expanded significantly in Fiscal 2012, particularly in the emerging markets. The acquisition of Puras do Brasil at the beginning of the year increased the workforce in Brazil by 20,000. An increase in workforce was also observed in France with the acquisition of Lenôtre at the beginning of the year, and in the United Kingdom with the Sodexo teams dedicated to the organizing of the Olympic Games of London 2012.

For the Group as a whole we see a growth in total workforce of around 8% (of which 3% is organic growth).

WORKFORCE BY ACTIVITY AND CLIENT SEGMENT (AS OF THE END OF THE FISCAL YEAR)

On-site Services	97%
• Corporate	40%
• Defense	4%
• Justice Services	1%
• Remote Sites	10%
• Sports and Leisure	3%
• Health Care	14%
• Seniors	3%
• Education	22%
Benefits and Rewards Services (previously Motivation Solutions)	1%
Personal and Home Services	0.5%
Group Headquarters and shared structures	1.5%

(1) Scope = 100% of Group workforce as of the end of Fiscal 2012 (as of August 31, 2012 in France and July 31, 2012 elsewhere).

WORKFORCE BY GENDER (AS OF THE END OF THE FISCAL YEAR)

	2011-2012			2010-2011		
	Management	Employees	All personnel	Management	Employees	All personnel
Women	20,527	208,359	228,886	19,272	190,167	209,439
Men	29,684	162,821	192,505	28,386	153,323	181,709
TOTAL	**50,211**	**371,180**	**421,391**	**47,658**	**343,490**	**391,148**

The proportion of men and women for the entire Sodexo population is close to parity in Fiscal 2012, with men representing 46% and women 54%.

It should be noted that the proportion of women in senior management is 3 percentage points higher than for Fiscal 2011, thus reaching 23.1%. The Group's objective is to reach 25% by 2015.

RECRUITMENT BY GRADE

Recruitments on permanent contracts

Employees	Management	Total
143,359	7,584	150,943

Percentage of recruits on permanent contracts as a percentage of average workforce

Employees	Management	Total
38.5%	15.2%	35.8%

The number and percentage include replacements of employees leaving the Group, but do not include staff taken over and acquisitions. The percentage of recruits is down 5 percentage points from last year, due to a sharp increase in the workforce relating to acquisitions including Puras do Brasil, Lenôtre and Roth Bros.

EMPLOYEE RETENTION RATE

The employee retention rate is one of the Group's key performance indicators. For the current fiscal year, the retention rate for all employees was 60% and the rate for site managers was 84.7%.

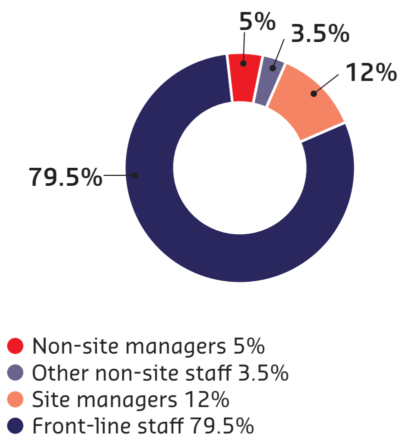
The employee retention rate is down 1.9 percentage points from last year, mainly due to the sharp increase in workforce in countries with a high employee turnover (mainly India, China and Brazil). It is worth noting that the employee retention rate for site managers is 1.1 percentage points higher than for Fiscal 2011.

In France

Data on employment aspects of all Sodexo operations in France, i.e., On-site Services, Benefits and Rewards Services, Personal and Home Services, the parent company, and the Group's management companies, are presented below.

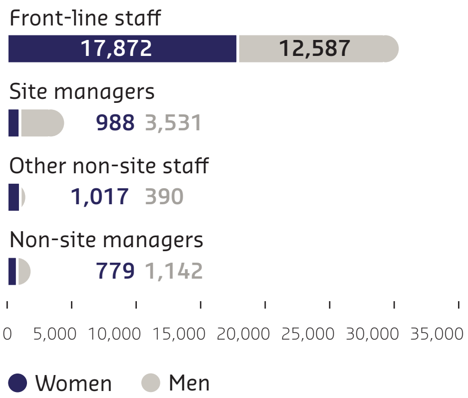
WORKFORCE

As of August 31, 2012, Sodexo employed a total of 38,306 people in France.



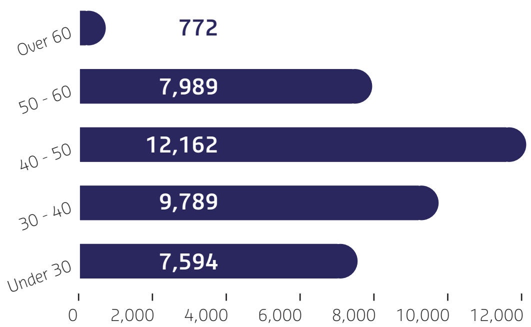
Workforce by gender

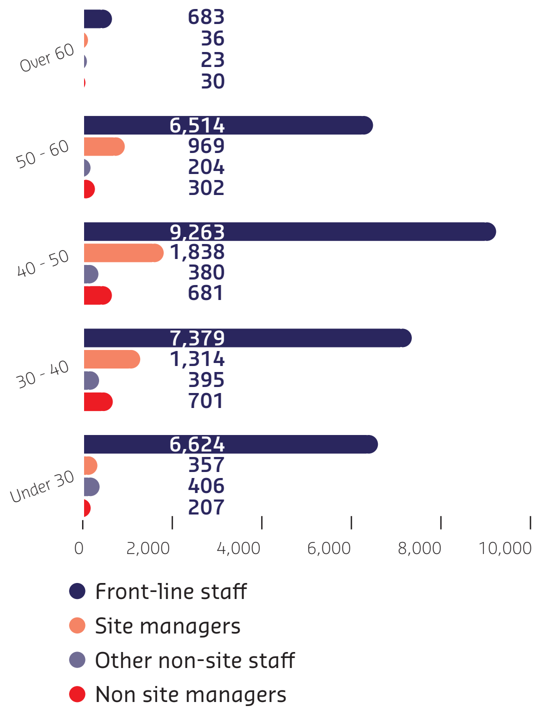
Women represent 54% of total employees, 59% of front-line staff, 22% of site managers, 72% of non-site employees, and 41% of non-site managers.



Workforce by age group and grade

The average age is 40.8.

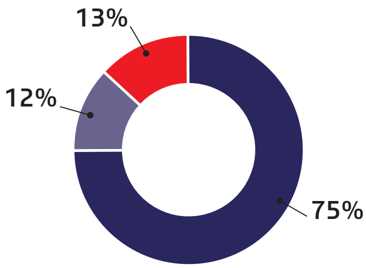




	Non-site managers	Other non-site staff	Site managers	Front-line staff	Total
Under 30	2.7%	5.4%	4.7%	87.2%	19.8%
30 - 40	7.2%	4.0%	13.4%	75.4%	25.6%
40 - 50	5.6%	3.1%	15.1%	76.2%	31.7%
50 - 60	3.8%	2.6%	12.1%	81.5%	20.9%
Over 60	3.9%	3.0%	4.6%	88.5%	2.0%

EMPLOYMENT

5,693 staff were recruited in France on a permanent contract during Fiscal 2012, comprising 4,270 by direct recruitment, 675 by conversion of fixed-term contracts into permanent contracts, and 748 by taking over staff from other service-providers.

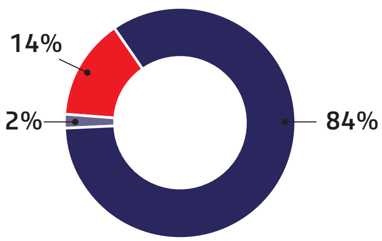


- Direct recruitments on permanent contract
- Conversion of fixed-term contract into permanent contract
- Staff assumed from other service-providers

As of August 31, 2012, 11.8% of employees were on fixed-term contracts.

During the fiscal year, employment on fixed-term contracts represented 13.71% of hours worked and temporary work represented 2.12%. These mainly concerned temporary replacements and spikes in workload.

297,115 hours of overtime were worked in Fiscal 2012, or 0.5% of hours worked.



- Number of hours worked on permanent contracts
- Number of hours worked on temporary contracts
- Number of hours worked on fixed-term contracts

705 employees had their employment contract terminated in Fiscal 2012, of which 9 were for economic reasons.

Focus on the Sodexo France subsidiary

Availability of qualified personnel continues to be difficult, particularly in two job areas: service technicians and cooks. Different actions have been undertaken to overcome this difficulty:

For more than seven years, Sodexo France has been maintaining active relations with educational institutions in order to better promote its range of services and its areas of business, and to attract recruits. To this end, a number of actions have been carried out:

- the development of a long-term relationship with the **French Department of Education,** by welcoming teachers in continuous education at our sites (9 in 2012), contributing to modernizing the progress of study (vocational high-school chef's diploma, in 2012), working with two French associations of high school level hotel trade schools(attending conferences on trends in occupations and training, etc.) and helping several Academies implement new training classes resulting from the reform of the vocational high-school diploma;
- the consolidation of partnerships with more than 30 higher educational institutions (business schools, engineering schools and universities), through attendance at 55 events such as education forums organized by school, presenting Sodexo's businesses to classes and conferences, holding round-table conferences, etc.
- a focus on the recruitment of young people through apprenticeships and internships. More than 500 apprentices were hired during Fiscal 2012, and close to 120 higher education students completed their internships at Sodexo France, either at our headquarters and regional offices, or directly on site.

In addition to creating this special relationship with the French Department of Education, Sodexo has signed a partnership agreement with the French Department of Defense with a view to hiring members of the armed forces wishing to return to civilian life.

A partnership agreement was also signed on January 24, 2012 between Sodexo in France and Pôle Emploi, the French governmental agency which is responsible for public services concerning unemployment throughout France. This agreement aims at strengthening already existing collaborations and harmonizing them at a national level in order to help Sodexo recruit successfully and to encourage job-seekers' professional integration.

Further, the range of career opportunities within Sodexo is not sufficiently known, whether outside the Company or internally. That is why "job videos" with testimonials from Sodexo employees were developed, illustrating the range of management positions in food services, technical maintenance and Facilities Management services. They also highlight the wide range of profiles which can access these positions.

Lastly, the accelerated roll-out of our integrated services strategy has resulted in growing needs in the recruitment of expert profiles, particularly technical experts.

Sodexo France aims at becoming the best employer in its areas of business; to this purpose, the Company launched in June 2012 the "Responsible Employer" approach, in partnership with Vigeo Enterprise. This approach consists of promoting equal opportunity, wellness in the workplace, quality relations with all stakeholders and the development of human capital.

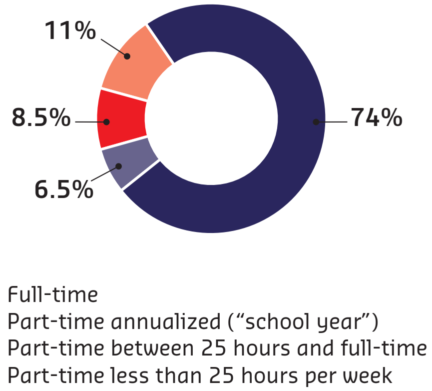
INTERNAL PROMOTION

Internal promotion is a central pillar of Sodexo's Human Resources policy. In Fiscal 2012, 182 front-line employees in France were promoted to site manager and 30 site managers were promoted, for a total of 212 employees promoted to a supervisory position by a change of grade. These figures do not include internal promotions within the same grade.

ORGANIZATION OF WORKING HOURS

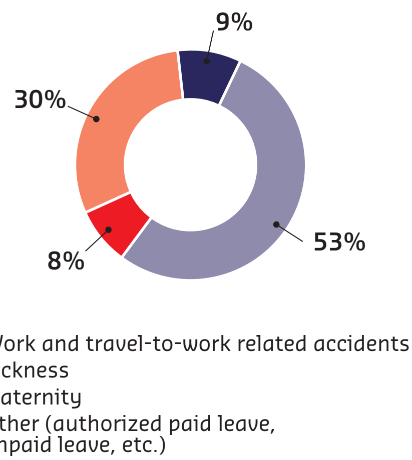
The working week is 35 hours (34.87 hours for most subsidiaries).

For Fiscal 2012, 74% of the workforce worked full time. Part-time work concerned 26% of the workforce.



ABSENTEEISM

In France, the average absenteeism rate based on the number of days absent was 8.4% for the workforce as a whole. The reasons were as follows:



COMPENSATION

The average annual salary for a full-time front-line employee was 23,408 euro in France, which is 36.8% higher than the French legal minimum wage[1].

Pursuant to a law introduced in France on July 28, 2011 (which only pertains to the Group's activities in France) related to a profit sharing bonus, Sodexo concluded on April 6, 2012 an agreement with a majority of the collective bargaining units represented in Sodexo's entities in France. This agreement provides for the payment of a bonus of 90 euro (net of payroll taxes) to all employees in France (irrespective of compensation level, status (fixed term or permanent), or seniority, but subject to a minimum of three months of presence during the period from September 1, 2011 to August 31, 2012).

Statutory and voluntary employee profit-sharing (Part IV of Book IV of the French Labor Code)

Profit-sharing agreements exist within Sodexo's French subsidiaries. The share of profits allocated to employees during Fiscal 2012 was 6,118,053 euro.

FRENCH PAYROLL TAXES

For Fiscal 2012, French payroll taxes represented 24% of the compensation of front-line staff. The employer's contribution was 45%.

SOCIAL AND CULTURAL ACTIVITIES

The contribution to the financing of social and cultural activities promoted by the various Works Councils represented 0.6% of payroll.

EMPLOYEE RECOGNITION

The annual gala evening reception honored over 320 employees (60% of them women) who have earned qualifications under our different vocational training programs, while long-service awards were presented to employees with 30 years' seniority.

COLLECTIVE AGREEMENTS

In total, 43 collective agreements were signed in Fiscal 2012, including:

- one agreement aimed at integrating and keeping people with disabilities employed;
- two agreements relating to gender equality;
- two agreements addressing the issue of difficult working conditions;
- one agreement relating to electronic voting with regard to the Works Council and staff representative elections for Sodexo France.

HEALTH AND SAFETY

The frequency rate of work-related accidents in France was 46.8 in Fiscal 2012, and the severity rate was 1.3.

There were 97 meetings of Health, Safety and Working Conditions Committees during the fiscal year.

As part of general legal obligations for health and safety:

- all new recruits receive initial training familiarizing them with their work area, informing them of the risks to which they will be exposed, and telling them what action they should take in the event of an accident;
- as a service-provider on premises usually belonging to the client, Sodexo prepares an accident prevention plan jointly with the client, based on an assessment of the risks and potential interference between our activities;
- a single document, the "Work-related Risk Assessment", is produced, which identifies dangers, analyzes risks and indicates preventive action to be taken.

The QHSE Department (Health and Safety) relies on the work of the Health and Safety Unit of Sodexo Group.

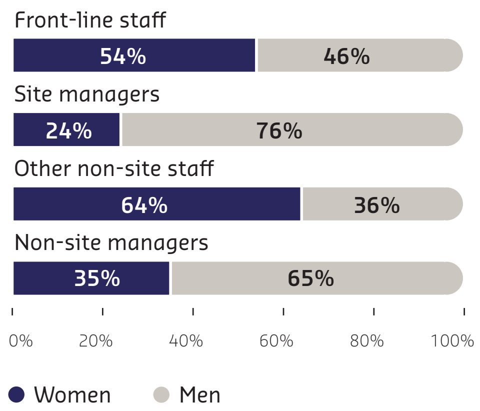
Three high-profile measures have been implemented this last fiscal year to improve hygiene and safety conditions in the workplace:

- work within a commission constituted by various Sodexo departments and trade union representatives with the aim of evaluating the level of risk and difficulty associated with particular working conditions, and the creation of forms permitting individual assessments of such levels;
- the circulation of annual prevention programs to all of the Health, Safety and Working Conditions Committees;
- creation of a new *ad hoc* tool to evaluate professional risk levels, which is easier to use by the workforce.

(1) The French gross legal minimum wage (Smic) in euro for a workweek of 37.87 hours, as of June 29, 2012.

HUMAN RESOURCES TRAINING AND DEVELOPMENT

Expenditure on training[1] by all Sodexo businesses in France totaled 18.5 million euro in Fiscal 2012. This figure represented 1.96% of total payroll.



The number of training hours totaled 317,958 during the fiscal year.

DIVERSITY AND INCLUSION

Sodexo France wishes to share with its employees and clients the values of diversity and inclusion, which are crucial to progress and development and central to the Group's concerns. In 2011, Sodexo France created a Council for Diversity and Inclusion. The council consists of employees from five different levels of management and representative of the variety of the Company's activities and businesses. Its mission is:

- to determine Sodexo France's strategic guidelines with regard to diversity and inclusion;
- to set clear and measurable objectives for the various business units.

In order to improve employees' individual fulfillment within the Company and to promote all differences, the Council for Diversity and Inclusion defined four priorities:

- facilitate employment for people with disabilities;
- promote gender diversity in the workplace;
- encourage professional development and motivation for all generations;
- reflect in our Company the cultural and social diversity of our clients and consumers.

Gender balance

Two agreements relating to "equality in the workplace" on various scopes were unanimously signed by social partners representing the personnel. These agreements are being deployed, mainly on the following lines:

- promoting gender equality to work towards a harmonious balance of men and women representation in all areas of business and at all levels of the Company;
- changing attitudes: a study relating to Stereotypes and Genders was carried out in partnership with the "IMS – *Entreprendre pour la cité*" association in order to raise awareness among managers and to deconstruct stereotypes and reduce the self-censorship observed in many women;
- efforts to erase all compensation differences not justified by differences in experience levels or seniority, by each year allocating to these realignments a percentage of the budget negotiated within the mandatory annual negotiations;
- developing gender-equitable recruitment practices, in particular by encouraging the recruitment of a person of the sex least represented in the function concerned, where qualifications are equal;
- taking into account the essential balance between personal and professional life by better accompanying employee leaves for maternity, adoption or parental leave, by fixing a time limit for meetings and by setting specific leave policies for special family circumstances;
- bringing financial support to employees having dependent children under 13 and whose professional training requires them to be away from home for more than one day.

(1) Excluding on-site training.

Employees with disabilities

Sodexo subsidiaries in France employ 1,213 workers with a disability.

In February 2012, Sodexo France confirmed its long-term commitment to hiring individuals with disabilities in a third "employees with disabilities" agreement.

This agreement, signed by all the trade union organizations, has been approved by the 'Regional Department of Work' *(Direction régionale du travail)* for 2012, 2013 and 2014.

Two majors areas of action are keeping people with disabilities employed and working with partners to provide adapted work environments.

This agreement is being monitored and steered by an Organization for Disabilities and a Disability Support Network representing nearly 80 people across the country.

As of August 30, 2012, within the framework of this third "Employees with disabilities" agreement:

- 14 people had been hired on permanent contracts and 8 on fixed-term contracts;
- 23 apprentices had been recruited (beginning of the 2011 school year);
- 47 interns had been hired;
- 19 individuals had been kept employed.

Employment information on the parent company

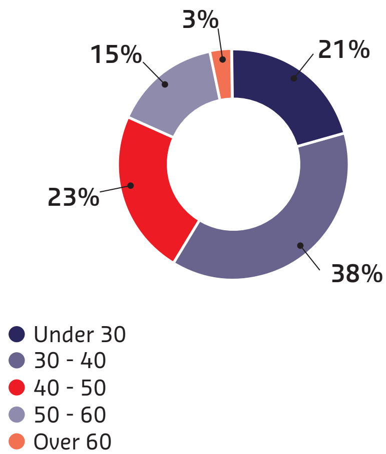
These disclosures relate to the employment and environmental impact of all of the activities of Sodexo SA in France and its Overseas Departments and Territories (DOM), as required by article L.225-102-1 of the French Commercial Code.

3

As of August 31, 2012, Sodexo SA employed 285 people, as follows:

	Non-site managers	Other non-site staff	Site managers	Front-line staff	Total
Men	90	2	0	3	95
Women	125	44	7	14	190
TOTAL	**215**	**46**	**7**	**17**	**285**

Women represent 67% of the Sodexo SA workforce. The breakdown by age group is as follows:



During Fiscal 2012, 58 staff were recruited on permanent contract, comprising 56 by direct recruitment, and 2 through conversion of fixed-term contracts into permanent contracts.

3.5% of the workforce was on fixed-term contracts. Temporary work accounts for only 0.42% of hours worked. In both cases, these are basically jobs designed to cope with spikes in workload.

During the fiscal year, 3 employees had their employment contract terminated, none of them for economic reasons.

The working week in metropolitan France and the overseas departments (DOM) is 35 hours.

Part-time work involved 26 people, *i.e.*, 11 non-site managers, 3 other non-site staff, and 12 front-line staff.

Altogether 445 hours of overtime were worked during the year, representing 0.10% of total hours worked.

The absenteeism rate was 3.27% and the number of days off work was as follows:

	Non-site managers	Other non-site staff	Site managers	Front-line staff	Total
Number of days absence for work-related and travel-to-work accidents	3	6	0	0	9
Number of days absence for sickness	681	291.5	28	69	1,069.5
Number of days absence for maternity	646	155	71	113	985
Number of days absence for other reasons (unpaid leave, authorized paid leave)	227	13	0	0	240
TOTAL	**1,557**	**465.5**	**99**	**182**	**2,303.5**

Average annual salaries for the fiscal year:

Average annual salary in euro	Non-site managers	Other non-site staff	Site managers	Front-line staff
Men	133,529	n/a*	n/a*	n/a*
Women	87,446	38,975	40,599	24,180

* *Not communicated, as there are not enough employees in this grade.*

Sodexo SA paid 188,668 euro gross into a special employee profit-sharing plan for Fiscal 2012.

The Health and Safety and Working Conditions Committee met four times in Fiscal 2012 and registered 2 work-related accidents resulting in 9 days of sick leave.

The frequency rate was 4.31, and the severity rating was 0.02.

Sodexo SA spent 1.6% of its payroll on training, as follows:

	Non-site managers	Other non-site staf	Site managers	Front-line staff	Total
Number of hours training	3,118	549	0	0	3,667
Number of persons trained	140	30	3	9	182
Men *(%)*	44%	3%	0%	0%	34%
Women *(%)*	56%	97%	100%	100%	66%

Sodexo SA spent 57,777 euro on finding work for persons with disabilities and employs one worker who has a disability.

The Company also paid 152,161 euro to the Works Council for social programs for staff.

3.2.2 OUR COMMITMENTS TO NUTRITION, HEALTH AND WELLNESS

As a world leader in Quality of Life services, Sodexo plays a key role in the consumption habits of 75 million consumers each day, Sodexo's commitment to **nutritional education, balanced diet, health and wellness** are the cornerstone of its offer.

Sodexo's three commitments to better nutrition, health and wellness

"We will develop and promote health and wellness services for our clients, consumers and employees in all countries where we operate by 2015."

"We will advocate balanced meal options at all client sites by 2016."

"We will provide and promote choices with reduced sugar, salt and fats at all client sites by 2015."

International – Golden rules for well-balanced diets

Based on a survey sent to Sodexo dietitians from around the world, 10 "Golden rules" highlighting recommendations for healthy and balanced living are being shared throughout the Company.

International – Dietitian virtual network

A pilot network created on a virtual platform links Sodexo dietitians around the world to exchange on experiences and best practices, work collaboratively on projects such as the 10 Golden Rules, diversify menus and work together to prevent cardiovascular problems or diabetes.

3.2.2.1 HEALTH AND WELLNESS

Chronic diseases are often linked to unhealthy diets and lack of physical activity. Wellness is a driver for **reducing workplace absenteeism** and **increasing performance** of employees and consumers.

3.2.2.2 VARIED AND BALANCED FOOD OPTIONS

With nearly 4,700 dietitians, Sodexo is the profession's number one private sector employer in the world. Sodexo menus and recipes are reviewed by a qualified nutritionists in 95.6% of the countries in which the Company operates. Country teams also use an on-line tool developed by Sodexo for managing their foodservices portfolio and share innovations.

3.2.2.3 SUGAR, SALT AND FATS

Many countries' populations have intakes of salt, sugar and fats that are higher than both international and national recommendations.

Sodexo's numerous actions include looking at ways to **reduce salt content across the entire food chain,** from suppliers to end consumers.

France - Recipes with reduced salt

Salt quantities in Sodexo restaurants have dropped 25% since the 2010 launch of a program to reduce salt in recipes.

3.2.3 OUR COMMITMENTS TO LOCAL COMMUNITIES

Since its creation, Sodexo has always contributed to the **economic and social development** of the cities, regions and countries where we operate. We are committed to having a positive impact through our activities on the **Quality of Life of local communities**.

Sodexo's three commitments to local communities

"We will fight hunger, malnutrition and food waste through our STOP Hunger initiative in all countries where we operate by 2020."

"We will support local community development in all countries where we operate by 2015."

"We will increase the purchase of products from fair trade certified sources by 2015."

3.2.3.1 COMBATING HUNGER, MALNUTRITION AND FOOD WASTE

Under-nutrition, sometimes combined with malnutrition, also affects populations of developed countries. In 2010, 16.4% of the population of the European Union, or 80 million people, and 16% of the U.S. population, or 49 million people, lived below the poverty line*.

* *Source: FAO (Food and Agriculture Organization of the United Nations).*

STOP Hunger is a global initiative developed by the Group.

Our objective is to mobilize all of Sodexo's teams and expertise, in concert with our host communities and local partners, and make a lasting contribution to the fight against hunger and malnutrition.

At the end of 2012, **42 countries** were involved in the **STOP Hunger initiative,** operating **618 major programs** in partnership with **573 NGOs and associations.**

In April 2012, nearly **40,000** employees in **35 countries** participated in the 16th edition of the **"Servathon,"** spearheading **900 actions** in partnership with **925 associations and NGOs.** The Servathon's objective is to fight hunger and malnutrition and includes volunteering sessions, food drives, fundraisers, and training for workers and beneficiaries at food banks and homeless shelters.

3.2.3.2 ECONOMIC AND SOCIAL DEVELOPMENT OF LOCAL COMMUNITIES

With operations in 80 countries, the vast majority of our 420,000 employees are hired locally and more than 80% of our procurement is locally sourced.

An international working group based on the Development of Local Communities has defined a program applicable in all our countries and eight focus areas to reinforce our actions:

1. strategic relationships and partnerships with host communities;
2. local recruiting;
3. job-training programs for the targeted communities;
4. support for education, health, culture and employment;
5. analysis of local supply chain and market needs;
6. help create new local enterprises;
7. train and help accredit local suppliers;
8. respond to humanitarian crises.

International – Helping to create new local enterprises

Among Sodexo's programs to support the creation of new local business enterprises is the **Super Vegetable Garden Project,** which supplies Sodexo operations with fresh and seasonal vegetables grown in local communities. Sodexo helps growers to understand and meet its standards for quality, competitive pricing and vendor service as well as helping them find market opportunities for local products, both within and outside Sodexo's markets. Launched in 2010, the Project has been implemented in several countries, including **Algeria, Tanzania, the UK, Peru and Brazil.** In addition to generating income in local communities, the Project promotes awareness of where food comes from and how it is grown and helps participants to build their skills.

3.2.3.3 FAIRLY TRADED CERTIFIED PRODUCTS

Sodexo improves Quality of Life by purchasing products that meet our standards for **fairly traded products** and by making them available to our employees, clients and consumers. In certain countries, Sodexo gives preference to certified products available on our markets as long as they meet our standards.

KEY FIGURE

Certified fairly traded coffee represents **19.1%** of our total coffee purchases.

3.2.4 OUR COMMITMENTS TO PROTECT THE ENVIRONMENT

Sodexo works to reduce environmental impacts at client sites. The Better Tomorrow Plan promotes **sustainable practices for sourcing** and optimizes the consumption of natural resources.

Sodexo's seven commitments to protect the environment

Sustainable supplies	"We will ensure compliance with our Global Sustainable Supply Chain Code of Conduct in all countries where we operate by 2015."
	"We will source local, seasonal or sustainably grown or raised products in all the countries where we operate by 2015."
	"We will source sustainable fish and seafood in all the countries where we operate by 2015."
	"We will source and promote sustainable equipment and supplies in all countries where we operate by 2020."
Energy and emissions	"We will reduce our carbon footprint in all countries where we operate and at client sites by 2020."
Water and effluents	"We will reduce our water footprint in all countries where we operate and at all client sites by 2020."
Materials and waste	"We will reduce organic waste in all countries where we operate and at client sites by 2015. We will support initiatives to recover organic and non-organic waste."

3.2.4.1 SUPPLY CHAIN CODE OF CONDUCT

Sodexo continued its efforts in Fiscal 2012 to ensure the signing of the Supplier Code of Conduct by all contracted suppliers. The indicator, with an objective to achieve 100% compliance, has been included within the scope of Sustainable Development internal audits to reinforce the reliability and consistency of country reporting on this subject.

3.2.4.2 LOCAL, SEASONAL AND SUSTAINABLE PRODUCTS

To continue to make progress on its commitments, **Sodexo has worked since 2010 with some of the world's leading international organizations,** including World Wildlife Fund (WWF), to increase sustainable sourcing and promote sustainable agriculture for fruit and vegetables, beef, dairy products, palm oil and soy products. Sodexo joined the Roundtable On Sustainable Palm Oil (RSPO) in 2012 and is working toward GreenPalm membership to encourage sustainable and responsible palm oil production.

> North America – Grow local, buy local
>
> Sodexo promotes local sourcing by **matching local farms to distributors,** using a database of more than 600 farmers. A Sodexo requirement that regional produce distributors purchase locally grown produce has resulted in an average 17% increase in local produce sales – and as much as 60% in some areas.

3.2.4.3 SUSTAINABLE FISH AND SEAFOOD

Having successfully eliminated 100% of purchases of at-risk seafood species in Fiscal 2011, Sodexo committed to preserving endangered species and promoting MSC-certified seafood (Marine Stewardship Council). Sodexo works closely with clients to raise consumer awareness regarding responsible fishing.

3.2.4.4 SUSTAINABLE EQUIPMENT AND SUPPLIES

Sodexo is increasing the proportion of sustainable products and equipment it uses, including through product selection in designated priority categories such as paper disposables, cleaning products and office paper.

3.2.4.5 ENERGY AND EMISSIONS

Progress achieved during the year includes:

- **partnering with our suppliers to reduce carbon emissions** from the products we buy and sell – the largest source of scope 3 emissions (indirect emissions from the supply chain including transport of goods and people);
- establishment of a **methodology** for calculating of our Scope 1 and Scope 2 emissions (direct emissions linked to fossil fuel combustion of resources controlled by the Company, and indirect emissions linked to the purchase or the production of electricity);
- creation of **service offers,** including audits, to help clients reduce energy consumption and emissions;
- **procedures and measures** for obtaining certifications and labels and applying for certification with international environmental standards;
- **dialogue with WRI** (World Resources Institute) and others to determine which of our business activities fall into scope 1, 2, 3 for greenhouse gas emissions within the WRI's GHG Protocol.

> International – Reducing energy consumption with Endocube
>
> Sodexo has installed more than 600 Endocube devices at sites around the world. Endocube is a small plastic box containing a wax that mimics the properties of food. It **has been shown to lower refrigeration energy consumption by 12 to 45%,** enabling reduction of energy footprints and carbon emissions on client sites. At the refrigeration units, air temperature rises far quicker than food temperature; as a result, refrigerators work harder than necessary to maintain stored products at the right temperature, leading to excessive electricity consumption.

3.2.4.6 WATER AND EFFLUENTS

Understanding and being able to measure Sodexo's water footprint (defined as the total amount of water used for the production or the consumption of goods and consumed services) has been one of the major achievements in Fiscal 2012.

In partnership with the World Wildlife Fund (WWF), we have been able to clearly identify "hot spots" where we need to focus our attention and actions that have to be taken. In 2012, an online training module was created for all site managers and Better Tomorrow Plan Champions to raise awareness among our employees on water-related issues. Through the creation of this tool and our data, the Group has been able to understand for the major Sodexo countries how water is used in our supply chain.

3.2.4.7 ORGANIC AND NON-ORGANIC WASTE

Organic waste minimization efforts in 2012 included preparation of a global site-based initiative to reduce waste from food preparation.

United States – Reducing packaging waste

Sodexo is helping clients reduce packaging waste with its **Packaging Tool,** which enables site managers to choose the best disposable option for their site, considering environmental and site specific factors.

United States – Reducing waste at sporting events

Over 100,000 football fans were called to participate in **"Game Day Challenge",** a 2011 competition between universities to strive for **"zero waste"** from food and drink consumed at sports stadiums. With its client, **Ohio State University,** Sodexo developed an awareness campaign during seven home games. This included replacing products like plastic food trays, non-recyclable paper soda cups and styrofoam coffee cups with compostable or recyclable materials.

3.2.4.8 ENVIRONMENTAL INFORMATION ON THE PARENT COMPANY

As part of its commitment to sustainable development, Sodexo strives to minimize the direct impact of its service activities on the environment. Working at the computer, using the printer, taking a coffee break, heating the office, turning on the light, travelling: all these activities affect the environment.

In 2010, Sodexo obtained a triple certification for ISO 14001 (environmental management), ISO 9001 (quality management) and OHSAS 18001 (occupational health and safety) – for its facilities management services, including at its headquarters. This certification recognizes the many environmental actions that are continuously pursued on-site towards greater energy and water reduction in particular.

Among sustainable development measures implemented at headquarters:

- selective sorting and collection of office waste, with pre-sorting by each office worker: use of collective all-in one printer/photocopier/fax machines, PEFC-certified wood containers for recycling paper, collection of plastic bottle tops and batteries, compostable biodegradable cups, recycling of ink cartridges;
- use of environmentally-friendly cleaning products through an eco-washing system;
- investment in video and web conferencing systems to limit business trips;
- concierge services offering sustainable services such as organic fruits and vegetable baskets or shoe-repairs done with solvent-free glues;
- serving Sodexo's Aspretto offer of organic and fair trade teas and coffees.

Consumption of electricity and water

ELECTRICITY

Fiscal 2012	2,177,775 kWh
Fiscal 2011	2,055,073 kWh
Fiscal 2010	2,130,199 kWh
Fiscal 2009	2,334,494 kWh
Fiscal 2008	2,315,301 kWh

Consumption of electricity per square meter increased by 3% in Fiscal 2012 relative to the prior year. We were able to identify several causes for this increase, including harsher winter conditions and an unusually hot month of August.

Several measures are in place to optimize our energy consumption, including:

- fitting parking garage stairs, changing rooms, loading dock and technical rooms with light presence detectors to curb electricity consumption;
- extending presence detectors to meeting rooms;
- replacing all coffee machines with energy efficient ones;
- using the Ergelis smart heating and air conditioning control system;
- centralized lighting control with different scenarios;
- energy class A electric office appliances;
- special windows that reduce energy consumption.

WATER

Fiscal 2012	2,280 m^3
Fiscal 2011	2,699 m^3
Fiscal 2010	2,366 m^3
Fiscal 2009	2,322 m^3
Fiscal 2008	2,804 m^3

Due to initiatives launched at the site in Fiscal 2012, water consumption in cubic meters decreased by 16% compared to the prior fiscal year.

New measures aimed at cutting water consumption include the training of cleaning personnel.

3.3 We engage

A key to guaranteeing respect for the Group's commitments to Quality of Life is to involve stakeholders – employees, clients, consumers, suppliers and institutions – and dialogue to influence their practices at sites where the Group is present and elsewhere.

Stakeholder engagement is central to our Sodexo's commitment to Quality of Life. Based on interactive discussion and feedback, our approach to stakeholder engagement continues to evolve.

3.3.1 EMPLOYEES

Our commitment

"We will support our employees and involve them in programs and citizenship actions that contribute to healthier and better balanced lifestyles."

The success of the Better Tomorrow Plan lies in our ability to engage and sustain a dialogue with our employees, who are our best ambassadors with clients and consumers.

During Fiscal 2012, Sodexo continued to involve an increasing number of employees in the Better Tomorrow Plan, thanks to several actions, including:

- 30,500 site managers in 68 countries participated in a Better Tomorrow Plan training session using an on-line e-learning tool, now available in ten languages.
- More than 50 different training modules have been developed in order to complete Sodexo's expertise in sustainable development. Among the topics addressed are sustainable fish and seafood, water conservation and support for host communities.

3.3.2 CLIENTS

Our commitment

"We will support our clients' sustainability strategy and contribute to strengthening client reputations."

We believe that sustainability is a **potentially significant growth opportunity**, because:

- **sustainability initiatives are becoming increasingly important in our markets** and our clients are placing additional resources and emphasis on sustainability;
- **our clients expect Sodexo to demonstrate commitment and leadership on sustainability.** Whether in schools, hospitals or companies, our clients are looking to Sodexo for commitment and visible performance improvements to help them achieve their own sustainability objectives. Our ability to meet these expectations is a source of competitive advantage, increasing client retention and helping us win new business;
- **Implementing awareness and behavior changes through tangible actions** and communicating them to clients will improve client engagement, underlining Sodexo's ability to create value.

3.3.3 CONSUMERS

Our commitment

"We will help consumers to adopt more healthy and sustainable practices."

The general public's interest in sustainability issues is growing. Offering employees, students and senior citizens ways to live healthier makes them more effective. Sodexo wants to engage consumers in proactively improving their **lifestyle habits** to improve their health and decrease health costs.

Consumers are increasingly aware of the connections between our services and sustainability. For example, they are concerned about where their food comes from, how and by whom it was made and the links between sustainability and health.

By **educating** and **involving consumers,** we help them to live healthier lives.

3.3.4 SUPPLIERS

Our commitment

"We will engage our suppliers to improve sustainability throughout our supply chain and involve them in helping us deliver on our commitments."

Our values and ethical principles serve as a foundation for our Better Tomorrow Plan supplier relations guidelines. We actively seek business relationships with suppliers who share our values and maintain high ethical standards wherever we conduct business. We ask our suppliers to promote the application of these high standards among those with whom they do business and we work closely with suppliers across the entire supply chain. This engagement helps us bring the best ideas to the table – to the benefit of our clients and consumers.

In 2012, we continued our efforts to advance together with our suppliers on the Better Tomorrow Plan journey:

- **providing training tools** for use by our Supply Chain teams and our Better Tomorrow Plan network on each of our sustainable supply chain commitments;
- **organizing awards** to recognize suppliers and clients for their participation in actions that support the Better Tomorrow Plan, such as suppliers Kraft Foods and Ecolab in the U.S. and client Acadia University in Canada.

3.3.5 INSTITUTIONS

Our commitment

"We will regularly consult external stakeholders on our CSR strategy and innovations."

Sodexo engages in transparent, ongoing worldwide dialogue with external stakeholders to promote healthy living. Examples include:

- **at the global level,** Sodexo is involved in the World Health Organization's (WHO) global strategy on diet, physical activity and health, as well as in International Labour Organization (ILO) working groups;
- **at the EU level,** Sodexo is involved in European Federation of Contract Catering Organization (FERCO) programs in the areas of diet, physical activity and health.

3.3.6 RATINGS AND INDEXES FOR SODEXO

Dow Jones Sustainability Index (DJSI)

- Member of the **DJSI World and the DJSI STOXX** since 2005.
- In 2012 and for the eighth year running, Sodexo was named as **"Global Sustainability Industry Leader"** by the Dow Jones Sustainability Index (DJSI), for its industry sector "Restaurants, Hotels, Bars and Recreational Services."

Sustainability Asset Management (SAM)

- For the fifth year running, Sodexo was recognized in the "Sustainability Year Book 2012" report and won two important distinctions awarded by the Sustainable Asset Management (SAM): "SAM 2012 Sector Leader" and "SAM 2012 Gold Class."

Sodexo is also ranked among the following indexes:

- ASPI Eurozone® Index (Vigeo);
- STOXX® Global ESG Leaders Index since September 2011;
- Ethibel Excellence Index since July 2010;
- Fédéris ISR Euro index since June 2010;
- Business in the Community (BITC) Corporate Responsibility Index since 2007 (United Kingdom and Ireland).

4

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4.1 Fiscal 2012 Activity Report

At the Board of Directors meeting held on November 6, 2012 and chaired by Pierre Bellon, Sodexo CEO Michel Landel presented the Group's performance for the year ended August 31, 2012.

4.1.1 HIGHLIGHTS

Sodexo's model for development is based primarily on organic growth, driven by the vast potential of the global outsourcing market.

Its integrated service offer is an important source of competitive differentiation. Sodexo is also the only company in the world to offer clients On-site Services, Benefits and Rewards Services(1) and Personal and Home Services, with a unique and original positioning: improving the Quality of Life.

During Fiscal 2012, Sodexo continued its transformation into becoming an integrator of Quality of Life services and devoted a significant share of its investments to achieving this transformation and executing its long-term strategy.

Since 2005, the Group has expanded its global network, which now spans 80 countries, and consolidated its leadership in emerging economies that offer solid growth potential. After acquiring VR's voucher and card business in Brazil in 2008 and India's leading On-site Services company, Radhakrishna Hospitality Services Group (RKHS) in 2009, at the beginning of Fiscal 2012 Sodexo acquired Puras do Brasil and became Brazil's leading On-site Services provider. At the beginning of Fiscal 2013, Sodexo has also expanded its presence in Mexico by acquiring Servi-Bonos, a significant player in the Benefits and Rewards Services market. In Fiscal 2012, On-site Services in Latin America, Asia, Australia, Africa, the Middle East and at Remote Sites (together, "Rest of the World") accounted for 20% of Sodexo's consolidated revenue compared to just 10% in Fiscal 2005. Over the same period, Benefits and Rewards Services issue volume rose to over 7 billion euro in Latin America from 2.1 billion euro.

In addition, Facilities Management services represented 26% of consolidated revenue for Fiscal 2012 versus 18% in Fiscal 2005.Sodexo offers over 100 different services to companies, universities, hospitals, retirement homes and prisons, as well as to private individuals. In Fiscal 2012, organic growth in facilities management services was three times higher than that for foodservices.

The Group's financial performance in Fiscal 2012 was solid and fully in line with the targets set at the beginning of the year:

- consolidated revenue of over 18 billion euro;
- organic revenue growth of 6.5% and reported growth, including acquisitions, of 13.6%;
- an increase in operating profit of more than 15% to 984 million euro;

(1) *Sodexo has changed the name of its Motivation Solutions activity to "Benefits and Rewards Services."*

- increase in Group net income of 16.4%, to 525 million euro;
- net cash provided by operating activities totaled more than 1 billion euro, demonstrating the excellence of Sodexo's financial model which is a major strength in the current economic environment.

In 2005, Sodexo set the target of achieving 7% average annual growth in revenue and 11% average annual growth in operating profit over the next ten years. Between Fiscal 2005 and Fiscal 2012, revenues grew by an average 6.7% per year and operating profit by an average 10.5%.

This performance is therefore in line with the Group's ambition.

4.1.1.1 ONGOING DEVELOPMENT OF THE BUSINESS

During Fiscal 2012, Sodexo maintained the pace of business growth:

- Sodexo's teams developed and sold hospitality packages for two sporting events, the London Olympics and the Rugby World Cup in New Zealand. During the 2012 Olympic and Paralympic Games in London, more than 4,000 Sodexo employees were also deployed to provide foodservices to athletes, staff, journalists and spectators at many different sites. Revenues from these two events totaled over 200 million euro;
- Sodexo expanded its presence in high potential markets by signing contracts with new clients such as Gazprom in Russia, the Warsaw National Stadium in Poland, Siemens and Clinica Shaio in Colombia, National University Hospital in Singapore, Jakarta International School in Indonesia, Fortis Health Management in India, and the Federal Reserve Bank of India (Benefits and Rewards Services), and by winning major contracts with mining companies such as BHP Billiton Minera Escondida in Chile;
- Sodexo also partnered with a growing number of major international groups, acting as a change agent through its integrated service offer. During the year, the contract with Procter and Gamble was renewed and expanded, a new contract was signed with Unilever covering a wide range of services to be provided on 70 sites in 15 countries, and partnerships were established with groups such as Eli Lilly, Alcatel-Lucent and AstraZeneca.

In September 2011, Sodexo completed the acquisition of Puras do Brasil thus becoming the leading operator in Brazil's fast-growing On-site Services market. The Group also acquired Lenôtre at the beginning of the fiscal year. The acquisition of this French company will enable Sodexo to grow its portfolio of Prestige activities in France and globally, and to develop its *savoir faire* in the field of luxury gastronomy.

In the United States, the Group acquired Roth Bros., a company specialized in technical maintenance and energy management services. Through this transaction, Sodexo has strengthened its multi-technical expertise and has established competence centers in France, Singapore, China, Germany, the Middle East and the United Kingdom. At the same time, it has advanced in the worldwide deployment of operational processes and standardized tools.

Sodexo has also continued to innovate and enhance its service offer. Examples include "Well Track," a unique offer for clients in the offshore oil industry that leverages the synergies existing between components of the Group's three activities – On-site Services, Benefits and Rewards Services and Personal and Home Services – to improve the Quality of Life of people working on oil platforms and their families.

In France, Sodexo has launched the "Spirit of Cadeau" collection of gift cards on various themes (sport and the home), that can be used on-line or in numerous specialized sales outlets. In addition, the Benefits and Rewards Services activity has launched on-line ordering tools for small businesses and developed mobile phone applications related to its affiliate network into additional countries.

In addition, international expansion of the Personal and Home Services activity has continued, notably with the opening of a daycare center at the European Investment Bank (EIB) in Luxemburg, a partner for more than 30 years. Other innovations include the introduction of concierge services at the Grand Hôpital de Charleroi in Belgium.

4.1.1.2 CREATING A COMPETITIVE ADVANTAGE THROUGH OUR PEOPLE

Convinced that employee engagement is key to client and consumer satisfaction, and therefore a genuine competitive advantage, the Group implemented several major initiatives in Fiscal 2012 in pursuit of its two overriding goals: maintain a high quality, diverse and appropriately sized workforce to meet the expectations of all clients and be among the global companies most appreciated by their employees.

During Fiscal 2012, a fourth global engagement survey was conducted among 130,000 employees in 60 countries. The overall engagement rate an increased by 9 points over four years. In all, 85% of respondents continue to rate Sodexo as a better employer than its competitors.

In order to share best practices and to promote the Group's "Your future, so Sodexo" employer offering, Fiscal 2012 saw the deployment in several countries of the "LifeWorks" initiative. Originally launched in the United States, LifeWorks helps Sodexo employees manage the day-to-day challenges of their personal and working lives, with experts on call 24/7 to provide family support, legal assistance, advice on healthcare matters and other forms of assistance.

In December 2011, Sodexo became the first company in its business sector to sign an international framework agreement with IUF (International Union of Food workers). This innovative partnership will act as a forum for enhanced social dialog with Sodexo employees around the world.

Lastly, the Group has put in place a voluntary policy to integrate diversity and inclusion in its programs, procedures and practices at all levels of the organization, and to make diversity and inclusion a natural reflex in everything it does. The "Spirit of Inclusion" program was one of the many initiatives pursued during the fiscal year. Since this program was launched, nearly 30,000 employees have received diversity training. Gender equality also remains high on the agenda, and the number of women among the "Top 300" senior managers has grown from 16% in Fiscal 2008 to 23% in Fiscal 2012.

4.1.1.3 MAJOR AWARDS

In North America, Sodexo won the 2012 Catalyst Award, which recognizes initiatives to promote the recruitment, development, and professional advancement of women. The criteria examined include management involvement, employee engagement, innovation, communication and measurable results.

Sodexo was once again included in Fortune magazine's "Most Admired Companies" list, ranking fourth in the "Diversified Outsourcing Services" category.

In 2012 and for the eighth year in a row, Sodexo was named "Global Sustainability Industry leader" by the Dow Jones Sustainability Index (DJSI) in the category "Restaurants, Hotels, Bars and Leisure Services." Sodexo has been included in the DJSI World and the DJSI STOXX since 2005.

For the fifth year in a row, Sodexo was selected for inclusion in the prestigious Sustainable Asset Management (SAM) "2012 Sustainability Yearbook" for its commitment to economic, social and environmental responsibility, and was recognized as "SAM 2012 Sector Leader" and "SAM 2012 Gold Class", thus receiving the highest distinction in its sector.

Sodexo has also rejoined the Aspi Eurozone index (Vigeo) of the 120 best companies based on environmental, human rights, human resources, community involvement, business behavior and Corporate Governance criteria. Vigeo also published its list of the top fifteen companies in Sodexo's industry category at the beginning of the fiscal year. Sodexo was ranked first, obtaining the highest scores for the human resources, human rights, community involvement and business behavior criteria. These awards confirm Sodexo's commitment to corporate social and environmental responsibility, underpinned by the "Better Tomorrow Plan" strategic roadmap.

4.1.2 FISCAL 2012 FIGURES

4.1.2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Fiscal 2012	Fiscal 2011	Change at current exchange rates	Change at constant exchange rates
Revenues	18,236	16,047	+13.6%	+10.9%
Operating profit	984	853	+15.4%	+13.6%
Interest income	65	57		
Financing costs	(231)	(204)		
Share of profit of companies consolidated by the equity method	18	15		
Profit for the period before tax	836	721	+16%	+13.3%
Income tax expense	(286)	(250)		
Profit for the period	550	471	+16.8%	+14.2%
Profit attributable to non-controlling interests	25	20		
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**525**	**451**	**+16.4%**	**+14%**
Earnings per share *(in euro)*	3.48	2.95	+18%	+15.3%
Dividend per share *(in euro)*	1.59(1)	1.46	+8.9%	

(1) Proposed to the January 21, 2013 Annual Shareholders' Meeting.

Changes in scope of consolidation

The main recent changes in the Group's scope of consolidation concerned the acquisitions made at the beginning of the fiscal year, as follows:

- Puras do Brasil (Brazil), consolidated from September 6, 2011;
- Lenôtre (France) consolidated from September 22, 2011;
- Roth Bros. (United States) consolidated from November 8, 2011.

Main foreign currencies used by the Group

Sodexo operates in 80 countries. The percentages of total revenue and operating profit denominated in the main currencies are as follows:

	Revenues	Operating profit
Euro	28%	12%
U.S. dollar	36%	35%
U.K. pound sterling	8%	11%
Brazilian real	7%	20%

Currency effects

Currency exchange rate effects are computed by applying the average rate for the prior year to current year amounts.

		(in millions of euro)		
Impact of exchange rates	**Change vs. the euro (in %)**	**Revenues**	**Operating profit**	**Net income**
Euro/U.S. dollar	+5.8%	360	19	8
Euro/Brazilian real	-6.1%	(81)	(13)	(5)
Euro/Pound sterling	+4.4%	62	4	4

4.1.2.2 REVENUE GROWTH

Sodexo's consolidated revenues for Fiscal 2012 increased by 13.6% to 18.2 billion euro, including organic growth of 6.5%. This performance is in line with the objectives announced at the beginning of the fiscal year.

Organic growth was 6.3% for the On-site Services activity and 8.5% for the Benefits and Rewards Services activity.

Organic revenue growth accelerated compared to the previous year, in particular reflecting:

- the success of Sodexo's integrated and unique Quality of Life offer;
- the Group's strong growth in emerging markets;
- the contribution from contracts for two prestigious sporting events, the London Olympics and the Rugby World Cup in New Zealand.

4.1.2.3 GROWTH IN OPERATING PROFIT

Group operating profit was 984 million euro, an increase of 15.4% compared with Fiscal 2011, or 13.6% excluding currency effects.

It should be noted that this result includes the benefit of a 26 million euro favorable accounting adjustment related to retirement plan costs in the United Kingdom. As a result of new regulations in the United Kingdom, the Group elected in October 2011 to replace the retail price index (RPI) with the consumer price index (CPI) in the calculation of future indexation adjustments to the pension obligations to certain beneficiaries of its retirement plan.

Excluding this favorable accounting adjustment, Group operating profit was 958 million euro, an increase of 12.3% compared to Fiscal 2011 or 10.6% excluding currency effects. Consolidated operating margin was 5.3%, similar to the Fiscal 2011 margin rate, a level reflecting the following:

- a more significant contribution to operating profit of On-site Services activities in emerging countries, mainly resulting from the acquisition of Puras do Brasil in Brazil;
- a very good performance by Benefits and Rewards Services, reflecting higher issue volumes and productivity improvements;
- the favorable impact for the United Kingdom of two major sporting events: the 2011 Rugby World Cup and the 2012 Olympic Games;
- on-site productivity gains in North America.

These good performances more than offset the decline in operating profit in continental Europe resulting from the current economic environment.

4.1.2.4 NET FINANCING COSTS

Net financing costs increased to 231 million euro in Fiscal 2012 from 204 million euro in the prior year. This was due to additional interest costs arising from the financing of the acquisitions made at the beginning of the fiscal year for approximately 600 million euro.

4.1.2.5 INCOME TAX EXPENSE

Income tax expense amounted to 286 million euro, representing an effective tax rate of 34.9% as compared to the prior year rate of 35.4%. The decrease resulted from the greater earnings contribution of subsidiaries in countries with lower tax rates.

4.1.2.6 GROUP NET INCOME

Group net income was 525 million euro compared to 451 million euro the prior year, an increase of 16.4% or 14% excluding currency effects. The increase was slightly higher than the increase in operating profit, primarily as a result of the lower effective tax rate.

4.1.2.7 EARNINGS PER SHARE

Earnings per share was 3.48 euro, an increase of 18% or 15.3% excluding currency effects, a slightly higher increase than net income as a result of the increase in the number of treasury shares, which are excluded from the calculation of earnings per share.

4.1.2.8 DIVIDEND

Sodexo's Board of Directors will propose to distribute a dividend of 1.59 euro per share, an increase of 8.9% over the previous year at the January 21, 2013 Shareholders' Meeting. This represents a payout ratio of approximately 50% of Group net income.

4.1.2.9 ANALYSIS OF CHANGES IN REVENUE AND OPERATING PROFIT BY ACTIVITY

Revenue by activity *(in millions of euro)*	**Fiscal 2012**	**Fiscal 2011**	**Change at current exchange rates**	**Change at constant exchange rates**
On-site Services				
North America	6,730	6,005	+12.1%	+6.0%
Continental Europe	5,646	5,473	+3.2%	+3.2%
United Kingdom and Ireland	1,543	1,245	+24%	+19%
Rest of the World	3,577	2,624	+36.3%	+35%
Total On-site Services	**17,496**	**15,347**	**+14%**	**+11%**
Benefits and Rewards Services	756	717	+5.4%	+8.5%
Intragroup eliminations	(16)	(17)		
TOTAL	**18,236**	**16,047**	**+13.6%**	**+10.9%**

Operating profit by activity *(in millions of euro)*	Fiscal 2012	Fiscal 2011	Change at current exchange rates	Change at constant exchange rates
On-site Services				
North America	346	304	+13.8%	+7.6%
Continental Europe	215	247	-13%	-12.6%
United Kingdom and Ireland(1)	80	59	+34.8%	+28.2%
Rest of the World	126	84	+50%	+46.4%
Total On-site Services(1)	**767**	**694**	**+10.5%**	**+6.9%**
Benefits and Rewards Services	290	262	+10.7%	+14.9%
Corporate expense	(83)	(86)		
Eliminations	(16)	(17)		
TOTAL(1)	**958**	**853**	**+12.3%**	**+10.6%**

On-site Services account for 96% of consolidated revenue and 73% of consolidated operating profit(1) before corporate expenses. The Benefits and Rewards Services activity accounts for 4% of consolidated revenue and 27% of consolidated operating profit before corporate expenses.

On-site Services

REVENUES

(in millions of euro)	Fiscal 2012	Fiscal 2011	Organic growth	Acquisitions	Currency effects	Total growth
North America	6,730	6,005	+4.9%			
Continental Europe	5,646	5,473	+1.6%			
United Kingdom and Ireland	1,543	1,245	+16%			
Rest of the World	3,577	2,624	+15%			
TOTAL	**17,496**	**15,347**	**+6.3%**	**+4.7%**	**+3%**	**+14%**

On-site Services revenues totaled 17.5 billion euro, an increase of 14%. Organic growth was 6.3%.

Fiscal 2012 organic growth in revenues by client segment was as follows:

- an acceleration in organic growth to 9.3% in **Corporate,** compared to 6.7% in Fiscal 2011. This reflects solid business development in emerging markets (up 15%) and Remote Sites (up 22%), as well as the significant impact of contracts related to the year's two major sporting events, the Rugby World Cup and the London Olympics. Organic growth was 6.4% in the Justice segment and 8% in the Defense segment;
- 2.7% growth in **Health Care and Seniors,** reflecting modest business development (new contract wins);
- 4.2% in **Education,** a result of satisfactory growth in North America.

(1) Fiscal 2012 operating profit in the United Kingdom benefited from a 26 million euro favorable accounting adjustment related to defined benefit plan costs in the United Kingdom. Following the introduction of new regulations in the United Kingdom, in October 2011 the Group elected to calculate future indexation adjustments to the benefits payable by Sodexo UK to certain members of its pension plan based on the consumer price index (CPI) instead of the retail price index (RPI) applied previously.
All data presented in this table exclude this favorable accounting adjustment.
On a reported basis, Group operating profit was 984 million euro, an increase of 15.4% at current exchange rates and 13.6% excluding the currency effect.

The On-Site Services activity's key growth indicators were as follows:

- a **94.1% client retention rate,** up 0.1% from the prior year;
- **3.4% growth at existing sites,** compared to 4.3% for the previous year. The decrease reflected lower volumes, particularly in Corporate and in Europe, during the second half of the year;
- a **business development rate** (new contract wins) of **7.6%**; this was slightly higher than in Fiscal 2011 due to the Group's successful commercial development.

OPERATING PROFIT

On-site Services operating profit rose by 10.5% (6.9% excluding currency effects) to 767 million euro excluding the favorable adjustment related to retirement plans in the United Kingdom, representing an operating margin of 4.4% compared to 4.5% the previous year.

ANALYSIS BY GEOGRAPHIC REGION

North America

Revenues

(in millions of euro)	Fiscal 2012	Fiscal 2011	Organic growth	Acquisitions	Currency effects	Total growth
Corporate	1,537	1,312	+6.4%			
Health Care and Seniors	2,559	2,356	+2.7%			
Education	2,634	2,337	+6.3%			
TOTAL	**6,730**	**6,005**	**+4.9%**	**+1.1%**	**+6.1%**	**+12.1%**

On-site Services revenues in North America were 6.7 billion euro. This amount includes an additional week of activity as Sodexo operates on 52/53-week calendar basis as is industry practice in North America. The impact of the 53rd week is estimated at 120 million euro for Fiscal 2012, or approximately 1.9% of organic revenue growth which totaled 4.9%.

The acquisition in the United States of Roth Bros., a technical maintenance and energy management company, contributed 1.1% to reported growth. Integration of this company and the implementation of commercial synergies is proceeding according to plan.

At 6.4%, organic growth in the **Corporate** segment increased despite the lack of a turnaround in employment at large companies; in addition, foodservices patronage on sites was unchanged. Revenue growth was led by the success of integrated service offers for clients such as Campbell's Soup, General Dynamics, Circuit of the Americas (Texas), Federal Aviation Administration (Washington DC), General Electric Company, and MIT Lincoln Library (Massachusetts).

In Canada, Sodexo won major new Remote Site contracts with clients such as Suncor and Thomson Iron Mines/ Bloom Lake.

In **Health Care and Seniors,** organic growth was 2.7%, reflecting a lower client retention rate, mainly a result of the loss of Ascension Health System, and still modest business development. The size and complexity of some contracts in this segment tend to result in lengthy tender processes.

Clients that have recently chosen Sodexo include Wesley Willows retirement homes (Illinois), Holy Cross Hospital, Chilton Hospital (New Jersey) and Huntington Medical Hospital (Indiana).

Organic growth in **Education** was 6.3%, reflecting the contribution of Facilities Management contracts won in the prior year (particularly Detroit and Lewisville) and increased university cafeteria patronage.

Contracts won in Fiscal 2012 included Vermont State College (Vermont), Mount Ida College (Massachusetts), University of Wisconsin-La Crosse (Wisconsin) and California State University-San Marcos (California).

Operating profit

Operating profit from On-site Services in North America was 346 million euro, up 7.6% compared to the prior year excluding currency effects.

On-site productivity gains and tight control of health and benefit plan costs helped to offset the pressure from higher food prices and permitted further investment in enhancing technical skills and expertise.

Operating margin was stable compared with the previous year, at 5.1%.

Continental Europe

Revenues

(in millions of euro)	Fiscal 2012	Fiscal 2011	Organic growth	Acquisitions	Currency effects	Total growth
Corporate	3,346	3,183	+2.2%			
Health Care and Seniors	1,396	1,382	+1.4%			
Education	904	908	+0.1%			
TOTAL	**5,646**	**5,473**	**+1.6%**	**+1.6%**	**0%**	**+3.2%**

On-site Services revenues in Continental Europe reached 5.6 billion euro. Organic growth was a modest 1.6%.

The French company Lenôtre, acquired at the end of September 2011, contributed 1.6% to overall revenue growth. The process of integrating the Lenôtre teams' prestigious *savoir faire* into Sodexo's range of foodservices offers is going well, although the current economic environment is weighing on catering which experienced slower growth than in Fiscal 2011.

In **Corporate,** organic growth was 2.2% compared to 4.4% the previous year.

This performance was marked by contrasting situations:

- one the one hand, the quality of the Group's strategic positioning and integrated service offers helped to drive business development, enabling the Group to win contracts with major international groups such as Unilever, Eli Lilly, Alcatel-Lucent and AstraZeneca in several European countries, as well as with companies such as Deutsche Telekom in Germany and Gazprom in Russia;
- in contrast, there was a pronounced decline in on-site activity during the latter part of the fiscal year. Efforts by clients to find additional cost savings and to reduce employee numbers, along with lower consumer spending, weighed increasingly on revenue growth in several countries, particularly France and the Netherlands.

In **Health Care and Seniors,** organic revenue growth was 1.4%, reflecting modest business development and an increasingly selective approach to new business in Southern Europe.

Business wins included Ziekenhuis Gelderse Vallei in the Netherlands, SARquavitae in Spain, Assistance Publique-Hôpitaux de Paris (CHU Louis Mourier and Hôpital Antoine Béclère) and Institut National Marcel Rivière in France.

Education revenues remained flat compared with the previous year, following the Nice city authorities' decision to return to self-operation in the city's schools.

During the fiscal year, the Group signed a number of new contracts, for example with Utrecht University in the Netherlands, Universidad Politècnica de Catalunya in Spain and several public schools in France such as those in Saint-Cloud, Garges-lès-Gonesse and Livry-Gargan in the Paris suburbs.

Operating profit

Operating profit was 215 million euro, representing a decline of 12.6% compared to the previous year excluding currency effects. Operating margin narrowed to 3.8% in Fiscal 2012 from 4.5% in Fiscal 2011. The decrease mainly resulted from pressure from clients seeking to cut costs in an uncertain economic environment.

United Kingdom and Ireland

Revenues

(in millions of euro)	Fiscal 2012	Fiscal 2011	Organic growth	Acquisitions	Currency effects	Total growth
Corporate	1,155	895	+21.3%			
Health Care and Seniors	254	228	+3.5%			
Education	134	122	+0.4%			
TOTAL	**1,543**	**1,245**	**+16%**	**+3.0%**	**+5.0%**	**+24%**

On-site Services revenues in the United Kingdom and Ireland totaled 1.5 billion euro, including 207 million euro from the two major sporting events that took place during the fiscal year, the Rugby World Cup in October 2011 and the London Olympics in 2012. Sodexo was a major service provider at these events, in partnership with Mike Burton Group.

These two events accounted for most of the strong 21.3% growth in **Corporate** revenues. Excluding their impact, organic growth would have been around 0.9%. The ramp up of facilities management offers and an extension of the range of services offered in the Justice segment largely offset a decrease in foodservices revenues.

For the first time in two years, Sodexo reported positive organic growth in **Health Care and Seniors,** of 3.5%, led by an extension of the range of services offered to the North Staffordshire University Hospital.

Education accounts for less than 10% of Sodexo's revenues in the United Kingdom and Ireland. The rate of organic revenue growth reflects the ongoing highly selective approach to new business. Recently signed new contracts include Brunel University and Oasis Community Learning.

The Facilities Management business of WS Atkins in the United Kingdom was acquired in December 2011.

Operating profit

Operating profit(1) from On-site Services in the United Kingdom and Ireland amounted to 80 million euro, up 28.2% excluding currency effects. This sharp rise takes into account the positive impact of volumes generated by the major contracts for the year's sporting events and on-site productivity gains achieved across all segments.

Operating margin(1) was 5.2% compared to 4.7% the previous year.

Rest of the World (Latin America, Middle East, Asia, Africa, Australia and Remote Sites)

Revenues

(in millions of euro)	Fiscal 2012	Fiscal 2011	Organic growth	Acquisitions	Currency effects	Total growth
Corporate	3,302	2,370	+15.9%			
Health Care and Seniors	162	141	+13.5%			
Education	113	113	-2.1%			
TOTAL	**3,577**	**2,624**	**+15.0%**	**+20%**	**+1.3%**	**+36.3%**

With revenues of 3.6 billion euro, the Rest of the World region (combining Latin America, Middle East, Asia, Africa, Australia and Remote Sites) accounted for 20% of the Group's revenues in Fiscal 2012 compared to less than 10% in Fiscal 2005.

Puras do Brasil, acquired in September 2011, contributed around 20% to total revenue growth. The acquisition doubled On-site Services revenue in Brazil, to approximately 1 billion euro, and made Sodexo the leader in this high potential market. During the year, considerable time and energy was devoted to the integration of this company's teams.

(1) Excluding the favorable accounting adjustment of 26 million euro related to retirement plan costs in the United Kingdom.

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Organic growth in the Rest of the World region continued at a high level, of 15%, similar to the prior year, despite some signs in the second half of the fiscal year of a reduction in activity among industrial clients, notably in Brazil.

Organic revenue growth in **Corporate** was 15.9%, primarily as a result of the fast pace of business development in Fiscal 2011, improved client retention rates in some countries and sustained mining industry momentum in Latin America, Australia and Africa.

During the year:

- Sodexo won a number of major contracts in Latin America, with prestigious companies such as BHP Billiton Minera Escondida in Chile, Schlumberger in Colombia and Dixie Tioga-Bemis and Vale Fertilizantes in Brazil;
- in China and India, Sodexo is the undisputed leader; the Group added Alstom-Hydro in China, Cipla Vikhroli, Lakshmi Machine Works and Igate Global Solutions Ltd in India to its client portfolio;
- in Remote Sites, companies such as Rio Tinto in Guinea Conakry and Hail Creek in Australia also selected Sodexo.

Sodexo's global expertise in the **Health Care and Seniors** segment continued to pay off, as illustrated by the **13.5%** organic growth. Among the year's new clients are Fortis Health Management in India, National University Hospital in Singapore and Clinica Shaio in Colombia.

Operating profit

Operating profit in the Rest of the World region rose sharply compared to the previous year, to 126 million euro. The 46% increase (excluding currency effects) was mainly attributable to the contribution from Puras do Brasil. Since Fiscal 2005, Rest of the World operating profit has nearly quadrupled.

Operating margin was 3.5% in Fiscal 2012 compared to 3.2% the previous year.

Benefits and Rewards Services

ISSUE VOLUME

(in millions of euro)	Fiscal 2012	Fiscal 2011	Organic growth	Acquisitions	Currency effects	Total growth
Latin America	7,016	6,226	+17.4%			
Europe and Asia	7,730	7,515	+4.0%			
TOTAL	**14,746**	**13,741**	**+10.1%**	**0%**	**-2.8%**	**+7.3%**

In **Latin America,** high organic growth in issue volume of 17.4% was mainly led by the steady increase in the number of beneficiaries and in voucher face values in high potential markets such as Brazil where penetration rates are low.

In **Europe and Asia,** organic issue volume growth was driven by the increase in issue volume in Belgium (ONEM and Eco Pass), in France and in Turkey, which more than offset the impact of regulatory changes in Hungary (where a higher tax advantage is provided to beneficiaries of service vouchers issued by a Hungarian company, effective January 1, 2012).

REVENUES

(in millions of euro)	Fiscal 2012	Fiscal 2011	Organic growth	Acquisitions	Currency effects	Total growth
Latin America	418	377	+15.2%			
Europe and Asia	338	340	+0.9%			
TOTAL	**756**	**717**	**+8.5%**	**0%**	**-3.1%**	**+5.4%**

Organic growth in **revenues** was 8.5%, up from 6.9% in Fiscal 2011.

In **Latin America,** business remained brisk with organic revenue growth reaching 15.2% despite the steady decline in Brazilian interest rates during the fiscal year and some pressure on commissions.

Among the year's new clients are BASF and the Rio de Janeiro city prefecture in Brazil, TIMSA in Mexico and G2 Seismic and Kenvitur in Colombia.

In **Europe and Asia,** the 0.9% net growth in revenues reflected higher Eco Pass issue volumes in Belgium offset by the negative impact of new regulations in Hungary.

The difference between issue volume and revenue growth rates in Europe was due to the increase in personal services voucher issue volume under the contract with the Belgian Bureau of Labor (ONEM), which does not impact revenues in the same proportions due to the contract's size and model.

Recent business wins include Belgacom in Belgium and PSA Peugeot Citroën in Slovakia.

OPERATING PROFIT

Benefits and Rewards Services' **operating profit** totaled 290 million euro, an increase of nearly 15% compared to Fiscal 2011 excluding currency effects. This very good performance reflects the operating leverage arising from increased issue volume and tight control over operating costs.

Operating margin was 38.4% compared to 36.5% the previous year.

4.1.3 FINANCIAL POSITION OF THE GROUP

4.1.3.1 CASH FLOWS

Presented below are the key components of the consolidated cash flow statement.

	Year ended	
(in millions of euro)	August 31, 2012	August 31, 2011
Net cash provided by operating activities	1,018	847
Net cash used in investing activities	(882)	(232)
Net cash used in financing activities	(179)	(572)
Change in net cash and cash equivalents	(43)	42

Net cash provided by operating activities was more than 1 billion euro in Fiscal 2012 compared to 847 million euro in Fiscal 2011. This significant improvement is mainly attributable to the rise in operating profit.

Working capital improved by 56 million euro, but year-on-year comparisons are significantly impacted by cash flows related to the Rugby World Cup and the Olympic Games (with client prepayments in Fiscal 2011 and supplier payments in Fiscal 2012). In addition, new regulations in Hungary affecting the Benefits and Rewards Services activity had an approximately 30 million euro unfavorable impact on working capital.

The net cash provided by operating activities allowed for:

- net capital expenditures and client investments of 319 million euro (1.7% of revenues);
- acquisition transactions for a total of 586 million euro, mainly related to Puras do Brasil in Brazil, Lenôtre in France and Roth Bros. in the United States.

Net cash used in financing activities comprised:

- the dividend payment of 247 million euro, including 221 million euro paid to Sodexo SA shareholders;
- net repurchases of Sodexo shares for 25 million euro to cover outstanding stock option plans; and
- a net increase in borrowings of 107 million euro.

4.1.3.2 GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euro)	August 31, 2012	August 31, 2011		August 31, 2012	August 31, 2011
Non-current assets	6,888	5,862	Shareholders' equity	3,034	2,535
Current assets excluding cash	3,842	3,477	Non-controlling interests	35	30
Financial assets related to the Benefits and Rewards Services activity	609	622	Non-current liabilities	3,421	2,946
Cash	1,451	1,448	Current liabilities	6,300	5,898
TOTAL ASSETS	**12,790**	**11,409**	**TOTAL LIABILITIES AND EQUITY**	**12,790**	**11,409**
			Net debt	639	376
			Net debt ratio	21%	15%

All items in the statement of financial position were impacted by favorable currency effects (mainly due to the rise of the U.S. dollar against the euro) and by the acquisitions made during the year. The change in shareholder's equity also includes profit for the year, dividend payments and the impact of share repurchases during the period.

At 2,684 million euro, borrowings as of August 31, 2012 were higher than the August 31, 2011 balance of 2,423 million euro, as a result of the three acquisitions that took place at the beginning of Fiscal 2012. These borrowings mainly comprise two bond issues totaling 1,380 million euro and two U.S. private placements for a total of 1,100 million U.S. dollars. The remaining balance includes various bank loans and facilities, capital leases and derivative financial instruments.

As of August 31, 2012, the average interest rate on borrowings was 5.9%.

Cash and cash equivalents net of bank overdrafts totaled 1,436 million euro as of August 31, 2012. Cash investments by the Benefits and Rewards Services activity in instruments with maturities of over three months amounted to 223 million euro and restricted cash in the Benefits and Rewards Services activity totaled 386 million euro.

As of the same date, the operating cash position (which includes Benefits and Rewards Services cash investments and restricted cash) was 2,045 million euro, including 1,707 million euro for Benefits and Rewards Services.

As of August 31, 2012, following the acquisition transactions, net debt was 639 million euro and represented 21% of consolidated equity, compared to 15% as of August 31, 2011. Gross debt repayment capacity as of the same date represented 2.8 years of operating cash flow (compared to 3.2 years as of the prior year end).

As of August 31, 2012, the Group had unused bank credit facilities of 1 billion euro.

SUBSEQUENT EVENTS

On November 2, 2012, Sodexo completed the acquisition of Servi-Bonos, SA de CV in Mexico. Servi-Bonos will be consolidated by Sodexo for ten months in Fiscal 2013. Servi-Bonos is a leading provider of food and meal vouchers and cards, serving close to 5,000 clients in Mexico through its nationwide network. In 2011, Servi-Bonos generated issue volume (the face value of vouchers and cards multiplied by the number of vouchers and cards issued) of close to 300 million euros.

This acquisition reinforces Sodexo's international leadership in Quality of Life Services in the buoyant Mexican growth economy.

4.1.4 OUTLOOK

At the November 6, 2012 Board of Directors meeting, Sodexo's Chief Executive Officer Michel Landel underlined the effectiveness of the Group's long-term strategy, based on a unique range of Quality of Life Services, an unparalleled global network in its activities, and undisputed leadership in emerging countries.

Michel Landel explained that Fiscal 2013 begins with sharply contrasting trends:

On the one hand, the Group benefits from:

- sustained development and growth in Sodexo's activities (On-site Services and Benefits and Rewards Services) in emerging economies, where the Group continues to strengthen its positions;
- important new contract awards such with HCR ManorCare, one of the largest chains of nursing homes in the United States, and a stronger pipeline of prospective clients in North America, notably in Health Care and Seniors; and
- a differentiated integrated services offering that responds to the increasing demand for mutualized services by major international companies.

At the same time, the current economic environment is weighing on profitability, particularly in Europe. As a result, for **Fiscal 2013** Sodexo projects modest growth[(1)] in revenues and operating profit compared to the prior year, which benefited from specific events (the Rugby World Cup, the Olympic Games, and the 53rd week in North America).

In this context, Sodexo's management teams are fully mobilized around specific actions to:

- **accelerate profitable growth,** by capitalizing particularly on Sodexo's offers and expertise, by client segment and sub-segment; and
- **strengthen competitiveness** with a program of **operational excellence and cost reduction.** During the past three years, the Group has achieved 150 million euro in economies in overheads. The program launched today should allow Sodexo, within three years, to reduce on-site operating costs by 0.6% of revenues and lower overheads by 0.4% of revenues, improving productivity at all levels; the program's implementation will result in non-recurring costs over the next 18 months of between 130 and 150 million euro with a payback of 100% in Fiscal 2015 and in subsequent fiscal years.

As a result of the initiatives undertaken and the effectiveness of the Group's strategy, Michel Landel, Chief Executive Officer, **confirms Sodexo's medium-term objectives to:**

- **achieve an average of 7% annual consolidated revenue growth;**
- **reach a consolidated operating margin of 6.3% by the end of Fiscal 2015**.

Lastly, Michel Landel underlined Sodexo's major strengths:

- a market potential estimated at over 800 billion euro;
- a unique Quality of Life services offer particularly adapted to respond to changing client needs;
- an unparalleled global network covering 80 countries;
- undisputed leadership in the emerging markets;
- a strong culture and engaged teams;
- an excellent financial model; and
- its independence.

These strengths enable Sodexo to look to the future with confidence and to maintain its investments, particularly in the development of its human resources and the reinforcement of its expertise.

In conclusion, Michel Landel added: *"I would like to thank our clients for their loyalty, our shareholders for their confidence and Sodexo's 420,000 employees for their efforts in Fiscal 2012 and for their daily commitment to improving the Quality of Life of our clients and consumers."*

(1) Excluding currency effects and the favorable retirement plan accounting adjustment in the United Kingdom.

4.2 Sodexo Consolidated Financial Statements as of August 31, 2012

4.2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	Fiscal 2012	Fiscal 2011
Revenues	3	18,236	16,047
Cost of sales	4.1	(15,396)	(13,529)
Gross profit		2,840	2,518
Sales Department costs	4.1	(260)	(242)
General and administrative costs	4.1	(1,558)	(1,408)
Other operating income	4.1	15	10
Other operating costs	4.1	(53)	(25)
Operating profit	3	984	853
Interest income	4.2	65	57
Financing costs	4.2	(231)	(204)
Share of profit of companies consolidated by the equity method	3 and 4.9	18	15
Profit for the period before tax		836	721
Income tax expense	4.3	(286)	(250)
Profit for the year		550	471
Of which:			
Non-controlling interests		25	20
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**525**	**451**
Earnings per share *(in euro)*	4.4	3.48	2.95
Diluted earnings per share *(in euro)*	4.4	3.45	2.94

4.2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	Notes	Fiscal 2012	Fiscal 2011
Profit for the year		**550**	**471**
Components of other comprehensive income to be reclassified subsequently to profit or loss			
Change in fair value of available for sale financial assets	4.11.3 and 4.15	1	0
Change in fair value of available for sale financial assets reclassified to profit or loss	4.11.3 and 4.15		
Change in fair value of Cash Flow Hedges	4.17 and 4.15	(21)	
Change in fair value of Cash Flow Hedges reclassified to profit or loss	4.17 and 4.15	13	14
Currency translation differences		287	(314)
Tax on components of other comprehensive income to be reclassified subsequently to profit or loss	4.15	3	(5)
Share of other components of comprehensive income of companies consolidated by the equity method, net of tax	4.15	(9)	1
Components of other comprehensive income that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) on defined benefit pension plans and other	4.18.1 and 4.15	(98)	36
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	4.15	23	(10)
Total other comprehensive income (loss), after tax		**199**	**(278)**
COMPREHENSIVE INCOME		**749**	**193**
Of which:			
Equity holders of the parent		720	177
Non-controlling interests		29	16

4.2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(in millions of euro)	Notes	August 31, 2012	August 31, 2011
NON-CURRENT ASSETS			
Property, plant and equipment	4.5	574	513
Goodwill	4.6	5,031	4,283
Other intangible assets	4.7	563	492
Client investments	4.8	296	222
Companies consolidated by the equity method	4.9	81	70
Financial assets	4.11	133	115
Derivative financial instruments	4.17	26	
Other non-current assets	4.13	15	14
Deferred tax assets	4.21	169	153
Total non-current assets		**6,888**	**5,862**
CURRENT ASSETS			
Financial assets	4.11	4	9
Derivative financial instruments	4.17	1	2
Inventories	4.12	296	252
Income tax receivable		96	72
Trade and other receivables	4.13	3,445	3,142
Restricted cash and financial assets related to the Benefits and Rewards Services activity[(1)]	4.11	609	622
Cash and cash equivalents	4.14	1,451	1,448
Total current assets		**5,902**	**5,547**
TOTAL ASSETS		**12,790**	**11,409**

(1) New name of the Motivation Solutions activity.

LIABILITIES AND SHAREHOLDERS' EQUITY

(in millions of euro)	Notes	August 31, 2012	August 31, 2011
SHAREHOLDERS' EQUITY			
Common stock		628	628
Additional paid in capital		1,109	1,109
Reserves and retained earnings		1,297	798
Equity attributable to equity holders of the parent		**3,034**	**2,535**
Non-controlling interests		**35**	**30**
Total shareholders' equity	**4.15**	**3,069**	**2,565**
NON-CURRENT LIABILITIES			
Borrowings	4.16	2,550	2,262
Derivative financial instruments	4.17	2	1
Employee benefits	4.18	381	281
Other liabilities	4.20	222	190
Provisions	4.19	105	62
Deferred tax liabilities	4.21	161	150
Total non-current liabilities		**3,421**	**2,946**
CURRENT LIABILITIES			
Bank overdrafts	4.14	15	23
Borrowings	4.16	136	152
Derivative financial instruments	4.17	23	10
Income tax payable		130	120
Provisions	4.19	41	47
Trade and other payables	4.20	3,422	3,125
Vouchers payable		2,533	2,421
Total current liabilities		**6,300**	**5,898**
TOTAL LIABILITIES AND EQUITY		**12,790**	**11,409**

4.2.4 CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	Notes	Fiscal 2012	Fiscal 2011
Operating activities			
Operating profit		984	853
Elimination of non-cash and non-operating items			
Depreciation and amortization		353	244
Provisions		(9)	(9)
Loss on disposal and other		16	15
Dividends received from companies consolidated by the equity method		16	13
Change in working capital from operating activities		56	100
Change in inventories	4.12	(7)	(32)
Change in accounts receivable		(87)	(235)
Change in trade and other payables		(10)	261
Change in vouchers payable		157	170
Change in financial assets related to the Benefits and Rewards Services activity		3	(64)
Interest paid		(160)	(144)
Interest received		20	14
Income tax paid		(258)	(239)
Net cash provided by operating activities		**1,018**	**847**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		(308)	(242)
Disposals of property, plant and equipment and intangible assets		28	22
Change in client investments	4.8	(39)	(22)
Change in financial assets		20	12
Acquisitions of subsidiaries	4.24	(586)	(2)
Dispositions of subsidiaries		3	
Net cash used in investing activities		**(882)**	**(232)**
Financing activities			
Dividends paid to parent company shareholders	4.15	(221)	(208)
Dividends paid to non-controlling shareholders of consolidated companies		(26)	(21)
Purchases of treasury shares	4.14	(94)	(212)
Disposition of treasury shares		69	51
Increase in capital		1	2
Decrease in capital			
Acquisition of non-controlling interests		(15)	(3)
Disposition of equity investments without loss of control			
Proceeds from borrowings		238	429
Repayment of borrowings		(131)	(610)
Net cash used in financing activities		**(179)**	**(572)**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**(43)**	**42**
Net effect of exchange rates and other effects on cash		55	(86)
Net cash and cash equivalents, beginning of period		1,424	1,468
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	**4.14**	**1,436**	**1,424**

4.2.5 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euro)	Shares outstanding	Share capital	Share premium	Treasury shares	Reserves and comprehensive income	Translation adjustments	Total shareholders' equity: Attributable to equity holders of the parent	Non-controlling interests	Total
Notes	4.15			4.15	4.15				
Shareholders' equity as of August 31, 2010	157,132,025	628	1,109	(229)	1,326	(127)	2,707	32	2,739
Profit for the year					451		451	20	471
Other comprehensive income, net of tax					36	(310)	(274)	(4)	(278)
Comprehensive income					487	(310)	177	16	193
Dividends paid					(208)		(208)	(20)	(228)
Increase in share capital								1	1
Decrease in share capital									
Treasury shares				(162)			(162)		(162)
Share-based payment (net of income tax)					19		19		19
Other					2		2	1	3
Shareholders' equity as of August 31, 2011	157,132,025	628	1,109	(391)	1,626	(437)	2,535	30	2,565
Profit for the year					525		525	25	550
Other comprehensive income, net of tax					(88)	283	195	4	199
Comprehensive income					437	283	720	29	749
Dividends paid					(221)		(221)	(26)	(247)
Increase in share capital								1	1
Decrease in share capital									
Treasury shares				(25)			(25)		(25)
Share-based payment (net of income tax)					24		24		24
Other					1		1	1	2
Shareholders' equity as of August 31, 2012	**157,132,025**	**628**	**1,109**	**(416)**	**1,867**	**(154)**	**3 034**	**35**	**3,069**

4.3 Notes to the Consolidated Financial Statements

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Sodexo SA 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, 2012 were approved by the Board of Directors on November 6, 2012 and will be submitted to the Annual Shareholder's Meeting on January 21, 2013.

1. SIGNIFICANT EVENTS

The main acquisitions by the Group in Fiscal 2012 were as follows:

- on September 6, 2011, Sodexo acquired 100% of Puras do Brasil, number two On-Site Services operator in Brazil with revenues of approximately 500 million euro and 22,000 employees working at over 1,300 sites across the country. The acquisition has enabled Sodexo to become a leading operator in Brazil, one of the world's largest on-site services markets, and is in line with the Group's strategy to consolidate its position in high-potential emerging economies;
- on September 22, 2011, Sodexo SA acquired substantially 100% of Lenôtre. The acquisition of this French company will allow Sodexo to grow its portfolio of Prestige activities in France and internationally, and to develop its *savoir faire* in luxury gastronomy, thereby strengthening its customer offering. Lenôtre has revenues of around 100 million euro;
- on November 30, 2011, Sodexo acquired 100% of Roth Bros., a building services specialist operating throughout the United States. Founded in 1923, Roth Bros. offers complete HVAC Service, Roof Management, Energy Management, Electrical Services, Roofing, HVAC Construction and Performance Contracting solutions. It has revenues of approximately 100 million U.S. dollars.

The main effects of these acquisitions on the Group's consolidated financial statements are described in note 4.24.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1.1 Basis of preparation of financial information for Fiscal 2012

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 accounting standards adopted by the European Union is available for consultation on the European Commission website at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

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

The IFRS application dates as approved by the European Union are the same as those for the IFRS standards published by the IASB during the past three years, given the date of Sodexo's fiscal year end. Consequently, any difference between the two sets of standards arising out of delays in approval by the European Union had no impact considering the application date of the related standards or interpretations.

The Group continues to assess the impact of IFRIC 4 and IFRIC 12 since their required application date, but has not made any adjustment in the absence of any significant investment.

2.1.2 New accounting standards and interpretations required to be applied

The new standards, interpretations and amendments whose application was mandatory effective for the fiscal year beginning September 1, 2011 had no material impact on the Group's financial statements for Fiscal 2012.

- IAS 24 revised "Related Party Disclosures," the amendment to IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" and the amendment to IFRS 7 "Transfers of Financial Assets" had no impact on the Group's financial statements.
- The amendments to IAS 1 "Presentation of Financial Statements," IFRS 7 "Financial Instruments: Disclosures" and IFRIC 13 "Customer Loyalty Programs," resulting from the 2010 annual improvements to IFRSs adopted by the European Union in February 2011 and including amendments applicable in the fiscal year ended August 31, 2012, had no material impact on the Group's financial statements.

2.1.3 Accounting standards and interpretations issued but not yet applicable

The Group has not elected early application of standards and interpretations not required to be applied in Fiscal 2012, except for the amendment to IAS 1 "Presentation of Financial Statements," which requires the separate presentation in the Statement of Comprehensive Income of components of other comprehensive income that will be reclassified subsequently to profit or loss and components that will not be reclassified.

IAS 19 revised "Employee Benefits," which will be applicable for Fiscal 2014, requires in particular that the expected return on plan assets be measured using the discount rate applied to measure the benefit obligation. Application of this revised standard will have a negative impact on the interest expense recorded in the Group's income statement. If it had been applied in Fiscal 2012, the negative impact on interest expense would have been approximately 9 million euro. In addition, under the revised standard, the past service cost arising from a plan amendment will be recognized as an expense for the period when the amendment occurs. Under the revised standard, the corridor method will no longer be allowed, but this will have no impact on the Group financial statements, as actuarial gains and losses are already recognized in full in other comprehensive income.

The other new and amended standards, including IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities," and the amendments to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures," should have only a limited impact on the Group's financial statements. However, the practical consequences of these new rules and the impact of their application on the Group's financial statements are being examined in order to confirm this assessment.

A comprehensive list of accounting standards adopted by the European Union is available for consultation on the European Commission website at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

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 evaluations 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 and 4.13);
- fair value of derivative financial instruments (note 4.17);
- provisions for litigation and tax risks (notes 4.19 and 4.28);
- valuation of post-employment defined benefit plan assets and liabilities (note 4.18);
- recognition of deferred tax assets (note 4.21);
- share-based payment (note 4.23);
- valuation of goodwill and acquired intangible assets and their estimated useful lives (note 4.24).

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 SA. Control exists when Sodexo has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing whether control exists, potential voting rights that are currently exercisable or convertible are considered. 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.

Companies in which Sodexo SA directly or indirectly exercises significant influence or joint control over financial and operating policy without exercising control are consolidated by the equity method from the date on which significant influence or joint control is obtained to the date on which it ceases.

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, of which the details are provided in note 4.9, in order to determine whether the Group has a significant influence or joint control based on the criteria in IAS 27R, IAS 28 and the interpretation SIC 12. Where the analysis shows that the Group exercises significant influence or joint control, these companies are consolidated using the equity method of accounting.

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 these entities as of August 31, 2012 is provided in note 6.

2.3.3 Foreign currency translation

The exchange rates used are derived from rates quoted on the Paris Bourse 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 consolidated shareholders' equity 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 shareholders' equity as "Cumulative translation adjustments". At the time of the transition to IFRS, the cumulative translation adjustments as of September 1, 2004 were reclassified to consolidated reserves.

Statutory monetary adjustments are maintained in the financial statements of subsidiaries in countries that were previously hyperinflationary (Argentina, Chile, Colombia, Mexico and Turkey). The residual translation differences between the monetary adjustment and the use of closing exchange rates are reported in shareholders' equity.

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.

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, the Group has applied the specific accounting requirements of this standard to the transactions of its subsidiaries operating in this country in the preparation of the consolidated financial statements.

On January 8, 2010, Venezuela announced the devaluation of its currency, the Bolivar Fuerte.

As of that date, the Group decided to no longer use the official exchange rate published by the Venezuelan government, namely USD 1 = 4.3 bolivar. The financial statements of subsidiaries operating in Venezuela have consequently been translated at the rate obtained for the most recent transactions during the fiscal year. These rates were 1 U.S. dollar = 9.39 bolivars or 1 euro = 13.57 bolivars for the year ended August 31, 2011 and 1 U.S. dollar = 10.20 bolivars or 1 euro = 12.86 bolivars for the year ended August 31, 2012.

The Group considers these to be the most appropriate rates, for the following reasons:

- to better reflect the economic parity between the euro and the bolivar resulting from the hyperinflationary situation in Venezuela since the end of 2009; and
- to estimate the most probable rate at which the Group considers it will be able to convert bolivars into euro in the future given the current restrictions on official market transactions made by the country's authorities.

The impact on the Group's financial statements is provided below:

	Fiscal 2012			Fiscal 2011		
(in euro million)	Amounts at the rate used by the Group €1 = 12.86 VEF	Proforma amounts at official rate €1 = 5.42 VEF	Impact of choice on published financial statements	Amounts at the rate used by the Group €1 = 13.57 VEF	Proforma amounts at official rate €1 = 6.21 VEF	Impact of choice on published financial statements
Revenue of Venezuelan subsidiaries	55	131	(76)	51	111	(60)
Operating income of Venezuelan subsidiaries	26	61	(35)	19	41	(22)
Net income of Venezuelan subsidiaries	8	19	(11)	6	13	(7)
Shareholders' equity of Venezuelan subsidiaries	27	64	(37)	14	31	(17)

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 in the currency of the acquired entity.

Changes to the measurement of identifiable assets and liabilities resulting from specialist evaluations 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 more than one year after the acquisition date. Goodwill arising on the acquisition of associates is included in the value of the equity method investment.

2.4.1 Goodwill

2.4.1.1 ACQUISITIONS MADE SINCE SEPTEMBER 1, 2009

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

The Group measures non-controlling equity 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 assets acquired.

2.4.1.2 ACQUISITIONS MADE BETWEEN SEPTEMBER 1, 2004 AND AUGUST 31, 2009

Any excess of the cost of an acquisition over the Group's interest in the fair value at the acquisition date of the identifiable assets, liabilities and contingent liabilities has been recognized as goodwill in the statement of financial position. Costs incurred and directly related to the acquisition were included in the acquisition cost and therefore in goodwill.

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.

2.4.2 Negative goodwill

Negative goodwill represents the excess of the fair value of the assets, liabilities and contingent liabilities of the acquired entity at the acquisition date over the acquisition cost, increased by the amount of any non-controlling interest.

After reviewing the procedures for the identification and measurement of the different components included in the calculation of goodwill, any negative goodwill is immediately recognized in the income statement in the period of acquisition.

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.

Prior to September 1, 2009, goodwill was recognized as of the date of acquisition of non-controlling interests, representing the excess of the cost of acquisition of the shares over their carrying value as of the transaction date.

2.4.4 Adjustments and/or earn-outs

Since September 1, 2009, 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 are adjusted to goodwill only if they occur within the time period 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 and loss or in shareholders' equity in accordance with the applicable IFRS standard.

2.4.5 Step acquisitions

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

2.5 INTANGIBLE ASSETS

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

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

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

Acquired trademarks with a finite useful life are generally amortized over a period of less than ten years. Trademarks that the Group considers as having an indefinite useful life 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 has become impaired.

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 an objective 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 intangible assets considered to have an indefinite useful life (such as 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. This level generally corresponds to one of the Group's two main operating segments, with the On-site Services activity further segmented into geographic regions. Goodwill is not tested for impairment at a higher level than the operating segment (see note 3).

The assets allocated to each CGU comprise:

- goodwill, which is allocated when the CGU or group of CGUs is likely to benefit from the business combination;
- other intangible assets, tangible assets, 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 revenues and gross margin 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 to sell, *i.e.* the amount obtainable from the sale of an asset (net of selling costs) in an arm's length transaction between knowledgeable, willing parties;
- 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 CGUs is estimated using after-tax cash flow projections generally based on three year business plans prepared by management and extrapolated to future years.

Management both at Group and subsidiary levels prepares gross profit forecasts on the basis of past performance and expected market trends. The growth rate used beyond the initial period of the business plan reflects the growth rate for the business sector and region involved.

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

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 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 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 equity investees. 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.

Most of the Group's variable-rate borrowings are converted to fixed-rate using interest rate swaps. In most cases where borrowings are made in a currency other than that of the acquired entity, currency swaps are contracted.

These derivative financial instruments are initially recognized in the statement of financial position at fair value, as financial assets or liabilities.

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 determined based on valuations provided by the bank counter-parties.

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. In the absence of any IFRS standard or interpretation regarding the treatment of the related debit entry, Sodexo has elected to offset the amount involved against the relevant non-controlling interests in shareholders' equity until they are eliminated in full, and to treat any surplus as goodwill.

Firm commitments to purchase non-controlling interests, which were all entered into prior to September 1, 2009, are therefore accounted for as follows under IFRS:

- the liability arising from the commitment is recognized in other borrowings at the present value of the purchase commitment;
- the expected goodwill is recognized as an asset in the consolidated statement of financial position;
- the change in value arising from the unwinding of the discounting of the liability is recognized in the income statement as a financial expense.

Subsequent price adjustments are recognized as adjustments to the amount of goodwill for acquisitions made prior to September 1, 2009.

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 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 SA TREASURY SHARES

Sodexo SA shares held by the Sodexo 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 an entity 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.

Loss-making contracts

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), payable 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, rate of return on plan assets and discount rate).

Actuarial gains and losses arising at each period end are recognized in other comprehensive income, as permitted by IAS 19. Actuarial gains and losses do not affect the income statement. At the time of the transition to IFRS, actuarial losses and gains on pensions and related benefits as of September 1, 2004 were recognized in shareholders' equity.

If benefits under an existing plan are amended or a new plan is established, past service cost relating to vested benefits is recognized in the income statement, and past service cost relating to benefits not yet vested is recognized on a straight line basis over the average residual vesting period.

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 and the unrecognized past service cost;
- 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 total of the unrecognized past service cost plus 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, amortization of past service cost, and the effect of any plan curtailments or settlements, all of which are recorded in operating income,
  - the effect of discounting and the expected return on plan assets, which are recorded in financial income or expense.

Sodexo contributes to multi-employer plans, primarily in Sweden and 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.

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 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 payment, 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 options granted as of the grant date, computed using the binomial model.

On an annual basis, Sodexo reassesses the number of potentially exercisable options. The impact of any change in estimates is recognized in the income statement, with the offset recognized in shareholders' equity.

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 that is not deductible for tax purposes;

- 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 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;
- sales department costs;
- general and administrative costs; and
- other operating income and expense.

Other operating income and expenses include amortization and impairment losses on client relationships and trademarks, impairment losses on goodwill, and gains and losses on disposals of property, plant and equipment, intangible assets and consolidated subsidiaries.

2.22.2 Revenues

In accordance with IAS 18, 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 (previously, On-site Service Solutions): revenues include all revenues stipulated in the contract, taking into account whether Sodexo acts as principal (the vast majority of cases) or agent;
- Benefits and Rewards Services (previously, Motivation Solutions): revenues include 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 Income tax expense

In connection with the introduction of the *contribution économique territoriale* (CET – "Local Economic Contribution" replacing the former professional tax) 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).

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 as an integral component of treasury management.

3. OPERATING SEGMENTS

The Group's activities monitored by the chief operating decision maker as follows: On-site Services (previously On-site Service Solutions) and Benefits and Rewards Services (previously Motivation Solutions). The On-site Services activity is further segmented by geographic region.

Operating segments with similar economic characteristics, including similar long-term average gross margins, are aggregated in a single operating segment.

On-site Services activities in South America, Asia and Australia, Africa, the Middle East and China are aggregated within the On-site Services – Rest of the World operating segment, as they operate in emerging economies and therefore have certain shared economic characteristics.

In addition, none of these countries or regions meets the quantitative threshold for separate reporting under paragraph 13 of IFRS 8.

The Group's operating segments are as follows:

- On-site Services operating segments:
  - North America,
  - Continental Europe,
  - United Kingdom & Ireland,
  - Rest of the World;
- Benefits and Rewards Services.

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

3.1 BY OPERATING ACTIVITY

Fiscal 2012 *(in millions of euro)*	On-site Services								
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Benefits and Rewards Services	Corporate expenses	Eliminations	Total
Revenues (third-party)	6,730	5,646	1,543	3,577	17,496	740			18,236
Inter-segment sales (Group)						16		(16)	0
TOTAL	**6,730**	**5,646**	**1,543**	**3,577**	**17,496**	**756**		**(16)**	**18,236**
Segment operating profit	346	215	106	126	793	290	(83)	(16)	984
Share of profit of companies consolidated by the equity method	1	3	3	11	18				18
Net financing costs									(166)
Income tax expense									(286)
Non-controlling interests									25
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									**525**
Depreciation/amortization of tangible and intangible assets	62	106	83	53	304	27	22		353
Other non-cash items	6	3	1	2	12	2	5		19

Fiscal 2011 *(in millions of euro)*	On-site Services North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Benefits and Rewards Services	Corporate expenses	Eliminations	Total
Revenues (third-party)	6,005	5,473	1,245	2,624	15,347	700			16,047
Inter-segment sales (Group)						17		(17)	0
TOTAL	**6,005**	**5,473**	**1,245**	**2,624**	**15,347**	**717**		**(17)**	**16,047**
Segment operating profit	304	247	59	84	694	262	(86)	(17)	853
Share of profit of companies consolidated by the equity method	1	2	3	9	15				15
Net financing costs									(147)
Income tax expense									(250)
Non-controlling interests									20
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									**451**
Depreciation/amortization of tangible and intangible assets	48	101	26	33	208	25	14		247
Other non-cash items	6	3	1	2	12	1	4		17

3.2 BY SIGNIFICANT COUNTRY

The Group's operations are spread across 80 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, 2012 *(in millions of euro)*	France	United States	Other	Total
Revenues (third-party)	2,775	6,366	9,095	18,236
Non-current assets[(1)]	924	2,785	2,755	6,464

(1) Excluding financial assets, companies consolidated by the equity method and deferred tax assets.

August 31, 2011 *(in millions of euro)*	France	United States	Other	Total
Revenues (third-party)	2,684	5,676	7,687	16,047
Non-current assets[(1)]	842	2,375	2,293	5,510

(1) Excluding financial assets, companies consolidated by the equity method and deferred tax assets.

3.3 BY TYPE OF SERVICE

Revenues by type of service are as follows:

(in millions of euro)	Fiscal 2012	Fiscal 2011
Food services	12,756	11,275
Facilities Management services	4,740	4,072
Total On-site Services revenues	**17,496**	**15,347**
Benefits and Rewards Services	756	717
Eliminations	(16)	(17)
TOTAL CONSOLIDATED REVENUES	**18,236**	**16,047**

4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2012

4.1 OPERATING EXPENSES BY NATURE

(in millions of euro)	Fiscal 2012	Fiscal 2011
Depreciation, amortization and impairment losses	(357)	(229)
Employee costs		
• Wages and salaries	(6,443)	(5,738)
• Other employee costs[1]	(1,905)	(1,681)
Purchases of consumables and change in inventory	(5,734)	(5,106)
Other operating expenses[2]	(2,813)	(2,440)
TOTAL	**(17,252)**	**(15,194)**

(1) Primarily payroll taxes, but also including costs associated with defined-benefit plans (note 4.18), defined contribution plans (note 4.18), and stock options (note 4.23).
(2) Other operating expenses mainly include operating lease expenses (370 million euro for Fiscal 2012 and 331 million euro for Fiscal 2011), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.

By function:	Fiscal 2012	Fiscal 2011
Cost of sales	(15,396)	(13,529)
Sales department costs	(260)	(242)
General and administrative costs	(1,558)	(1,408)
Other operating income	15	10
Other operating expenses[1]	(53)	(25)
TOTAL	**(17,252)**	**(15,194)**

(1) Primarily amortization expense and impairment charges related to client relationships and trademarks.

4.2 FINANCE INCOME AND EXPENSE

(in millions of euro)	Fiscal 2012	Fiscal 2011
Gross borrowing cost[1]	(173)	(143)
Interest income from short-term bank deposits and equivalent	9	11
Net borrowing cost	**(164)**	**(132)**
Interest income from loans and receivables at amortized cost	6	5
Other interest income	3	1
Other interest expense	(7)	(5)
Net foreign exchange (losses)/gains	(7)	(4)
Net impairment (losses)/reversals	(0)	1
Expected return on defined-benefit plan assets	42	39
Interest cost on defined-benefit plan obligation	(39)	(35)
Foreign-exchange adjustment for hyperinflation	(4)	(5)
Change in fair value of derivative financial instruments not qualified for hedge accounting	(1)	(6)
Other	5	(6)
Net financing costs	**(166)**	**(147)**
Interest income component	65	57
Financial expense component	(231)	(204)

(1) Gross borrowing cost represents interest expense on financial liabilities reflected at amortized cost and interest expense on hedging instruments.

4.3 INCOME TAX EXPENSE

4.3.1 Income tax rate reconciliation

(in millions of euro)	Fiscal 2012	Fiscal 2011
Profit for the period before tax	836	721
Share of profit of companies consolidated by the equity method	(18)	(15)
Accounting profit before tax	818	706
Tax rate applicable to Sodexo SA[1]	36.10%	34.43%
Theoretical income tax expense	(295)	(243)
Effect of jurisdictional tax rate differences	39	25
Permanently non-deductible expenses or non-taxable income	16	(3)
Other tax repayments/(charges), net	(24)	(17)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	3	6
Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset	(14)	(7)
Actual income tax expense	(275)	(239)
Withholding taxes	(11)	(11)
TOTAL INCOME TAX EXPENSE	**(286)**	**(250)**

(1) The 36.10% tax rate includes the temporary surtax introduced in December 2011 for companies whose revenues (or those of the tax group of which they are a member) exceed 250 million euro, which will be payable by Sodexo for the fiscal years ended August 31, 2012 and August 31, 2013.

4.3.2 Components of income tax expense

(in millions of euro)	Fiscal 2012	Fiscal 2011
Current income taxes	(266)	(243)
Adjustments to current income tax payable in respect of prior periods	2	(1)
Provision for tax exposures	(5)	4
Utilization of tax credits, tax losses and temporary difference carry-forwards	29	15
Sub-total: current income taxes	**(240)**	**(225)**
Deferred taxes on temporary differences arising or reversing during the period	(53)	(21)
Deferred taxes on changes in tax rates or liability for taxes at new rates	1	(1)
Utilization of tax credits, tax losses and tax loss carry-forwards	17	8
Sub-total: deferred taxes	**(35)**	**(14)**
ACTUAL INCOME TAX EXPENSE	**(275)**	**(239)**

Accruals for withholding taxes on dividends receivable recognized by the Group in Fiscal 2012 amounted to 1 million euro.

The effective tax rate, calculated on the basis of the profit for the period before taxes and excluding the share of profit of companies consolidated by the equity method, decreased from 35.4% for Fiscal 2011 to 34.9% for Fiscal 2012.

4.4 EARNINGS PER SHARE

The number of ordinary shares outstanding used in calculating basic and diluted earnings per share is shown below:

	Fiscal 2012	Fiscal 2011
Basic weighted average number of shares	151,121,979	152,961,236
Average dilutive effect of stock options	1,034,972	676,964
Diluted weighted average number of shares	152,156,951	153,638,200

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

	Fiscal 2012	Fiscal 2011
Profit for the period attributable to equity holders of the parent	525	451
Basic weighted average number of shares	151,121,979	152,961,236
Basic earnings per share	**3.48**	**2.95**
Diluted weighted average number of shares	152,156,951	153,638,200
Diluted earnings per share	**3.45**	**2.94**

All of the stock option plans had a dilutive impact in Fiscal 2012. In Fiscal 2011, there were two stock option plans representing 1,737,016 options which did not have a dilutive impact.

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, 2010	**69**	**371**	**91**	**531**
Increases during the fiscal year	9	177	8	194
Decreases during the fiscal year	(1)	(16)	(1)	(18)
Assets classified as held for sale				
Newly consolidated companies				
Newly deconsolidated companies				
Depreciation expense	(9)	(150)	(14)	(173)
Impairment losses recognized in profit or loss	(1)	(1)	(2)	(4)
Impairment losses reversed in profit or loss		2		2
Translation adjustment	(1)	(12)	(5)	(18)
Other	3	4	(8)	(1)
Carrying amount – August 31, 2011	**69**	**375**	**69**	**513**
Increases during the fiscal year	3	174	30	207
Decreases during the fiscal year	(7)	(12)	(2)	(21)
Assets classified as held for				
Newly consolidated companies	21	27	1	49
Newly deconsolidated companies				
Depreciation expense	(16)	(162)	(21)	(199)
Impairment losses recognized in profit or loss				
Impairment losses reversed in profit or loss	1			1
Translation adjustment	4	18	4	26
Other	21	(7)	(16)	(2)
Carrying amount – August 31, 2012	**96**	**413**	**65**	**574**

(in millions of euro)	August 31, 2012	August 31, 2011
Cost	1,728	1,483
Accumulated depreciation and impairment	(1,154)	(970)
Carrying amount	**574**	**513**

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

Depreciation and impairment losses recognized in the income statement are classified as operating items and reported under either cost of sales, general and administrative costs or Sales department costs.

4.5.2 Analysis of assets held under finance leases

Sodexo holds property, plant and equipment under a large number of finance leases on sites throughout the world. These leases relate mainly to kitchens and kitchen equipment, and office equipment; the terms are negotiated locally.

Carrying amount *(in millions of euro)*	Buildings	Plant and equipment	Construction in progress and other	Total
August 31, 2010	11	53	4	68
August 31, 2011	8	45	2	55
August 31, 2012	6	46	1	53

(in millions of euro)	August 31, 2012	August 31, 2011
Cost	143	159
Accumulated depreciation and impairment	(90)	(104)
Carrying amount	**53**	**55**

Maturities of payments under finance leases are provided in note 4.16.3.

4.6 GOODWILL

Changes in goodwill, aggregated by operating segment, were as follows in Fiscal 2012:

(in millions of euro)		August 31, 2011	Additions during the period	Dispositions during the period	Translation adjustment	Other	August 31, 2012
On-site Services North America	Gross	1,997	33		296		2,326
	Impairment						
On-site Services United Kingdom and Ireland	Gross	523	12		61		596
	Impairment						
On-site Services Continental Europe	Gross	954	21		13		988
	Impairment						
On-site Services Rest of the World	Gross	210	390		(36)		564
	Impairment						
Benefits and Rewards Services	Gross	599			(42)		557
	Impairment	(2)					(2)
Holding companies	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**4,285**	**456**		**292**		**5,033**
	IMPAIRMENT	**(2)**					**(2)**

Goodwill recognized in Fiscal 2012 on acquisitions made during the year related to Puras do Brasil in Brazil (390 million euro), Lenôtre in France (15 million euro), Roth Bros. in the United States (33 million euro), Atkins Facilities Management Limited (renamed Sodexo Property Solutions Limited) in the United Kingdom (12 million euro) and RI.CO.S.RL. in Italy (6 million euro).

(in millions of euro)		August 31, 2010	Additions during the period	Dispositions during the period	Translation adjustment	Other	August 31, 2011
On-site Services North America	Gross	2,275			(278)		1,997
	Impairment						
On-site Services United Kingdom and Ireland	Gross	561			(38)		523
	Impairment						
On-site Services Continental Europe	Gross	952			3	(1)	954
	Impairment						
On-site Services Rest of the World	Gross	226			(16)		210
	Impairment						
Benefits and Rewards Services	Gross	620			(21)		599
	Impairment	(2)					(2)
Holding companies	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**4,636**			**(350)**	**(1)**	**4,285**
	IMPAIRMENT	**(2)**					**(2)**

No significant acquisition was made in Fiscal 2011.

4.7 INTANGIBLE ASSETS

The tables below show movements in intangible assets during Fiscal 2011 and Fiscal 2012.

(in millions of euro)	Licenses and software	Client relationships, trademarks and other	Total
Carrying amount – August 31, 2010	**94**	**433**	**527**
Increases during the fiscal year	34	27	61
Decreases during the fiscal year		(2)	(2)
Assets classified as held for sale			
Newly consolidated companies			
Newly deconsolidated companies			
Amortization expense	(33)	(36)	(69)
Impairment losses recognized in profit or loss		(5)	(5)
Impairment losses reversed in profit or loss		5	5
Translation adjustment	(4)	(21)	(25)
Other	1	(1)	0
Carrying amount – August 31, 2011	**92**	**400**	**492**
Increases during the fiscal year	47	12	59
Decreases during the fiscal year	(4)		(4)
Assets classified as held for sale			
Newly consolidated companies	2	163	165
Newly deconsolidated companies			
Amortization expense	(38)	(99)	(137)
Impairment losses recognized in profit or loss		(18)	(18)
Impairment losses reversed in profit or loss			
Translation adjustment	3	3	6
Other	3	(3)	0
Carrying amount – August 31, 2012	**105**	**458**[1]	**563**

(1) Including trademarks and lease rights with an indefinite useful life for 48 million euro at August 31, 2012.

(in millions of euro)	August 31, 2012	August 31, 2011
Cost	975	812
Accumulated amortization and impairment	(412)	(320)
Carrying amount	**563**	**492**

Amortization and impairment losses recognized in the income statement are classified as operating items and reported under either cost of sales, Sales Department costs or general and administrative costs, except for the amortization of client relationship and trademark intangible assets, which is recognized in "Other operating expenses."

4.8 CLIENT INVESTMENTS

(in millions of euro)	Fiscal 2012	Fiscal 2011
Carrying amount – September 1	222	228
Increases during the period	95	69
Decreases during the period	(56)	(48)
Translation adjustment	34	(27)
Other	1	
Carrying amount – August 31	**296**	**222**

4.9 COMPANIES CONSOLIDATED BY THE EQUITY METHOD

When Sodexo is legally obligated to make payments on behalf of companies consolidated by the equity method, provision is made under liabilities in the consolidated statement of financial position for its share in the negative shareholders' equity of the said companies (cf. note 4.19). Changes in the Group's share of the net assets of companies consolidated by the equity method in Fiscal 2011 and Fiscal 2012 are shown below:

	August 31, 2011							August 31, 2012	
(in millions of euro)	Positive amounts	Negative amounts	Profit/ (loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Other movements[(1)]	Translation adjustment	Positive amounts	Negative amounts
Doyon Universal Services	14.2		1.2	(0.9)			2.1	16.6	
Groupe Crèches Attitude	14.1		1.7	(0.7)				15.1	
NANA	11.1		1.4	(1.5)		0.8	1.6	13.4	
BAS	7.8		2.7	(1.7)			1.1	9.9	
SERCO Sodexo Defense Services PTY LTD	9.6		7.1	(8.3)			1.0	9.4	
Zehnacker	4.4		0.9	(0.7)				4.6	
Catalyst Healthcare (Manchester) Holdings Ltd	2.1		0.6				0.4	3.1	
South Manchester Healthcare (Holdings) Ltd	2.2		0.8	(1.0)		0.5	0.3	2.8	
Catalyst Healthcare (Roehampton) Holdings Ltd		(4.9)	0.3			(1.7)	(0.6)		(6.9)
Addiewell Prison (Holdings) Ltd		(3.5)	0.8	(0.7)		(2.7)	(0.5)		(6.6)
Peterborough Prison Management (Holdings) Ltd		(3.3)	0.4	(0.1)		(2.2)	(0.5)		(5.7)
Ashford Prison Services Holdings Ltd		(3.0)	0.2	(0.1)		(1.5)	(0.4)		(4.8)
Agecroft Prison Management Ltd		(2.5)	0.1				(0.3)		(2.7)
HpC King's College Hospital (Holdings) Ltd		(1.5)	(0.2)				(0.1)		(1.8)
Enterprise Healthcare (Holdings) Ltd		(1.2)	0.1	(0.1)		(0.4)	(0.2)		(1.8)
Other	4.9	(1.4)	(0.1)	(0.4)	0.7[(2)]	(0.1)	0.2	6.3	(2.5)
TOTAL	**70.4**	**(21.3)**	**18.0**	**(16.2)**	**0.7**	**(7.3)**	**4.1**	**81.2**	**(32.8)**

(1) Including changes in fair value of derivative financial instrument hedges (note 4.17).
(2) Relates to the disposal of the Group's shareholding in the Public-Private Partnership (PPP) company Catalyst Romford Havering in the United Kingdom.

(in millions of euro)	August 31, 2010 Positive amounts	August 31, 2010 Negative amounts	Profit/ (loss) for the period	Dividend paid for the period	Changes in scope of consolidation	Other movements[1]	Translation adjustment	August 31, 2011 Positive amounts	August 31, 2011 Negative amounts
Doyon Universal Services	16.0		1.0	(0.8)			(2.0)	14.2	
Groupe Crèches Attitude	13.7		0.7	(0.5)		0.2		14.1	
NANA	12.4		1.1	(1.5)		0.6	(1.5)	11.1	
SERCO Sodexo Defense Services PTY LTD	8.2		5.0	(4.1)			0.5	9.6	
BAS	7.2		3.0	(2.0)			(0.4)	7.8	
Zehnacker	4.3		1.1	(1.2)		0.2		4.4	
South Manchester Healthcare (Holdings) Ltd	1.0		1.2	(0.4)		0.5	(0.1)	2.2	
Catalyst Healthcare (Manchester) Holdings Ltd	3.9		(0.3)	(1.2)			(0.3)	2.1	
Catalyst Healthcare (Roehampton) Holdings Ltd		(5.2)	0.3			(0.4)	0.4		(4.9)
Addiewell Prison (Holdings) Ltd		(4.0)	0.5	(0.6)		0.3	0.3		(3.5)
Peterborough Prison Management (Holdings) Ltd		(3.9)	0.3	(0.2)		0.2	0.3		(3.3)
Ashford Prison Services Holdings Ltd		(3.6)	0.2			0.2	0.2		(3.0)
Agecroft Prison Management Ltd		(2.7)	0.1				0.1		(2.5)
HpC King's College Hospital (Holdings) Ltd		(2.3)	0.7				0.1		(1.5)
Enterprise Healthcare (Holdings) Ltd		(1.3)	0.1			(0.1)	0.1		(1.2)
Other	4.6	(0.5)	0.2	(0.6)			(0.2)	4.9	(1.4)
TOTAL	**71.3**	**(23.5)**	**15.2**	**(13.1)**		**1.7**	**(2.5)**	**70.4**	**(21.3)**

(1) Including changes in fair value of derivative financial instrument hedges (note 4.17).

4

The table below provides key financial data for Sodexo's principal companies consolidated by the equity method *(in millions of euro, based on financial statements adjusted for the purposes of consolidation by Sodexo; amounts are for the Company as a whole, rather than Sodexo's percentage interest):*

(in millions of euro)	Country of operations	% interest	Assets	Liabilities	Equity	Revenue	Profit/ (loss) for the period
RMPA Holdings Ltd*	UK	14%	736	738	(2)	32	1
Catalyst Healthcare (Manchester) Holdings Ltd*	UK	25%	613	595	18	56	2
Healthcare Support (North Staffs) Holdings Ltd*	UK	25%	530	525	5	37	(1)
BAS (Chili)*	Chile	33.33%	142	112	30	29	8
Addiewell Prison (Holdings) Ltd	UK	33.33%	141	161	(20)	28	2
HpC King's College Hospital (Holdings) Ltd*	UK	25%	120	133	(13)	26	(1)
Peterborough Prison Management (Holdings) Ltd*	UK	33.33%	118	135	(17)	34	1
Catalyst Healthcare (Roehampton) Holdings Ltd*	UK	25%	117	145	(28)	14	2
South Manchester Healthcare (Holdings) Ltd*	UK	25%	110	98	11	33	3
Mercia Healthcare (Holdings) Ltd*	UK	25%	109	105	4	15	3
Ashford Prison Services Holdings Ltd*	UK	33.33%	88	102	(15)	28	1
Enterprise Healthcare (Holdings) Ltd*	UK	10%	63	81	(18)	15	1
NANA (Sodexo, Inc.)*	USA	43.60%	59	27	31	155	5
Serco Sodexo Defence Services PTY LTD	Australia	50%	58	39	19	229	14
Pinnacle Schools (Fife) Holdings Ltd*	UK	10%	56	52	4	4	1
Agecroft Prison Management Ltd	UK	50%	53	58	(5)	38	0
Enterprise Education (Holdings) Conwy Ltd*	UK	10%	50	56	(6)	4	0

* *Project companies established in connection with Public-Private Partnership (PPP) contracts (see note 2.3.2).*

4.10 IMPAIRMENT OF ASSETS

Impairments of 39 million euro and 22 million euro were recognized on tangible and intangible assets (including goodwill) as of August 31, 2012 and 2011 respectively. The net charge for the year was 17 million euro (2 million euro for Fiscal 2011).

Assets with indefinite useful lives were tested for impairment as of August 31, 2012 using the methods described in note 2.8.2.

The main assumptions used rely on the macro-economic outlook for the geographic regions in which the CGUs or Groups of CGUs defined by Sodexo operate. They are as follows (any impairment loss is recognized in other operating expense):

	Fiscal 2012		Fiscal 2011	
Economic region	Discount rate(1)	Long-term growth rate(2)	Discount rate(1)	Long-term growth rate(2)
Continental Europe	8.5% to 11%	2%	9.3% to 11.3%	2%
North America	8.5%	2.5%	9.3%	2.5%
United Kingdom	8.5%	2.5%	9.3%	3.6%
Rest of the World	9.5% to 11%	3.3% to 4.2%	11.8%	3.5% to 3.7%
Benefits and Rewards Services	11%	3.6%	11.8%	3.2%

(1) The discount rate defined by the Group has been increased for certain regions in order to incorporate more significant risk factors affecting certain countries.
(2) The long-term growth rate serves to extrapolate the terminal value based on year-3 data in the management plans.

Sensitivity analysis

Sodexo has analyzed the sensitivity of 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 becoming less than its carrying amount. In fact, the results of the impairment testing demonstrate that even an increase of 2 percentage points in the discount rate or a reduction of 2 percentage points in the long term growth rate would not result in an impairment of the assets tested.

The Group also performed a sensitivity analysis in order to determine whether a 5% decrease in projected net cash flows for the period 2013-2015 and in terminal value would result in the recognition of an impairment loss in the Group's consolidated financial statements at August 31, 2012. The results of this analysis indicated no risk of impairment for any of the CGUs.

4.11 FINANCIAL ASSETS

4.11.1 Non-current financial assets

(in millions of euro)	August 31, 2012	August 31, 2011
Available-for-sale financial assets		
Investments in non-consolidated companies		
Cost	38	38
Impairment	(2)	(1)
Carrying amount	36	37
Loans and receivables		
Receivables from investees		
Cost	55	46
Impairment	(1)	(1)
Carrying amount	54	45
Loans and deposits		
Cost	43	33
Impairment		0
Carrying amount	43	33
TOTAL NON-CURRENT FINANCIAL ASSETS	**133**	**115**
Cost	136	117
Impairment	(3)	(2)
Carrying amount	133	115

PRINCIPAL UNCONSOLIDATED EQUITY INVESTMENTS

The Group holds an 18.50% interest in Bellon SA, the parent company of Sodexo SA, 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, and whose value cannot be reliably measured. 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.

4.11.2 Current financial assets

(in millions of euro)	August 31, 2012	August 31, 2011
Available-for-sale financial assets		
Restricted cash and other financial assets: Benefits and Rewards Services activity		
Cost	609	622
Impairment		
Carrying amount	609	622
Loans and receivables		
Loans and deposits		
Cost	5	10
Impairment	(1)	(1)
Carrying amount	4	9
TOTAL CURRENT FINANCIAL ASSETS	**613**	**631**
Cost	614	632
Impairment	(1)	(1)
Carrying amount	613	631

Restricted cash of 386 million euro included in "Restricted cash and financial assets: Benefits and Rewards Services activity", primarily includes funds set aside to comply with regulations governing the issuance of service vouchers in France (244 million euro), India (59 million euro) and Romania (29 million euro), and contractual guarantees given to public-sector clients in Venezuela (19 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.

4.11.3 Changes in current and non-current financial assets

(Carrying value in millions of euro)	August 31, 2011	Increase/ (decrease) during the period	Impairment	Change in scope of consolidation	Change in fair value	Translation adjustment and other items	August 31, 2012
Available-for-sale financial assets	659	(3)	(1)		1	(11)	645
Loans and receivables	87	(9)		15		8	101
TOTAL	**746**	**(12)**	**(1)**	**15**	**1**	**(3)**	**746**

(Carrying value in millions of euro)	August 31, 2010	Increase/ (decrease) during the period	Impairment	Change in scope of consolidation	Change in fair value	Translation adjustment and other items	August 31, 2011
Available-for-sale financial assets	615	64				(20)	659
Loans and receivables	112	(20)	2			(7)	87
TOTAL	**727**	**44**	**2**		**0**	**(27)**	**746**

Changes in fair value of available-for-sale financial assets were recognized in other comprehensive income during Fiscal 2011 and the amounts were negligible.

4.11.4 Details of impairment recognized in financial assets

	August 31, 2011	Impairment	Releases	Change in scope of consolidation	Translation adjustment and other items	August 31, 2012
Available-for-sale financial assets	1	1				2
Loans and receivables	2					2
TOTAL	**3**	**1**				**4**

	August 31, 2010	Impairment	Releases	Change in scope of consolidation	Translation adjustment and other items	August 31, 2011
Available-for-sale financial assets	1					1
Loans and receivables	18		(2)		(14)	2
TOTAL	**19**		**(2)**		**(14)**	**3**

4.12 INVENTORIES

(in millions of euro)	August 31, 2011	Increase/ (decrease) during the period	Change in scope of consolidation	Translation adjustment and other items	August 31, 2012
Cost	255	7	20	16	298
Impairment	(3)			1	(2)
Carrying amount	252	7	20	17	296

(in millions of euro)	August 31, 2010	Increase/ (decrease) during the period	Change in scope of consolidation	Translation adjustment and other items	August 31, 2011
Cost	237	33	(1)	(14)	255
Impairment	(2)	(1)			(3)
Carrying amount	235	32	(1)	(14)	252

Inventories mainly comprise food and other high-throughput consumables. Changes in inventories are included in cost of sales, Sales Department costs or general and administrative costs, depending on the nature of the inventory.

No inventories are pledged as collateral for a liability.

4.13 TRADE AND OTHER RECEIVABLES

(in millions of euro)	Gross amount as of August 31, 2012	Allowance as of August 31, 2012	Carrying amount as of August 31, 2012	Gross amount as of August 31, 2011	Allowance as of August 31, 2011	Carrying amount as of August 31, 2011
Other non-current assets	15	0	15	14	0	14
Total other non-current assets	15	0	15	14	0	14
Advances to suppliers	5	0	5	5	0	5
Trade receivables	3,150	(102)	3,048	2,868	(89)	2,779
Other operating receivables	277	(5)	272	223	(6)	217
Prepaid expenses	114	0	114	133	0	133
Non-operating receivables	6	0	6	7	0	7
Assets held for sale	0	0	0	1	0	1
TOTAL TRADE AND OTHER RECEIVABLES	**3,552**	**(107)**	**3,445**	**3,237**	**(95)**	**3,142**

The maturities of trade receivables as of August 31, 2012 and August 31, 2011 respectively were as follows:

Breakdown of trade receivables due as of August 31:	August 31, 2012		August 31, 2011	
	Gross amount	Allowance	Gross amount	Allowance
Less than 3 months due	462	(6)	482	(5)
More than 3 months and less than 6 months due	150	(25)	131	(10)
More than 6 months and less than 12 months due	24	(6)	35	(7)
More than 12 months due	75	(60)	72	(46)
TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31	**711**	**(97)**	**720**	**(68)**
TOTAL TRADE RECEIVABLES NOT YET DUE AS OF AUGUST 31	**2,439**	**(5)**	**2,148**	**(21)**
TOTAL TRADE RECEIVABLES AS OF AUGUST 31	**3,150**	**(102)**	**2,868**	**(89)**

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, there is no concentration of risks in individual receivables due but not written down.

4.14 CASH AND CASH EQUIVALENTS

(in millions of euro)	August 31, 2012	August 31, 2011
Marketable securities	537	445
Cash	914	1,003
Total cash and cash equivalents	**1,451**	**1,448**
Bank overdrafts	(15)	(23)
NET CASH AND CASH EQUIVALENTS	**1,436**	**1,425**

Marketable securities, totaling 537 million euro as of August 31, 2012 and 445 million euro as of August 31, 2011, comprised:

(in millions of euro)	August 31, 2012	August 31, 2011
Short-term notes	362	323
Term deposits	108	98
Listed bonds	11	6
Mutual funds and other	56	18
Total marketable securities	537	445

Around 78% of the Group's cash, together with the restricted cash and financial assets of the Benefits & Rewards Services activity, is held with A1 or A2-rated financial institutions.

Cash and cash equivalents at the period end were not subject to any restrictions.

4.15 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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 flows.

Contributing to decisions made may be objectives for earnings per share or 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%. Net financial debt is defined as the difference between financial debt and total cash, which is further defined as cash and cash equivalents plus restricted cash and financial assets of the Benefits and Rewards Services activity less bank overdrafts.

The Group holds 6,499,322 Sodexo shares (versus 6,398,644 as of August 31, 2011) with a carrying amount of 343 million euro (319 million euro as of August 31, 2011) to cover its obligations under stock option plans awarded to Group employees. These treasury shares are deducted from shareholders' equity at cost.

During the fiscal year, the Group purchased 94 million euro of Sodexo SA shares in preparation for the future exercise of stock options by employees. As of August 31, 2011, 212 million euro of Sodexo SA shares had been purchased.

The par value of Sodexo SA shares is 4 euro per share.

Total dividends paid out in Fiscal 2012, adjusted for treasury shares, amounted to 221 million euro, for a dividend of 1.46 euro per share.

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

Further, effective for Fiscal 2013, shareholders able to demonstrate that they have been a registered shareholder for at least four years, and who remain registered as of the dividend payment date, will be benefit from a dividend premium on those shares equal to 10% of the dividend paid on the other shares. The number of shares for which a single shareholder will be eligible for these dividend premiums may not exceed 0.5% of the share capital.

Items recognized directly in other comprehensive income (OCI) (Group share) are shown below:

(in millions of euro)	August 31, 2012 (Decrease) increase during the year, pre-tax	August 31, 2012 Income tax benefit (expense)	August 31, 2012 (Decrease) increase during the year, net of tax	August 31, 2011 (Decrease) increase during the year, pre-tax	August 31, 2011 Income tax benefit (expense)	August 31, 2011 (Decrease) increase during the year, net of tax
Available-for-sale financial assets	1		1	0	0	0
Cash Flow Hedges	(20)	6(1)	(14)	15	(5)	10
Actuarial adjustments and other	(98)	23	(75)	36	(10)	26
Translation adjustment	283		283	(310)		(310)
TOTAL OTHER COMPREHENSIVE INCOME (GROUP SHARE)	**166**	**29**	**195**	**(259)**	**(15)**	**(274)**

(1) Of which 3 million euro related to hedging instruments recognized in other comprehensive income for equity method companies and presented in the line item "Share of other components of comprehensive income of companies consolidated by the equity method, net of tax" in the Consolidated Statement of Comprehensive Income.

4.16 BORROWINGS

(in millions of euro)	August 31, 2012 Current	August 31, 2012 Non-current	August 31, 2011 Current	August 31, 2011 Non-current
Bond issues				
Euro	43	1,383	43	1,385
Bank borrowings[1]				
U.S. dollar	19	872	17	760
Brazilian real	44	0	51	46
Euro	1	237	1	3
Other currencies	1	0	3	0
	65	1,109	72	809
Finance lease obligations				
U.S. dollar	0	1	0	0
Brazilian real	0	0	1	0
Euro	6	13	7	18
Other currencies	14	18	11	21
	20	32	19	39
Other borrowings[2]				
Euro	2	24	12	24
Other currencies	6	2	6	5
	8	26	18	29
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**136**	**2,550**	**152**	**2,262**
Net fair value of derivative financial instruments[3]	22	(24)	8	1
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**158**	**2,526**	**160**	**2,263**

(1) Including the proceeds of the two private bond placements with U.S. private investors (respectively 500 million U.S. dollars and 600 million U.S. dollars).
(2) Including 20 million euro as of August 31, 2012 and 34 million euro as of August 31, 2011 corresponding to liabilities recognized in connection with the commitments to repurchase the non-controlling interests in certain subsidiaries.
(3) Described in note 4.17.

For borrowings other than bond issues, amortized cost is equivalent to historical cost (nominal amount) insofar as no significant transaction costs are incurred.

4.16.1 Bond issues

	August 31, 2011	Increases	Repayments	Discounting effects and other	Translation adjustment	August 31, 2012
2007 bond issue – 500 million euro						
Principal	500					500
Debt issuance costs	(1)					(1)
Accrued interest	10					10
TOTAL	**509**					**509**
Effective rate	*4.55%*					*4.55%*
2009 bond issue – 880 million euro						
Principal	880					880
Debt issuance costs and issue premium	7			(2)		5
Accrued interest	32					32
TOTAL	**919**			**(2)**		**917**
Effective rate	*5.97%*					*5,97%*
TOTAL	**1,428**			**(2)**		**1,426**

	August 31, 2010	Increases	Repayments	Discounting effects and other	Translation adjustment	August 31, 2011
2007 bond issue – 500 million euro						
Principal	500					500
Debt issuance costs	(1)					(1)
Accrued interest	10					10
TOTAL	**509**					**509**
Effective rate	*4.55%*					*4.55%*
2009 bond issue – 880 million euro						
Principal	880					880
Debt issuance costs and issue premium	8			(1)		7
Accrued interest	32					32
TOTAL	**920**			**(1)**		**919**
Effective rate	*5.97%*					*5.97%*
TOTAL	**1,429**			**(1)**		**1,428**

4.16.1.1 500 MILLION EURO BOND ISSUE

On March 30, 2007, Sodexo issued bonds for 500 million euro, redeemable at par on March 30, 2014. The bonds bear interest at an annual rate of 4.50%, payable annually on March 28.

4.16.1.2 880 MILLION EURO BOND ISSUE

On January 30, 2009, Sodexo SA issued new bonds for 650 million euro, redeemable on January 30, 2015. The bonds bear interest at an annual rate of 6.25%. On June 24, 2009, additional bonds for 230 million euro were issued bringing the face value to 880 million euro. After the additional bonds, these bonds bear an average effective interest rate of 5.97%.

Neither of these two bond issues is subject to financial covenants.

4.16.2 Other borrowings from financial institutions

4.16.2.1 JULY 2011 MULTI-CURRENCY CONFIRMED CREDIT FACILITY

On July 18, 2011, Sodexo SA contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars. This facility originally matured on July 18, 2016, this maturity being extendable on application by Sodexo SA and subject to lenders' consent until July 2017, and then until July 2018. In June 2012, the lenders agreed to extend the maturity to July 18, 2017 for 188 million euro of the euro tranche and 253 million U.S. dollars of the dollar tranche, with the balance of each tranche maturing on July 18, 2016 as originally agreed. Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenants.

As of August 31, 2011, no amounts had been used on this facility, which therefore remained available in its entirety.

As of August 31, 2012, the euro tranche had been utilized in the amount of 235 million euro.

4.16.2.2 LOANS FOR 500 MILLION U.S. DOLLARS AND 600 MILLION U.S. DOLLARS

On September 29, 2008, Sodexo SA borrowed 500 million U.S. dollars at a fixed rate of interest from U.S. investors.

This financing was structured in three tranches:

- 140 million U.S. dollars at a fixed rate of 5.69% and redeemable in September 2013;
- 290 million U.S. dollars at a fixed rate of 5.99% and redeemable in September 2015;
- 70 million U.S. dollars at a fixed rate of 6.43% and redeemable in September 2018.

On March 29, 2011, Sodexo SA borrowed 600 million U.S. dollars at a fixed rate of interest in a private placement with U.S. investors.

This financing is structured in three tranches:

- 250 million U.S. dollars at a fixed rate of 4.24% and redeemable in March 2018;
- 225 million U.S. dollars at a fixed rate of 4.85% and redeemable in March 2021;
- 125 million U.S. dollars at a fixed rate of 4.95% and redeemable in March 2023.

These two loans are subject to two financial covenants that are calculated by reference to the consolidated financial statements of the Group:

- 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 translation gains or losses since August 31, 2007 must be not less than 1.3 billion euro.

If the covenants are not met, the lenders may, with a qualified majority, require early reimbursement of these borrowings.

The Group was compliant with these covenants as of August 31, 2012 and August 31, 2011.

4.16.2.3 BORROWINGS IN BRAZILIAN REAL

In order to finance its acquisition of the VR group in Brazil in 2008, Sodexo SA contracted two fixed rate loans in Brazilian real for an amount of 318 million real, to be reimbursed over five years, with a final maturity in April 2013. Given the repayments made during the period, these loans amounted to 106 million reals (41 million euro) as of August 31, 2012. These two loans are not subject to any financial covenants.

4.16.2.4 INTEREST RATE

In order to comply with the Group's financing policy, substantially all borrowings are at fixed rates of interest. Where acquisition financing is arranged in a currency other than that of the acquired entity, the debt is hedged by the use of currency swaps.

As of August 31, 2012, 98% of Sodexo's borrowings were at fixed rate. The average rate of interest as of the same date was 5.9%.

As of August 31, 2011, 98% of Sodexo's borrowings were at fixed rate. The average rate of interest as of the same date was 5.7%.

The bond issues and borrowings from financial institutions described above include customary clauses for early reimbursement that, as of the close of the fiscal year, do not present any significant risk of being exercised. These early reimbursement clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

4.16.3 Maturity of borrowings

August 31, 2012 Carrying amounts	Less than 3 months	More than 3 months and less than 6 months	More than 6 months and less than 1 year	1-5 years	More than 5 years	Total
Bond issues	0	32	11	1,383	0	1,426
Bank borrowings	35	0	30	577	532	1,174
Finance lease obligations	2	1	17	29	3	52
Other borrowings	3	0	5	26	0	34
TOTAL	**40**	**33**	**63**	**2,015**	**535**	**2,686**

Excluding the impact of derivative financial instruments described in note 4.17.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest incurred as of the balance sheet date.
Credit facility renewal rights are taken into account in setting maturities.

August 31, 2012 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 – 5 years	More than 5 years	Total
Bond issues	0	55	24	1,516	0	1,595
Bank borrowings	41	0	55	722	605	1,423
Finance lease obligations	3	2	18	33	3	59
Other borrowings	3	0	7	29	0	39
Impact of derivative financial instruments excluding those related to the PPP companies (note 4.17)	22	1	0	42	0	65
TOTAL	**69**	**58**	**104**	**2,342**	**608**	**3,181**

August 31, 2011 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 – 5 years	More than 5 years	Total
Bond issues	0	32	11	1,385	0	1,428
Bank borrowings	49	0	23	344	465	881
Finance lease obligations	2	1	16	35	4	58
Other borrowings	3	1	14	28	1	47
TOTAL	**54**	**34**	**64**	**1,792**	**470**	**2,414**

Excluding the impact of derivative financial instruments described in note 4.17.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest incurred as of the balance sheet date.
Credit facility renewal rights are taken into account in setting maturities.

August 31, 2011 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 – 5 years	More than 5 years	Total
Bond issues	0	55	24	1,595	0	1,674
Bank borrowings	55	0	47	491	553	1,146
Finance lease obligations	3	2	17	40	4	66
Other borrowings	3	1	16	32	1	53
Impact of derivative financial instruments excluding those related to the PPP companies (note 4.17)	2	2	2	3	0	9
TOTAL	**63**	**60**	**106**	**2,161**	**558**	**2,948**

4.17 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments *(in millions of euro)*	**IFRS classification**	**August 31, 2012**			**August 31, 2011**		
		Fair value	**Notional amount**	**Face value**	**Fair value**	**Notional amount**	**Face value**
Currency instruments		(2)			(5)		
Assets	*Trading*				*2*		*6*
Liabilities	*Cash Flow Hedge*				*(1)*		*6*
Liabilities	*Trading*	*(2)*		*(13)*	*(6)*		*(21)*
Interest rate instruments					(4)		
Assets	*Cash Flow Hedge*						
Liabilities	*Trading*				*(4)*	*(256)*	
Liabilities	*Cash Flow Hedge*						
Cross-currency swaps[(1)]		4					
Assets	*Cash Flow Hedge*	*19*	*215*				
Assets	*Trading*	*8*	*96*				
Liabilities	*Cash Flow Hedge*	*(16)*					
Liabilities	*Trading*	*(7)*					
Net derivative financial instruments		2	311	(13)	(9)	(256)	(9)

(1) Relates to three cross-currency euro-BRL swaps with notional value of 710 million BRL for which accrued interest of 23 million euro is recognized as a liability.

The "notional amount" of interest rate derivative instruments is the face value of financial instruments traded with counterparties.

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.

4.17.1 Currency derivative financial instruments

Contractual nominal maturities:

(in millions of euro)	August 31, 2012				August 31, 2011			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Financial liabilities in foreign currencies								
UK Sterling (GBP)	(45)			(45)	(27)			(27)
Brazilian Real (BRL)	(57)	(284)		(341)		(38)		(38)
Czech Crown (CZK)	(48)	(6)		(54)		(38)		(38)
Other	(13)	(6)	(1)	(20)	(22)	(4)		(26)
TOTAL	**(163)**	**(296)**	**(1)**	**(460)**	**(49)**	**(80)**		**(129)**
Financial assets in foreign currencies								
UK Sterling (GBP)	45			45	26			26
Brazilian Real (BRL)	33	311		344		34		34
Czech Crown (CZK)	48	6		54		40		40
Other	13	5	1	19	21	3		24
TOTAL	**139**	**322**	**1**	**462**	**47**	**77**		**124**
Currency derivative financial instruments								
UK Sterling (GBP)					(1)			(1)
Brazilian Real (BRL)	(24)	27		3		(4)		(4)
Czech Crown (CZK)	0	0				2		2
Other	0	(1)	0	(1)	(1)	(1)		(2)
TOTAL	**(24)**	**26**	**0**	**2**	**(2)**	**(3)**		**(5)**

4.17.2 Interest rate swaps

In order to hedge its exposure to variations in the LIBOR rate applied to reimbursements on the 2005 multi-currency confirmed line of credit that was cancelled in July 2011, the Group contracted a series of swaps to fix the interest rate on a portion of its outstanding borrowings. These swaps matured in February 2012. Their fair value as of August 31, 2011 was 4 million euro.

During Fiscal 2012, 13 million euro were recycled from other comprehensive income to financial expense (14 million euro in Fiscal 2011).

Changes in fair value of cash flow hedging instruments, recognized in shareholders' equity (in millions of euro) were as follows:

Cumulative changes in fair value of financial assets on instruments designated as hedges as of August 31, 2010	**(46)**
Change in fair value for the period	0
Share in the change in fair value of derivative instruments held by companies consolidated by the equity method(1)	1
Fair value items recognized in financial income or expense	14
Total changes recognized in other comprehensive income	**15**
Translation adjustments and other	
Cumulative changes in fair value of financial assets on instruments designated as hedges as of August 31, 2011	**(31)**
Change in fair value for the period	(21)
Share in the change in fair value of derivative instruments held by companies consolidated by the equity method(1)	(12)
Fair value items recognized in financial income or expense	13
Total changes recognized in other comprehensive income	
Translation adjustments and other	
Cumulative changes in fair value of financial assets on instruments designated as hedges as of August 31, 2012	**(51)**

(1) Certain companies consolidated by the equity method have hedged their variable rate debt. The impact of the measurement of these instruments on the Group interest in the income and shareholders' equity of these entities is reflected in the above table.

The impacts of derivative financial instruments on the financial statements are described in note 5.1.

4.18 LONG-TERM EMPLOYEE BENEFITS

(in millions of euro)	**August 31, 2012**	**August 31, 2011**
Net defined benefit plan assets*	**(0)**	**(0)**
Defined benefit plan obligation	227	154
Other long-term employee benefits	154	127
Employee benefits	**381**	**281**

* *Included in other non-current assets in the consolidated statement of financial position.*

4.18.1 Post-employment benefits

4.18.1.1 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 recognized in operating expenses were 343 million euro for Fiscal 2012, compared to 268 million euro for Fiscal 2011.

Contributions made by the Group are expensed in the period to which they relate.

4.18.1.2 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.

Following the introduction of new regulations in the United Kingdom, in October 2011 the Group elected to calculate future indexation adjustments to the benefits payable by Sodexo UK to certain members of its pension plan based on the consumer price index (CPI) instead of the retail price index (RPI) applied previously. Retrospective application of the CPI to the vested rights of plan members concerned by the change led to a 26 million euro reduction in the projected benefit obligation that was recorded in operating income in Fiscal 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 Italy, there is a legal obligation to pay a lump-sum retirement benefit ("TFR"). Until August 31, 2006, fully vested employee rights were valued and discounted as specified by law, and fully recognized as a liability.

At the end of December 2006, the Italian parliament approved a reform of the TFR system, implemented in 2007, which transformed this retirement benefit plan into a defined contribution plan. For the period from January 1, 2007 through June 30, 2007, staff employed as of December 31, 2006 were required to choose between various defined-contribution plans, in connection with the employee rights acquired on or after January 1, 2007. The prior obligations remain on the consolidated statement of financial position.

Sodexo also contributes to multi-employer plans, mainly in Sweden and the United States. These plans are accounted for as defined-contribution plans.

Amounts shown in the consolidated statement of financial position for defined-benefit plans are as follows:

(in millions of euro)	August 31, 2012	August 31, 2011
Net plan surplus*	(0)	(0)
Net defined-benefit plan obligation**	227	154

* *Reported in "Other non-current assets" in the consolidated statement of financial position.*
** *Reported as a liability in the consolidated statement of financial position under "Employee benefits".*

These amounts are detailed below:

(in millions of euro)	August 31, 2012	August 31, 2011
Present value of funded obligations	834	655
Fair value of plan assets	(732)	(606)
Present value of partially funded obligations	**102**	**49**
Present value of unfunded obligations	129	110
Unrecognized past service cost	(4)	(5)
Other unrecognized amounts		
NET OBLIGATION	**227**	**154**

As described in note 2.17.2, Sodexo recognizes actuarial gains and losses arising during the period, net of deferred taxes, in the statement of comprehensive income.

Cumulative actuarial gains and losses reported in the statement of comprehensive income as of August 31, 2012 represented a net actuarial loss of 123 million euro. Cumulative actuarial gains and losses recognized in other comprehensive income as of August 31, 2011 represented a net actuarial loss of 25 million euro. This change in actuarial losses, which led to a 117 million euro increase in the projected benefit obligation, resulted primarily from the decline in interest rates in the United Kingdom, where most of the obligation is held, partially offset by actuarial gains arising from changes in other assumptions such as the rate of inflation, which led to a 44 million euro reduction in the projected benefit obligation in the United Kingdom.

Defined benefit plan assets comprise:

(in millions of euro)	August 31, 2012	August 31, 2011
Equities	134	105
Bonds	106	76
Insurance and other	453	379
Real estate	30	32
Cash	9	14
TOTAL	**732**	**606**

The amount reported in the income statement for defined-benefit plans comprises:

(in millions of euro)	Fiscal 2012	Fiscal 2011
Current service cost	23	24
Interest cost	39	35
Expected return on plan assets	(42)	(39)
Curtailments and settlements	(1)	(3)
Amortization of unrecognized past service cost and other	(25)	0
NET EXPENSE	**(6)**	**17**

Amortization of unrecognized past service cost primarily includes the impact in the United Kingdom of applying the Consumer Price Index (CPI) to calculate pension benefit increases instead of the Retail Price Index (RPI) used previously, for 26 million euro. This amount is reported in operating income.

The net gain of 6 million euro in Fiscal 2012 (net expense of 17 million euro in Fiscal 2011) is recorded on the following lines:

- net gain of 1 million euro in Fiscal 2012 (net expense of 9 million euro in Fiscal 2011) in cost of sales;
- net gain of 2 million euro in Fiscal 2012 (net expense of 12 million euro in Fiscal 2011) in general and administrative costs;
- the balance of 3 million euro (the effect of discounting the obligation and expected return on plan assets) in financial income or expense (see note 4.2).

Changes in the present value of the defined-benefit plan obligation and fair value of the plan's assets are shown below:

	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Obligation as of September 1	765	802	633	568	642
Current service cost	23	24	21	18	22
Interest cost	39	35	36	34	32
Actuarial (gains)/losses	118	(30)	84	55	(29)
Past service cost	(26)	3	0	2	(2)
Effect of curtailments and settlements	(1)	(7)	(4)	(1)	(1)
Contributions made by plan members	5	5	6	5	6
Benefits paid from plan assets	(20)	(17)	(14)	(14)	(14)
Benefits paid other than from plan assets	(8)	(9)	(11)	(10)	(13)
Business combinations	4	0	3	2	1
Translation differences	65	(40)	37	(37)	(77)
Other	(1)	(1)	10	11	0
OBLIGATION AS OF AUGUST 31	**963**	**765**	**802**	**633**	**568**

	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Fair value of assets as of September 1	606	588	485	520	509
Expected return on assets	42	39	34	33	34
Employer's contributions	21	22	19	16	64
Actuarial (gains)/losses	20	6	22	(37)	(6)
Effect of curtailments and settlements	0	(4)	(1)	0	0
Contributions made by plan members	5	5	6	5	6
Benefits paid from plan assets	(20)	(17)	(14)	(14)	(14)
Business combinations	0	0	1	0	0
Translation differences	58	(33)	29	(38)	(73)
Other	0	0	7		0
FAIR VALUE OF PLAN ASSETS AS OF AUGUST 31	**732**	**606**	**588**	**485**	**520**

	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Projected benefit obligation	963	765	802	633	568
Fair value of plan assets	732	606	588	485	520
DEFICIT (SURPLUS)	**231**	**159**	**214**	**148**	**48**
Experience adjustments to projected benefit obligation	1	1	(13)	(18)	5
Experience adjustments to plan assets	20	6	22	(37)	(6)

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2012 and 2011:

August 31, 2012	France	Netherlands	United Kingdom	Italy
Discount rate(1)	2.5% - 3.5%	3%	4.5%	1.75% - 2.25%
Salary inflation rate(2)	2.5% - 3%	2%	2.1% - 3.1%	N/A
General long-term inflation rate(3)	2%	2%	2.1% - 3.1%(3)	2%
Rate of return on plan assets	2.5% - 3.5%	3.6%	5%	N/A
Net liability *(in millions of euro)*	55	21	42	32

(1) Discount rates in each country have been adapted to reflect the term of the plans.
(2) The salary inflation rate disclosed includes general inflation.
(3) Retail price index(RPI): 3.1%; consumer price index (CPI): 2.1%.

August 31, 2011	France	Netherlands	United Kingdom	Italy
Discount rate(1)	3.75% - 4.5%	4.5%	5.4%	2.50% - 3.50%
Salary inflation rate(2)	3%	2.5%	3.5%	N/A
General inflation rate	2%	2%	3.5%	2%
Rate of return on plan assets	4.5%	5%	7%	N/A
Net liability *(in millions of euro)*	37	9	17	32

(1) Discount rates in each country have been adapted to reflect the term of the plan.
(2) The salary inflation rate disclosed includes general inflation.

The expected rates of return on plan assets were determined by reference to market expectations of returns for each asset class over the life of the related obligation. For each fund, the expected rate of return is weighted to reflect the proportion of each asset class held by the relevant fund.

With respect to the assumptions provided in the above table, a reduction of 1% in the discount rate would bring the gross obligation to 1,174 million euro (compared to 963 million euro with the assumptions used as of August 31, 2012), while an increase of 0.5% in the long-term inflation rate would increase the gross obligation to 1,031 million euro. The Group has elected to recognize actuarial gains and losses directly in other comprehensive income.

The actual return on plan assets in Fiscal 2012 was 62 million euro, compared with an expected return of 42 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 25 million euro into defined-benefit plans in Fiscal 2013.

The United Kingdom plan is regularly evaluated by the plan's actuary in compliance with UK law. A formal actuarial evaluation 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 trustees and Sodexo UK. At the end of 2011, Sodexo UK consulted the members of its pension plan in order to freeze benefit accruals for certain members. The consultation process led to the signature, in October 2012, of an agreement between the plan's trustees 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. Sodexo UK also agreed to pay annual contributions of 10 million pounds over the five years from January 1, 2013 as part of the 12-year plan to address the funding shortfall. Over the same period, it is expected that the regular contributions made by Sodexo will decrease given that only public sector members will be able to obtain new benefits under the terms of the agreement. Lastly, in October 2012, Sodexo SA 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.

4.18.2 Other employee benefits

Other employee benefits mainly comprise a liability related to a deferred compensation program in the United States and obligations relating to long-service awards.

AMOUNTS REPORTED IN LIABILITIES FOR OTHER LONG-TERM EMPLOYEE BENEFITS

(in millions of euro)	August 31, 2012	August 31, 2011
Other long-term employee benefits	154	127

The total expense recognized with respect to these benefits in Fiscal 2012 was 23 million euro (20 million euro in Fiscal 2011), of which 1.6 million euro (2.2 million euro in Fiscal 2011) relates to a deferred compensation program in the United States, reported in financial expense.

4.19 PROVISIONS

(in millions of euro)	August 31, 2011	Increases/ charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other items	Changes in scope of consolidation	Discounting impact on long-term provisions	August 31, 2012
Tax and social security exposures	31	13	(3)	(4)		15		52
Employee claims and litigation	28	12	(11)	(4)	1	4		30
Contract termination and loss-making contracts	6	4	(4)		1	4		11
Client/supplier claims and litigation	14	3	(5)	(1)		1		12
Negative net assets of associates*	21				12			33
Other provisions	9	2	(2)	(2)	1			8
TOTAL	**109**	**34**	**(25)**	**(11)**	**15**	**24**	**0**	**146**

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

(in millions of euro)	August 31, 2010	Increases/ charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other items	Changes in scope of consolidation	Discounting impact on long-term provisions	August 31, 2011
Tax and social security exposures	30	10	(3)	(7)	1			31
Employee claims and litigation	27	16	(15)	(3)	3			28
Contract termination and loss-making contracts	21	5	(14)	(3)	(3)			6
Client/supplier claims and litigation	14	7	(5)	(1)	(1)			14
Negative net assets of associates*	23	0	0	0	(2)			21
Other provisions	11	4	(4)	0	(2)			9
TOTAL	**126**	**42**	**(41)**	**(14)**	**(4)**			**109**

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

Provisions for exposures and litigation are determined on a case-by-case basis and rely on management's best estimate of the outflows deemed likely to satisfy legal or implicit obligations to which the Group is exposed as of the end of the year.

Current and non-current provisions are as follows:

(in millions of euro)	August 31, 2012 Current	August 31, 2012 Non-current	August 31, 2011 Current	August 31, 2011 Non-current
Tax and social security exposures	8	44	14	17
Employee claims and litigation	18	12	17	11
Contract termination and loss-making contracts	6	5	4	2
Client/supplier claims and litigation	7	5	9	5
Negative net assets of associates*	0	33	0	21
Other provisions	2	6	3	6
TOTAL	**41**	**105**	**47**	**62**

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

4.20 TRADE AND OTHER PAYABLES

(in millions of euro)	August 31, 2012	August 31, 2011
Other non-current liabilities	222	190
TOTAL OTHER NON-CURRENT LIABILITIES	**222**	**190**
Advances from clients	237	286
Trade payables	1,792	1,526
Employee-related liabilities	1,014	902
Tax liabilities	228	218
Other operating liabilities	72	68
Deferred revenues	59	62
Other non-operating liabilities	20	63
TOTAL TRADE AND OTHER CURRENT PAYABLES	**3,422**	**3,125**
TOTAL TRADE AND OTHER PAYABLES	**3,644**	**3,315**

Employee-related liabilities include mainly short-term employee benefits.

Maturities of trade and other payables	Carrying value	Undiscounted contractual value
Less than three months	2,564	2,564
More than three months and less than six months	227	227
More than six months and less than twelve months	535	535
More than one year and less than five years	266	279
More than five years	52	71
TOTAL TRADE AND OTHER PAYABLES	**3,644**	**3,676**

4.21 DEFERRED TAXES

(in millions of euro)	August 31, 2012	August 31, 2011
Deferred tax assets	169	153
Deferred tax liabilities	(161)	(150)
DEFERRED TAX ASSETS (NET)	**8**	**3**

Including the effect of the deferred tax liabilities described in note 4.15.

Deferred tax assets not recognized because their recovery is not considered probable totaled 48 million euro (37 million euro as of August 31, 2011), including 6 million euro generated by subsidiaries prior to their acquisition (5 million euro as of August 31, 2011).

Deferred taxes comprise:

(in millions of euro)	August 31, 2011	Deferred tax benefit/ (expense)	Deferred tax recognized in other comprehensive income	Translation adjustments and other	August 31, 2012
• Employee-related liabilities	157	(6)	23		174
• Fair value of financial instruments	1	(8)	3	13	9
• Other temporary differences	(193)	(42)		7	(228)
• Tax loss carry-forwards	38	21		(6)	53
NET DEFERRED TAX ASSETS (LIABILITIES)	**3**	**(35)**	**26**	**14**	**8**

Temporary differences on employee-related liabilities relate primarily to post-employment benefits.

The principal other temporary differences resulted from the recognition of intangible assets in connection with acquisitions, together with temporary differences arising from the amortization of the tax deductible portion of goodwill in certain countries.

4.22 FINANCIAL INSTRUMENTS

The table below presents the categories of financial instruments, their carrying value, 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: All other instruments.

Financial assets (in millions of euro)	Category	Note	August 31, 2012 Carrying value	August 31, 2012 Fair value	Level for instruments at fair value: Level 1	Level 2	Level 3	Total
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.14	537	537	67	470		537
Restricted cash and financial assets related to the Benefits & Rewards Services activity	Available-for-sale financial assets	4.11	609	609	78	531		609
Trade and other receivables	Loans and receivables at amortized cost	4.13	3,445	3,445				
Other financial assets	Available for sale financial assets	4.11	36	36				
	Loans and receivables at amortized cost	4.11	101	101				
Derivative financial instruments, assets		4.17	27	27		27		27

Financial liabilities (in millions of euro)	Category	Note	August 31, 2012 Carrying value	August 31, 2012 Fair value	Level for instruments at fair value: Level 1	Level 2	Level 3	Total
Bond issues(1)	Financial liabilities at amortized cost	4.16	1,426	1,560				
Bank borrowings	Financial liabilities at amortized cost	4.16	1,174	1,288				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.16	86	86				
Bank overdrafts	Financial liabilities at amortized cost		15	15				
Trade and other payables	Financial liabilities at amortized cost	4.20	3,422	3,422				
Vouchers payable	Financial liabilities at amortized cost		2,533	2,533				
Derivative instruments, liabilities		4.17	25	25		25		25

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2012.

Financial assets *(in millions of euro)*	**Category**	**Note**	**August 31, 2011** Carrying value	Fair value	**Level for instruments at fair value** Level 1	Level 2	Level 3	Total
Cash and cash equivalents	Financial assets at fair value through profit and loss	4.14	445	445	24	421		445
Restricted cash and financial assets related to the Motivation Solutions activity	Available-for-sale financial assets	4.11	622	622	93	529		622
Clients and other receivables	Loans and receivables at amortized cost	4.13	3,142	3,142				
Other financial assets	Available for sale financial assets	4.11	37	N/A				
	Loans and receivables at amortized cost	4.11	87	87				
Derivative financial instruments, assets		4.17	2	2		2		2

Financial liabilities *(in millions of euro)*	**Category**	**Note**	**August 31, 2011** Carrying value	Carrying value	**Level for instruments at fair value** Level 1	Level 2	Level 3	Total
Bond issues[(1)]	Financial liabilities at amortized cost	4.16	1,428	1,543				
Bank borrowings	Financial liabilities at amortized cost	4.16	881	881				
Other borrowings and financial debts	Financial liabilities at amortized cost	4.16	105	105				
Bank overdrafts	Financial liabilities at amortized cost		23	23				
Trade and other payables	Financial liabilities at amortized cost	4.20	3,125	3,125				
Vouchers payable	Financial liabilities at amortized cost		2,421	2,421				
Derivative instruments, liabilities		4.17	11	11		11		11

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2011.

There was no transfer between the different levels between Fiscal 2011 and 2012.

4.23 SHARE-BASED PAYMENT

Sodexo's Board of Directors has granted payment to employees in the form of Sodexo shares under a number of stock option plans.

4.23.1 Principal features of stock option plans

Rules governing stock option plans are as follows:

- stock options are generally granted at the same time of the year and their exercise price has no discount;
- contractual life of options: 6-7 years;
- vesting of options is conditional on employment by the Group and, for plans after 2007, on attainment of average annual growth in Group net income (excluding currency effects) of at least 6% over a period of three years. However, this performance condition applies only to a portion (varying between 0 and 50%) of the stock options granted to each beneficiary, with the exception of the Chief Executive Officer, whose entire grant is conditional on performance, with the remaining options vesting in equal tranches over a period of four years.

4.23.2 Measurement model applied and assumptions used

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.

The table below shows the data used in the valuation model for each plan measured under IFRS 2.

Date of grant	Exercise price	Expected volatility *(in %)*	Contractual life *(in years)*	Risk-free interest rate *(in %)*	Expected dividend yield *(in %)*	Expected life *(in years)*
January 17, 2007	47.82 euro	29.42%	6	4.18%	2.81%	5
January 17, 2007	47.82 euro	29.42%	7	4.18%	2.81%	5
April 24, 2007	55.36 euro	28.23%	6	4.37%	2.79%	5
April 24, 2007	55.36 euro	28.23%	7	4.37%	2.79%	5
September 11, 2007	47.17 euro	28.54%	6	4.04%	2.75%	5
January 7, 2008	42.27 euro	28.85%	7	4.01%	2.75%	6
January 7, 2008	42.27 euro	28.85%	6	3.95%	2.75%	5
September 9, 2008	45.56 euro	29.48%	7	4.15%	2.75%	6
September 9, 2008	45.56 euro	29.48%	6	4.11%	2.75%	5
January 19, 2009	39.40 euro	37.16%	7	3.28%	3.00%	6
January 19, 2009	39.40 euro	37.16%	6	2.90%	3.00%	5
January 11, 2010	39.88 euro	28.50%	7	2.97%	3.00%	6
January 11, 2010	39.88 euro	28.50%	6	2.45%	3.00%	5
December 13, 2010	48.37 euro	25.00%	7	3.27%	3.00%	6
December 13, 2010	48.37 euro	25.00%	6	2.63%	3.00%	5
December 13, 2011	51.40 euro	24.00%	7	3.48%	3.00%	6
December 13, 2011	51.40 euro	24.00%	6	2.85%	3.00%	5

The expected life of the options is incorporated into the binomial model based on option holders' behavior expected over the contractual life of the options and based on historical data, and is not necessarily indicative of future exercises.

The expected volatility is based on the assumption that volatility calculated using regression analysis of daily returns over the five- or six-year period (the expected life of the options) prior to the date of grant, excluding the share price fluctuations of September 2002, is an indicator of future trends.

Effective for plans granted in 2008, the expected volatility is based on a weighted average of the historical volatility of the shares observed over five years and the implicit volatility expected in the marketplace.

The risk-free interest rate is the rate on Government bonds (with reference to Iboxx rates in the euro zone) for a maturity similar to the life of the options.

The assumptions with respect to the exercise behavior of grantees used in determining the fair value of the options are also based on historical data, which may not be indicative of future exercise behavior, and are as follows:

- grantees resident in France for tax purposes:
  - 50% of grantees will exercise their options once the share price exceeds 20% of the exercise price,
  - 50% of grantees will exercise their options once the share price exceeds 40% of the exercise price;
- grantees not resident in France for tax purposes:
  - 30% of grantees will exercise their options once the share price exceeds 20% of the exercise price,
  - 30% of grantees will exercise their options once the share price exceeds 40% of the exercise price,
  - 30% of grantees will exercise their options once the share price exceeds 70% of the exercise price,
  - 10% of grantees will exercise their options once the share price exceeds 100% of the exercise price.

4.23.3 Initial charge and movements during Fiscal 2012

The stock option expense recognized in the Fiscal 2012 income statement is 19 million euro, compared to 17 million euro in Fiscal 2011.

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during the period.

	August 31, 2012		August 31, 2011	
	Number	WAP *(in euro)*	Number	WAP *(in euro)*
Outstanding at the beginning of the period	**6,439,038**	**43.17**	**6,703,643**	**40.83**
Granted during the period	2,046,950	51.40	1,734,700	48.37
Forfeited during the period	(170,057)	46.39	(852,501)(2)	42.36
Exercised during the period	(1,499,392)(1)	42.48	(1,143,248)(3)	38.04
Expired during the period			(3,556)	23.08
Outstanding at the end of the period	**6,816,539**	**45.71**	**6,439,038**	**43.17**
Exercisable at the end of the period	**2,013,706**	**42.38**	**1,944,228**	**43.26**

(1) The weighted average share price at the exercise date of options exercised in the period was 56.81 euro.
(2) Including options cancelled due to non-satisfaction of performance conditions for 2008 plans.
(3) The weighted average share price at the exercise date of options exercised in the period was 51.15 euro.

The weighted average residual life of options outstanding as of August 31, 2012 was 4.2 years (August 31, 2011: 4.1 years).

The weighted average fair value of options granted during the year was 10.43 euro per share (Fiscal 2011: 11.21 euro).

The exercise prices and exercise period for options outstanding as of August 31, 2012 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, 2012
January 2007	January 2008	January 2013	47.82 euro	109,174
January 2007	January 2008	January 2014	47.82 euro	254,870
April 2007	April 2008	April 2013	55.36 euro	1,602
April 2007	April 2008	April 2014	55.36 euro	0
September 2007	September 2008	September 2013	47.17 euro	0
January 2008	January 2009	January 2015	42.27 euro	173,168
January 2008	January 2009	January 2014	42.27 euro	147,331
September 2008	September 2009	September 2015	45.56 euro	15,000
September 2008	September 2009	September 2014	45.56 euro	1,875
January 2009	January 2010	January 2016	39.40 euro	581,188
January 2009	January 2010	January 2015	39.40 euro	459,057
January 2010	January 2011	January 2017	39.88 euro	620,013
January 2010	January 2011	January 2016	39.88 euro	866,810
December 2010	December 2011	December 2017	48.37 euro	672,400
December 2010	December 2011	December 2016	48.37 euro	933,401
December 2011	December 2012	December 2018	51.40 euro	821,850
December 2011	December 2012	December 2017	51.40 euro	1,158,800
TOTAL				**6,816,539**

4.23.4 Plans awarded following the acquisition of Sodexho Marriott Services

The Group committed to delivering 3,044,394 Sodexho Alliance shares to Sodexho, Inc. employees at an average price of 29.01 U.S. dollars per share under stock option plans assumed in connection with the June 2001 acquisition of 53% of the capital of Sodexho Marriott Services, Inc. As of August 31, 2012, 2,897 of these shares were still deliverable.

All of these remaining options are exercisable prior to November 2012.

These option plans are not recognized under IFRS 2 because they were granted prior to the effective date of IFRS 2 in November 2002 and because the rights under the plans vested prior to January 1, 2005.

The table below provides the quantity, weighted average exercise price (WAP) and movements of these stock options during the year.

	August 31, 2012		August 31, 2011	
	Number	WAP *(in $)*	Number	WAP *(in $)*
Outstanding at the beginning of the period	**11,415**	**29.99**	**81,895**	**28.98**
Granted during the period				
Forfeited during the period			(520)	28.14
Exercised during the period	(8,518)(1)	29.99	(69,960)(2)	28.82
Expired during the period				
Outstanding at the end of the period	2,897	29.99	11,415	29.99
Exercisable at the end of the period	**2,897**	**29.99**	**11,415**	**29.99**

(1) The weighted average share price at the exercise date of options exercised in the period was 74.80 U.S. dollars.
(2) The weighted average share price at the exercise date of options exercised in the period was 65.32 U.S. dollars.

The table below gives the exercise price of options outstanding as of August 31, 2012:

Date of grant	Exercise price *(in $)*	Number of options outstanding as of August 31, 2012
November 6, 1997	29.99	2,897

4.24 BUSINESS COMBINATIONS

The main acquisitions for the year are described in note 1 – Significant Events. The following table shows the values of the acquired assets and assumed liabilities at the acquisition date, based on the preliminary allocation as of August 31, 2012:

(in millions of euro)	Provisional fair value
Intangible assets	165
Property, plant and equipment	49
Other non-current assets	15
Trade receivables(1)	94
Other current assets	38
Cash and cash equivalents	28
Long-term borrowings	(13)
Other non-current liabilities	(41)
Deferred taxes, net	(4)
Short-term borrowings	(49)
Other current liabilities	(117)
Total identifiable net assets	**165**
Goodwill	456
Consideration transferred(2)	(621)
Cash acquired	28
Change in contingent consideration	7
IMPACT ON THE CASH FLOW STATEMENT	**(586)**

(1) Corresponding to a gross amount of 101 million euro.
(2) Price paid or payable in cash, including contingent consideration estimated at 6 million euro.

These companies' contribution to consolidated revenue for the period was 714 million euro and their contribution to consolidated profit was not material.

Intangible assets mainly comprise client relationships, trademarks and favorable leases. The amortization period for these assets has been determined to be between 3 and 15 years, depending on the estimated attrition rate for client contracts and the probable useful life of trademarks, except for trademarks considered as having an indefinite useful life. The excess of the acquisition price over the total fair value of the identifiable net assets acquired is recognized as goodwill.

Goodwill recognized during the year primarily relates to Puras do Brasil in Brazil, Roth Bros. in the United States, and Lenôtre in France.

Goodwill mainly reflects the premium paid for the acquired company's expertise and skilled workforce as well as its future earnings stream.

No material acquisitions were made in the prior year.

4.25 COMMITMENTS AND CONTINGENCIES

4.25.1 Sureties

Commitments arising from surety arrangements (pledges, charges secured against plant and equipment, and real estate mortgages) contracted by Sodexo SA and its subsidiaries in connection with operating activities during Fiscal 2012 are immaterial.

4.25.2 Operating lease commitments

Outstanding commitments arising in respect of operating leases are as follows:

(in millions of euro)	August 31, 2012	August 31, 2011
Less than 1 year	132	127
1 to 5 years	258	268
More than 5 years	79	104
TOTAL	**469**	**499**

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

- equipment on sites, office equipment and vehicles for 150 million euro, compared to 138 million euro for Fiscal 2011;
- the rent for office premises of 298 million euro, compared to 340 million euro for Fiscal 2011. The 12-year leases signed on October 19, 2006 in connection with the relocation of the corporate headquarters to Issy-les-Moulineaux in 2008 increased operating lease commitments for office premises by 40 million euro. The leases and lease renewals signed by Sodexo France and Sodexo, Inc. for their office premises represent operating lease commitments of 35 million euro and 5 million euro respectively.

4.25.3 Other commitments given

	August 31, 2012				August 31, 2011
(in millions of euro)	Less than 1 year	1 to 5 years	More than 5 years	Total	Total
Financial guarantees to third parties		9		9	8
Site management commitments	11	32		43	51
Performance bonds given to clients		44	129	173	136
Other commitments	15	1		16	19
TOTAL	**26**	**86**	**129**	**241**	**214**

Financial guarantees to third parties mainly comprise bank subordinated debt commitments under public private partnership (PPP) contracts (see note 2.3.2.) totaling 9 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 would be capable of deploying 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 Group has commitments to provide training hours to its employees in France, known as Individual Training Rights. In the absence of guidance from regulatory authorities on the accounting treatment for these rights, the Group has opted to present these rights as a commitment. Based on available information, the number of hours to be provided to employees of French subsidiaries is estimated to be approximately 2,600,000 hours.

In October 2012, the Group issued a guarantee for a maximum amount of 100 million pounds sterling for a duration of 12 years, in order to cover pension plan obligations of Sodexo UK subsidiaries. This guarantee was issued subsequent to year end to the trustee administrator of the plan retirement.

4.26 RELATED PARTIES

4.26.1 Compensation, loans, post-employment benefits and other employee benefits granted to Board members, the Executive Committee, and the Chief Executive Officer of Sodexo

(in euro)	August 31, 2012	August 31, 2011
Short-term employee benefits	10,494,809	10,785,320
Post-employment benefits	499,069	436,226
Stock option expenses	5,337,934	5,327,462
TOTAL	**16,331,812**	**16,549,008**

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 SA and/or other Sodexo Group companies.

During Fiscal 2012, the Group did not grant any severance benefit or other long-term benefit to members of the Board of Directors, the Executive Committee or the Chief Executive Officer.

4.26.2 Principal shareholder

As of August 31, 2012, Bellon SA held 37.71% of the capital of Sodexo SA.

During Fiscal 2012, Bellon SA invoiced Sodexo SA a total of 6.2 million euro for assistance and advisory services under a contract between the two companies.

During the first half of Fiscal 2012, the Annual Shareholders' Meeting of Sodexo approved the payment of a dividend of 1.46 euro per share. Consequently, Bellon SA received a dividend payment of 86.5 million euro in February 2012.

4.26.3 Unconsolidated 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)	Gross value as of August 31, 2012	Impairment as of August 31, 2012	Carrying amount as of August 31, 2012	Carrying amount as of August 31, 2011
Loans	76	0	76	64

Off balance sheet commitments	August 31, 2012	August 31, 2011
Financial guarantees to third parties	9	8
Performance bonds given to clients	171	134

Transactions	Fiscal 2012	Fiscal 2011
Revenues	310	273
Operating expenses	0	0
Financial income and expense, net	6	5

4.27 GROUP EMPLOYEES

The following table shows the breakdown of Group employees:

	August 31, 2012	August 31, 2011
Executives, middle management, site managers and supervisory staff	50,211	47,658
Front-line service staff and other employees	371,180	343,490
TOTAL	**421,391**	**391,148**

Group employees by activity and region were as follows:

	On-site Services							
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Benefits and Rewards Services	Holding Companies	Total
August 31, 2012	123,673	101,503	37,956	154,171	417,303	3,638	450	421,391
August 31, 2011	124,896	100,108	34,846	127,364	387,214	3,508	426	391,148

4.28 LITIGATION

Sodexo is 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.

To the best of the Company's knowledge, there have been no other 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.

4.29 SUBSEQUENT EVENTS

On November 2, 2012, Sodexo completed the acquisition of Servi-Bonos, SA de CV in Mexico. Servi-Bonos will be consolidated by Sodexo for ten months in Fiscal 2013. Servi-Bonos is a leading provider of food and meal vouchers and cards, serving close to 5,000 clients in Mexico through its nationwide network. In 2011, Servi-Bonos generated issue volume (the face value of vouchers and cards multiplied by the number of vouchers and cards issued) of close to 300 million euros.

This acquisition reinforces Sodexo's international leadership in Quality of Life Services in the buoyant Mexican growth economy.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

5.1 EXPOSURE TO FOREIGN EXCHANGE AND INTEREST RATE RISK

Because Sodexo has operations in 80 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 SA uses derivative instruments to manage the Group's exposure to interest rate and foreign exchange rate risk.

The policies approved by the Board of Directors, the Chief Executive Officer and the Chief Financial Officer are designed to prevent speculative positions. Further, 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

(in millions of euro)	Note	August 31, 2012	August 31, 2011
Financial liabilities excluding hedging effects	4.16	2,686	2,414
Fixed rate liabilities (excluding hedging effects)		2,403	2,383
Variable rate liabilities (excluding hedging effects)		283	31
Hedging effects	4.17	(2)	9
On fixed rate liabilities		216	4
On variable rate liabilities		(218)	5
Financial liabilities including hedging effects	4.17	2,684	2,423
Fixed rate liabilities (including hedging effects)		2,619	2,387
Variable rate liabilities (including hedging effects)		65	36

As of August 31, 2012 and 2011, a 0.5% increase or decrease in interest rates would have had no material impact on net income before tax or on shareholders' equity as substantially all liabilities at those dates were at a fixed rate of interest.

The Group held no interest rate hedging instruments as of August 31, 2011.

5.1.2 Analysis of sensitivity to foreign exchange rates and exchange rate exposures on principle currencies

5.1.2.1 EXPOSURE TO CURRENCY RISK

Before currency derivatives *(in millions of euro)*	August 31, 2012				August 31, 2011			
	Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF	Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF
Closing rate as of August 31	*0.793*	*0.388*	*1.257*	*0.078*	*0.692*	*0.432*	*1.129*	*0.074*
Monetary assets								
Working capital items and other receivables	753	429	216	4	664	332	168	4
Deferred tax assets	67	37	16	1	77	25	11	
Cash and cash equivalents	573	468	146	110	461	413	135	78
TOTAL MONETARY ASSETS	**1,393**	**934**	**378**	**115**	**1,202**	**770**	**314**	**82**
Monetary liabilities								
Financial liabilities	891	44	5		780	98	4	
Working capital items and other liabilities	1,252	753	374	90	1,093	625	356	69
Deferred tax liabilities	34	89	1		25	74	1	
TOTAL MONETARY LIABILITIES	**2,177**	**886**	**380**	**90**	**1,898**	**796**	**361**	**69**
Net position(1)	(784)	48	(2)	25	(696)	(26)	(47)	13

(1) This net position includes currency positions on intragroup transactions.

After currency derivatives *(in millions of euro)*	August 31, 2012				August 31, 2011			
	Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF	Dollar USD	Real BRL	Sterling GBP	Bolivar Fuerte VEF
Closing rate as of August 31	*0.793*	*0.388*	*1.257*	*0.078*	*0.692*	*0.432*	*1.129*	*0.074*
Monetary assets								
Working capital items and other receivables	753	429	216	4	664	332	168	4
Deferred tax assets	67	37	16	1	77	25	11	
Cash and cash equivalents	573	468	146	110	461	413	135	78
TOTAL MONETARY ASSETS	**1,393**	**934**	**378**	**115**	**1,202**	**770**	**314**	**82**
Monetary liabilities								
Financial liabilities	891	374	43		780	136	32	
Working capital items and other liabilities	1,252	753	374	90	1,093	625	356	69
Deferred tax liabilities	34	89	1		25	74	1	
TOTAL MONETARY LIABILITIES	**2,177**	**1,216**	**418**	**90**	**1,898**	**835**	**389**	**69**
Net position	(784)	(282)	(40)	25	(696)	(65)	(75)	13

5.1.2.2 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, 2012				August 31, 2011			
	Impact on revenues	Impact on operating profit	Impact on income before tax	Impact on shareholders' equity	Impact on revenues	Impact on operating profit	Impact on income before tax	Impact on shareholders' equity
Dollar USD	654	34	25	199	581	30	15	170
Real BRL	124	19	13	63	71	16	11	46
Sterling GBP	148	10	11	65	121	6	6	58
TOTAL	**926**	**63**	**49**	**327**	**773**	**52**	**32**	**274**

5.2 EXPOSURE TO LIQUIDITY RISK

The nature of the Group's borrowings and bond issuances as of August 31, 2012 is described in detail in note 4.16 of the consolidated financial statements.

As of August 31, 2012, more than 85% of the Group's consolidated borrowings was borrowed on capital markets and bank financing was less than 15% of the Group's needs. As of August 31, 2011, more than 90% of the Group's consolidated borrowings was borrowed on capital markets and bank financing was less than 10% of the Group's financing needs. The reimbursement maturity dates of the main borrowings range between 2014 and 2024. The Group has a confirmed multi-currency line of credit for 600 million euro plus 800 million U.S. dollars. This line of credit had been utilized in the amount of 235 million euro as of August 31, 2012 and was unutilized as of August 31, 2011.

5.3 EXPOSURE TO COUNTERPARTY RISK

Exposure to counterparty risk is limited to the carrying value of financial assets.

Group policy is to manage and spread counterparty risk. 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, reducing the amount of liquidity held by third parties by concentrating it in the Group's financial holding companies.

The maximum counterparty is approximately 10% (18% as of August 31, 2011) of the Group's operating cash (including restricted cash and financial assets of the Benefits and Rewards Services activity) with a banking group whose rating is A1.

6. SCOPE OF CONSOLIDATION

The main companies consolidated as of August 31, 2012 and presented in the table below together represent more than 90% of consolidated revenues. The various other entities represent individually less than 0.5% of each of revenues, operating profit and the Group share of net income and of shareholders' equity.

The main acquisitions are described in note 1 – Highlights.

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".

Companies newly deconsolidated during the year are indicated by the letter "S".

Associates (companies accounted for by the equity method) are indicated by the letters "EM". All other companies are fully consolidated.

		% interest	% voting rights	Principal activity	Country
France					
	Sodexo Entreprises (consolidated)			On-site	France
	Sodexo Santé Médico Social			On-site	France
	Société Française de Restauration et Services (consolidated)			On-site	France
	SEGSMHI			On-site	France
	Sodexo Justice Services			On-site	France
	Sogeres (consolidated)			On-site	France
N	Lenôtre (consolidated)			On-site	France
	L'Affiche			On-site	France
	Bateaux Parisiens (consolidated)			On-site	France
	Score			On-site	France
	Score Groupe			On-site	France
	Sodexo Solutions de Motivation France SA			Benefits and Rewards	France
	One SAS			Holding	France
	Sodexo Pass International			Holding	France
	Sodexo Solutions de Service On-sites			On-site	France
	One SCA			Holding	France
	One Attitude			On-site	France
	Groupe Crèche Attitude (consolidated)	35%	35%	On-site	France
	Sodexo en France			Holding	France
	Sodexo Amecaa			Holding	France
	Sofinsod			Holding	France
	Etin			Holding	France
	Sodexo Europe			Holding	France
	Sodexo GC SAS			Holding	France
	Sodexo IS & T			Holding	France

		% interest	% voting rights	Principal activity	Country
Americas					
N	Sodexo do Brasil Comercial Ltda (consolidated)			On-site	Brazil
	Sodexo Pass do Brasil Serviços e Commercio			Benefits and Rewards	Brazil
	Sodexo Pass do Brasil Serviços de Inovacao Ltda			Benefits and Rewards	Brazil
	Sodexo Canada (consolidated)			On-site	Canada
ME	Sociedad Concesionaria Bas	33%	33%	On-site	Chile
	Sodexo Chile (consolidated)			On-site	Chile
	Sodexo Inversiones SA			On-site	Chile
	Sodexho Pass Chile			Benefits and Rewards	Chile
	Sodexo Colombia	65%	65%	On-site	Colombia
	Sodexo, Inc. (consolidated)			On-site	United States
N	Roth Bros. Inc. (consolidated)			Holding	United States
	Sodexo Holdings Inc.			Holding	United States
	Sodexo Remote Sites (USA) Inc.			Holding	United States
	Sodexo Remote Sites Partnership			On-site	United States
ME	Doyon Universal Services (consolidated)	50%	50%	On-site	United States
	Comfort Keepers			On-site	United States
	Circle Company Associates, Inc.			On-site	United States
	Sodexo Rose Holding Company Inc.			Holding	United States
	Sodexo Peru SAC			On-site	Peru
	Sodexho Pass Venezuela	64%	64%	Benefits and Rewards	Venezuela

		% interest	% voting rights	Principal activity	Country
Europe					
	Sodexo Services GmbH (consolidated)	96%		On-site	Germany
	Sodexo Scs GmbH (consolidated)	96%		On-site	Germany
	Gastro-Kanne	96%		On-site	Germany
	Sodexo Beteiligungsgesellschaft BV & Co. KG	94%	94%	On-site	Germany
	Zehnacker GmbH (consolidated)	96%		On-site	Germany
	Zehnacker Catering GmbH	96%		On-site	Germany
	Gatec	96%		On-site	Germany
	Sodexo Germany BV	94%	94%	On-site	Germany
	Sodexo GmbH	96%		On-site	Germany
	Sodexo Service Solutions Austria	95%		On-site	Austria
	Sodexo Belgium (consolidated)			On-site	Belgium
	Imagor Services &Cie SNC			Benefits and Rewards	Belgium
	Sodexo Pass Belgium (consolidated)			Benefits and Rewards	Belgium
	CompagnieFinancièreAurore International			Holding	Belgium
	Sodexo (Cyprus) Ltd			On-site	Cyprus
	Sodexo España (consolidated)			On-site	Spain
	Sodexo Soluciones de Motivación España SAU			Benefits and Rewards	Spain
	Sodexo Oy			On-site	Finland
	Sodexo Magyarorszag KFT			On-site	Hungary
	Sodexo Ireland Ltd			On-site	Ireland
	Sodexo Italia (consolidated)			On-site	Italy
	Sodexo Luxembourg (consolidated)			On-site	Luxembourg
	Sodexo Remote Sites Norway AS			On-site	Norway
	Sodexo Nederland BV (consolidated)			On-site	Netherlands
	Sodexo Altys BV			On-site	Netherlands
	Sodexo Pass CeskaRepublika AS			Benefits and Rewards	Czech Republic
	Sodexo Pass Romania			Benefits and Rewards	Romania
N	Sodexo Property Solutions Ltd			On-site	United Kingdom
ME	Agecroft Prison Management Ltd	50%	50%	On-site	United Kingdom
	Prestige Ticketing Ltd	80%	80%	On-site	United Kingdom
	Sodexo Services Group Ltd			Holding	United Kingdom
ME	HpC King's College Hospital (Holdings) Ltd	25%	25%	On-site	United Kingdom
	Sodexo Ltd			On-site	United Kingdom
	Sodexo Prestige Ltd (consolidated)			On-site	United Kingdom
	Sodexo Remote Sites Scotland Ltd			On-site	United Kingdom
	Kalyx Ltd			On-site	United Kingdom

		% interest	% voting rights	Principal activity	Country
Europe					
ME	Catalyst Healthcare (Roehampton) Holdings Ltd	25%	25%	On-site	United Kingdom
	Tillery Valley Foods			On-site	United Kingdom
	RTH 2011 Ltd	80%	80%	On-site	United Kingdom
	Sodexo Defence Services			On-site	United Kingdom
	Sodexo Investment Services			On-site	United Kingdom
ME	Peterborough Prison Management Ltd	33%	33%	On-site	United Kingdom
ME	Ashford Prison Services Ltd	33%	33%	On-site	United Kingdom
	Sodexo Holdings Ltd			Holding	United Kingdom
	Sodexo Education Services			On-site	United Kingdom
	Sodexo Management Services			On-site	United Kingdom
	Sodexo Healthcare Services Ltd			On-site	United Kingdom
ME	Catalyst Healthcare (Manchester) Holdings Ltd	25%	25%	On-site	United Kingdom
ME	Mercia Healthcare (Holdings) Ltd	25%	25%	On-site	United Kingdom
ME	South Manchester Healthcare (Holdings) Ltd	25%	25%	On-site	United Kingdom
ME	RMPA Holdings Ltd	14%	14%	On-site	United Kingdom
ME	Pinnacle Schools (Fife) Holdings Ltd	10%	10%	On-site	United Kingdom
ME	Enterprise Civic Buildings (Holdings) Ltd	10%	10%	On-site	United Kingdom
ME	Enterprise Education Holdings Conwy Ltd	10%	10%	On-site	United Kingdom
ME	Enterprise Healthcare Holdings Ltd	10%	10%	On-site	United Kingdom
ME	Addiewell Prison (Holdings) Ltd	33%	33%	On-site	United Kingdom
ME	Healthcare support (North Staffs) Holding Ltd	25%	25%	On-site	United Kingdom
ME	Integrated Pathology Partnership	49%	49%	On-site	United Kingdom
	Rugby Travel & Hospitality Ltd	60%	60%	On-site	United Kingdom
ME	Catalyst Healthcare (Romford) Holdings Ltd	25%	25%	On-site	United Kingdom
S,ME	Catalyst Healthcare (Romford) Ltd	25%	25%	On-site	United Kingdom
	Sodexo Euroasia			On-site	Russia
	Sodexo Facilities Services AB			On-site	Sweden
	Sodexo Scandinavian Holding AB			On-site	Sweden
	Sodexo AB			On-site	Sweden
	Sodexo Suisse SA			On-site	Switzerland
	Sodexo EntegreHizmetYonetimi AS			On-site	Turkey
	Sodexo MotivasyonCozumleri A.S.			Benefits and Rewards	Turkey

		% interest	% voting rights	Principal acitivity	Country
Asia, Pacific, Middle East					
	National Company for Management and Services Ltd	50%	50%	On-site	Saudi Arabia
	Sodexo Australia (consolidated)			On-site	Australia
ME	Serco Sodexo Defence Services PTY LTD	50%	50%	On-site	Australia
	Sodexo Remote Sites Australia Pty			On-site	Australia
	Sodexo Shanghaï Management Services			On-site	China
	Kelvin Catering Services (Emirates) Llc	49%	49%	On-site	United Arab Emirates
	Sodexo International FZE			On-site	United Arab Emirates
	Sodexo SVC India Private Ltd			Benefits and Rewards	India
	Sodexo Food Solutions India Private Ltd			On-site	India
	Tariq Alghanim	50%	50%	On-site	Kuwait
	Rugby Travel & Hospitality NZ	80%		On-site	New Zealand
	Teyseer Services Company	49%	49%	On-site	Qatar

4.4 Statutory Auditors' Report on the consolidated financial statements

For the year ended August 31, 2012

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

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended August 31, 2012, on:

- the audit of the accompanying consolidated financial statements of Sodexo S.A.;
- the justification of our assessments;
- the specific verification required by the law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, of the financial position of the Group as at 31 August 2012 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.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- the Company has tested goodwill and intangible assets with an indefinite useful life for impairment, and has assessed whether assets with a finite useful life presented an indication of impairment, in accordance with the methods set out in notes 2.8 and 4.10 to the consolidated financial statements.

  We have reviewed the methods used for the aforementioned test, as well as the methodology applied to assess value in use based on the present value of future cash flows, after tax. We have also reviewed the related documentation which was prepared, the consistency of the data which was used and in particular the assumptions used in the preparation of the business plans;
- the provisions for pension and other post-employment benefits as described in notes 2.17 and 4.18 to the consolidated financial statements have chiefly been assessed by independent actuaries. We have reviewed the data and assumptions used by these actuaries as well as their conclusions, and have verified that note 4.18 provides appropriate information.

The aforementioned items are based on estimates and underlying assumptions which are uncertain by nature. As stated in note 2.2 to the consolidated financial statements, actual results may differ materially from such estimates in different conditions.

These assessments were made as part of our audit of the consolidated financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, November 7, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG S.A.
Yves Nicolas	Isabelle Allen

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 users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information, presented below the opinion on the consolidated financial statements, includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

4.5 Supplemental information

4.5.1 FINANCIAL RATIOS

		Fiscal 2012	Fiscal 2011
Net debt ratio	Borrowings[(1)] - operating cash[(2)] / Shareholders' equity and non-controlling interests	20.8%	14.7%
Debt coverage (in years)	Borrowings[(1)] / Cash from operations[(3)]	2.8 years	3.2 years
Financial independence	Non-current borrowings / Shareholders' equity and non-controlling interests	83.1%	88.2%
Return on equity	Profit attributable to equity holders of the parent / Equity attributable to equity holders of the parent (before profit for the period)	20.9%	21.7%
Return on capital employed (ROCE)	Operating income after tax / Total of tangible and intangible assets + goodwill + client investments + working capital, as of the end of the year	17.1%	18.2%
Interest cover	Operating profit / Net interest expense	6.0	6.5

(1) Borrowings = non-current borrowings + current borrowings excluding overdrafts – derivative financial instruments recognized as assets.
(2) Cash and financial assets related to the Benefits and Rewards Services activity – bank overdrafts
(3) Net cash provided by operating activities – changes in working capital.

4.5.2 TWO-YEAR FINANCIAL SUMMARY

	Fiscal 2012	Fiscal 2011
Total shareholders' equity	**3,069**	**2,565**
Equity attributable to equity holders of the parent	3,034	2,535
Equity attributable to non-controlling interests	35	30
Borrowings(1)		
Non-current borrowings	2,526	2,263
Current borrowings	158	162
Cash and equivalent, net of bank overdrafts	**1,436**	**1,425**
Restricted cash and financial assets (Benefits and Rewards)	**609**	**622**
Net borrowings(2)	**(639)**	**(376)**
Revenue	**18,236**	**16,047**
Operating profit	984	853
Profit for the period	550	471
Profit attributable to non-controlling interests	25	20
Profit attributable to equity holders of the parent	**525**	**451**
Average number of shares outstanding	**151,121,979**	**152,961,236**
Earnings per share (in euro)	3.48	2.95
Dividend per share *(in euro)*	1.46	1.35
Share price at August 31 *(in euro)*	62.87	51.82
Highest share price in the fiscal year (in euro)	64.85	55.96
Lowest share price in the fiscal year (in euro)	48.13	45.22

(1) Including financial instruments, excluding bank overdrafts.
(2) Cash and cash equivalents + restricted cash and financial assets of the Benefits and Rewards Services activity – borrowings.

4.5.3 EXCHANGE RATES

ISO code	Countries	Currency	Closing exchange rate at August 31, 2012 1 euro =	Average exchange rate Fiscal 2012 1 euro =
CFA	Africa	CFA (thousands)	0.655957	0.655957
DZD	Algeria	Dinar (thousands)	0.101792	0.101926
ARS	Argentina	Peso	5.808800	5.731030
AUD	Australia	Dollar	1.220100	1.271769
BRL	Brazil	Real	2.580400	2.434143
BGN	Bulgaria	Lev	1.955800	1.955800
CAD	Canada	Dollar	1.248700	1.322006
CLP	Chile	Peso (thousands)	0.602020	0.652312
CNY	China	Yuan	8.006200	8.321783
COP	Colombia	Peso (thousands)	2.299490	2.396532

ISO code	Countries	Currency	Closing exchange rate at August 31, 2012 1 euro =	Average exchange rate Fiscal 2012 1 euro =
CRC	Costa Rica	Colon (thousands)	0.623980	0.662786
CZK	Czech Republic	Crown (thousands)	0.024840	0.025106
DKK	Denmark	Crown	7.451300	7.438417
GNF	Guinea	Guinea Franc (thousands)	8.694380	9.066900
HKD	Hong Kong	Dollar	9.780600	10.197690
HUF	Hungary	Forint (thousands)	0.283650	0.293669
INR	India	Rupee (thousands)	0.070026	0.068136
IDR	Indonesia	Rupiah (thousands)	12.042490	12.034322
ILS	Israel	Shekel	5.075300	4.981683
JPY	Japan	Yen (thousands)	0.098960	0.103111
KZT	Kazakhstan	Tenge (thousands)	0.186660	0.194241
KRW	Korea	Won (thousands)	1.429970	1.492979
KWD	Kuwait	Dinar	0.353200	0.364050
LBP	Lebanon	Pound (thousands)	1.888600	1.975417
MGA	Madagascar	Ariary (thousands)	2.805840	2.806582
MYR	Malaysia	Ringgit	3.936000	4.078320
MAD	Morocco	Dirham	11.036000	11.129922
MXN	Mexico	Peso	16.777000	17.452962
NZD	New Zealand	Dollar	1.570800	1.637488
NOK	Norway	Crown	7.292500	7.611961
OMR	Oman	Rial	0.481800	0.503807
PEN	Peru	Sol	3.272800	3.517691
PHP	Philippines	Peso	53.191000	56.235840
PLN	Poland	Zloty	4.176500	4.270124
QAR	Qatar	Rial	4.560900	4.769256
RON	Romania	Leu	4.463300	4.390482
RUB	Russia	Ruble (thousands)	0.040781	0.040729
SAR	Saudi Arabia	Rial	4.704400	4.913386
SGD	Singapore	Dollar	1.574600	1.657630
ZAR	South Africa	Rand	10.615200	10.439055
SEK	Sweden	Crown	8.336200	8.880719
CHF	Switzerland	Swiss Franc	1.200900	1.206864
TZS	Tanzania	Shilling (thousands)	1.960450	2.087688
THB	Thailand	Baht	39.510000	40.813514
TND	Tunisia	Dinar	2.002400	1.968861
TRY	Turkey	New Lira	2.292100	2.364805
AED	United Arab Emirates	Dirham	4.606800	4.811365
GBP	United Kingdom	Pound	0.795250	0.831305
USD	United States	Dollar	1.261100	1.313143
UYU	Uruguay	Peso	26.967600	26.463477
VEF	Venezuela	Bolivar (thousands)	0.012863	0.012863
VND	Vietnam	Vietnamese dong	26,126.640000	27,250.313841

4.5.4 INVESTMENT POLICY

(in millions of euro)	Fiscal 2012	Fiscal 2011
Acquisitions of property, plant equipment and intangible assets, plus client investments	277	256
Acquisitions of equity interests	583	2

Investment proposals in progress as of August 31, 2012

- post-balance sheet acquisitions of equity interests: on November 2nd, Sodexo closed the acquisition of 100% of Servi-Bonos in Mexico (Benefits and Rewards Services) for 70 million euro;
- other firm commitments of acquisition of equity interests: as of the date of this document, Sodexo does not have any significant firm commitment to acquire an equity interest.

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 34,300 sites, which are used to support operating activities and are financed by operating cash. None of these investments is individually significant.

Financial investments made in Fiscal 2012 as well as acquisition commitments identified as of that date are described in note 4.24 in the notes to the consolidated financial statements.

A detailed description of changes in investments is provided in notes 3.1, 4.5.1 and 4.5.2 in the notes to the consolidated financial statements.

Post-balance sheet acquisitions of equity interests are described in note 4.29 of the Notes to the Financial Consolidated Financial Statements.

4.5.5 RISK FACTORS

4.5.5.1 RISKS SPECIFIC TO THE ACTIVITY

Risks related to On-site Services contracts

On-site Services contracts fall into two main categories: profit and loss and fee-based. The two categories are differentiated by the level of commercial risk assumed by the service provider.

In a profit and loss contract, the service provider is paid for the service provided and bears the risks related to the costs of providing the service. Profit and loss contracts usually include periodic indexation clauses. If Sodexo is contractually unable to recover significant increases in costs (such as labor or food costs), there could be a significant effect on the profitability of the contract.

In a fee-based contract, the client bears all of the costs incurred in providing the service, either directly or by reimbursing the service provider. The service provider is paid a fixed or variable management fee. Sodexo's purchasing expertise ensures a stable supply of quality products at competitive prices pursuant to agreements negotiated with suppliers. In certain specific cases, Sodexo is required to remit to clients negotiated amounts received from suppliers.

In practice, Sodexo's contracts often combine features of both of these contract types.

Client retention risk

Sodexo's business depends on retaining and renewing contracts with existing clients, and bidding successfully for new contracts. This generally depends on various factors including the quality, cost and suitability of its services, and its ability to deliver competitive services that are differentiated from those of the competitors. In fiscal 2012, the client retention rate for On-site Services was 94.1%.

Growth in the Benefits and Rewards Services business depends on Sodexo's ability to achieve geographical expansion and develop new services, and on a trusted brand and established affiliate networks.

Competition risk

At the international level, Sodexo has relatively few competitors.

However, in every country where it operates, Sodexo faces significant competition from international, national, and sometimes local operators. In addition, some existing or potential clients may opt to self-operate their on-site services rather than outsource them.

The international, national and sometimes local operators competing against Sodexo in On-site Services may be companies offering a single type of service (such as foodservices, cleaning or technical maintenance) or a range of services. They may come from the foodservices sector or other facilities management sectors or offer other specialized technical services or even be companies specializing in property management services which sub-contract the services to various third parties.

In the 31 countries where Sodexo offers Benefits and Rewards Services, it may be faced with competition from a single global competitor or from several regional or local companies.

Dependency risk

Although business depends on Sodexo's ability to renew existing contracts and win new ones on favorable economic terms, no single client represents more than 2% of total Group revenues.

In addition, no industrial supplier represents more than 3% 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.

Sodexo's activities are not dependent on any patent or licensed brand name of which Sodexo is not the legal owner.

Food and workplace safety risk

Every day, Sodexo serves a vast number of meals worldwide, and it is committed to the safety of the food and services provided.

In addition, workplace accidents arise, as much in foodservices as in facilities management services.

In order to protect against eventual shortcomings in this area, Sodexo has implemented control procedures designed to ensure strict compliance with applicable regulations. Staff training and awareness policies are rolled out in all countries in which the Group operates.

However, if Sodexo were to incur significant liability at one or more of its sites, this would impact its activities, operating margins and reputation.

Risks related to food cost inflation and access to food commodities

Sodexo could 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.

Sodexo's contracts include certain clauses allowing for increases in prices or menu changes, but given the delays in implementing such measures, a temporary reduction in margins cannot be ruled out. Although most contracts include a minimum increase in the pricing of products and services provided by the Group, Sodexo could be affected during inflationary periods if the contracted increase rate is lower than the actual inflation rate.

Facilities management risks

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. Therefore, 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.

4.5.5.2 HUMAN RESOURCES RISKS

Service quality is largely dependent on the ability to attract, develop, motivate and retain the best talent, and to provide a sufficient level of training in order to raise standards continuously. For this reason, Sodexo has developed training policies at every level of the organization, with a particular focus on prevention and safety.

The diversity of backgrounds, cultures and skills among its people represents both a challenge and a major opportunity. Sodexo is committed to capitalizing on this diversity to gain a competitive edge and become a genuine worldwide player, so that its people – at every level – reflect the diversity of the Group's clients and customers.

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 a worldwide group of its size.

4.5.5.3 ENVIRONMENTAL RISKS

Sodexo is aware of the potential environmental impact of its activities, even though it operates on its clients' sites. Rather than underestimate its importance, the Group makes every effort to manage and limit environmental risk.

The environmental impact of its activities arises mainly from:

- consumption of water and energy in foodservices facilities, food preparation and cleaning;
- production of waste from food preparation and cleaning (packaging, organic matter, waste fats and oils, and waste water from cleaning).

As part of its role as a corporate citizen, in 2009 Sodexo launched *The Better Tomorrow Plan*. This continuous improvement plan identifies 14 commitments pertaining to nutrition, health and wellness, local communities, and the environment.

4.5.5.4 RISKS ASSOCIATED WITH NEW TECHNOLOGIES

The Group is increasingly dependent on information technology infrastructure and applications in its activities. The main risks are related to the availability of information technology services, to data integrity and to data privacy. Any failure in infrastructure, application or data communication or breakdown in security, as well as any loss in data, whether accidental or intentional, as well as the use of data by third parties, could inhibit the Group's ability to service its clients, delay decision-making, and in general have a negative effect on the Group's activities.

4.5.5.5 REGULATORY RISK

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, and health, safety and environmental law.

Sodexo has the legal structures in place at the appropriate levels to ensure compliance with these laws and regulations.

Certain 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 some of the services concerned. However, Sodexo offers more than 200 different services in 31 countries and therefore considers that this risk is largely dispersed.

4.5.5.6 LIQUIDITY, INTEREST RATE, FOREIGN EXCHANGE AND COUNTER-PARTY RISK

Sodexo has access to a wide variety of bank funding sources in addition to raising funds directly from investors on the commercial paper and bond markets. Because it has operations in 80 countries, all components of the financial statements are inevitably influenced by foreign currency translation effects, and in particular by fluctuations in the U.S. dollar, the British pound Sterling, the Swedish crown, the Brazilian real, and the Venezuelan Bolivar Fuerte. However, exchange rate fluctuations do not generate operational risk, because each subsidiary bills its revenues and incurs its expenses in the same currency.

Sodexo uses derivative instruments to manage its exposure to interest rate and foreign exchange risk.

Additional information about these risks is provided in notes 5.1, 5.2 and 5.3 to the consolidated financial statements.

4.5.5.7 ECONOMIC DOWNTURN RISK

Adverse economic conditions could affect the Group's operations and earnings. The weight of national debt and continued unemployment could lead to significant pressures on economic activity both in the public and private sectors, leading to a decline in demand for the services Sodexo offers its clients – in particular in the Corporate segment – and thus have a negative impact on operations.

Nonetheless, Sodexo's clients are predominantly (around two-thirds of annual revenues) in less cyclical sectors such as Education, Healthcare, Justice and Defense.

The Remote sites activity is dependent on the petroleum and mining industries. Lastly, unfavorable economic conditions could result in a lengthening of payment times or impair the solvency of Sodexo's clients. Conversely, the economic situation could lead clients to increase outsourcing in order to achieve cost savings.

4.5.5.8 RISKS RELATED TO ACQUISITIONS

Sodexo has acquired and may in the future acquire businesses. These acquisitions will enhance earnings only if Sodexo can successfully integrate the acquired businesses into its management organization, purchasing operations, distribution network and information systems. The Group's ability to integrate acquired businesses may be adversely affected by factors that include failure to retain management and sales personnel, the size of the acquired business and the allocation of limited management resources among various integration efforts. In addition, the benefits of synergies expected at the time of selecting acquisition candidates may fall short of those originally anticipated. Difficulties in integrating acquired businesses, as well as liabilities or adverse operating issues relating to acquired businesses, could have a material adverse effect on our business, operating results and financial condition.

As explained in note 4.10 of the notes to the consolidated financial statements, the Group performs annual impairment tests on assets, including intangible assets and goodwill recognized on business combinations. If the carrying amount of these assets were to be less than their recoverable amount, an impairment loss would be recognized with an adverse effect on the Group's operating results and financial condition.

4.5.5.9 LITIGATION RISK

Refer to note 4.28 of the notes to the consolidated financial statements for information on these risks..

4.5.6 RISK COVERAGE

4.5.6.1 INSURANCE COVER

Sodexo's general policy is to transfer non-retained risks, especially intensity risks[1], to the insurance market. Insurance programs are contracted with reputable insurers.

The main insurance programs concern:

- 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. The amounts insured depend on the nature of Sodexo's activities, the country where it operates, and the extent of cover available in the insurance market;
- 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.

The cover provided under these programs complies with the relevant legal requirements in each country.

4.5.6.2 DEDUCTIBLES

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 and some of the corresponding self-insured risks have been managed by a captive insurance company since June 1, 2006. Outside North America, deductibles generally range from 7,500 euro to 200,000 euro per occurrence.

4.5.6.3 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 its punitive damages and employer's liability policies in particular, and 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 is approximately 45 million euro, representing less than 0.25% of consolidated revenue.

(1) See glossary for definition.


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5

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5.1 Sodexo SA Individual Company Financial Statements

5.1.1 INCOME STATEMENT

(in thousands of euro)	Note	Fiscal 2012	Fiscal 2011
Revenues	3	**63,337**	**80,470**
Other income		230,602	209,796
Purchases		(719)	(1,015)
Employee costs		(28,794)	(42,254)
Other external charges		(102,390)	(120,805)
Taxes other than income taxes		(9,438)	(5,014)
Depreciation, amortization and increase in provisions		(2,531)	(5,154)
Operating profit		**150,067**	**116,023**
Financial income/(expense), net	4	200,094	190,686
Exceptional income/(expense), net	5	(31,895)	(20,040)
Profit sharing		(131)	(62)
Income taxes	6	22,364	15,061
Net income		**340,499**	**301,668**

5.1.2 BALANCE SHEET

ASSETS

(in thousands of euro)	Note	August 31, 2012	August 31, 2011
FIXED AND INTANGIBLE ASSETS, NET			
Intangible assets	7	12,208	12,508
Property, plant and equipment	7	3,527	4,848
Financial investments	7	5,870,221	5,170,548
Total fixed and intangible assets	**7**	**5,885,956**	**5,187,904**
CURRENT AND OTHER ASSETS			
Accounts receivable	9	66,309	79,754
Prepaid expenses, other receivables and other assets	9	258,669	66,837
Marketable securities	11	342,599	317,873
Cash		48,133	260,979
Total current and other assets		**715,710**	**725,443**
TOTAL ASSETS		**6,601,666**	**5,913,347**

LIABILITIES AND EQUITY

(in thousands of euro)	Note	August 31, 2012	August 31, 2011
SHAREHOLDERS' EQUITY			
Common stock		628,528	628,528
Additional paid in capital		1,108,954	1,108,954
Reserves and retained earnings		1,255,569	1,136,162
Restricted provisions		12,931	10,034
Total shareholders' equity	**13**	**3,005,982**	**2,883,678**
Provisions for contingencies and losses	10	117,928	86,906
LIABILITIES			
Borrowings	14	2,580,826	2,332,236
Accounts payable		20,677	26,721
Other liabilities		876,253	583,806
Total liabilities		**3,595,684**	**3,029,669**
TOTAL LIABILITIES AND EQUITY		**6,601,666**	**5,913,347**

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1. SIGNIFICANT EVENTS

1.1 CAPITAL TRANSACTIONS

During Fiscal 2012, Sodexo SA purchased 1,606,760 of treasury shares for a total of 94 million euro.

1.2 ACQUISITIONS OF SUBSIDIARIES

On September 6, 2011, Sodexo SA participated in the financing of the acquisition by its subsidiary Sodexo do Brasil of the entire capital of Puras do Brasil by underwriting a 158 million euro rights issue by its subsidiary and providing a loan of 311 million euro.

Sodexo SA closed the acquisition of nearly 100% of Lenôtre on September 22, 2011, after receiving approval from the competition authorities. The acquisition of this French company will enable Sodexo to grow its portfolio of Prestige activities in France and globally, and to develop its *savoir faire* in the field of luxury gastronomy, thereby strengthening its customer offering.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The individual company financial statements have been prepared in accordance with the *plan comptable général* of 1999 and regulation no. 99-03 issued by the *Comité de la réglementation comptable* (CRC).

The accounting policies applied in preparing the individual company financial statements in Fiscal 2012 are the same as those applied in Fiscal 2011. The financial statements have been prepared using the historical cost convention.

Amounts in tables are in thousands 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 SA include amounts for branches in France and in French overseas departments and regions.

2.1 FIXED ASSETS

Fixed 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, depending on its useful life.

The difference between the accounting and tax amortization of intangible assets is recognized as exceptional amortization.

2.1.2 Property, plant and equipment

The principal straight-line depreciation rates used are:

Buildings	5%
General fixtures and fittings	10%-20%
Plant and machinery	10%-25%
Vehicles	25%
Office and computer equipment	20%-25%
Other property, plant and equipment	10%

2.1.3 Financial investments

Shares in companies and other financial investments are carried at cost. At each balance sheet date, a provision for impairment is recorded if the value in use is less than the carrying amount.

The value in use of investments is determined on the basis of net asset value, profitability and the future prospects of the investee.

For the most significant of these investments, Sodexo also evaluated impairment by comparison of the carrying amount to a value in use based on discounted future cash flows, using the following parameters:

- after-tax cash flows derived from three-year business plans prepared by management, and extrapolated after the initial three-year period using a growth rate specific to the business activity and geographic region;
- the cash flows are discounted using a rate based on the 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 incured to acquire shares in companies recognized at cost are recognized for tax purposes as exceptional amortization over a five-year period.

Long-term receivables are carried at face value. A provision for impairment is recorded where the recoverable amount is less than the carrying amount.

2.2 ACCOUNTS RECEIVABLE

Accounts receivable are carried 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 carried at acquisition cost, with any unrealized losses covered by a provision for impairment.

2.4 TREASURY SHARES AND STOCK OPTIONS

When it is considered probable that resources will be used to satisfy stock option obligations, the risk is provisioned *pro rata* over the vesting period. In certain cases, this provision reflects treasury shares that have been allocated to stock option plans.

Treasury shares directly allocated to stock option plans granted to employees are recognized in marketable securities and are accounted for as follows:

- if the exercise price of the options is less than the market price of the shares as of the closing date, a provision is recognized over the vesting period of the options for the difference between the acquisition cost of the shares and the exercise price if said difference is negative;
- if the exercise price of the options is higher than the market price of the shares as of the closing date, the shares are evaluated at the lower of the average purchase price and the average market price for the preceding month.

Treasury shares acquired for cancellation purposes are recognized in other financial assets and are not depreciated.

2.5 FOREIGN CURRENCY TRANSACTIONS

Foreign-currency revenues and expenses are translated using the exchange rate as of the transaction date. Foreign-currency liabilities, receivables and cash are translated in the balance sheet at the rate prevailing as of the balance sheet date, unless they are hedged. Any difference arising from the retranslation of foreign-currency liabilities and receivables at the closing exchange rate is recorded in the balance sheet in an asset or liability account. Unrealized foreign exchange losses are recognized to the extent the underlying balance is not hedged.

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 complementary 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 SA 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 group tax election recognizes the income tax for which it would have been liable had there been no group tax election. Any income tax gains or losses arising from the group tax election are recognized in the Sodexo SA financial statements.

In connection with position statement no. 2005-G issued on October 12, 2005 by the Urgent Issues Committee of the *Conseil national de la comptabilité* on the conditions under which a provision may be recognized by a parent company covered by a group tax election, Sodexo SA has elected the following accounting treatment: a provision for taxes is recognized in the financial statements of Sodexo SA to cover tax losses of subsidiaries which are used to offset income in the group tax election 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 thousands of euro)	Fiscal 2012	Fiscal 2011
Revenues by business activity		
On-site Services	5,972	24,333
Holding company services	57,365	56,137
TOTAL	**63,337**	**80,470**
Revenues by geographic region		
France	57,170	68,854
French overseas departments and territories	6,167	11,616
TOTAL	**63,337**	**80,470**

4. FINANCIAL INCOME AND EXPENSE, NET

(in thousands of euro)	Fiscal 2012	Fiscal 2011
Dividends received from subsidiaries and equity investments	341,378	299,435
Interest income	41,279	31,589
Interest expense	(164,737)	(130,905)
Group debt waivers	(4,357)	(1,436)
Net foreign exchange gain/(loss)	16,493	(5,749)
Net change in provisions for financial items	(29,962)	(2,248)
TOTAL	**200,094**	**190,686**

5. EXCEPTIONAL ITEMS, NET

(in thousands of euro)	Fiscal 2012	Fiscal 2011
Net change in provision for negative net assets of equity investments	(949)	2,371
Net expense on treasury shares and commitments under stock option plans	(13,892)	(16,505)
Net change in other provisions for contingencies and losses	(2,867)	(3,070)
Net change in provisions for tax losses reclaimable by subsidiaries included in group tax election	(9,340)	2,606
Debt forgiveness/subsidies given	(5,458)	(3,105)
Net loss on asset disposals	308	(2,581)
Other increases and releases in provisions and depreciation	30	(45)
Other items	303	289
TOTAL	**(31,895)**	**(20,040)**

The net loss of 14 million euro on treasury shares and purchase commitments for stock option plans comprises:

- an increase of 9 million euro in the provision for stock options;
- a loss on the sale of treasury shares in connection with the exercise of stock options for 6 million euro;
- a release of 1 million euro of the provision on Sodexo SA treasury shares.

6. ANALYSIS OF INCOME TAX EXPENSE

(in thousands of euro)	Pre-tax income	Income taxes	After-tax income
Operating income	150,067	(51,375)	98,692
Financial income and expense, net	200,094	41,702	241,796
Exceptional items, net	(31,895)	32,004(1)	109
Employee profit-sharing	(131)	33	(98)
TOTAL	**318,135**	**22,364**	**340,499**

(1) This amount includes the 22 million euro tax gain arising from the French group tax election.

7. FIXED AND INTANGIBLE ASSETS

(in thousands of euro)	Gross value August 31, 2011	Additions in the period	Decreases in the period	Gross value August 31, 2012	Net value August 31, 2012
Intangible assets	15,747	662	89	16,320	12,208
Property, plant and equipment	10,081	111	583	9,609	3,527
Financial investments					
• Equity investments	5,184,196	315,348	79	5,499,465	5,354,627
• Receivables related to equity investments	103,683	485,921	82,397	507,207	507,207
• Other financial assets	7,830	1,165	605	8,390	8,387
Total financial investments	**5,295,709**	**802,434**	**83,081**	**6,015,062**	**5,870,221**
TOTAL FIXED ASSETS	**5,321,537**	**803,207**	**83,753**	**6,040,991**	**5,885,956**

EQUITY INVESTMENTS

Companies created and acquired

Sodexo SA created and acquired a number of new foreign subsidiaries in connection with the Group's international expansion during the fiscal year, notably in France and Brazil, as indicated in note 1.2, Acquisitions of subsidiaries.

8. DEPRECIATION AND AMORTIZATION

(in thousands of euro)	Accumulated depreciation and amortization August 31, 2011	Increases during the period	Decreases during the period	Accumulated depreciation and amortization August 31, 2012
Intangible assets	3,239	959	86	4,112
Property, plant and equipment	5,233	1,403	554	6,082
TOTAL	**8,472**	**2,362**	**640**	**10,194**

9. AMOUNTS AND MATURITIES OF RECEIVABLES AND OTHER ASSETS

(in thousands of euro)	Gross value	Less than 1 year	More than 1 year	Amortization and provisions	Carrying amount
Equity investments	5,499,465		5,499,465	144,838	5,354,627
Receivables related to equity investments	507,207	70,718	436,489		507,207
Other financial investments	8,390		8,390	3	8,387
Total financial investments	**6,015,062**	**70,718**	**5,944,344**	**144,841**	**5,870,221**
Accounts receivable	67,220	67,220		911	66,309
Other receivables	259,634	258,890	744	965	258,669
Total accounts and other receivables	**326,854**	**326,110**	**744**	**1,876**	**324,978**
TOTAL	**6,341,916**	**396,828**	**5,945,088**	**146,717**	**6,195,199**

There is no commercial paper included in trade receivables.

10. PROVISIONS AND DEPRECIATION

(in thousands of euro)	August 31, 2011	Increases and charges in the period	Decreases, releases and reclassifications in the period	August 31, 2012
Provisions for contingencies and losses	86,906	39,170	8,148	117,928
Provisions for impairment				
• financial investments	125,161	20,841	1,161	144,841
• current assets	3,743		1,867	1,876
Total provisions for impairment	**128,904**	**20,841**	**3,028**	**146,717**
TOTAL	**215,810**	**60,011**	**11,176**	**264,645**
Comprising				
• operating items		182	1,770	
• financial items		40,084	7,939	
• exceptional items		19,745	1,467	

As of August 31, 2012, the main provisions for contingencies and losses were for the following:

- losses reclaimable by subsidiaries included in the group tax election for 52 million euro;
- stock options for 36 million euro;
- foreign exchange losses for 19 million euro;
- subsidiaries with net liabilities for 10 million euro, net of a charge of 1 million euro during the current year.

11. MARKETABLE SECURITIES

(in thousands of euro)	Gross value August 31, 2012	Net value August 31, 2012	Net value August 31, 2011
Treasury shares	342,599	342,599	317,873
TOTAL	**342,599**	**342,599**	**317,873**

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE FISCAL YEAR

(in thousands of euro)	Marketable securities	Other financial assets
Number of shares held		
September 1, 2011	6,389,057	
Acquisitions	1,606,760	
Disposals	1,499,392(1)	
August 31, 2012	6,496,425	
Gross value of shares held		
September 1, 2011	318,181	
Acquisitions	93,988	
Disposals	69,570(1)	
August 31, 2012	342,599	

(1) Disposals of marketable securities resulted from the exercise of stock options granted to employees in prior years.

13. SHAREHOLDERS' EQUITY

13.1 ISSUED CAPITAL

As of August 31, 2012, common stock totaled 628,528,100 euro and comprised 157,132,025 shares, including 52,074,880 carrying double voting rights.

13.2 CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euro)	
Shareholders' equity at end of previous fiscal year	2,883,678
Dividends approved by Annual Shareholders' Meeting and paid	(229,413)
Dividends on treasury shares	8,321
Net income for the fiscal year	340,499
Restricted provisions	2,897
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	**3,005,982**

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

Other liabilities *(in thousands of euro)*	Gross amount	Less than 1 year	1 to 5 years	More than 5 years
Bond issues	1,421,952	41,952	1,380,000	
Bank overdrafts	1	1		
Borrowings from related companies	2,606	511	2,095	
Other borrowings	1,156,267	319,471	305,513	531,283
Sub-total: borrowings	**2,580,826**	**361,935**	**1,687,608**	**531,283**
Accounts payable and related(1)	20,677	20,677		
Other liabilities	876,253	864,128	12,125	
TOTAL	**3,477,756**	**1,246,740**	**1,699,733**	**531,283**

(1) Only accounts payable and accrued expenses are included in this line.

There is no commercial paper included in payables.

Accounts payable by amount and due date *(in thousands of euro)*	Total	< 30 days	31 – 44 days	45 – 75 days	76 – 90 days	> 90 days
Non-Group accounts payable(2)	11,058	2,980	9	26		8,043
Group accounts payable	9,049	9,049				
TOTAL	**20,107**	**12,029**	**9**	**26**		**8,043**

(2) Amounts in this line item represent non-Group accounts payable including those related to fixed and intangible assets.

15. BOND ISSUES AND OTHER BORROWINGS

15.1 BOND ISSUES

15.1.1 500 million euro bond issue

On March 30, 2007, Sodexo SA issued bonds for 500 million euro redeemable at par on March 28, 2014 and carrying annual interest of 4.50%. Interest is payable annually on March 28.

15.1.2 880 million euro bond issue

On January 30, 2009, Sodexo SA issued bonds for 650 million euro maturing on January 30, 2015 and carrying annual interest of 6.25%. On June 24, 2009, additional bonds for 230 million euro were issued bringing the face value to 880 million euro. Including the additional bonds, the average effective interest rate is 5.97%.

Neither of these two bond issues is subject to financial covenants.

15.2 OTHER BORROWINGS

15.2.1 Multicurrency confirmed facility, July 2011

On July 18, 2011, Sodexo SA contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars. This facility originally matured on July 18, 2016, but was extendable to July 2017 and July 2018 at Sodexo SA's discretion subject to lenders' consent. In June 2012, the lenders agreed to extend the maturity to July 18, 2017 for 188 million euro of the euro tranche and 253 million U.S. dollars of the dollar tranche, with the balance of each tranche maturing on July 18, 2016 as originally agreed. Amounts drawn on this facility carry floating interest indexed to the LIBOR and EURIBOR rates. This credit facility is not subject to financial covenants.

As of August 31, 2011, this facility had not been used and was therefore available in full.

As of August 31, 2012, the amount of 235 million euro was used on the euro tranche.

15.2.2 500 and 600 million U.S. dollar bond issues

On September 29, 2008 Sodexo SA issued 500 million U.S. dollars in fixed interest bonds with U.S. investors, in three tranches:

- 140 million U.S. dollars – fixed interest at 5.69% and repayable in September 2013;
- 290 million U.S. dollars – fixed interest at 5.99% and repayable in September 2015;
- 70 million U.S. dollars – fixed interest at 6.43% and repayable in September 2018.

On March 29, 2011, Sodexo SA issued fixed interest bonds for 600 million U.S. dollars in a private placement with U.S. investors.

This new borrowing is structured in three tranches:

- 250 million U.S. dollars – fixed interest at 4.24% and repayable in March 2018;
- 225 million U.S. dollars – fixed interest at 4.85% and repayable in March 2021;
- 125 million U.S. dollars – fixed interest at 4.95% and repayable in March 2023.

These two bond issues carry 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.

The Group was in compliance with these covenants as of August 31, 2011 and 2012.

15.2.3 Borrowings contracted in Brazilian real

In order to finance the acquisition of the VR group in Brazil in 2008, Sodexo SA had contracted two fixed interest loans in Brazilian real (BRL) for a total of 318 million BRL repayable over five years, with the final instalment due in April 2013. Given the repayments made during the period, the amount outstanding on these borrowings totalled 106 million BRL (41 million euro) as of August 31, 2012. These two borrowings are not subject to any financial covenants.

The bond issues and borrowings from financial institutions described above include customary clauses for early reimbursement that, as of the close of the fiscal year, do not present any significant risk of being exercised. These early reimbursement clauses include cross-default and change in control clauses which apply to all borrowings.

16. ACCRUED EXPENSES

(in thousands of euro)	
Borrowings	85,803
Accounts payable	8,650
Tax and employee-related liabilities	17,636
TOTAL	**112,089**

17. FINANCE LEASES

All finance leases outstanding as of August 31, 2011 expired during Fiscal 2012.

18. RELATED PARTY INFORMATION

(in thousands of euro)	Subsidiaries	Associates	Other	Total
Assets – Gross values				
Equity investments	5,498,248	1,217		5,499,465
Receivables related to equity investments	507,207			507,207
Other investment securities			3	3
Advances to suppliers				
Accounts receivable	57,600			57,600
Other operating receivables				
Due from related companies	12,993			12,993
Non-operating receivables				
TOTAL	**6,076,048**	**1,217**	**3**	**6,077,268**
Liabilities				
Advances from clients				
Accounts payable	9,710			9,710
Other operating liabilities				
Due to related companies	708,750			708,750
TOTAL	**718,460**			**718,460**
Income statement				
Financial income	383,694			383,694
Financial expenses	37,497	100		37,597

Subsidiaries: fully consolidated companies.

Associates: companies accounted for under the equity method, and non-consolidated companies with an equity interest of more than 10%.

There has been no related party transaction that is both material and falls outside the framework of normal business dealings.

19. FINANCIAL COMMITMENTS

19.1 COMMITMENTS MADE BY SODEXO SA

(in thousands of euro)	August 31, 2012	August 31, 2011
Performance bonds given to Sodexo Group clients	792,768	645,964
Financial guarantees to third parties	611,451	631,883
Retirement benefit commitments	4,198	2,788
Other commitments	42,691	47,616

Virtually all financial guarantees to third parties relate to loans to Sodexo SA subsidiaries.

New 12-year leases signed on October 19, 2006 in connection with the move to the Group's new headquarters in Issy-les-Moulineaux in 2008 increased commitments for office leases by 39.7 million euro.

19.2 COMMITMENTS RECEIVED BY SODEXO SA

(in thousands of euro)

August 31, 2012	August 31, 2011
3,686,954	2,665,480

19.3 FINANCIAL INSTRUMENT COMMITMENTS

Sodexo SA contracted four new financial instrument commitments during the fiscal year. The only ongoing commitments as of the end of the year were as follows:

Description	Inception date	Expiry date	Notional amount	Market value of swaps August 31, 2012
3 Swaps hedging the currency risk on loans to Sodexo do Brasil	September 2011	February 2014, 2015 and 2016	710 million BRL	4 million EUR
Forward currency purchase	April 2011	April 2021	703 million USD	53 million EUR
Forward currency purchase	April 2012	April 2021	100 million USD	3 million EUR

Sodexo may use derivative financial instruments in order to manage its exposure to volatility in interest and currency exchange rates.

20. PRINCIPAL FUTURE ADJUSTMENTS TO THE TAX BASIS

Increases *(in thousands of euro)*	
Exceptional amortization	12,931

Decreases *(in thousands of euro)*	
Employee profit-sharing	205
Other non-deductible provisions, including provisions for French social solidarity contribution tax "ORGANIC"	814

The future tax asset related to this unrealized tax difference was 4 million euro, calculated at a rate of 36.10%.

21. RETIREMENT BENEFIT COMMITMENTS

21.1 RETIREMENT BENEFITS PAYABLE BY LAW OR UNDER COLLECTIVE AGREEMENTS

Sodexo SA 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, is estimated at 1 million euro.

21.2 COMMITMENTS RELATED TO THE COMPLEMENTARY RETIREMENT PLAN

Commitments related to the complementary retirement plan of 4 million euro were estimated using the projected unit credit method based on final salary and net of funding for the plan are not recognized in the financial statements.

22. INDIVIDUAL TRAINING RIGHTS

Sodexo SA is required to provide a certain number of training hours to its employees in France *(droit individuel à la formation).*

As of August 31, 2012 the number of hours available was approximately 18,611.

23. DIRECTORS' FEES

Directors' fees paid to Board members during the fiscal year totaled 1 million euro.

24. GROUP TAX ELECTION

24.1 GAIN ARISING FROM GROUP TAX ELECTION

Sodexo recognized a gain of 22 million euro from the group tax election for Fiscal 2012. This gain represents the difference between the income tax liability of Sodexo SA as lead company in the tax group and the aggregate of the income tax charges recognized by the French subsidiaries included in the group tax election.

24.2 TAX LOSSES RECLAIMABLE AS OF AUGUST 31, 2012

The amount of potentially reclaimable tax losses as of August 31, 2012 was 150 million euro, resulting in a provision of 52 million euro (using a rate of 34.43%).

25. AVERAGE NUMBER OF EMPLOYEES

Managers	205
Supervisors	29
Other	41
Apprentices	4
TOTAL	**279**

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 SA branches in France and the French overseas departments and regions.

26. CONSOLIDATION

Sodexo SA is consolidated in the financial statements of Bellon SA, which has its registered office at 2, place d'Arvieux, Marseilles, France.

27. POST-BALANCE SHEET EVENTS

There have been no material post-balance sheet events.

28. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(in thousands of euro)	Capital	Other shareholders' equity	Percentage interest in capital	Book value of investment gross	Book value of investment net	Loans and advances granted, net	Guarantees given	Revenues for most recent fiscal year	Income for most recent fiscal year	Dividends received during the fiscal year
Detailed information										
French subsidiaries										
Score Groupe	10,069	68,438	100.00%	148,455	148 455				1,039	
Sodexo Pass International	157,780	237,352	93.46%	147,458	147 458	41,131			96,870	46,726
Holding Sogeres	6,098	22,971	100.00%	104,702	104 702				4,714	3,180
Sofinsod	21,283	70,308	100.00%	72,460	72,460				20,086	20,885
Sodexo Grande Chine	15,312	(11,655)	100.00%	58,218	22,688				(11,760)	
Lenôtre	2,606	(3,500)	99.98%	42,796	42,796			91,395	(3,907)	
Sodexo Amecaa	31,712	23,711	100.00%	31,400	31,400		3,965		(1,226)	
Sodexo Entreprises	17,030	11,053	95.93%	20,569	20,569			562,850	3,461	10,823
Gardner Merchant Groupe SA	34,330	(25,176)	100.00%	12,348	12,348				1,128	
SFRS	1,899	(5,533)	86.20%	9,649	9,649		2,140	230,628	(5,793)	
Sodexo Afrique	80	(1,032)	99.80%	8,750	2,250		16		(292)	
Ouest Catering	516	4,020	100.00%	7,900	7,900				(360)	
ONE SAS	7,225	(13,090)	100.00%	7,225	7,225				(3,730)	
Sodexo IS & T	6,500	(10,147)	100.00%	6,500	6,500				(3,915)	
French equity investments										
Sogeres	1,986	6,956	37.04%	72,567	72,567			454,874	4,584	2,787
Foreign subsidiaries										
Sodexo, Inc.	3	1,494,656	100.00%	2,989,020	2,989,020		213,010	6,154,385	168,932	150,787
Sodexo Holdings Ltd	393,335	291,536	100.00%	751,028	751,028				46,437	47,177
Sodexo BV & Co. KG	192,722	19,515	94.29%	185,384	185,384			2	11,730	4,381
Sodexo do Brasil	160,360	(41,090)	99.94%	159,393	159,393	275,154	16,111	847,440	(19,613)	
Sodexo Food Solutions India Private Limited	2,856	92,492	100.00%	97,678	97,678		3,570	89,439	1,036	
Sodexo Scandinavian Holding AB	63,578	13,957	100.00%	86,089	86,089				3,362	1,731
Sodexo Rose	37,745	165	100.00%	80,753	56,567				(49)	
Compagnie Financière Aurore International	58,010	174,285	100.00%	68,918	68,918				9,070	
Sodexo Awards	14	4,516	100.00%	45,684	5,318					
Sodexo Australia	39,148	(21,980)	100.00%	36,378	36,378		10,163	75,375	5,641	
Sodexo Belgium	4,300	8,812	73.74%	26,887	26,887			281,593	6,913	5,141
Sodexo España	3,467	12,999	98.86%	26,805	26,805			170,330	3,824	2,802
Sodexo Venues Australia	25,168	(18,108)	100.00%	21,729	4,873					
Sodexo Chile	14,978	23,009	99.61%	10,911	10,911			322,265	12,204	3,998
Kalyx Ltd	19	60,695	100.00%	9,430	9,430			120,018	20,073	

(in thousands of euro)	Capital	Other shareholders' equity	Percentage interest in capital	Book value of investment gross	Book value of investment net	Loans and advances granted, net	Guarantees given	Revenues for most recent fiscal year	Income for most recent fiscal year	Dividends received during the fiscal year
Sodexo Mexico	9,109	(5,415)	100.00%	8,673	8,673			26,339	(1,076)	
Sodexo India Private	5,077	(860)	100.00%	7,344	7,344				(2)	
Sodexo Italia	1,898	39,428	100.00%	7,029	7,029			417,006	12,592	6,334
Sodexo Argentina	1,474	149	99.39%	6,832	6,832		5,331	76,545	181	
Foreign equity investments										
Sodexo Gmbh	308	307,912	37.37%	38,702	38,702				10,390	
Aggregate information										
Other French subsidiaries				19,385	14,926		80,127			16,625
Other foreign subsidiaries				59,937	44,846	3,830	73,084			14,225
Other French equity investments				475	9					82
Other foreign equity investments				4,005	2,621		4,346			3 373
TOTAL				**5,499,465**	**5,354,628**	**320,115**	**411,863**			**341,058**

5.3 Supplemental Information on the Individual Company Financial Statements

5.3.1 FIVE-YEAR FINANCIAL SUMMARY

(in euro)	Fiscal 2012[1]	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Capital at end of period					
Issued capital	628,528,100	628,528,100	628,528,100	628,528,100	629,437,128
Number of ordinary shares outstanding	157,132,025	157,132,025	157,132,025	157,132,025	157,359,282
Number of non-voting preferred shares outstanding	-	-	-	-	-
Maximum number of potential new shares issuable:					
By conversion of bonds	-	-	-	-	-
By exercise of warrants and options	-	-	-	-	-
Warrants	-	-	-	-	-
Stock options	-	-	-	-	-
Income statement data					
Revenues excluding taxes	63,336,905	80,469,639	70,914,651	72,056,382	41,976,277
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	370,162,664	295,399,759	280,334,403	314,763,639	173,568,558
Income tax	22,363,609	15,061,259	22,267,894	17,981,642	28,984,831
Employee profit-sharing	131,452	62,480	167,200	-	-
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	340,498,609	301,668,265	261,581,611	348,878,824	174,115,194
Dividend payout	249,839,920	229,412,757	212,128,234	199,557,672	199,557,671
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	2.50	1.98	1.93	2.11	1.29
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	2.17	1.92	1.66	2.22	1.11
Net dividend per share	1.59	1.46	1.35	1.27	1.27

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 21, 2013.

(in euro)	Fiscal 2012(1)	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Employee data					
Average number of employees during the fiscal year	279	268	252	248	231
Salary expense for the fiscal year	16,202,743	31,831,493	24,153,262	21,039,372	19,016,424
Social security and other employee benefits paid during the fiscal year	12,591,005	10,423,028	10,166,115	9,319,716	10,520,885

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 21, 2013.

5.3.2 APPROPRIATION OF EARNINGS

(in thousands of euro)	Fiscal 2012(1)	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Net income	340,499	301,668	261,582	348,879	174,115
Retained earnings	792,373	716,014	664,468	512,156	532,971
Retained earnings(2)	8,321	4,104	2,092	2,991	3,961
Transfer to legal reserve					666
Transfer to long-term capital gains reserve					
Transfer from long-term capital gains reserve					
Distributable earnings	**1,141,193**	**1,021,786**	**928,142**	**864,026**	**711,713**
Net dividend	249,840	229,413	212,128	199,558	199,557
Reserves					
Retained earnings	891,353	792,373	716,014	664,468	512,156
Number of shares outstanding	**157,132,025**	**157,132,025**	**157,132,025**	**157,132,025**	**157,359,282**
Number of shares entitled to dividend	**157,132,025**	**157,132,025**	**157,132,025**	**157,132,025**	**157,132,025(3)**
Earnings per share *(in euro)*	**2.17**	**1.92**	**1.66**	**2.22**	**1.11**

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 21, 2013.
(2) Dividends on treasury shares are not distributed.
(3) Following the transactions relating to common stock in September 2008.

5.4 Statutory Auditors' Reports

5.4.1 STATUTORY AUDITORS' REPORT ON THE STATUTORY FINANCIAL STATEMENTS

For the year ended August 31, 2012

SODEXO S.A.
255 Quai de la bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby report to you, for the year ended August 31, 2012, on:

- the audit of the accompanying financial statements of SODEXO S.A.;
- the justification of our assessments;
- the specific verification required by the law.

These financial statements have been approved by the Board. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, and of the results of its operations for the year then ended in accordance with French accounting principles.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matter:

- your Company has valued financial investments held in accordance with the accounting principles set out in note 2.1.3 of the summary of significant accounting policies in the notes to the financial statements. We performed procedures, on a test basis, in order to review the data and assumptions on which the valuations were based and the calculations made by your Company.

The assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III - SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

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 documents addressed to the Shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, 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 your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the acquisition of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Neuilly-sur-Seine and Paris-La Défense, November 7, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Yves Nicolas	Isabelle Allen

This is a free translation into English of the statutory auditors' report issued in French language and is provided solely for the convenience of English speaking readers. The Statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

5.4.2 STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

For the year ended August 31, 2012

SODEXO S.A.
255 Quai de la bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of the agreements and commitments of which we have been informed. It is not our role to determine whether they are useful or appropriate and we are not required to ascertain whether any other agreements or commitments exist. It is your responsibility, under the terms of article R.225-31 of the French Commercial Code (*Code de Commerce*), to assess the merit of these agreements with a view to approving them.

We are also required, as applicable, to communicate the information referred to in article R.225-31 of the French Commercial Code (*Code de Commerce*), on the execution, during the year, of agreements and commitments previously approved by the Shareholders.

We performed the procedures we considered necessary in accordance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

AUTHORIZED AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

We inform you that we have not been advised of any agreements entered into during the financial year ended August 31, 2012, pursuant to article L.225-38 of the French Commercial Code (*Code de Commerce*).

AUTHORIZED AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Continuing agreements and commitments entered into in prior years

Moreover, in accordance with the French Commercial Code (*Code de Commerce*), we have been informed of the following agreements and commitments, which were approved during previous years and continued to apply during the financial year.

1 Assistance and advisory services between Bellon S.A. and Sodexo S.A.

- Purpose:

  Bellon S.A. provides services to Sodexo S.A. under an assistance and advisory services agreement.

- Terms and conditions:

  For the year ended August 31, 2012, Bellon S.A. invoiced Sodexo 6,184,500 euro excluding VAT.

2 Transactions with Mr. Michel Landel, Chief Executive Officer

- Purpose:

  In the event of the termination of his employment as Chief Executive Officer (unless for reasons of resignation or retirement, and barring his removal from office for serious misconduct or gross negligence), Sodexo S.A. will pay Mr. Michel Landel an indemnity equal to two times the gross annual compensation (fixed and variable) he received in the 12 months preceding such 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.

  Bellon S.A. has granted Mr. Michel Landel entitlements to the Sodexo Group executive retirement benefit plan, in addition to his mandatory retirement benefits.

- Terms and conditions:

  An expense of 227,471 euro was recorded for the executive retirement plan for the financial year and the total commitment to Mr. Michel Landel amounted to 2,230,519 euro as at August 31, 2012.

Neuilly-sur-Seine and Paris-La Défense, November 7, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Yves Nicolas	Isabelle Allen

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 users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

6

LEGAL INFORMATION

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6.1 General Information about Sodexo and its Issued Capital

6.1.1 GENERAL INFORMATION ABOUT SODEXO

6.1.1.1 LEGAL NAME AND REGISTERED OFFICE

Legal 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.

6.1.1.2 LEGAL FORM

Sodexo is a *société anonyme* (joint stock corporation), subject to all of the laws and regulations governing commercial corporations in France, and in particular to the provisions of the French Commercial Code.

6.1.1.3 NATIONALITY

French.

6.1.1.4 DATE OF INCORPORATION AND EXPIRATION (ARTICLE 5 OF THE BYLAWS)

"The Company has a life of 99 years from December 31, 1974, save earlier extension or winding up."

The date of expiration of the Company is December 30, 2073.

6.1.1.5 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."*

6.1.1.6 REGISTRATION

Sodexo is registered in the Nanterre Register of Commerce and Companies as no. 301 940 219.

6.1.1.7 BUSINESS IDENTIFIER CODE (APE CODE)

5629B.

6.1.1.8 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 offices at 255, quai de la Bataille de Stalingrad – 92130 Issy-les-Moulineaux, France, preferably by appointment.

6.1.1.9 MATERIAL CONTRACTS

During the last two years, the Company has not entered into any material contracts, other than those signed in the ordinary course of business, creating a material obligation or commitment for the entire Group.

6.1.1.10 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."

6.1.1.11 APPROPRIATION OF EARNINGS (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 balance sheet date, 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 round 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 balance sheet date, 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 foregoing terms and conditions will apply for the first time to payment of the dividend payable for the fiscal year ended August 31, 2013 (to be set by the Ordinary Shareholders' Meeting expected to be called in January 2014)."

6.1.1.12 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 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. The General Shareholders' Meetings comprise all shareholders whose shares have been paid for in full and for which proof is given of entitlement to attend General Shareholders' Meetings by registration of the shares in the share registry in the name of either the shareholder or, for shareholders not domiciled in French territory, of the registered intermediary for said shareholder's account, by midnight (Paris time) on the third business day preceding the meeting at the latest.

Shares shall 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. 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."

6.1.1.13 DOUBLE VOTING RIGHTS (EXCERPT FROM ARTICLE 16 OF THE BYLAWS)

"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 in the event of an increase in the share capital by conversion of earnings, reserves or additional paid in capital in proportion to existing shares held by that shareholder that enjoy double voting rights."*

6.1.1.14 SHARE OWNERSHIP DECLARATION 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 declaration may result in the shares exceeding the threshold being stripped of voting rights on the terms stipulated by law. This declaration requirement applies equally when a shareholding passes below any of the declaration thresholds."

6.1.1.15 KNOWN 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 Annual Shareholders' Meetings."

6.1.1.16 MODIFICATION OF SHAREHOLDERS' RIGHTS

All modifications to share capital or voting rights attached to the shares therein are subject to legal requirements, as the by-laws do not contain specific provisions.

6.1.2 GENERAL INFORMATION ABOUT THE ISSUED CAPITAL

6.1.2.1 FIVE-YEAR SUMMARY OF CHANGES IN ISSUED CAPITAL

Sodexo's issued capital has not undergone any change since September 18, 2008.

Date	Description of transaction	Number of shares issued/cancelled	Nominal increase/ reduction of capital	Number of shares post-transaction	Issued capital post-transaction
06/19/2008	Capital reduction (cancellation of treasury shares)	1,667,131	€6,668,524	157,359,282	€629,437,128
09/09/2008	Capital reduction (cancellation of treasury shares)	804,887	€3,219,548	156,554,395	€626,217,580
09/18/2008	Capital increase (Employee Stock Purchase Plan)	577,630	€2,310,520	157,132,025	€628,528,100

6.1.2.2 SECURITIES GIVING ACCESS TO CAPITAL

As of the date of this Registration Document, there are no securities outstanding, other than existing equity securities, which would give immediate or future access to the capital of Sodexo.

6.1.2.3 CAPITAL AUTHORIZED BUT NOT ISSUED

The Extraordinary Shareholders' Meeting of January 23, 2012 authorized the Board of Directors to increase the Company's share capital on one or more occasions by issuance of ordinary shares, and/or all other securities giving immediate or future access to Sodexo shares, or by the capitalization of earnings, reserves or additional paid-in capital, subject to the following limits:

Currently valid delegations of authority relating to capital increase	Maximum aggregate par value	Date of authorization	Date of expiry
Authorizations with pre-emptive rights			
• Issuance of shares and/or all other securities giving access to Sodexo shares	€100 million	January 23, 2012	March 23, 2014
• Issuance of debt securities giving access to Sodexo shares	€1 billion	January 23, 2012	March 23, 2014
Authorizations to issue shares to employees			
• Issuance of ordinary shares and/or all other securities reserved for members of Employee Savings Plans	€12.6 million	January 23, 2012	March 23, 2014
Issuance of shares by capitalization of earnings, reserves or additional paid-in capital	€200 million	January 23, 2012	March 23, 2014

None of these delegations has been utilized by the Board of Directors in Fiscal 2012.

6.1.2.4 SHARE OWNERSHIP OF SODEXO

In compliance with article L.233-8 II of the French Commercial Code and article 223-16 of the General Regulation of the *Autorité des marchés financiers* (AMF), each month Sodexo communicates to the AMF and publishes – notably on its website www.sodexo.com – the total number of voting rights and the number of shares comprising the issued capital of Sodexo, if these have changed relative to the previously published information.

Issued capital as of August 31, 2012

Sodexo had issued capital of 628,528,100 euro divided into 157,132,025 shares with a par value of 4 euro each, all fully paid and of the same class. Of these 157,132,025 shares, 52,074,880 carried double voting rights.

Holders of fully-paid Sodexo shares may elect to hold them either as registered shares or as bearer shares identifiable under the relevant laws and regulations, in particular article L.228-2 of the French Commercial Code.

Share ownership as of August 31, 2012

	Number of shares	% of share capital	Number of voting rights(1)	% of voting rights(1)
Bellon SA	59,252,063	37.71	103,795,753	49.61
First Eagle Investment Management(2)	5,604,372	3.57	10,493,791	5.02
Employees	1,683,957	1.07	2,545,202	1.22
Treasury shares	6,499,322	4.14	6,499,322	3.11
Public	84,092,311	53.51	85,872,837	41.04
TOTAL	**157,132,025**	**100.00**	**209,206,905**	**100.00**

(1) The Company bylaws confer double voting rights on shares that have been registered for more than four years. In addition, in compliance with article 223-11 of the General Regulation of the Autorité des marchés financiers (AMF), the number of voting rights is calculated on the basis of the total number of shares carrying voting rights, including those not entitled to vote such as shares held by the Company and treasury shares.
(2) Acting on behalf of its managed funds (including First Eagle Funds, Inc).

The members of the Board of Directors, including the Chief Executive Officer, together held directly less than 0.50% of the Company's share capital.

During Fiscal 2012:

- on June 7, 2012 International Value Advisers LLC, notified the Company that it had decreased its shareholding below 2.50% of the capital. As of May 31, 2012 it held 2.27% of the capital, representing 1.70% of the voting rights;
- on July 5, 2012 First Eagle Investment Management LLC, acting on behalf of the funds it manages, notified the Company that it had crossed below the legal threshold of 5% of the Company's voting rights. As of July 2, 2012 it held 3.55% of the capital representing 4.99% of the voting rights. On August 3, 2012 First Eagle Investment Management LLC notified the Company that it had crossed above that threshold. As of July 31, 2012 it held 3.55% of the capital, representing 5.01% of the voting rights.

The Company is not aware of any other shareholder having increased its shareholding above any legal or statutory ownership level during Fiscal 2012.

As of the date of this document, Sodexo is not aware of:

- any other shareholder holding 2.50% or more of the capital or voting rights of Sodexo directly or indirectly, individually, or in concert;
- any shareholders' agreement or other agreement which, if implemented, could result in a change of control of Sodexo.

Changes in share ownership during the last three fiscal years

Shareholder	August 31, 2012		August 31, 2011		August 31, 2010	
	% of capital	% of voting rights	% of capital	% of voting rights	% of capital	% of voting rights
Bellon SA	37.71	49.61	37.71	47.61	37.71	45.50
First Eagle Investment Management[1]	3.57	5.02	3.97	5.85	4.84	7.37
International Value Advisers, LLC[2]	NA[2]	NA[2]	3.21	2.48	NA[2]	NA[2]
Caisse des Dépôts et Consignations	NA[2]	NA[2]	NA[2]	NA[2]	2.69	2.69
Employees	1.07	1.22	1.07	1.25	1.08	1.30
Treasury shares	4.14	3.11	4.07	3.15	2.31	1.85
Public	53.51	41.04	49.97	39.66	51.38	41.29

(1) Acting on behalf of its managed funds (including First Eagle Funds, Inc.).
(2) NA: Not applicable because the percentage shareholding and/or voting rights is less than 2.50% for the period under consideration.

Repurchases and disposals of Sodexo shares

During Fiscal 2012:

- at its meeting on January 23, 2012, the Board of Directors decided to implement the Company's share repurchase program as authorized by the Combined Annual Meeting held on the same date;
- in Fiscal 2012, Sodexo repurchased 1,606,760 shares (representing 1.02% of the share capital) at an average price of 58.50 euro per share plus trading fees of 36,916 euro excluding VAT. Sodexo also transferred 1,499,392 shares upon exercise of stock options, and directly held 6,496,425 treasury shares (representing 4.13% of the share capital) as of August 31, 2012 intended to cover the various stock option plans benefiting Group employees;
- during Fiscal 2012 Sodexho Awards (a wholly-owned subsidiary of Sodexo) repurchased 1,828 shares at an average price of 59.88 euro per share plus trading fees of 547 euro excluding VAT. Sodexho Awards also transferred 8,518 shares upon the exercise of stock options by Group employees in the United States. It also held 2,897 Sodexo shares as of August 31, 2012, intended to cover the various stock options plans benefiting employees of Sodexo, Inc., pursuant to the rollover of the plans granted by Sodexho Marriott Services (SMS Plans) and assumed by Sodexo in 2001;
- the total carrying value of the treasury shares portfolio was 343 million euro as of August 31, 2012.

Since August 31, 2012:

- Sodexo has repurchased 501,971 Sodexo shares at an average price of 62 euro per share;
- Sodexho Awards has not purchased any Sodexo shares.

Description of the new share repurchase plan (pursuant to article 241-2 of the General Regulation of the AMF) subject to authorization by the Shareholders' Meeting of January 21, 2013

- In its eleventh resolution, the Board of Directors will propose to the Shareholders' Meeting to be held on January 21, 2013 that it renew the authorization given to the Board to repurchase Sodexo's shares pursuant to articles L.225-209 *et seq.* of the French Commercial Code. This authorization would be valid for a period of 18 months, replacing the authorization of the same nature given by the Shareholders' Meeting of January 23, 2012.
- The treasury shares held as of August 31, 2012 in connection with the share repurchase program are intended to cover the various stock option programs benefiting Group employees.
- The purposes of the repurchase program, the maximum percentage of the share capital, the maximum number and characteristics of the shares that the Company intends to purchase, together with the maximum purchase price, are provided in the resolution submitted for approval by the January 21, 2013 Shareholders' Meeting on pages 300 and 301 of this document.

6

Stock option plans for Group employees and Corporate Officers

As of August 31, 2012, there were 6,819,436 unexercised stock purchase options reserved for Group employees and corporate officers, representing approximately 4.3% of the issued capital at that date. Of these options, 2,016,603 were exercisable as of August 31, 2012, each option giving the holder access to one Sodexo share if exercised (for further details, see page 277 *et seq.* of this document).

6.1.2.5 EMPLOYEE SHARE OWNERSHIP

As of August 31, 2012, employees held 1.07% of the Company's share capital (approximately 79% of which was held in a holding entity for Company employee share purchase plans (FCPE).

As of August 31, 2012, an estimated 37,303 employees held Sodexo shares.

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 charges treatment, amounts due to employees are subject to a five-year lock-up period.

International employee share purchase plan

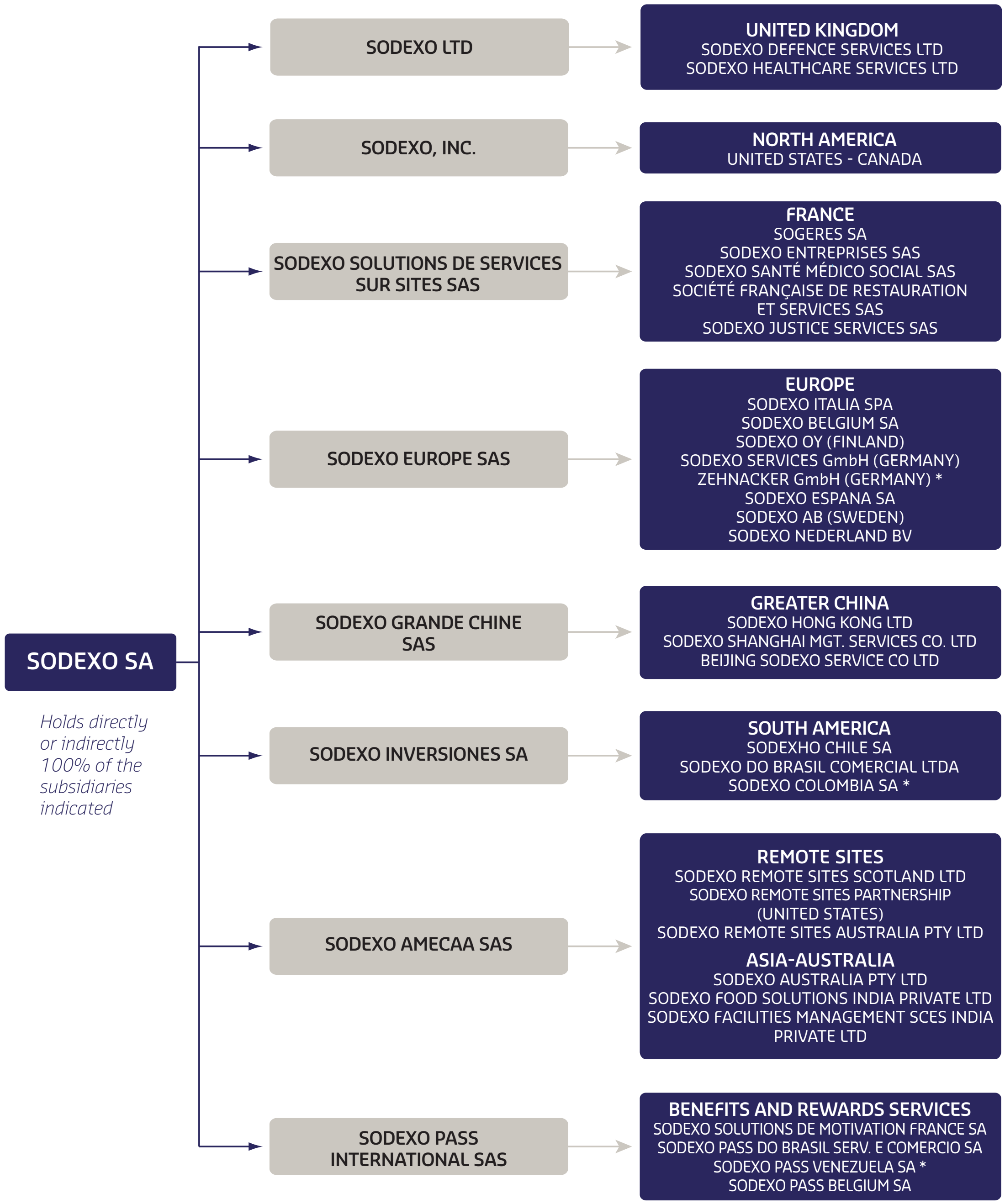
On a regular basis, the Group arranges international employee share purchase plans. The most recent of these, "Sodexo with me", was introduced in 2008 and allowed employees of French and foreign subsidiaries of the Group in more than 20 countries to subscribe to a special share capital issuance at a favorable share price. In connection with this plan, eligible employees were offered a choice of two formulas:

- the "Plus" plan allowed employees to invest up to 2.5% of their annual gross compensation and to benefit from a multiplier effect on the increase in the share price, or a guaranteed return in the absence of an increase in the share price;
- the "Classic" plan allowed employees to invest up to 25% of their annual gross compensation and to receive all of any increase in Sodexo's share price, while assuming the risk of any fall in the share price.

Regardless of whether the employee has chosen the "Plus" plan or the "Classic" plan, his or her investment is subject to a five year lock-up, unless conditions permitted by the law or the plan rules have been meet.

In addition, since 2006, employees of the Group's North American subsidiaries have been able to invest between 1% and 8% of their annual gross compensation in the Company's shares through an Employee Share Purchase Plan. Participating employees qualify for a 10% discount on the share price. If they sell these shares within a period of two years, they are required to repay the amount of the discount they received. The employees concerned did not participate in the 2008 International Employee Share Purchase Plan.

6.2 Condensed Group Organization Chart



→ Shareholding
→ Management

* Presence of non-controlling interests outside the Sodexo Group

Note: This condensed chart shows the main subsidiaries of the Group for each geographic area or activity, as of August 31, 2012.

7

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7.1 Financial Communication

7.1.1 LISTENING TO OUR SHAREHOLDERS AND THE FINANCIAL COMMUNITY

To respond more effectively to the expectations of individual and institutional shareholders, Sodexo is continuously improving its investor relations programs by developing new information channels and organizing regular meetings with shareholders.

The Group's investor relations policy is based on four core principles:

- **equal treatment:** all financial press releases are issued simultaneously in real time to all our stakeholders, in both French and English;
- **regular reporting:** the financial community is notified of the financial information timetable a year in advance, and updates are always available on the website at www.sodexo.com;
- **accessibility:** live webcasts of the General Shareholders' Meeting and annual earnings presentations are broadcast *via* live webcast and maintained on the website. Releases of interim earnings and quarterly revenue figures (first and third quarter) are accompanied by conference calls to give the financial community rapid access to the information and an opportunity to question senior management about performance. These conference calls are simultaneously broadcast over the internet as an "audio webcast" and are maintained on Sodexo's website;
- **transparency:** all information pertaining to the Group, including the bylaws, Registration Document, Annual Report, the Social Responsibility and Sustainable Development Report "Better Tomorrow Plan", the Group Presentation and share price trends, is available on the website, www.sodexo.com.

Sodexo also offers the financial community a comprehensive package of dedicated, interactive communication channels. Financial press releases are issued *via* print media and email in France and around the world.

7.1.2 INVESTOR RELATIONS POLICY

In order to meet the Group's own transparency goals and to comply with all applicable regulations in connection with its listing on the NYSE-Euronext Paris, Sodexo and all those involved in preparing financial communications have committed to a set of principles designed to ensure equal treatment of all shareholders.

7.1.2.1 GROUP SPOKESPERSON

Only the Chairman, the Chief Executive Officer and members of the Executive Committee are authorized to provide financial communications. The Chief Executive Officer has appointed the Director of Financial Communication to act as spokesperson for the Group, within specific delegated powers.

7.1.2.2 PREPARATION OF FINANCIAL COMMUNICATIONS

All financial communications are reviewed prior to publication by a Group Disclosure Committee comprising representatives from the Group Finance, Communications and Human Resources Departments.

7.1.2.3 PUBLICATION OF FINANCIAL INFORMATION

Barring exceptional circumstances, all information with the potential to influence the share price is published before the NYSE-Euronext stock exchange opens for trading.

After approval of this information by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors (depending on its nature), it is communicated to the markets *via* a press release, issued simultaneously to the entire financial community and to the stock market authorities.

Sodexo does not communicate financial information during the following periods:

- **thirty calendar days** before the release of its **consolidated annual and interim results;**
- **fifteen calendar days** before the release of its **first and third quarters'** consolidated revenue figures.

7.1.2.4 CODE OF CONDUCT FOR SENIOR MANAGERS

To underscore Sodexo's commitment to transparency and regulatory compliance, the Board of Directors adopted a Code of Conduct for Senior Managers in 2003. The Executive Committee members and key finance executives of Sodexo have formally agreed to this Code and to abide by its principles.

This Code of Conduct sets out a core set of behaviors:

- avoiding actual or apparent conflicts of interest;
- complying with all laws, rules and regulations;
- protecting the Group's confidential proprietary information;
- conducting all business fairly;
- holding managers accountable for their behavior, and creating an environment where concerns can be reported without fear of retaliation or retribution.

The Group's ethical principle of transparency means effective 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 understandable reporting.

7.1.3 HOW TO OBTAIN INFORMATION

On the Sodexo website
www.sodexo.com, ("Finance" section, "Presentations and publications" subsection)

By phone or fax
Investor Relations

Tel. and Fax: +33 (0) 1 57 75 80 54

By e-mail
financial.communication.group@sodexo.com

By mail
Sodexo, Investor Relations
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9
France

7.1.4 REGISTRATION DOCUMENT

This document is an English-language version of the *Document de référence* filed with the *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.

7.1.5 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 for the meeting 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 and 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 to observe the voting on resolutions.

7.1.6 REGULAR MEETINGS AND ONGOING DIALOGUE

Sodexo is committed to genuine dialogue with its shareholders and with the broader financial community.

The two major scheduled events mark the publication of the full-year results and the Annual Shareholders' Meeting. The Group's Chief Executive Officer and Chief Financial Officer moderate quarterly conference calls for securities analysts in connection with half-year earnings and quarterly revenue publications.

In addition, the Group's Chief Executive Officer and the Chief Financial Officer regularly meet investors in private or in group sessions in Europe (in particular, in Paris and London) and in the United States. These meetings provide a setting for more informal dialogue.

"Investor Days" or themed briefings are held periodically to give analysts insight into front-line operations.

Sodexo also regularly participates in industry presentations and conferences organized by brokerage firms in France and abroad.

7.1.7 FINANCIAL COMMUNICATIONS CALENDAR

First Quarter revenues	January 9, 2013
Annual Shareholders' Meeting	January 21, 2013
Ex-date	January 30, 2013
Record date	February 1, 2013
Payment of dividend	February 4, 2013
Half-year interim results	April 18, 2013
Nine month revenues	July 3, 2013

These dates are purely indicative, and are subject to change without notice. Regular updates are available in the calendar on our website www.sodexo.com.

7.1.8 BENEFITS OF BEING A REGISTERED SHAREHOLDER

Registered Sodexo shareholders enjoy the following benefits:

- reduced administration costs (for pure registered shares only);
- personalized information on all financial transactions (capital increases, bond issues, etc.);
- automatic invitation to Shareholders' Meetings;
- double voting rights and, effective for 2014, a dividend premium of 10%(1) for shares held more than four years and limited to 0.5% of issued capital per shareholder;

Reference date for registration of shares to qualify for the dividend premium	Right to dividend premium on dividend for the fiscal year ended:	Dividend premium of 10% earned if the shares are registered continuously since at least the reference date up until the dividend payment date*:	ISIN codes for managing registered shares
August 31, 2009	August 31, 2013	February 2014	FR0011071869
August 31, 2010	August 31, 2014	February 2015	FR0011071885
August 31, 2011	August 31, 2015	February 2016	FR0011071893
August 31, 2012	August 31, 2016	February 2017	FR0011285121

* *Dates provided for indicative purposes only and are subject to the decision to pay a dividend as adopted by the Annual Shareholders' Meeting.*

CONTACTS

Registered shareholders' 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 2 51 85 52 47

or visit the Société Générale website: www.nominet.socgen.com.

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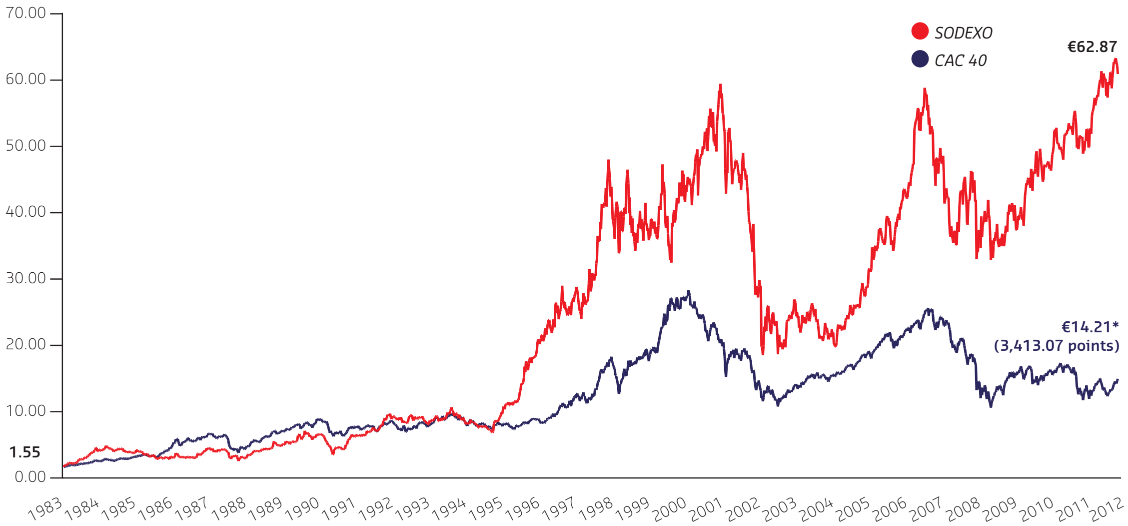
(1) Sodexo's fiscal year starts on September 1 of each year. The first dividend premium payment will be made in 2014 for the fiscal year ended August 31, 2013 for shareholders holding registered shares (pure or administrated) since August 31, 2009 and up until the payment of the dividend, subject to the decision to pay a dividend as adopted by the Annual Shareholders' Meeting in 2014.

7.2 Sodexo Shares

Sodexo shares are listed on NYSE Euronext Paris (Euroclear code: FR 0000121220) and are included in the Next 20 index. 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, each ADR representing one Sodexo share.

ADJUSTED SODEXO SHARE PRICE TRENDS FROM INITIAL LISTING THROUGH AUGUST 31, 2012 *(IN EURO)*



** Sodexo share price trend assuming it had tracked the CAC 40 index (the main stock market index of Paris).*

Source: Sodexo.

The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2012 (last trading day of Fiscal 2012), the closing share price was 62.87 euro.

Since its first listing, the value of Sodexo share has been multiplied by over 40, whereas the CAC 40 index has been multiplied by only 9.2, which means Sodexo's shares have outperformed the CAC 40 by a wide margin.

Since listing on the stock exchange Sodexo's shares have registered an average annual appreciation of 13.6%, excluding dividends.

ADJUSTED SODEXO SHARE PRICE TRENDS FROM SEPTEMBER 1, 2011 THROUGH AUGUST 31, 2012 *(IN EURO)*

** Sodexo share price trend assuming it had tracked the CAC 40 index.*

Source: Sodexo.

During the last fiscal year, Sodexo's share price increased by 20.6% compared with a 4.5% increase for the CAC 40 index*.

As of August 31, 2012 the market capitalization of Sodexo was 9.9 billion euro.

SODEXO SHARE PRICE FROM SEPTEMBER 1, 2011 THROUGH AUGUST 31, 2012 *(CLOSING PRICE IN EURO)*

Price at September 1, 2011		52.11
12-month	low	48.13
12-month	high	64.85
Price at August 31, 2012		62.87

AVERAGE DAILY TRADING VOLUME OF SODEXO SHARE ON NYSE-EURONEXT PARIS

Volume	264,387
Value *(in euro)*	15,028,101

Source NYSE-Euronext Paris.

DIVIDEND AND SHARE PERFORMANCE

	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Total payout	€249,839,920[(1)]	€221,091,767	€208,024,389	€197,465,754
Dividend per share[(1)]	**€1.59[(1)]**	**€1.46**	**€1.35**	**€1.27**
Earnings per share[(2)]	€3.48	€2.95	€2.64	€2.54
Payout ratio[(3)]	45.6%	49.5%	51.1%	50.0%

(1) Subject to approval at the Annual Shareholders' Meeting on January 21, 2013, based on the total number of shares in the issued capital.
(2) Based on an average number of shares (quarterly average).
(3) Based on the share price as of August 31 of each year.

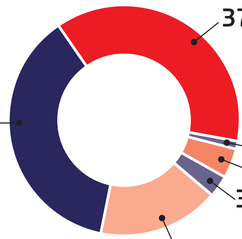
The Board of Directors proposes that the shareholders approve the payment of a dividend of 1.59 euro per share at the Annual Shareholders' Meeting on January 21, 2013. The dividend will be paid as of February 4, 2013, with an ex-dividend date on NYSE - Euronext Paris of January 30, 2013. The date to determine the shares that shall be entitled to dividends shall be those shares held as of the close of business on February 1, 2013 (the record date).

Dividends not claimed within five years of the date on which they were payable to shareholders are forfeited.

7.3 Capital

7.3.1 SODEXO: AN INDEPENDENT GROUP

Sodexo remains an independent Group. As of August 31, 2012, its share capital was held as follows:



** Treasury shares: as of August 31, 2012, Sodexo directly held 6,499,322 treasury shares (representing 4.1% of the share capital) and intended to cover the various stock option plans benefiting Group employees.*

*** According to the most recent report identifying bearer shareholders.*

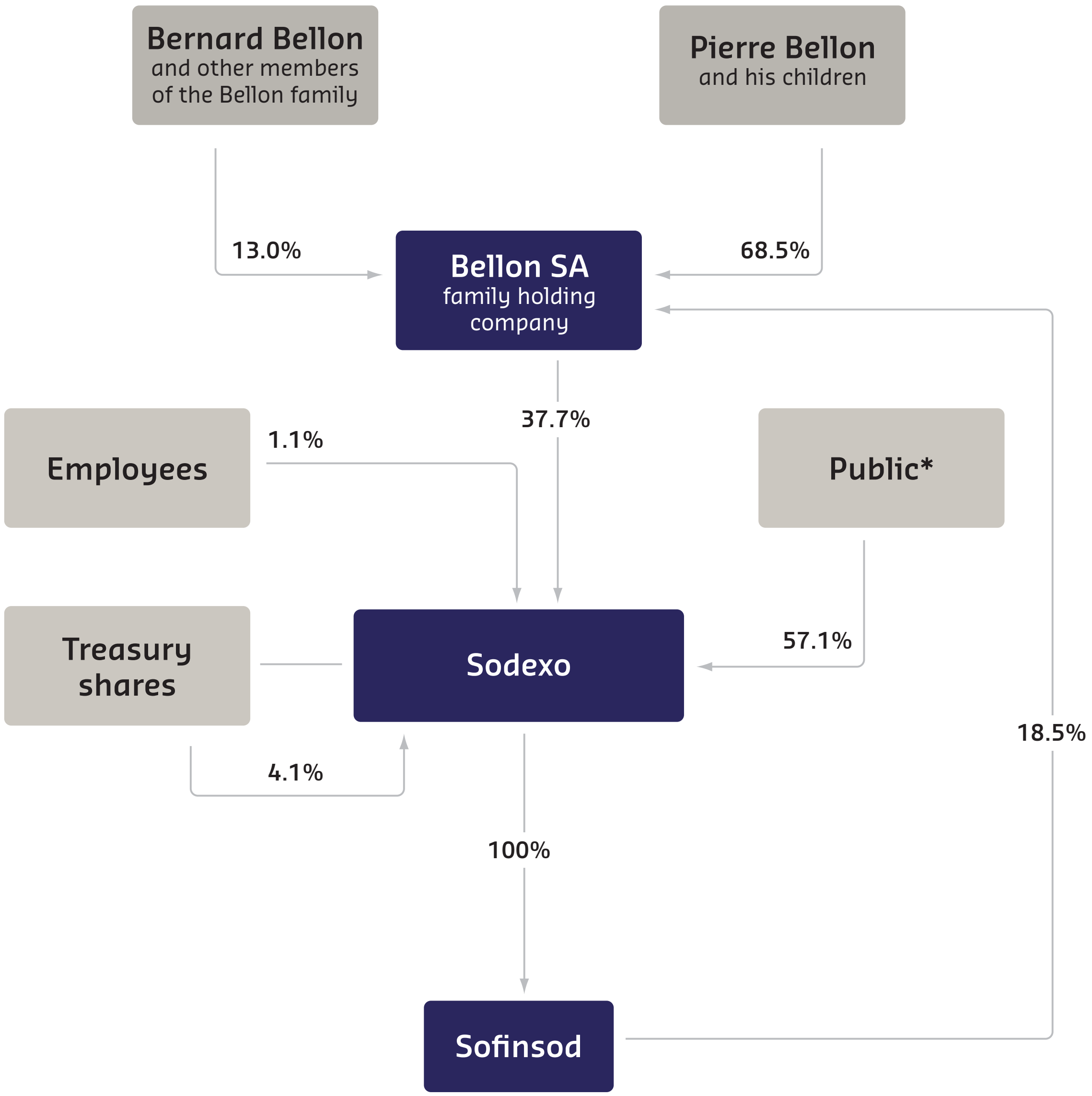
SHAREHOLDERS IDENTIFIED AS OF AUGUST 31, 2012

	Number of shares	% of issued capital	Number of voting rights(1)	% of voting rights(1)
Bellon SA	59,252,063	37.71%	103,795,753	49.61%
First Eagle Investment Management(2)	5,604,372	3.57%	10,493,791	5.02%
Employees	1,683,957	1.07%	2,545,202	1.22%
Treasury shares	6,499,322	4.14%	6,499,322	3.11%
Public	84,092,311	53.51%	85,872,837	41.04%
TOTAL	**157,132,025**	**100.00%**	**209,206,905**	**100.00%**

(1) The Company's bylaws confer double voting rights on registered shares held by the same shareholder for at least four years. Further, pursuant to article 223-11 of the General Regulation of the Autorité des marchés financiers (AMF), the number of voting rights is calculated on the basis of all shares with voting rights, including shares for which the voting rights have been suspended temporarily, such as treasury shares.

(2) Acting on behalf of funds managed by it (including First Eagle Funds, Inc.).

7.3.2 SHAREHOLDERS AS OF AUGUST 31, 2012



** Including First Eagle Investment Management at 3.57%.*

7.3.3 STOCK MARKET INFORMATION

SODEXO SHARES

Sodexo shares are listed on NYSE-Euronext Paris, where they are traded individually under Euroclear code FR 0000121220.

As of August 31, 2012, Sodexo had a Standard & Poor's rating of BBB+ long-term and A-2 short-term.

TRADING VOLUMES AND SHARE PRICE TRENDS

Date	Share price *(in euro)* high	Share price *(in euro)* low	Share price *(in euro)* average*	Average daily trading volume *(in thousands of euro)*
2011				
January	53.46	50.06	51.62	14,930
February	51.03	48.55	49.83	37,295
March	52.10	46.36	49.48	14,000
April	52.99	51.06	52.03	12,041
May	54.01	51.60	52.85	15,020
June	54.09	51.59	52.85	13,038
July	55.96	52.70	54.35	15,899
August	54.14	46.57	50.59	15,709
September	52.75	48.13	50.76	14,380
October	53.18	48.32	50.67	9,516
November	54.12	48.80	51.33	13,737
December	55.72	51.72	53.27	10,840
2012				
January	58.22	54.92	56.57	17,207
February	58.24	55.29	57.32	17,999
March	61.67	57.44	59.74	13,316
April	62.35	58.20	60.12	17,895
May	61.97	57.52	59.37	16,359
June	61.42	56.61	59.56	23,379
July	62.56	57.05	60.33	17,545
August	64.85	61.39	62.89	8,912
September	63.80	58.59	61.87	20,078
October	61.40	58.50	60.22	16,332

* *Monthly average of closing prices.*

8

CORPORATE GOVERNANCE

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8.1 Chairman's Report on the Operating Procedures of the Board of Directors and on Internal Control and Risk Management Procedures

In accordance with article L.225-37 of the Commercial Code, the Chairman of the Board of Directors is required to report on the composition, preparation and organization of the work of the Board of Directors and on internal control and risk management procedures put in place by the Group. This report has been prepared by the Chairman of the Board of Directors after consultation with the Chief Executive Officer, the members of the Executive Committee and the Group's various support functions. It was reviewed by the Audit Committee and approved by the Board of Directors at the November 6, 2012 meeting. This report will be presented to the shareholders at the next Shareholders' Meeting on January 21, 2013.

8.1.1 COMPOSITION OF THE BOARD OF DIRECTORS

The rules and operating procedures of the Board of Directors are defined by the law, the Company's by-laws and the internal rules of the Board. In addition, specialized Committees have been established in accordance with these rules.

The Company's by-laws are compliant with legal requirements. They contain specific provisions concerning the maximum term of office (three years) and the age limit (85 for the Chairman and the Chief Executive Officer). Further, the internal rules of the Board of Directors require each director to own at least 400 Sodexo shares.

8.1.1.1 COMPOSITION AS OF AUGUST 31, 2012

		First Elected	Term Expires
Pierre Bellon	Chairman of the Board of Directors of Sodexo	Nov. 14, 1974	2013[2]
Robert Baconnier[1]	Vice Chairman of the Board of Directors of Sodexo	Feb. 8, 2005	2013[2]
Patricia Bellinger[1]	Executive Director, Executive Education, Harvard Business School	Feb. 8, 2005	2014
Astrid Bellon	Member of the Management Board, Bellon SA	Jul. 26, 1989	2013[2]
Bernard Bellon	Chairman of the Board of Directors, Finadvance	Feb. 26, 1975	2015
François-Xavier Bellon	Chief Executive Officer, Bright Yellow Group Pic	Jul. 26, 1989	2013[2]
Françoise Brougher[1]	Vice President, Global SMB Sales & Operations, Google	Jan.. 23, 2012	2015
Sophie Clamens	Chairman of the Management Board, Bellon SA	Jul. 26, 1989	2015
Paul Jeanbart[1]	Chief Executive Officer, Rolaco	Feb. 13, 1996	2013[2]
Michel Landel	Chief Executive Officer, Sodexo	Jan. 19, 2009	2014
Alain Marcheteau[1]	Company director	Jan. 25, 2010	2013[2]
Nathalie Szabo	Member of the Management Board, Bellon SA	Jul. 26, 1989	2015
Peter Thompson[1]	Company director	Feb. 8, 2005	2014

(1) Independent director as defined by the AFEP-MEDEF Code of Corporate Governance of listed corporations, except for the recommendation that a director should not serve on the Board for more than 12 years (in the case of Paul Jeanbart).
(2) The Board of Directors will propose the renewal of these mandates at the Shareholders' Meeting of January 21, 2013.

8.1.1.2 INFORMATION ABOUT THE DIRECTORS AS OF AUGUST 31, 2012

PIERRE BELLON

Born January 24, 1930.
Married, 4 children.
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.

Background

Pierre Bellon joined Société d'Exploitations Hôtelières, Aériennes, Maritimes et Terrestres in 1958 as Assistant Manager. He later served as Managing Director and then Chairman and Chief Executive Officer.

In 1966, he founded Sodexho SA. He served as Chairman 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 and Chief Executive Officer. Pierre Bellon remained as Chairman of the Board of Directors, a position he still holds at Sodexo SA (new name since January 2008).

Since 1988, he has served as Chairman and Chief Executive Officer of Bellon SA, the family holding company that controls Sodexo and Chairman of the Supervisory Board since February 2002.

Since 1976, he has been a member of the Executive Council of CNPF, the French employers' federation, now known as MEDEF.

Pierre Bellon has also served as:

- Vice President of CNPF (subsequently MEDEF), 1980-2005;
- National 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

- Bellon SA (Chairman of the Supervisory Board);
- Sobelnat SCA (member of the Supervisory Board);
- Association Pierre Bellon (Chairman and founder);
- Association Progrès du Management (APM) (Chairman and founder);
- Association Nationale des Sociétés par Actions (ANSA) (Board member).

Number of Sodexo shares held: 12,900.

Other corporate offices held within the past five years but no longer held

- PPR* (Board member);
- CMA CGM (member of the Supervisory Board).

* *Listed company.*

ROBERT BACONNIER

Born April 15, 1940
Married, 3 children.
Nationality: French.
Degree in Literature, Graduate of the Institute *d'Études Politiques de Paris* and of the *École Nationale d'Administration* (1965-1967).

Address:
11, avenue Théophile Gautier
75016 Paris, France.

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 Honorary Chairman.

Other positions and corporate offices held

- Siparex Associée (Non-voting Board member and member of the Audit Committee);

Number of Sodexo shares held: 410.

Other corporate offices held within the past five years but no longer held

- Association Nationale des Sociétés par Actions (ANSA) (Chairman and Chief Executive Officer);
- Member of the *Conseil des prélèvements obligatoires* (the French Tax and Social Charges Board);
- Lafarge Ciments* (Board member);
- ELS (Éditions Lefebvre Sarrut) (Supervisory Board member).

* *Listed company.*
** *Sodexo Group company.*

PATRICIA BELLINGER

Born March 24, 1961.
Married, 2 children.
Nationality: dual American and British.
BA in Literature, Harvard University.

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux, France.

Background

Patricia Bellinger began her career in Madrid, Spain in 1986 by founding a casting agency, and she continued to work in media and communications in Spain until 1995. In 1995, she returned to the USA and joined Bristol Myers Squibb (BMS), the pharmaceutical company, where she was successively Associate Director for Communications and Associate Director for Public Affairs. In 1998 she became the Corporate Director of Culture and Human Resources Diversity. In 2000, she joined British Petroleum in London as Vice President for Diversity and Inclusion; she was Group Vice President and director of the BP Leadership Academy until 2007. In March 2011, she was appointed Executive Director of Executive Education, Harvard Business School.

Other positions and corporate offices held

- Board member, YMCA of Greater Boston (Boston, USA);
- Member of the Advisory Board of Program in Education, Afterschool and Resiliency (PEAR), McLean Hospital (Harvard Medical School);
- Board member of "Facing History and Ourselves";
- Member of the Business Advisory Board of Sodexo, Inc.**

Number of Sodexo shares held: 400.

Other corporate offices held within the past five years but no longer held

- Chairman of the Board of Directors of Nordic Windpower, Ltd. (UK).

ASTRID BELLON

Born April 16, 1969.
Graduate of ESLSCA.
Nationality: French.
Master of Arts in Cinema Studies, New York.

Business address:
Bellon SA
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux, France.

Background

Astrid Bellon is a member of the Management Board of Bellon SA.

Other positions and corporate offices held

- Bellon SA (Member of the Management Board);
- Sofrane SAS (Chairman);
- Sobelnat SCA (Permanent Representative of Sofrane SAS, Managing Partner);
- Founding member of the Association Pierre Bellon.

Number of Sodexo shares held: 36,723.

Other corporate offices held within the past five years but no longer held

None.

BERNARD BELLON

Born August 11, 1935.
Married, 5 children.
Nationality: French.
Degree in French Literature from IAE Aix-Marseille.

Business address:
14, rue Saint Jean
1260 Nyon, Switzerland.

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 has been Chairman since its creation in 1988.

Other positions and corporate offices held

- Bellon SA (Member of the Supervisory Board);
- Finadvance SA (Chairman of the Board of Directors);
- Copelia (Board member);
- Founding member of the Association Pierre Bellon.

Number of Sodexo shares held: 319,782.

Other corporate offices held within the past five years but no longer held

None.

FRANÇOIS-XAVIER BELLON

Born September 10, 1965.
Married, 4 children.
Nationality: French.
Graduate of the European Business School.

Business address:
Bright Yellow Group Plc
2 East Throp House. 1 Paddock Road
Reading RG4 5BY, United Kingdom.

Background

François-Xavier Bellon is the CEO of Bright Yellow Group, a company he acquired in August 2007. This company based in the United Kingdom specializes in providing in-home services to dependent persons.

Previously, François-Xavier Bellon was Sales and Marketing Director of the Global Temporary Work Division of the Adecco Group, where he spent more than 7 years. He was based in London for his last posting, but was previously Regional Vice President for Catalonia, based in Barcelona, and Head of the Orsay-les-Ulis Agency, near Paris.

Francois-Xavier Bellon also spent 10 years with Sodexo, where he was Chief Executive of Sodexo UK prior to resigning in May 2004. After joining Sodexo France Hôtellerie et Santé in 1995, he was successively Head of Sector and Head of Development, based in Paris, and then Chief Executive Officer of the Mexican subsidiary for five years.

Other positions and corporate offices held

- Bellon SA (Member of the Management Board);
- PB Holding SAS (Chief Executive Officer)
- Bright Yellow Group Plc (Chief Executive Officer and Board member);
- LifeCarers Ltd (Board member);
- Footprint Ltd (Board member);
- French Foreign Trade Commission (Advisor);
- Rapid Pasta Sociedad Limitada (Advisor);
- U1st Sports SA (Advisor);
- Dr Clic Sociedad Limitada (Advisor).

Number of Sodexo shares held: 36,383.

Other corporate offices held within the past five years but no longer held

None.

FRANÇOISE BROUGHER

Born September 2, 1965.
Married, 3 children.
Nationality: dual French and American.
Graduate of ICAM-Lille *(Institut Catholique d'Arts et Métiers)* (France) and Harvard University (United States).

Business address:
Google
1600 Amphitheatre Parkway
Mountain View CA 94043, United States

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 Charles Schwab & Co. In March 2005, she joined Google, where she managed the Business Operations Group for four years. Since 2009, she has been Vice President, Global SMB Sales & Operations.

Number of Sodexo shares held: 400.

Other positions and corporate offices held

None.

SOPHIE CLAMENS

Born August 19, 1961.
4 children.
Nationality: French.
Graduate of the *École des Hautes Études Commerciales du Nord* (EDHEC).

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux, France.

Background

Sophie Clamens 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 activities in France in September 2010.

Other positions and corporate offices held

- Bellon SA (Chairman of the Management Board);
- Altys Multiservices SA** (Chairman of the Board of Directors);
- PB Holding SAS (Chairman)
- Sodexo Entreprises SAS** (Chief Executive Officer);
- SORESCOM SARL** (Officer);
- Société Française de Restauration et de Services SAS** (Member of the Management Board);
- Société Française de Propreté** (Member of the Management Board);
- Société Française de Services** (Member of the Management Board);
- Founding member of the Association Pierre Bellon.

Number of Sodexo shares held: 7,964.

Other corporate offices held within the past five years but no longer held

- Baumira (Officer);
- Sodexo Facilities Management SAS** (Chief Executive Officer).

PAUL JEANBART

Born August 23, 1939.
Married, 3 children.
Nationality: dual Canadian and Swiss.
Civil engineer.

Business address:
Immeuble Président Mouawad
Rue Pierre Hélou, Hazmié, Beirut, Lebanon.

Background

Co-founder, partner and Chief Executive Officer of the Rolaco Group since 1967.

Other positions and corporate offices held

- Oryx Finance Limited, Grand Cayman (Chairman);
- Hôtels Intercontinental Genève SA* Switzerland (Chairman of the Board of Directors);
- Rolaco Holding SA, Luxemburg (Executive Director) and subsidiaries/affiliates of the Rolaco Group, Luxembourg (Board member);
- Semiramis Hotel Co., Egypt (Board member);
- Luxury Brand Development SA, Luxemburg, parent company of Orfèvrerie Christofle (Chairman of the Board of Directors).

Number of Sodexo shares held: 400.

Other corporate offices held within the past five years but no longer held

- Club Méditerranée SA*, (Member of the Supervisory Board).

*   *Listed company.*
** *Sodexo Group company.*

MICHEL LANDEL

Born November 7, 1951.
Married, 3 children.
Nationality: French.
Graduate of the European Business School.

Business address:
Sodexo
255, quai de la Bataille de Stalingrad
92130 Issy-les-Moulineaux, France.

Background

Michel Landel began his career in 1977 with the Chase Manhattan Bank, then in 1980 became manager of a building materials plant belonging to the Poliet Group.

He was recruited in 1984 as Head of Operations for East and North Africa, and was promoted in 1986 to Vice President for Remote Site Management in Africa. In 1989 he took over the management of activities in North America. He was involved, among others notably, in the 1998 merger with Marriott Management Services and in the creation of Sodexho Marriott Services. In 1999, he became Chief Executive Officer of Sodexho Marriott Services, now Sodexo. Inc.

Michel Landel was named Vice Chairman of the Executive Committee of Sodexo in February 2000.

From June 2003 through August 2005, Michel Landel served as Group Co-President and Co-Chief Operating Officer in charge of North America, the United Kingdom and Ireland, together with Remote Site Management.

He has been Chief Executive Officer of Sodexo of September 1, 2005.

Other positions and corporate offices held

- Sodexo** (Chief Executive Officer);
- Sodexo, Inc.** (Board member);
- One SCA** (Member of the Supervisory Board);
- Sodexo Pass International SAS** (Member of the Management Board);
- One SAS** (Member of the Management Board);
- Executive For Excellence Association in France (Chairman);
- STOP Hunger Association in France (Chairman);
- Catalyst in the United States (Board member).

Number of Sodexo shares held: 81,897.

** *Sodexo Group company.*

Other corporate offices held within the past five years but no longer held

None.

ALAIN MARCHETEAU

Born September 5, 1944.
Married, 4 children.
Nationality: French.
Graduate of the *Institut d'Études Politiques* de Paris, Holder of a Masters' degree in Law and graduate of the *École Nationale d'Administration.*

Business address:
34, rue Pérignon
75015 Paris, France.

Background

Alain Marcheteau was a civil servant at the French Ministry of Transport from 1971 to 1975 and then at the Ministry of Finance (Treasury section) from 1975 to 1981. He successively became Treasurer, Chief Financial Officer, and Chief Operating Officer (Finance and Subsidiaries) of Air France from 1981 to 1991. He then was Chief Financial Officer of Compagnie de Suez from 1991 to 1996, Chief Executive Officer of ISM (Real Estate Leasing), a subsidiary of Crédisuez, from 1996 to 1998, and then Chief Operating Officer and Project Director with the Management Board of Suez-Lyonnaise des Eaux from 1998 to 1999. He joined the Snecma Group in 1999 as Chief Operating Officer for Economic and Financial Affairs and then, in connection with the creation of Safran in 2004, became the General Secretary and member of the Executive Committee of Safran until July 1, 2009.

Other positions and corporate offices held

Directorships:

- CieDaher (director; member of the Audit and Strategy Committees);
- Messier-Bugatti (Safran Group);
- Morpho Identification BV (Safran Group);
- MorphoSécurité (Safran Group);
- Aircelle (Safran Group);
- AM-Consult (Chairman and Chief Executive Officer).

Number of Sodexo shares held: 500.

Other corporate offices held within the past five years but no longer held

Chairman and Chief Executive Officer:

- Valin Participations (Safran Group);
- Établissements Vallaroche (Safran Group);
- Vallaroche Conseil (Safran Group).

Directorships:

- Labinal (Safran Group);
- Sagem Communication (Safran Group);
- Snecma (Safran Group);
- Ingenico* (Board member and member of the Audit and Ethics Committees);
- Sagem Télécommunications (Safran Group);
- Snecma Services (Safran Group);
- Soreval (Safran Group).

NATHALIE SZABO

Born January 26, 1964.
3 children.
Nationality: French.
Graduate of the European Business School.

Business address:
Sodexo Prestige Sports and Leisure
19, rue de Sèvres
92100 Boulogne, France.

Background

Nathalie 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 Chairman 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 Chairman of the Management Board of Lenôtre.

Other positions and corporate offices held

- Bellon SA (Member of the Management Board);
- Société du Lido (SEGSHMI)** (Chairman of the Management Board);
- Excel SAS** (Chairman and member of the Executive Board);
- L'Affiche SA** (Chairman of the Board of Directors);
- Millenia SA** (Chairman of the Board of Directors);
- Holding Bungeneret Compagnie SAS** (Chairman and member of the Board of Directors);
- Altima SA** (Board member);
- Yachts de Paris SAS** (Chairman);
- Compagnie d'Armateur Fluvial et Maritime SAS** (Chairman);
- Société d'Exploitation des Vedettes Paris Tour Eiffel (SEVPTE) SAS** (Chairman).
- Lenôtre SA** (Chairman of the Management Board)
- SAS Lenôtre Côte d'Azur** (Chairman)

Number of Sodexo shares held: 1,147.

Other corporate offices held within the past five years but no longer held

- Société du Lido (SEGSHMI)** (Member of the Supervisory Board);
- L'Affiche SA** (Managing Director);
- Millenia SA** (Managing Director)
- Courcelles Miromesnil SARL** (Officer)
- Lenôtre SA** (Chairman of the Supervisory Board)
- LBCV Sarl** (Officer).

* *Listed company.*
** *Sodexo Group company.*

PETER THOMPSON

Born September 15, 1946.
Married, 3 children.
Nationality: American.
BA Modern Languages, Oxford University; MBA, Columbia University.

Business address:
Thompson Holdings LLC
Island Creek Drive,
Vero Beach, FL 32963 (United States).

Background

Peter Thompson began his career in marketing in 1970. In 1974, he became a Product Manager at General Foods Corp. He joined Grand Met Plc in 1984, where he held management positions (Green Giant, Haagen-Dazs, Pillsbury, etc.). In 1992 he became Chairman and CEO of GrandMet Foods Europe, based in Paris. In 1994 he joined the PepsiCo Group where he successively held the following positions: President of Walkers Crisps in the UK; CEO Europe, Middle East, Africa of Frito-Lay International; and finally CEO of Pepsi-Cola International (1996-2004).

Currently, he is a private investor and a director of Syngenta AG and Chairman of the Board of the Vero Beach Musem of Art.

Other positions and corporate offices held

- Syngenta AG* (Board member and member of the Audit Committee).

Number of Sodexo shares held: 400.

Other corporate offices held within the past five years but no longer held

None.

8.1.1.3 PRINCIPLES GOVERNING THE COMPOSITION OF THE BOARD OF DIRECTORS

As of August 31, 2012, the Board of Directors had thirteen members, of which five (more than 38% of all Board members) are women, evidence that women are well represented on the Board. Nine Board members are French nationals, three are American, and one is Canadian. 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 Sodexo operates.

The composition of the Board is intended 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.

The independence criteria applied by the Board of Directors are the same as those listed in the AFEP-MEDEF Code, except for the recommendation that a director should not serve on the Board for more than 12 years (see paragraph 2.8 – AFEP-MEDEF Code of Corporate Governance for listed companies). During Fiscal 2012, six Board members were deemed independent directors as defined above (see paragraph 8.1.1.1).

Directors hold office for a term of three years and may be re-elected. To comply with French law, the number of directors over 70 is limited to a third of all directors.

* *Listed company.*

8.1.2 PREPARATION AND ORGANIZATION OF THE WORK OF THE BOARD OF DIRECTORS

Sodexo is governed by a Board of Directors chaired by Mr. Pierre Bellon.

8.1.2.1 ROLE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors represents the Board and organizes and directs its work, on which he reports to the shareholders at the Annual Meeting. He also represents the Board in matters concerning third parties such as employee representatives, the external auditors and shareholders. The Chairman 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 mission. The Board of Directors may appoint a Vice Chairman to chair Board meetings in the Chairman's absence.

8.1.2.2 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, set the number of Board members, establish the Directors' Charter, and determine the minimum number of Board meetings and the allocation of directors' fees. The Internal Rules also set assessment criteria for the performance of the Board, organize the delegation of powers to the Chief Executive Officer, and define the policy for issuing guarantees.

8.1.2.3 MISSION OF THE BOARD OF DIRECTORS

The Board of Directors defines Sodexo's strategy, long-term objectives and overall policies.

It regularly supervises the management of the business and in particular progress made on metrics it has identified.

It appoints corporate officers to manage Group policies.

It ensures the existence and effectiveness of internal control procedures, and oversees the quality of information provided to shareholders and to the financial markets in the financial statements and in connection with major financial transactions.

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 three days ahead of Board meetings, each Board member 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, in particular at the beginning of September, when the budget, the three-year plans and the 10-year financing plan are discussed:

- the Chief Executive Officer and the other operations executives in each area of responsibility present 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 (strategic planning, brand, communication, marketing, client retention and satisfaction, supply chain, sustainable development, human resources, finance) present their recommendations on the evolution of the strategy and policies, 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 is also kept regularly informed of questions, comments or critiques raised by shareholders, whether at meetings with shareholders or by mail, e-mail or telephone.

8.1.2.4 THE DIRECTORS' CHARTER

The main elements of the Director's Charter are described below.

Each director must personally own at least 400 Sodexo shares.

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 voting on those matters.

Any director of Sodexo who obtains unpublished information during the course of his or her duties is bound by a duty of confidentiality. Directors are also prohibited from trading in Sodexo securities as follows:

- during the period commencing thirty calendar days before the Board meeting that approves the interim and annual consolidated financial statements for publication and up to and including the date of publication of those interim and annual financial statements;
- during the period commencing fifteen 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 by directors in the Company's shares must be disclosed to the public. Consequently, directors are required to inform the Chief Legal Officer of all transactions in Sodexo shares.

8.1.2.5 BOARD COMMITTEES

To support its decision-making process, the Board has created three Committees, each with its own Charter. Broadly, their role is to examine specific issues ahead of Board meetings, and to submit opinions, proposals and recommendations to the Board.

Audit Committee

Composition:

- Robert Baconnier – the Committee Chairman – in his capacity as a "financial expert";
- Alain Marcheteau;
- Sophie Clamens.

All Audit Committee members have recognized expertise in finance and accounting, as confirmed by their professional background (see section 8.1.1.2 of this report).

Pierre Bellon is invited to attend Audit Committee meetings depending on the matters discussed, but is not a member.

The Audit Committee is responsible for ensuring that the Group's accounting policies are appropriate and consistently applied. It periodically reviews Senior Management Reports on risk exposure 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 Annual 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.

To perform its role, the Audit Committee is assisted by the Chief Executive Officer, the Group Chief Financial Officer, the Group Internal Audit Director and the external auditors. It may also make inquiries of any Group employee and seek advice from outside experts.

During Fiscal 2012, Michel Landel (Chief Executive Officer of Sodexo), Siân Herbert-Jones (Group Chief Financial Officer) and Laurent Arnaudo (Group Internal Audit Director) were regularly invited to attend Audit Committee meetings to discuss their activities and answer questions.

The Audit Committee met four 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;
- approval of the Internal Audit Plan for Fiscal 2012;
- 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 auditors of Sodexo and its subsidiaries in connection with the audit of the consolidated financial statements for Fiscal 2012. The Audit Committee also approved in advance all other engagements performed by the Group's external auditors and by member firms of their networks.

The Audit Committee also reviewed the annual consolidated financial statements for Fiscal 2011, and the interim consolidated financial statements for the first half of Fiscal 2012. In addition to four formal meetings, the Chairman of the Audit Committee also had periodic meetings during the fiscal year with the Group Chief Executive Officer, the Group Internal Audit Director, the Group Chief Financial Officer and the external auditors.

Nominating Committee

Composition:

- Patricia Bellinger, the Committee Chairman;
- Nathalie Szabo;
- Peter Thompson (since September 2011); and
- Pierre Bellon.

Although the AFEP-MEDEF Code recommends that the Committee should include a majority of independent directors, this composition is considered justified by Bellon SA's controlling shareholding in Sodexo (Bellon SA is the holding company held by Pierre Bellon, the founder of the Sodexo Group, and his family).

This Committee:

- examines proposals made by the Chairman of the Board and advises the Board on the appointment of directors. The Committee reviews nominees prior to their election as directors, and where it sees fit assesses the position of directors by reference to the criteria related to the composition of the Board 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 on the nomination of the Chief Executive Officer and as appropriate one or more Chief Operating Officers.

It also:

- examines proposals made by the Chief Executive Officer on succession plans for members of the Executive Committee and other key executives, and advises the Board on these proposals; and
- ensures that the Chief Executive Officer is able to propose potential replacements to the Board at any time if a position suddenly becomes vacant, while maintaining confidentiality.

The Nominating Committee met three times in Fiscal 2012, notably to review Group Executive Committee succession plans and organizational changes. The average attendance rate at these meetings was 67%.

Compensation Committee

Composition:

- Patricia Bellinger, the Committee Chairman;
- Pierre Bellon;
- Bernard Bellon.

Although the AFEP-MEDEF Code recommends that the Committee should include a majority of independent directors, this composition is considered justified by Bellon SA's controlling shareholding in Sodexo (Bellon SA is the holding company held by Pierre Bellon, the founder of the Sodexo Group, and his family.) The AFEP-MEDEF Code also recommends that this Committee not include any Corporate Officers who are also Sodexo executives; to this extent, it should be noted that Pierre Bellon does not hold any operational position in the Group.

This Committee makes proposals relating to compensation packages for corporate officers, executive compensation policy, performance-based incentives, and in particular, stock option plan policies as well as employee stock ownership plans. The principles and rules applied by the Board of Directors in determining the compensation and benefits of any nature provided to the executive officers are described on pages 271 *et seq.* of this document.

The Compensation Committee met three times during the fiscal year and the attendance rate was 100%.

The Compensation Committee made recommendations to the Board on issues such as stock option plans, a review of executive incentive programs, and compensation packages for the Chairman and the Chief Executive Officer. Accordingly the Committee proposed to the Board to grant 2.1 million stock options to around 600 senior managers (with some of the options granted including performance conditions) under the December 2011 plan, and expressed its opinion on individual grants proposed by the Chief Executive Officer.

Public-private partnership and private finance initiative projects working group

The Board of Directors has also set up a working group to conduct in-depth studies of commitments the Group may need to make within the framework of Public-Private Partnership and Private Finance Initiative contracts; these include any commitments to acquire interests in a special purpose entity formed for a particular project and subcontracting contracts with a minimum 5-year duration. Recommendations made by this working group are used by the Board in deciding whether to authorize the investments and issue any related guarantees.

The working group is chaired by Siân Herbert-Jones, Group Chief Financial Officer, and consists of four directors (Sophie Clamens, Robert Baconnier, Alain Marcheteau and Pierre Bellon) and also includes Michel Landel (Chief Executive Officer) and members of his staff, together with the operational managers who propose and will manage these projects. During the year, this working group met once to review the Group's commitments in connection with a PPP project in France.

8.1.2.6 BOARD MEETINGS DURING THE YEAR

Board meetings

The Board of Directors met seven times during Fiscal 2012 (either in person or *via* conference call, as provided for in Sodexo's bylaws), fulfilling the minimum requirement of four meetings per year as stated in the Internal Rules.

Date	Main items on the agenda	Attendance rate
September 13, 2011	Presentation by the Chief Executive Officer and Group senior management of the three-year plan covering the period 2011-2014. Approval of the Fiscal 2012 budget, the three-year plan and the 10-year financing plan.	100%
November 7, 2011	Approving the financial statements for Fiscal 2011 for publication. Finalizing the Board Report. Review of the annual earnings press release. Convening of and preparation for the Combined Shareholders' Meeting.	83%
December 13, 2011	Adoption of a new stock option plan.	100%
January 23, 2012	Business update for opening months of Fiscal 2012 and review of a proposed acquisition.	92%
March 6, 2012	Presentation concerning the integration of Puras do Brasil in Brazil. Presentation of the Benefits and Rewards Services activity. Business update for the first five months of Fiscal 2012 and review of a proposed acquisition. Presentation of the Group's communication strategy.	77%
April 17, 2012	Approval of the interim consolidated financial statements for the first half of Fiscal 2012 for publication. Approval of first half Fiscal 2012 report. Review of the first-half results press release.	85%
June 15, 2012	Presentation of the On-site Services activity in China. Review of key large international accounts.	85%

The Board of Directors decided that its September meeting would include a review not only of the annual budget but also of the largest entities' strategic plans. Plans not reviewed during the September meeting will be examined at subsequent Board meetings held during the fiscal year.

The average attendance rate at Board meetings during Fiscal 2012 was 89%.

Assessment of Board operating procedures

Since Fiscal 2004 and in compliance with its internal rules, the Board of Directors has regularly performed formal evaluations of its operating procedures. Up until Fiscal 2011, the evaluation was performed by one of the Board members based on individual questionnaires. During Fiscal 2011, a new assessment of the Board's operating procedures was performed, this time by an external consultant in February and March 2011, though individual interviews of each of the individual Board members.

The Board's operating procedures were generally considered satisfactory, the number of directors was deemed adequate and the work of the Audit Committee was judged to be excellent. Directors expressed their confidence in the work of the Nominating Committee and the Compensation Committee. It was suggested that the Board reinforce its international dimension and progressively renew its membership to bring in new expertise and better reflect the generations. In this regard, the election to the Board of Françoise Brougher at the 2012 Annual Shareholders' Meeting has expanded the range of expertise on the Board.

The new directors considered that they have been well received, but some felt that the induction process could be improved further. The necessary improvements naturally depend on the needs expressed by each new director. For example, after stating that she would like to better understand the Group's businesses, Françoise Brougher was invited to visit sites in several business segments in France and the United States. She considered that she was warmly welcomed during these visits.

All directors considered that the Board makes satisfactory use of their respective competencies.

Discussions at Board meetings were considered to be frank and open, with directors able to debate issues freely. However, some directors drew attention to the predominance of financial issues and would appreciate the occasional opportunity to discuss strategic topics related to market trends at greater length.

The directors unanimously expressed their confidence in the Chairman of the Board, the Chief Executive Officer and the management team. They expressed the wish for more systematic subsequent debriefing on the actual impacts of significant projects previously approved by the Board, such as acquisitions and investments.

In addition, the directors would also like to see more discussion of the organization and succession plans for Group senior managers, together with a detailed annual presentation of the human resources policy (including evaluation procedures, succession plans, and oversight of high-potential executives). In addition, some directors would appreciate being able to meet more frequently with the management team and high-potential executives.

To further improve its procedures, the Board now conducts a systematic assessment of all meetings at which strategic issues are discussed. In Fiscal 2012, a new questionnaire on strategic plans was prepared to help directors to participate more effectively in the strategic planning process and to improve the form and substance of management presentations to the Board. Three assessments were performed during the fiscal year.

8.1.2.7 ROLE OF THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

On September 1, 2005, the roles of the Chairman of the Board of Directors and the Chief Executive Officer were separated and Michel Landel became the Chief Executive Officer of Sodexo, succeeding Pierre Bellon.

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 Chairman of the Board. The Chief Executive Officer must obtain the prior consent of the Board to pledge corporate assets as collateral (for amounts exceeding 25 million euro for a duration of less than 5 years, for an amount exceeding 15 million euro per unit for a duration of between 5 and 10 years, and for all guarantees covering a longer period), or to bind the Company beyond specific limits as regards the acquisition of shareholdings exceeding 25 million euro per transaction, disposals of shareholdings exceeding 20 million euro per transaction, or additional medium and long-term borrowings exceeding 50 million euro. The Chief Executive Officer must also obtain the prior consent of the Board for decisions relating to the start-up 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.

In his role as Chief Executive Officer, Michel Landel is supported by an Executive Committee.

The Executive Committee had eight members as of August 31, 2012 (including Michel Landel).

The Executive Committee meets once a month, 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 implementation of these strategies once the Board has approved them. The Executive Committee tracks implementation of action plans, monitors business unit performance, and assesses the potential benefits of growth opportunities and the risks inherent in its business operations.

Additionally, the Group Chief Executive Officer is supported by a **Group Investment Committee** whose members comprise the Chief Executive Officer, the Group Chief Financial Officer and one or more than one of the Chief Operating Officers concerned, in order to consider, and approve:

- significant new contracts (corresponding to all new contracts with estimated annual revenues of higher than an amount between 25 and 45 million euro depending on the business unit);
- all plans to acquire shareholdings or any other plan to invest in property, plant and equipment or intangible assets exceeding an amount in the range of between 2 and 6 million euro, depending on the business unit, as well as cumulative over-runs of any investment budget approved at the beginning of the fiscal year; and
- disposals of shareholdings exceeding 1 million euro.

This Committee formally met ten times during Fiscal 2012 and its members also reviewed a number of time-sensitive items.

As of August 31, 2012, members of the Group Executive Committee were as follows:

- **Michel Landel,** Chief Executive Officer, member of Sodexo's Board of Directors and Executive Committee President;
- **Élisabeth Carpentier,** Group Executive Vice President and Chief Human Resources Officer;
- **George Chavel,** Group Chief Operating Officer, Chief Executive Officer, North America, On-site Services;
- **Pierre Henry,** Group Chief Operating Officer, Chief Executive Officer, Europe, On-site Services, President Benefits and Rewards Services and President Personal and Home Services;
- **Siân Herbert-Jones,** Group Executive Vice President and Chief Financial Officer;
- **Nicolas Japy,** Group Chief Operating Officer, Chief Executive Officer, Remote Sites, Chief Executive Officer Asia/Australia, On-site Services;
- **Aurélien Sonet,** Group Executive Vice President, Strategic Planning and Group Communications;
- **Damien Verdier,** Group Executive Vice President and Chief Marketing Officer responsible for Client Retention, Offer Marketing, Supply Chain and Sustainable Development.

The Executive Committee is supported by an International Committee comprising approximately 60 operational and staff managers representing the main segments and businesses of the Group. The International Committee assists the Executive Committee in identifying market trends and growth opportunities, both in general and for each customer segment. It translates strategic decisions into action plans and harnesses the teams necessary to their execution. Each member of is also expected share information and best practices, and to foster acceptance of the Group's values.

8.1.2.8 COMPLIANCE WITH THE AFEP-MEDEF CODE OF CORPORATE GOVERNANCE FOR LISTED COMPANIES

Currently, the term "independent director" has no definition in French law. However, the AFEP-MEDEF Code of Corporate Governance for listed companies specifies that *"a board member is independent if he or she has no relationship of any kind whatsoever with the Company, its group, or the management of either that is such as to compromise his or her judgment"*

Based on this definition, the Board of Directors considers that all Sodexo directors are independent insofar as considering them not to be independent would be tantamount to questioning their loyalty and integrity.

This is because the Board of Directors is a collegiate body that collectively represents all shareholders. Each Board member has a duty to act in the interest of all shareholders and in the corporate interest of Sodexo.

However, to comply with the criteria of director independence stated in the AFEP-MEDEF Code mentioned above, the Nominating Committee periodically provides the Board of Directors with a list of directors considered independent under those criteria.

Sodexo refers to the AFEP-MEDEF Code of Corporate Governance for listed companies, except for the following recommmandations:

AFEP-MEDEF Recommendations	Sodexo practice/Explanations
Independence criteria for board members (section 8.4 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.	The Board of Directors decided not to apply the independence criteria limiting board members' mandates to twelve years (with respect to Paul Jeanbart). In accordance with the advice of the Nominating Committee, the Board of Directors considers that such seniority is a positive factor for his knowledge of the Group, its history and its activities, and also that the ability to make independent decisions is the main criteria for a board member to be independent.
Composition of the nominating committee (section 15.1 of the Code) – This committee should have a majority of independent board members.	The Nominating Committee has two members qualified as independent, Patricia Bellinger (who chairs this Committee) and Peter Thompson. Nathalie Szabo and Pierre Bellon are also on this Committee. This composition is justified by the presence of the controlling shareholder, Bellon SA (holding company held by Pierre Bellon, the founder of Sodexo, and members of his family) in the Company's capital.
Composition of the compensation committee (section 16.1 of the Code) – This committee should not include any corporate officer and should have a majority of independent board members.	The Compensation Committee includes one independent member, Patricia Bellinger (who chairs this Committee), as well as Bernard Bellon and Pierre Bellon. This composition is justified by the presence of the controlling shareholder, Bellon SA (holding company held by Pierre Bellon, the founder of Sodexo, and members of his family) in the Company's capital. It should also be noted that Pierre Bellon has no operational position in the Group.
Termination of employment contract in case of appointment as a corporate officer (section 19 of the Code) – When an executive becomes a corporate officer of the company, he or she should terminate his or her employment contract with the company or related company.	At the recommendation of the Compensation Committee, the Board of Directors decided to retain Michel Landel's employment contract. His election to the board is considered to be a prolonging of the employment role he has had since joining the Group in 1984. The Compensation Committee considered it would be inequitable to call into question Michel Landel's retirement plan. Michel Landel was 60 years old as of August 31, 2012.This situation is regularly reviewed by the Compensation Committee and the Board of Directors.

8.1.2.9 ATTENDANCE OF SHAREHOLDERS AT THE SHAREHOLDERS' MEETING

Specific procedures pertaining to the participation of shareholders at the Shareholders' Meeting are indicated in article 16 of Sodexo's bylaws (included on pages 221 and 222 of this document).

8.1.2.10 INFORMATION THAT COULD HAVE A MATERIAL IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

The share ownership and voting rights in the Company, provided in the chapter on Legal Information, page 224 of this document, are considered to be the decisive factors among those referred to in article L.225-100-3 of the French Commercial Code.

8.1.3 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

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, it 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, which is intended to ensure:

- compliance with laws and regulations;
- the application of Group policies;
- the effectiveness of the Company's internal processes, notably those concerning the safeguarding of its assets;
- the reliability of 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.

8.1.3.1 STRATEGY, LONG-TERM OBJECTIVES AND OVERALL POLICIES OF THE GROUP

The Group's strategy, long-term objectives and overall policies, as defined at the outset by Pierre Bellon and subsequently adjusted over the years by the Board of Directors, the Chief Executive Officer and the Executive Committee, are presented at the start of each Annual Shareholders' Meeting. They are described on pages 2 to 7 of this Registration Document.

The Group's internal control procedures rely on these principles and on the related policies.

8.1.3.2 OVERALL POLICIES OF THE GROUP

Group policies support the strategic objectives mentioned in section 3.1 of this report and cover such areas as strategic planning, human resources development, finance, supply chain, customer focus, offer marketing, food safety and hygiene policy, sustainable development, internal audit and delegations of authority. They encompass five main themes: goals, policies, procedures, improvement metrics, and research and innovation.

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

During Fiscal 2012, senior management and the Board of Directors took steps to adapt the strategic planning process. The key objective was to simplify the process, aligning it more closely with the strategic planning needs of the Group's three activities (On-site Services, Benefits and Rewards Services and Personal and Home Services) and promoting increased input from operations staff at all levels.

Group strategy and objectives are discussed annually during the preparation of the three-year plan. The consolidated plan is presented to the Board of Directors by the Chief Executive Officer. The three-year plans of the various business units are presented to the Board of Directors by the members of the Executive Committee. During the plan preparation phases, the Group Executive Committee members hold regular discussions with the heads of the business units that report to them.

Once adopted, the consolidated plan and related action plans are used to prepare a consolidated budget that is submitted to the Board of Directors for approval, while the business unit plans prepared by the members of the Executive Committee serve as the basis for annual budgets approved by the Chief Executive Officer. The managers responsible for each budget are thus authorized to accept and sign off on the operating expenses provided for in their approved budget.

Human resources development policy

The Group's two 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.

The main human resources policies are focused on: the profile of Sodexo managers, Group organizational rules, succession planning for senior managers (including a review of senior management of the main business units, outside recruitment and internal promotion, administration of individual senior managers' careers), first impressions reports, international mobility, senior managers' further training, engagement surveys, 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.

Financial policies

The Group's financial objectives are twofold, namely:

To preserve the Group's financial independence, based on three simple principles:

- choosing low capital intensive activities, with average investment (excluding acquisitions) representing around 2% of revenue;
- 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 in order to guarantee the Group's financial independence.

Enhancing the attractiveness of Sodexo's stock to loyal, long-term shareholders.

This implies:

- combining profitable growth with efficient, competitive management;
- reliable accounting processes;
- clear reporting incorporating the performance measurement tools chosen by the Group: growth, client retention, consumer satisfaction, developing human resources including employee engagement rates, reducing employee turnover, internal promotion rates, executive training and career planning, procurement productivity, efficient management of overhead costs, continuously improving sustainable development performance, improving operating and net profitability, and increasing cash provided by operating activities;
- a control environment permitting good identification and management of risks, and compliance with regulations and the law.

Financial policies thus establish rules applicable to areas such as investment approvals, working capital management, cash management, financial borrowings, and the distribution of subsidiaries' profits.

These policies also set forth principles for maintaining accounting records, and stress the importance of the information provided by reporting entities, including financial projections. Each manager is accountable to ensure that such information is accurate, and that financial reporting and publication deadlines are met. He/she must also make sure that his/her teams are fully aware of these imperatives and that controls are in place to ensure that these objectives are met.

Group financial policies require all decisions involving external financing to be made by the Group Chief Financial Officer, Chief Executive Officer or the Board of Directors, depending on the amount and type of the transaction.

Consequently:

- substantially all borrowings must be at fixed rates of interest, or converted to fixed-rate using hedging instruments;
- currency risks on borrowings and foreign-currency loans to subsidiaries must be hedged.

The Group Finance Department prepares a 10-year funding 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, cash management activities, and the choice of financial counterparties.

Procurement policy

The objectives of the Group's supply chain function are spelled out in its Procurement Policy. The performance of Sodexo's purchasing teams in the main countries where Sodexo does business is measured through the "5 Star" program, which is used to improve our bargaining power with our suppliers. Products purchased are required to satisfy a number of predefined quality criteria in terms of food safety and traceability, and listed suppliers are audited regularly. Suppliers are required to sign a "Code of Conduct," and Purchasing function employees are trained to comply with the Group's "Integrity Principles".

Sustainable development policy

Since its creation in 1966, Sodexo's vocation has been to "Improve the Quality of daily Life". In 2003, the Group formalized a sustainable development strategy and policy. In 2009, the "Better Tomorrow Plan" for continuous improvement was developed. The strategy includes the following priorities:

- improve **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 that make health and wellness a priority. Sodexo employs 4,700 dieticians worldwide;
- support **social, economic, and environmental development in local communities:** participation in the development of local communities by hiring local staff as a priority, supporting the development of small businesses in the services rendered by Sodexo and increasing procurement of fairly traded products;
- **protect the environment** (reduce energy and water consumption and reduce food waste): purchase environmentally sound products, reduce water consumption, reduce energy use and CO_2 emissions, battle against waste and reduce waste materials.

Information systems and technologies policies

The **Information Systems and Technologies** Department has defined policies seeking to accelerate synergies, reduce the costs of the technical infrastructure and improve compatibility between the Group's information systems. The Information Systems and Technologies Governance Committee approves significant investments, monitors the progress of projects, and performs cost/benefit analyses of security standards and disaster recovery plans.

8.1.3.3 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 powers to the members of the Group Executive Committee, who themselves delegate to members of their executive teams.

Delegations of authority cover development, human resources, supply chain, investments and finance.

Delegations of authority are generally implemented *via* "accountability contracts" in the form of the three-year plan and annual budget, and must comply with the Group's general policies.

8.1.3.4 IMPROVEMENT METRICS

All progress can be measured. Accordingly, Sodexo has developed improvement metrics allowing for progress to be measured in five main areas: Development, Management, Supply Chain, Human Resources and Sustainable Development.

The Group Finance Department coordinates the process and monitors operational improvement metrics for activities and subsidiaries using a Group scorecard.

Making progress in these areas is critical for future growth in revenues and operating profit as well as operating cash flow.

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, 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 rates, etc.

Management metrics:

- contract profitability;
- profitability of the different client segments;
- gross operating margin and on-site costs;
- operating expenses (including Sales Department costs and general and administrative costs) by subsidiary, by client segment and by function.

Purchasing 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.

Human Resources metrics, including:

- employee engagement rate: the Group has targeted a level comparable to that of firms ranked as the best employers worldwide. As such, the level of employee engagement increased from 55% in 2010 to 57% in 2012, as determined by the most recent survey conducted in April 2012 of 130,000 employees in 60 countries. Sodexo's employee engagement rate has increased by 9 percentage points compared to the 2008 survey and 2 percentage points compared to that conducted in 2010. In addition, 85% of employees consider Sodexo a better employer than its competitors;
- employee retention for all personnel and for site managers. This rate was 60% overall in Fiscal 2012 and 85% for site managers;
- internal promotion, which is measured by the number of employees promoted to site manager, to a middle management or a senior management position; 2,738 staff members were promoted to a managerial position passing from one category to the next in Fiscal 2012;
- representation of women in senior management, with a target for women in senior management positions of 25% by 2015, versus 18% in 2009. This proportion reached 23% in 2012.

Sustainable development metrics:

During Fiscal 2012, work continued on defining improvement metrics concerning the Better Tomorrow Plan's 14 sustainable development commitments and implementing these commitments within all subsidiaries.

8.1.3.5 DESCRIPTION OF THE INTEGRATED RISK MANAGEMENT AND INTERNAL CONTROL PROCESS

Sodexo has put in place a procedure for the systematic identification 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.

Internal control procedures are rooted in the Group's values and policies, as defined by the Board of Directors, and its policies are implemented in each entity in consideration of local conditions.

The risk identification process is carried out in parallel at the central level for the Group, and locally

- The Group Executive Committee regularly updates its Group risk matrix and submits it to the Audit Committee and the Board of Directors.
- The Chief Executive Officers of the main Group subsidiaries identify the ten to fifteen main risks and rank them by order of importance, describe the controls in place in order to manage them, and evaluate their effectiveness.
- These local evaluations are aggregated at Group level and presented annually to the Audit Committee.

The Group is putting in place internal control procedures to manage newly identified risks.

The main risk factors to which the Group is exposed are described on pages 185 *et seq*. of this Registration Document.

The internal control procedures are part of an ongoing process of identifying, evaluating and managing the Group's risk exposures. This initiative covers the five components of the COSO (Committee of Sponsoring Organizations) (see glossary): 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). Strongly endorsed by the Chief Executive Officer and Group Chief Financial Officer, the initiative was approved by the Board of Directors and the Audit Committee, and also has the backing of the Group's Executive Committee.

The French "Financial Security Act" *(Loi sur la sécurité financière)* and the Sarbanes-Oxley Act in the United States have allowed Sodexo to make considerable progress in the area of internal control. Sodexo decided to seek a listing in the United States primarily in order to facilitate the participation of U.S. employees in employee share ownership plans. However, the increasingly international nature of the financial markets has removed the need for this U.S. listing. In addition, the high cost of this listing and low trading volumes justified Sodexo's voluntary delisting of its shares from the New York Stock Exchange and related deregistration from U.S. stock market regulations in 2007. However, Sodexo is committed to maintaining its investment in internal controls in a context of continuous improvement.

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 in subsidiaries and at Group level; and
- independent testing of the effectiveness of these control points, by independent persons.

A very large number of Group subsidiaries representing more than 95% of Sodexo's revenues prepare a detailed report (Company Level Control Report) on their control environment, described in accordance with the five COSO components, and including an evaluation of the subsidiary's principal risks, a description of risk management measures, and an assessment of their effectiveness.

The most significant Group subsidiaries together representing more than 90% of Group revenues, go beyond this initial phase, and evaluate the effectiveness of their controls. Some of these controls are also subject to effectiveness tests performed by independent persons (generally by internal auditors).

Sodexo has developed a risks and control framework. In this framework, Group activities have been segmented into eleven significant processes: Revenues and Receivables, Purchases and Payables, Human Resources, Treasury, Inventories, Property, Plant and Equipment and Intangible Assets, Legal and Regulatory, Information Systems and Technologies, Finance, Benefits and Rewards Services Operations, and Health and Safety. For each of these processes, the framework includes several control proposals for each of the major risks. Each subsidiary is then responsible for implementing and evaluating the effectiveness of those controls that it considers best able to reduce its risks, in coordination with its business unit and the Group.

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. More than 1,260 controls in 14 main areas were independently tested in different subsidiaries. Two-thirds of these controls were considered satisfactory and confirmed actual progress; action plans were established for the other third.

At the end of Fiscal 2012, Sodexo enhanced its internal control guide notably in the areas of data privacy and subcontractor management. In addition, the subsidiaries' internal control self-assessment process was modified with the introduction of more qualitative criteria to assess the maturity of their internal control systems.

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.

The production and analysis of financial information is conducted through a collection of procedures put in place at both operational sites and in the Group and subsidiaries' Finance Departments.

The subsidiaries' 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 produce quarterly projections for the full year.

At the end of the first half, the external auditors conduct a limited review of the interim financial statements for the most significant subsidiaries.

At the end of the fiscal year, the Chief Executives and Chief Financial Officers of the business units 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 subsidiaries express a view on these financial statements in connection with the mission referred to them by the Group auditors. The Group Finance Department ensures that the accounting treatments applied by all subsidiaries are compliant with Group rules. Financial statements are consolidated on a monthly basis by the Group Finance Department.

At the end of the first half and at the fiscal year-end, 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. During Fiscal 2012, the Group also closely tracked its cash position and days' sales outstanding (DSO) ratios.

The Group continues to reinforce its finance teams in its subsidiaries as well as in the Group Finance Department. This reinforcement includes the strengthening of resources with technical expertise in the area of financial reporting. As a result of these efforts as well as the deployment of a new web-based financial reporting system, the Group Finance Department has brought forward the publication of the annual results by 20 days over the last few years. The ability to meet reporting deadlines, and the quality and reliability of financial information, are factors in assessing the performance of managers, especially that of the Chief Executive Officers and Chief Financial Officers of the Group's subsidiaries.

Monthly operational and financial reporting (comprising improvement metrics for client retention, sales development and revenue growth on existing comparable sites) is discussed within each business unit by its Chief Operating Officer and Executive Committee and is then presented to the Group Executive Committee, and then to the Chairman of the Board of Directors. In addition, Quarterly Reviews with each of the Group's business units give the Group's Chief Executive Officer and Chief Financial Officer insight into performance trends for the business unit or subsidiary 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; and commitments under call or put options, etc.

Procedures for identifying these commitments include:

- periodic reviews of the minutes of the Annual Shareholders' Meeting and meetings of the Board of Directors of the subsidiary for follow up on contractual commitments, litigation and authorizations for and disposals of assets;
- reviews with risk management executives and insurance company agents and brokers with whom the subsidiary has contracted insurance to cover risks related to its conditional obligations;
- reviews with banks and financial institutions of sureties and guarantees;
- reviews with internal and external legal counsel of litigation and legal procedures, as well as the measurement of any related contingent liabilities;
- examination of transactions with related parties concerning guarantees and other commitments made or received.

The Group Legal Department (which is part of the Group Finance Department) and legal teams at local levels are required to work pro-actively with the operational teams, and oversee compliance with legal requirements. They also ensure that contractual negotiations are handled in a balanced manner, and that risks pertain solely to contractual obligations for services and are limited in value and duration.

The Group Insurance Department works closely with the relevant executives in the subsidiaries to:

- put in place insurance coverage to protect the interests of the Group;
- identify and evaluate the key risk exposures 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; and
- achieve the appropriate balance between risk retention (self-insurance) and the insurance market in covering the potential financial consequences of Sodexo's risk exposure.

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. Press releases announcing the interim and annual results 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 Group corporate functions reviews all financial information prior to publication. Members include the managers responsible for Consolidation, Financial Control, Accounting, Financial Communications, Legal, Human Resources, Sustainable Development and Communications.

8.1.3.6 GROUP INTERNAL AUDIT DEPARTMENT

The Senior Vice President and director of Internal Audit Reports directly to the Chairman of the Board, thus ensuring Group Internal Audit's independence within the organization. The Internal Audit Director and the Chairman of the Board meet on a monthly basis. The Internal Audit Director works closely with the Chairman of the Audit Committee, holding informal meetings (approximately four times per year).

The Internal Audit Department performs internal audits of Group entities based on an Internal Audit Plan. A review of potential risks, conducted by the Chairman of the Board of Directors, the Group Chief Executive Officer, the Group Chief Financial Officer and the Internal Audit Director (with input from the external auditors and the Executive Committee), is used to prepare an annual list of organizational structures, subsidiaries, and issues eligible for internal audit. The Audit Committee reviews and approves this annual audit plan.

The responsibilities of the Internal Audit Department include:

- 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; and
- helping to assess subsidiaries' 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 Chairman of the Board, the Audit Committee, the Chief Executive Officer or the Executive Committee.

Most (94%) of the Group Internal Audit Plan approved by the Audit Committee at the start of Fiscal 2012 was completed during the year. The Group Internal Audit Department, with an average of 25 staff, conducted 152 audits in 42 countries. In addition to this central team, some 50 operational controllers report to the Finance Directors who report to the Chief Operating Officers, with about half of them based in the United States, and reporting functionally to the Group Internal Audit Department. This allows the Group Internal Audit Department to co-ordinate their work and provide technical assistance.

The Internal Audit Department regularly tracks implementation of post-audit action plans by Group companies. 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 Chairman of the Board and the Audit Committee. Further progress was achieved in following up recommendations in Fiscal 2012. All audits are followed up on the ground within a maximum of 12 months.

For years prior to Fiscal 2011, more than 89% of recommendations were implemented by the subsidiary management. For Fiscal 2012, of the 2,023 recommendations made by the Group Internal Audit Department, 26% have already been implemented and 74% are addressed in an action plan. The Audit Committee does not accept any refusal by a subsidiary to implement an internal audit recommendation.

The Group Internal Audit Department also conducts an independent evaluation of internal control, providing an objective and independent evaluation of the controls documented and performed by management.

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.

At the second *"Trophées du Contrôle Interne"* awards in December 2011, Sodexo won the prize for the "Best contribution by the internal auditors" to risk management and internal control systems. Organized by BearingPoint in partnership with *Institut français de l'audit et du contrôle interne* (IFACI), the *"Trophées du Contrôle Interne"* represent professional recognition of the companies that have set up the best overall risk management and internal control systems. Sodexo was singled out for the effectiveness of its strategy to strengthen best practices.

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 subsidiaries.

In the preparation of this report, and in compliance with the recommendation issued by the French securities regulator, the *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.

Pierre Bellon
Chairman of the Board of Directors

8.1.4 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE (*"CODE DE COMMERCE"*), ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF SODEXO S.A

For the year ended August 31, 2012

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

To the shareholders,

In our capacity as Statutory Auditors of Sodexo S.A., and in accordance with Article L.225-235 of the French Commercial Code ("*Code de commerce*"), we hereby report to you on the report prepared by the Chairman of your company in accordance with article L.225-37 of the French Commercial Code for the year ended August 31, 2012. It is the Chairman's responsibility to prepare and submit to the approval of the Board of Directors a report describing the internal control and risk management procedures implemented by the company and providing the other information required by article L.225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that this report sets out the other information required by article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with the provisions of article L.225-37 of the French Commercial Code.

OTHER INFORMATION

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris La Défense, November 7, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG S.A.
Yves Nicolas	Isabelle Allen

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 users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

8.2 Other information concerning the Corporate Officers and Senior Management of the Company

Family relationships within the Board of Directors are as follows:

- Astrid Bellon, Sophie Clamens, Nathalie Szabo and François-Xavier Bellon (directors) are the children of Pierre Bellon, Chairman of the Board of Directors;
- Bernard Bellon (director) is the brother of Pierre Bellon.

There are no other family relationships between members of the Board of Directors and members of the Executive Committee of Sodexo.

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:

- Pierre Bellon and his four children control 68.5% of Bellon SA (with agreements preventing them from selling their shares to third parties), which in turn holds 37.71% of the share capital of Sodexo;
- Bernard Bellon, with other members of his family, holds 13% 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 to act as a Board member, a Supervisory Board member, or a member of senior management of an issuer, or to participate in the management or business affairs of an issuer.

As required under article 223-26 of the AMF's General Rules, transactions in Company shares by management and persons concerned by article L.621-18-2 of the French Monetary and Financial Code were as follows during Fiscal 2012:

- Michel Landel, Chief Executive Officer, exercised 63,045 stock options on December 16, 2011 for an exercise price of 34.83 euro per share and immediately sold the corresponding shares for 52.19 euro each;
- Bellon SA (a company with close ties to Pierre Bellon, Astrid Bellon, Bernard Bellon, François-Xavier Bellon, Sophie Clamens and Nathalie Szabo, directors of Sodexo SA) carried out two refinancing transactions, on November 15, 2011 and August 30, 2012 respectively, for a total of 370 million euro. Each transaction comprises a forward sale contract that may be settled in cash or in shares at Bellon SA's option and an equity swap with Sodexo shares as the underlying. The equity swap does not modify Bellon SA's exposure to changes in the Sodexo share price. These transactions allowed Bellon SA to refinance borrowings that were becoming due and to extend the maturities of its debt.

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:

- the presence of six independent directors among the thirteen members of the Board of Directors as of August 31, 2012;

- the existence of three Board Committees that include independent directors among their members;
- the separation of the roles of Chairman of the Board and Chief Executive Officer. Effective September 1, 2005, Michel Landel – neither a member of Pierre Bellon's family, nor a corporate officer of Bellon SA – succeeded Pierre Bellon as Chief Executive Officer of Sodexo. Pierre Bellon remained as Chairman of the Board;
- 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 on page 224 of this document). Further, since 1991 a service agreement between Bellon SA and Sodexo has been in operation whereby Bellon SA provides assistance and advice in areas including strategy, finance, accounting and human resources, either directly or *via* qualified experts; in return for its services, Bellon SA receives fees that are approved annually by the Board of Directors of Sodexo. As specified in the service agreement, these fees are calculated on a cost-plus basis with a 5-percent mark-up. The amount paid for Fiscal 2012 was 6.2 million euro excluding VAT.

REGULATED RELATED-PARTY AGREEMENTS

- The Special Report of the Auditors on regulated related-party agreements approved by the Shareholders' Meeting in prior years and applicable during Fiscal 2012, is presented on pages 216 and 217 of this document.
- The Company is not aware of any service contract (other than employment contracts) between a Corporate Officer and the Company or one of its subsidiaries granting benefits over the term of such contract.

8.3 Compensation

The disclosures within this document comply with the recommendations contained in the April 2010 AFEP-MEDEF Code of Corporate Governance for listed companies, and with the December 22, 2008 recommendation of the *Autorité des marchés financiers* (AMF – Financial Markets Authority) (regarding the disclosure of corporate officers' compensation in Registration Documents) and with the February 9, 2012 AMF recommendation (regarding corporate governance and corporate officers' compensation for companies refering to the AFEP-MEDEF Code).

8.3.1 COMPENSATION OF THE CORPORATE OFFICERS

8.3.1.1 COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Pierre Bellon receives no compensation or benefits in kind for his duties as Chairman of the Board of Directors of Sodexo SA. However, Sodexo provides the Chairman of the Board of Directors the use of a car, an office and administrative assistance. In addition, Pierre Bellon will not receive any payment upon expiration of his corporate appointment. No free shares or stock options have been granted to him.

COMPENSATION PAID TO THE CHAIRMAN OF THE BOARD OF DIRECTORS

Pierre Bellon Chairman of the Board of Directors *(in euro)*	Fiscal 2012 Gross amounts before tax due for fiscal year	Fiscal 2012 Gross amounts before tax paid in the fiscal year	Fiscal 2011 Gross amounts before tax due for fiscal year	Fiscal 2011 Gross amounts before tax paid in the fiscal year
Fixed compensation	-	-	-	-
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Director's fees paid by Sodexo SA in his capacity as Chairman of the Board of Directors	52,680	52,680	50,780	50,780
Fringe benefits	-	-	-	-
For information, amounts paid by Bellon SA in his capacity as Chairman of the Supervisory Board:				
• Fixed compensation	70,000	70,000	70,000	70,000
• Director's fees	200,000	200,000	200,000	200,000
TOTAL	**322,680**	**322,680**	**320,780**	**320,780**

SUMMARY OF COMMITMENTS TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2012

	Employment contract		Supplemental retirement plan		Actual or potential liability for compensation or benefits resulting from termination or change of position		Compensation in connection with a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Bellon								
Chairman of the Board of Directors								
First elected: Nov. 14, 1974		X		X		X		X
Current term expires: 2013 Annual Shareholders' Meeting								

8.3.1.2 CHIEF EXECUTIVE OFFICER'S COMPENSATION

Michel Landel receives no payment for the performance of his duties as Chief Executive Officer of Sodexo SA. However, under his employment contract with Bellon SA his compensation package comprises:

- a fixed salary;
- an annual performance bonus of up to 100% of his fixed salary conditional upon fulfillment of all of the targets set, and up to 150% of his fixed salary if quantitative targets are exceeded. This bonus is based on a specific set of criteria and objectives whose selection and weighting are proposed each year by the Compensation Committee and approved by the Board of Directors. 80% of the bonus depends on quantitative targets based on the Group's financial performance in the course of the fiscal year elapsed, with all such payments being subject to the achievement of a minimum performance level. These quantitative targets include organic revenue growth, an increase in operating income and Group net income, as well as free cash flow. The level required for each is specifically set at the beginning of the fiscal year, but is not made public for reasons of confidentiality. The remaining 20% depends on personal targets set at the start of the fiscal year and related to the implementation of the strategy of the Group the details of which are not made public for reasons of confidentiality. The bonus is calculated and paid after the close of the fiscal year to which it applies and the related audit of the financial statements;
- a long-term incentive plan consisting of stock options. In this regard, Michel Landel has agreed not to use hedging instruments on any stock options granted to him during the term of his mandate. As disclosed on page 274 of this document, Michel Landel was granted 135,000 stock options on December 13, 2011, representing 6.60% of the total number of options granted. The vesting of these options is subject to the achievement of an annual increase in Group net income of at least 6% over three years at constant currency exchange rates. In addition, and under article L.225-185 of the French Commercial Code, Michel Landel is required to hold a number of shares resulting from the exercise of these options equal in value to 30% of his base salary at the date of exercise of the said options for the duration of his mandate.

The amounts paid in Fiscal 2012 for the above components, including measurement of the value of the stock options granted, are shown in detail in the accompanying tables.

In the event of incapacity, disability or death, the benefits paid to Michel Landel will be based on his total monetary compensation.

In addition, Michel Landel is a beneficiary of the defined benefit pension plan established for the most senior executives employed by a french company of the Group (see page 274 of this document).

SUMMARY OF COMPENSATION PAID TO THE CHIEF EXECUTIVE OFFICER

Michel Landel Chief Executive Officer *(in euro)*	Fiscal 2012		Fiscal 2011	
	Gross amounts before tax due for fiscal year	Gross amounts before tax paid in the fiscal year	Gross amounts before tax due for fiscal year	Gross amounts before tax paid in the fiscal year
Fixed compensation	933,400	933,400	913,650	913,650
Variable compensation	933,400(1)	1,358,149(3)	913,650(1)	1,359,315(2)
Exceptional compensation	-	-	-	-
Director's fees(4)	-	-	-	-
Fringe benefits(5)	2,376	2,386	2,376	2,376
TOTAL(6)	**1,869,176**	**2,293,935**	**1,829,676**	**2,275,341**

(1) Theoretical amount of the variable portion assuming targets are met up to 100%.
(2) Variable compensation represents the bonus paid for Fiscal 2010 and was 150% of fixed compensation for that fiscal year (quantitative objectives were exceeded).
(3) Variable compensation represents the bonus paid for Fiscal 2011 and was 144% of fixed compensation for that fiscal year (quantitative objectives were exceeded) plus travel indemnities that vary depending on the countries visited and the length of stay.
(4) Michel Landel is not paid a director's fee for his Directorship of Sodexo SA.
(5) Michel Landel has the use of a company car.
(6) The different components of Michel Landel's compensation are paid to him in full by Bellon SA for the employment contract between him and that company.

SUMMARY OF COMPENSATION PAID AND STOCK OPTIONS GRANTED TO THE CHIEF EXECUTIVE OFFICER

Michel Landel Chief Executive Officer *(in euro)*	Fiscal 2012	Fiscal 2011
Compensation due for current fiscal year	1,869,176	1,829,676
Measurement of options granted during the fiscal year(1)	1,496,515	1,422,927
TOTAL	**3,365,691**	**3,252,603**

(1) Details of options granted in Fiscal 2012 are disclosed on page 274 of this document. Options granted are measured at fair value at grant date, estimated using a binomial type model that takes account of the terms and conditions on which the options were granted together with assumptions regarding exercise of the options (see note 4.23 to the consolidated financial statements). These options are recognized over a period of four years.

SUMMARY OF COMMITMENTS MADE TO THE CHIEF EXECUTIVE OFFICER AS OF AUGUST 31, 2012

	Employment contract		Supplemental retirement 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 Chief Executive Officer Date appointed: January 9, 2005 No fixed term	X		X		X			X

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Employment contract

Based on the recommendation of the Compensation Committee, the Board of Directors has decided to maintain Michel Landel's employment contract. This situation is reviewed on a regular basis by the Compensation Committee and the Board of Directors. His mandate is considered to be a continuation of the salaried activities he has carried out since entering the Group in 1984. The Compensation Committee considered it would be inequitable to call into question his retirement plan. Michel Landel was aged 60 at August 31, 2012.

Michel Landel receives compensation under his employment contract with Bellon SA. He receives no payment for the performance of his duties as Chief Executive Officer. However, he has stock options and would receive an indemnity in case of termination of his Chief Executive Officer mandate subject to the conditions described below. Contractual indemnities may not be cumulated in case of termination of his employment contract and the ending of his mandate.

Supplemental retirement plan

Michel Landel's supplemental retirement plan provides for payment of a pension amounting to 14% of his average fixed salary paid to him during the three years preceeding his retirement, to which are added the pensions due him under compulsory retirement plans, provided that he is employed by the Company at the time of his retirement. The cumulative liability for Michel Landel as of August 31, 2012 was 2,230,519 euro.

Compensation in the event of termination of appointment as Chief Executive Officer

As decided by the Board of Directors on November 6, 2008 and ratified by the combined general Shareholders' Meeting of January 19, 2009, in compliance with the procedure governing related party agreements, Michel Landel is entitled to compensation in the event of termination of his appointment as Chief Executive Officer (excluding voluntary termination or retirement and unless revoked for cause), for which a payment will be made to him in an amount equal to twice the gross annual compensation (fixed and variable) received during the 12 months preceding the termination. The payment of the indemnity in the case of termination of the Chief Executive Officer appointment will only be made if, at constant consolidation scope and currency exchange rates, the annual increase in the Sodexo Group's consolidated operating income is equal or higher than 5% for each of the three fiscal years ended prior to the termination of the appointment.

STOCK OPTIONS GRANTED TO THE CHIEF EXECUTIVE OFFICER IN FISCAL 2012

	Date of plan	Type of options	Value of options(1) *(in euro)*	Number of options granted in the fiscal year	Exercise price *(in euro)*	Vesting period(2)
Michel Landel Chief Executive Officer	December 13, 2011	Purchase options	1,496,515	135,000(3)	51.40	December 13, 2015 December 12, 2018

(1) Options granted are measured at fair value at grant date, estimated using of a binomial type model that takes account of the terms and conditions on which the options were granted together with assumptions regarding exercise of the options (see note 4.23 to the consolidated financial statements).
(2) Terms and conditions of exercise are described in the table on page 284 of this document.
(3) Representing 0.086% of capital.

STOCK OPTIONS EXERCISED BY THE CHIEF EXECUTIVE OFFICER IN FISCAL 2012

	Date of plan	Number of options exercised in the fiscal year(1)	Exercise price(1)
Michel Landel Chief Executive Officer	January 10, 2006	63,045	€34.83

(1) Number of options and exercise price adjusted for capital transactions carried out since the grant date.

8.3.2 COMPENSATION OF NON-EXECUTIVE DIRECTORS

The non-executive directors are the members of the Board of Sodexo, excluding the Chairman of the Board and the Chief Executive Officer.

8.3.2.1 DIRECTORS' FEES PAID TO NON-EXECUTIVE DIRECTORS

The total amount of directors' fees available for payment to the directors of Sodexo for Fiscal 2012 was set at 580,000 euro by the Combined Shareholders' Meeting of January 23, 2012. The total amount of directors' fees actually paid to all directors (directors, executive and non-executive corporate officers) for Fiscal 2012 was 526,120 euro, as compared to 474,515 euro for Fiscal 2011.

Directors' fees were calculated and paid in accordance with the Board's Internal Rules, based on the following criteria established for Fiscal 2012:

- **19,600** euro fixed fee to each director;
- **1,960** euro per attendance at Board meetings;
- **6,150** euro fixed fee to each member of a Board Committee (this amount is doubled for the Chairman of the Audit Committee);
- **850** euro per attendance at Committee meetings;
- directors traveling from the United States receive a travel allowance of 1,000 euro per Board meeting attended.
- a lump sum of 35,000 euros has been granted to Patricia Bellinger for specific work performed in connection with her chairmanship of the Compensation Committee and the Nominating Committee.

Directors' fees paid to non-executive corporate officers in office as of August 31, 2012 for Fiscal 2011 and Fiscal 2012 were as follows:

Members of the Board of Directors (other than the Chairman of the Board of Directors and the Chief Executive Officer)	Fiscal 2012 *(in euro)*	Fiscal 2011 *(in euro)*
Robert Baconnier	51,830	51,610
Patricia Bellinger	90,720	50,960
Astrid Bellon	29,400	34,380
Bernard Bellon(1)	44,980	43,950
François-Xavier Bellon	35,280	34,380
Françoise Brougher	21,640	N/A
Sophie Clamens	44,830	40,950
Paul Jeanbart	31,360	36,290
Alain Marcheteau	45,680	45,610
Nathalie Szabo	43,130	43,120
Peter Thompson	35,590	31,560

(1) This total includes 2,000 euro in directors' fees paid by Bellon SA in Fiscal 2011 and Fiscal 2012 for his appointment as member of the Supervisory Board of Bellon SA.

8.3.2.2 COMPENSATION PAID TO NON-EXECUTIVE DIRECTORS

No stock options have been granted to Non-Executive Directors, and they are not eligible for any supplemental retirement plan or compensation or benefits potentially resulting from the assumption, termination or change of duties.

	Fiscal 2012 *(in euro)*			Fiscal 2011 *(in euro)*		
	Total annual compensation			Total annual compensation		
	Fixed	Variable[(1)]	Fringe benefits	Fixed	Variable[(1)]	Fringe benefits
Astrid Bellon[(2)]	97,296	-	-	97,296	-	-
François-Xavier Bellon[(2)]	97,296	-	-	97,296	-	-
Sophie Clamens[(3)]	294,304	33,672	2,940	287,699	25,271	2,940
Nathalie Szabo[(4)]	272,711	-	4,015	239,808	-	3,785
Patricia Bellinger[(5)]	39,650			34,600	-	-

(1) Variable compensation is conditioned upon meeting quantitative and qualitative targets.
(2) Compensation paid for membership on the Management Board of Bellon SA.
(3) Compensation paid for her position as Chair of the Management Board of Bellon SA (157,63 6euro for Fiscal 2011 and 164,304 euro for Fiscal 2012) and for her position as Chief Executive Officer of Sodexo France Corporate (155,334 euro for Fiscal 2011 and 163,672 for Fiscal 2012). Sophie Clamens has the use of a company car.
(4) Compensation paid for her membership of the Management Board of Bellon SA (140,632 euro for Fiscal 2011 and 147,300 euro for Fiscal 2012) and for her position as Chief Executive Officer of Sodexo Prestige (99,176 euro for Fiscal 2011 and 125,411 euro for Fiscal 2012). Nathalie Szabo has the use of a company car.
(5) Compensation paid for her membership of the Business Advisory Board of Sodexo Inc. in the United States (USD 50,000).

8.3.3 EXECUTIVE COMMITTEE COMPENSATION

The compensation of members of the Executive Committee comprises a fixed salary and an annual performance-based bonus, plus, where applicable, a medium-term incentive bonus, intended to compensate the achievement of ambitious earnings objectives over a period of three consecutive fiscal years. Only members of Group management having a significant impact on the realization of strategic objectives are eligible for this medium term plan.

Depending on the manager, the annual performance-based bonus represents between 60 and 100% of the fixed salary, conditional upon fulfillment of targets, and may be increased to 150% if quantitative targets are exceeded. For operational managers, 75% of this bonus depends on fulfillment of financial performance targets in the fiscal year elapsed, either by the Group or by the operating entity under the executive's management. The remaining 25% depends on qualitative targets linked to key indicators such as customer retention and diversity. For managers in staff functions, 30% to 50% of the bonus depends on fulfillment of financial performance targets by the Group in the fiscal year elapsed; 20% depends on the implementation of strategic initiatives steered at Group level by the functions concerned; and 30% to 50% on individual qualitative targets.

The bonus is calculated and paid following the close of the fiscal year to which it applies and after completion of the audit of the financial statements.

In addition to this monetary compensation, Executive Committee members receive fringe benefits (primarily, a car), and retirement plan contributions for members under employment contract with one of the Group's foreign companies.

Total compensation paid by the Group to members of the Executive Committee in their position as of August 31, 2012 (including the Chief Executive Officer, details of whose compensation are provided on page 272 of this document), amounted to 8,841,445 euro. This amount comprises a fixed portion of 4,155,722 euro, a variable portion of 4,655,481 euro (comprising bonus payments for Fiscal 2011 and travel indemnities which vary depending on the countries visited and the length of stay), and 30,242 euro of contributions to the above-mentioned retirement plans.

8.3.3.1 STOCK OPTION POLICY

The Group's executive stock option policy has two objectives:

- linking the financial interests of executives to those of the shareholders;
- attracting and retaining the entrepreneurs needed to expand and strengthen its market leadership.

Stock options are not granted to members of the Board of Directors, with the exception of the Chief Executive Officer. Sodexo is in compliance with the conditions of article L.225-186-1 of the Commercial Code concerning the granting of stock options to Corporate Officers.

The stock option plans satisfy the following rules:

- options are generally granted at the same time of the year and their exercise price is not discounted;
- option lives are six to seven years;
- vesting of options is subject to conditions regarding effective presence of the beneficiary in the Sodexo Group and, for plans subsequent to 2007, to the achievement of an annual increase in Group net income of at least 6% over three years at constant currency exchange rates. However, this latter condition applies only to a certain portion of the stock options granted to each beneficiary (between 0 and 50%, except for the Chief Executive Officer, whose grant is wholly subject to the performance condition), the remainder of the options vesting in equal increments over 4 years. It should be noted that the performance condition included in each of the stock option plan documents, for the January 19, 2009 and January 11, 2010 grants, was attained as of the close of Fiscal 2011 and Fiscal 2012, respectively.

Sodexo stock options granted to employees

The Annual Shareholders' Meeting regularly grants authority to the Board of Directors to purchase Sodexo shares for the purpose of granting them to employees under stock option plans.

The number of unexercised stock options issued by the Company in connection with various plans still in effect as of August 31, 2012 was 6,816,539 for a total amount of 311,571,747 euro (see table below for details). The number of options exercisable as of August 31, 2012 was 2,013,706 options, each entitling the holder to one Sodexo share if exercised.

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
February 3, 2004	January 10, 2006 (A)	562,600	63,000	January 10, 2007
February 3, 2004	January 10, 2006 (B)	399,802		January 10, 2007
February 3, 2004	January 10, 2006 (C)	5,050		January 10, 2007
January 31, 2006	January 16, 2007 (A1)	502,600	90,000*	January 16, 2008
January 31, 2006	January 16, 2007 (A2)	337,600		January 16, 2008
January 31, 2006	January 16, 2007 (B)	500,000		January 16, 2008
January 31, 2006	January 16, 2007 (C)	4,500		January 16, 2008
January 31, 2006	April 24, 2007 (A1)	20,000		April 24, 2008
January 31, 2006	April 24, 2007 (A2)	1,600		April 24, 2008
January 31, 2006	September 11, 2007 (B)	40,000		September 11, 2008
January 31, 2006	January 7, 2008 (A1)	619,300	100,000*	50% of the options: January 7, 2009 50% of the options: July 1, 2011(4)
January 31, 2006	January 7, 2008 (A2)	451,700		50% of the options: January 7, 2009 50% of the options: January 7, 2011(4)
January 31, 2006	January 7, 2008 (B)	555,200		50% of the options: January 7, 2009 50% of the options: January 7, 2011(4)
January 31, 2006	September 9, 2008 (A1)	30,000		50% of the options: September 9, 2009 50% of the options: September 9, 2011(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 U.S.
(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, and for plans granted in 2008 due to non-fulfilment of performance conditions, as specified in the rules governing the plans.
** Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Corporate Officer (mandataire social) granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2012	Cumulative number of options cancelled[5]	Options outstanding as of Aug. 31, 2012
January 9, 2012	34.83	25% at each anniversary date	485,780	77,270	0
January 9, 2012	34.83	25% at each anniversary date	374,779	25,413	0
January 9, 2012	34.83	25% at each anniversary date	5,054	0	0
January 15, 2014	47.82	25% at each anniversary date	198,172	49,566	254,870
January 15, 2013	47.82	25% at each anniversary date	248,612	55,868	30,914
January 15, 2013	47.82	25% at each anniversary date	373,006	48,142	78,260
January 15, 2013	47.82	25% at each anniversary date	0	4,504	0
April 23, 2014	55.36	25% at each anniversary date	20,014	0	0
April 23, 2013	55.36	25% at each anniversary date	0	0	1,602
September 10, 2013	47.17	25% at each anniversary date	40,028	0	0
January 6, 2015	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	99,925	346,713	173,168
January 6, 2014	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	134,109	264,333	53,662
January 6, 2014	42.27	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	165,568	296,347	93,669
September 8, 2015	45.56	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	0	15,000	15,000

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
January 31, 2006	September 9, 2008 (A2)	15,000		50% of the options: September 9, 2009 50% of the options: September 9, 2011[4]
January 31, 2006	January 19, 2009 (A1)	631,575	100,000*	50% of the options: January 19, 2010 50% of the options: January 19, 2012[4]
January 31, 2006	January 19, 2009 (A2)	447,225		50% of the options: January 19, 2010 50% of the options: January 19, 2012[4]
January 31, 2006	January 19, 2009 (B)	545,100		50% of the options: January 19, 2010 50% of the options: January 19, 2012[4]
January 19, 2009	January 11, 2010 (A1)	553,450		50% of the options: January 11, 2011 50% of the options: January 11, 2013[4]
January 19, 2009	January 11, 2010 (A2)	482,250		50% of the options January 11, 2011 50% of the options: January 11, 2013[4]
January 19, 2009	January 11, 2010 (A3)	100,000	100,000*	100% of the options: January 11, 2013[4]
January 19, 2009	January 11, 2010 (B)	564,000		50% of the options: January 11, 2011 50% of the options: January 11, 2013[4]
January 19, 2009	December 13, 2010 (A1a)	63,650		December 13, 2011
January 19, 2009	December 13, 2010 (A1b)	282,650		70% of the options December 13, 2011 30% of the options: December 13, 2013[4]

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(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 U.S.
(2) Total number of options granted by the Board of Directors at grant date.
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(5) Total number of options cancelled as a result of departure of beneficiaries, and for plans granted in 2008 due to non-fulfilment of performance conditions, as specified in the rules governing the plans.
** Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Corporate Officer (mandataire social) granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2012	Cumulative number of options cancelled[5]	Options outstanding as of Aug. 31, 2012
September 8, 2014	45.56	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	5,625	7,500	1,875
January 18, 2016	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	3,561	46,826	581,188
January 18, 2015	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	175,592	67,267	204,366
January 18, 2015	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	267,642	22,767	254,691
January 10, 2017	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	87	33,350	520,013
January 10, 2016	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	45,637	32,978	403,635
January 10, 2017	39.88	100% at the 3rd anniversary date[4]	0	0	100,000
January 10, 2016	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	80,050	20,775	463,175
December 12, 2017	48.37	25% at each anniversary date	0	4,000	59,650
December 12, 2017	48.37	17.5% at each anniversary date 30% at the 3rd anniversary date[4]	0	8,900	273,750

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
January 19, 2009	December 13, 2010 (A1c)	219,000		50% of the options December 13, 2011 50% of the options: December 13, 2013(4)
January 19, 2009	December 13, 2010 (A2a)	50,850		December 13, 2011
January 19, 2009	December 13, 2010 (A2b)	388,850		70% of the options December 13, 2011 30% of the options: December 13, 2013(4)
January 19, 2009	December 13, 2010 (A2c)	53,000		50% of the options December 13, 2011 50% of the options: December 13, 2013(4)
January 19, 2009	December 13, 2010 (A3)	120,000	120,000*	100% of the options: December 13, 2013(4)
January 19, 2009	December 13, 2010 (Ba)	50,000		December 13, 2011(4)
January 19, 2009	December 13, 2010 (Bb)	453,700		70% of the options December 13, 2011 30% of the options: December 13, 2013(4)
January 19, 2009	December 13, 2010 (Bc)	53,000		50% of the options December 13, 2011 50% of the options: December 13, 2013(4)
January 19, 2009	December 13, 2011 (A1a)	57,150		December 13, 2012
January 19, 2009	December 13, 2011 (A1b)	358,500		70% of the options December 13, 2012 30% of the options: December 13, 2014(4)
January 19, 2009	December 13, 2011 (A1c)	330,000		50% of the options December 13, 2012 50% of the options: December 13, 2014(4)
January 19, 2009	December 13, 2011 (A2a)	74,500		December 13, 2012

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(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 U.S.
(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, and for plans granted in 2008 due to non-fulfilment of performance conditions, as specified in the rules governing the plans.
** Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Corporate Officer (mandataire social) granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2012	Cumulative number of options cancelled[5]	Options outstanding as of Aug. 31, 2012
December 12, 2017	48.37	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	0	0	219,000
December 12, 2016	48.37	25% at each anniversary date	3,873	2,500	44,477
December 12, 2016	48.37	17.5% at each anniversary date 30% at the 3rd anniversary date[4]	21,622	26,989	340,239
December 12, 2016	48.37	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	0	0	53,000
December 12, 2017	48.37	100% at the 3rd anniversary date[4]	0	0	120,000
December 12, 2016	48.37	25% at each anniversary date	4,013	2,500	43,487
December 12, 2016	48.37	17.5% at each anniversary date 50% at the 3rd anniversary date[4]	34,616	13,261	405,823
December 12, 2016	48.37	12.5% at each anniversary date 30% at the 3rd anniversary date[4]	6,625		46,375
December 12, 2018	51.40	25% at each anniversary date	0	0	57,150
December 12, 2018	51.40	17.5% at each anniversary date 50% at the 3rd anniversary date[4]	0	8,800	349,700
December 12, 2017	51.40	12.5% at each anniversary date 30% at the 3rd anniversary date[4]	0	50,000	280,000
December 12, 2017	51.40	25% at each anniversary date	0	1,000	73,500

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
January 19, 2009	December 13, 2011 (A2b)	430,300		70% of the options December 13, 2012 30% of the options: December 13, 2014[4]
January 19, 2009	December 13, 2011 (A2c)	65,000		50% of the options December 13, 2012 50% of the options: December 13, 2014[4]
January 19, 2009	December 13, 2011 (A3)	135,000	135,000*	100% of the options: December 13, 2014[4]
January 19, 2009	December 13, 2011 (Ba)	58,000		December 13, 2012
January 19, 2009	December 13, 2011 (Bb)	483,500		70% of the options December 13, 2012 30% of the options: December 13, 2014[4]
January 19, 2009	December 13, 2011 (Bc)	55,000		50% of the options December 13, 2012 50% of the options: December 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 U.S.
(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, and for plans granted in 2008 due to non-fulfilment of performance conditions, as specified in the rules governing the plans.
** Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Corporate Officer (mandataire social) granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2012	Cumulative number of options cancelled[5]	Options outstanding as of Aug. 31, 2012
December 12, 2017	51.40	17.5% at each anniversary date 50% at the 3rd anniversary date[4]	0	3,000	427,300
December 12, 2017	51.40	12.5% at each anniversary date 30% at the 3rd anniversary date[4]	0	0	65,000
December 12, 2017	51.40	100% at the 3rd anniversary date[4]	0	0	135,000
December 12, 2017	51.40	25% at each anniversary date	0	2,000	56,000
December 12, 2017	51.40	17.5% at each anniversary date 50% at the 3rd anniversary date[4]	0	1,500	482,000
December 12, 2017	51.40	12.5% at each anniversary date 30% at the 3rd anniversary date[4]	0	0	55,000

Further, the number of stock options unexercised as of August 31, 2012, issued under Stock Incentive Plans granted by Sodexho Marriott Services to its employees in North America between 1997 and 2001 and assumed by the Company in 2001 through its wholly-owned subsidiary Sodexo Awards (see note 4.23.4 to the consolidated financial statements), was 2,897 for a total amount of 86,878 U.S. dollars (see table below for details). All of these options were exercisable as of August 31, 2012, each entitling the holder to one Sodexo share if exercised.

Stock options grant date	Total number of options granted	Total number of options granted to Corporate Officers (Michel Landel)	Start of vesting period	Expiration date
November 6, 1997	112,648		November 6, 1998	November 6, 2012

(1) Exercise price adjusted after capital transactions carried out since grant date.
(2) Total number of options canceled as a result of departure of beneficiaries, as specified in rules governing the plans.

Exercise price[1] *(in USD)*	Terms of exercise	Number of shares exercised as of Aug. 31, 2012	Cumulative number of options canceled[2]	Options outstanding as of Aug. 31, 2012
29.9890	25% at each anniversary date	99,002	12,791	2,897

Options to purchase Sodexo shares granted to or exercised by members of the Group Executive Committee

Options granted to or exercised by members of the Group Executive Committee under plans still in force in Fiscal 2012 are detailed below:

Name	Date of Board meeting granting stock option plan	Number of options granted[1]	Exercise price as of Aug. 31, 2012 *(in euro)*	Expiration date	Options exercised as of Aug. 31, 2011	Options exercised in the fiscal year	Options unexercised as of Aug. 31, 2012
Elisabeth Carpentier	January 10, 2006 (A1)	35,000	34.83	January 9, 2012	14,000	21,025	0
	January 16, 2007 (A1)	45,000	47.82	January 15, 2014			45,032
	January 7, 2008 (A1)	45,000	42.27	January 6, 2015			22,516[2]
	January 19, 2009 (A1)	41,000	39.40	January 18, 2016			41,000
	January 11, 2010 (A1)	45,000	39.88	January 10, 2017			45,000
	December 13, 2010 (A1c)	42,000	48.37	December 12, 2017			42,000
	December 13, 2011 (A1c)	50 000	51.40	December 12,2018			50,000
George Chavel	January 10, 2006 (B)	11,363	34.83	January 9, 2012	11,368	0	0
	January 16, 2007 (B)	16,000	47.82	January 15, 2013	16,012	0	0
	September 11, 2007 (B)	20,000	47.17	September 10, 2013	15,011	5,003	0
	January 7, 2008 (B)	50,000	42.27	January 6, 2014	18,764	6,254	0[2]
	January 19, 2009 (B)	46,000	39.40	January 18, 2015	11,500	28,750	5,750
	January 11, 2010 (B)	55,000	39.88	January 10, 2016	6,875	6,875	41,250
	December 13, 2010 (Bc)	53,000	48.37	December 12, 2016		6,625	46,375
	December 13, 2011 (Bc)	55,000	51.40	December 12, 2017			55,000
Pierre Henry	January 10, 2006 (A2)	35,000	34.83	January 9, 2012	35,025	0	0
	January 16, 2007 (A2)	50,000	47.82	January 15, 2013		50,035	0
	January 7, 2008 (A2)	50,000	42.27	January 6, 2014		25,018	0[2]
	January 19, 2009 (A2)	50,000	39.40	January 18, 2015			50,000
	January 11, 2010 (A2)	55,000	39.88	January 10, 2016			55,000
	December 13, 2010 (A2c)	53,000	48.37	December 12, 2016			53,000
	December 13, 2011 (A2c)	65,000	51,40	December 12, 2017			65,000
Siân Herbert-Jones	January 10, 2006 (A1)	40,000	34.83	January 9, 2012		40,028	0
	January 16, 2007 (A1)	50,000	47.82	January 15, 2014			50,035
	January 7, 2008 (A1)	50,000	42.27	January 6, 2015			25,018[2]
	January 19, 2009 (A1)	46,000	39.40	January 18, 2016			46,000
	January 11, 2010 (A1)	50,000	39.88	January 10, 2017			50,000
	December 13, 2010 (A1c)	47,000	48.37	December 12, 2017			47,000
	December 13, 2011 (A1c)	55,000	51.40	December 12, 2018			55,000

(1) Total number of options granted by the Board of Directors at grant date.
(2) As stipulated in the regulations governing the January 7, 2008 plan, 50% of the options granted were cancelled due to non-fulfillment of the performance condition.
** Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Corporate Officer (mandataire social) granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Name	Date of Board meeting granting stock option plan	Number of options granted[1]	Exercise price as of Aug. 31, 2012 *(in euro)*	Expiration date	Options exercised as of Aug. 31, 2011	Options exercised in the fiscal year	Options unexercised as of Aug. 31, 2012
Nicolas Japy	January 10, 2006 (A1)	30,000	34.83	January 9, 2012	30,021	0	0
	January 16, 2007 (A1)	40,000	47.82	January 15, 2014	20,000	20,028	0
	January 7, 2008 (A1)	40,000	42.27	January 6, 2015		20,014	0[2]
	January 19, 2009 (A1)	36,000	39.40	January 18, 2016			36,000
	January 11, 2010 (A1)	45,000	39.88	January 10, 2017			45,000
	December 13, 2010 (A1c)	48,000	48.37	December 12, 2017			48,000
	December 13, 2011 (A1c)	50,000	51,40	December 12, 2018			50,000
Michel Landel	January 10, 2006 (A1)	63,000	34.83	January 9, 2012		63,045	0
	January 16, 2007 (A1)*	90,000	47.82	January 15, 2014			90,063
	January 7, 2008 (A1)*	100,000	42.27	January 6, 2015			50,035[2]
	January 19, 2009 (A1)*	100,000	39.40	January 18, 2016			100,000
	January 11, 2010 (A3)*	100,000	39.88	January 10, 2017			100,000
	December 13, 2010 (A3)*	120,000	48.37	December 12, 2017			120,000
	December 13, 2011 (A3)*	135,000	51.40	December 12, 2018			135,000
Aurélien Sonet	January 10, 2006 (A1)	1,502	34.83	January 9, 2012	1,502	0	0
	January 16, 2007 (A1)	2,502	47.82	January 15, 2014		2,502	0
	January 7, 2008 (A1)	2,502	42.27	January 6, 2015			1,251[2]
	January 19, 2009 (A1)	1,600	39.40	January 18, 2016			1,600
	January 11, 2010 (A1)	3,000	39.88	January 10, 2017			3,000
	December 13, 2010 (A1b)	15,000	48.37	December 12, 2017			15,000
	December 13, 2011 (A1b)	35,000	51.40	December 12, 2018			35,000
Damien Verdier	January 10, 2006 (A1)	20,000	34.83	January 9, 2012	20,014	0	0
	January 16, 2007 (A1)	35,000	47.82	January 15, 2014		35,025	0
	January 7, 2008 (A1)	40,000	42.27	January 6, 2015			20,014[2]
	January 19, 2009 (A1)	35,000	39.40	January 18, 2016			35,000
	January 11, 2010 (A1)	45,000	39.88	January 10, 2017			45,000
	December 13, 2010 (A1c)	42,000	48.37	December 12, 2017			42,000
	December 13, 2011 (A1c)	50,000	51.40	December 12, 2018			50,000

(1) Total number of options granted by the Board of Directors at grant date.
(2) As stipulated in the regulations governing the January 7, 2008 plan, 50% of the options granted were cancelled due to non-fulfillment of the performance condition.
** Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only Corporate Officer (mandataire social) granted stock options, is required to hold a number of shares received upon exercise of the stock options related to these plans, equivalent to 30% of his base salary as of the date of exercise of these options for the duration of his mandate.*

Stock options granted and exercised during Fiscal 2012, concerning the ten Group employees receiving or exercising the largest number of options (other than corporate officers)

	Total number	Weighted average price *(in euro)*
Options granted during the fiscal year to the ten Group employees receiving the largest number of options	471,000	51.40
Options exercised during the fiscal year by the ten Group employees exercising the largest number of options(1)	238,235	43.85

(1) Including 61,053 options granted on January 10, 2006, 114,154 options granted on January 16, 2007, 20,014 options granted on April 24, 2007, 20,014 options granted on January 7, 2008 and 23,000 options granted on January 19, 2009.

8.4 Audit fees

(in millions of euro excluding VAT)	PricewaterhouseCoopers				KPMG			
	Amount		%		Amount		%	
	Fiscal 2012	Fiscal 2011	Fiscal 2012	Fiscal 2011	Fiscal 2012	Fiscal 2011	Fiscal 2012	Fiscal 2011
• Audit								
Audit of individual company financial statements and consolidated financial statements								
Issuer	0.6	0.6	9%	10%	0.6	0.6	14%	15%
Consolidated subsidiaries	4.8	4.7	74%	74%	3.5	3.1	80%	76%
Total	5.4	5.3	84%	84%	4.1	3.7	94%	91%
• Other services directly related to the external auditors engagement								
Issuer	0.4	0.1	6%	1%	0.1	0.1	2%	2%
Consolidated subsidiaries	0.5	0.3	8%	4%	0.1	0.1	2%	3%
Total	0.9	0.4	6%	5%	0.2	0.2	4%	5%
SUB-TOTAL – AUDIT	**6.3**	**5.7**	**90%**	**89%**	**4.3**	**3.9**	**98%**	**96%**
• Other services to consolidated subsidiaries								
Legal, tax, labor	0.1	0.3	2%	4%	0.1	0.2	2%	4%
Other	0	0.4	0%	7%				
TOTAL	**0.1**	**0.7**	**2%**	**11%**	**0.1**	**0.2**	**2%**	**4%**
TOTAL	**6.4**	**6.4**	**100%**	**100%**	**4.4**	**4.1**	**100%**	**100%**

In order to ensure that the Group receives a consistent and high-quality service, and to centralize relations with the external auditors at Senior Management and Audit Committee level, the Audit Committee has prepared a plan whereby one or the other of the international firms retained as external auditors by Sodexo (PricewaterhouseCoopers and KPMG, both members of the Regional Company of External Auditors of Versailles) will be appointed to act as auditor to virtually all Group subsidiaries representing 97% of financial statement audit fees, of which 55% were paid to PricewaterhouseCoopers and 42% to KPMG.

Audit fees paid by Group subsidiaries to firms other than PricewaterhouseCoopers and KPMG (and member firms of their international networks) amounted to 0.3 million euro for Fiscal 2012.

The increase in fees for Fiscal 2012 is primarily due to an increase in consolidation scope following the acquisitions made by the Group at the beginning of the year.

The Audit Committee approved in advance all services performed by the external auditors during Fiscal 2012.

The Audit Committee has established and implemented a policy to approve all audit missions and fees and to pre-approve other services provided by the external auditors.


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9

COMBINED ANNUAL SHAREHOLDERS' MEETING, JANUARY 21, 2013

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9.1 Board Report
Presentation of Resolutions submitted to the Combined Annual Shareholders' Meeting, January 21, 2013

9.1.1 ORDINARY BUSINESS

ADOPTION OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS (1ST RESOLUTION)

The Board of Directors is requesting the Shareholders' Meeting to adopt, for Fiscal 2012, the individual company financial statements of Sodexo showing net income of 340 million euro and the consolidated financial statements of the Group showing profit attributable to equity holders of the parent of 525 million euro.

APPROPRIATION OF NET INCOME FOR THE FISCAL YEAR AND DIVIDEND (2ND RESOLUTION)

This resolution relates to appropriation of net income for Fiscal 2012 and the distribution of a dividend. The Board of Directors is requesting the Shareholders' Meeting's approval of its proposal to distribute a cash dividend of 1.59 euro per share, an increase of 8.9% as compared to the previous year. The dividend will become payable as of February 4, 2013, with a NYSE Euronext Paris ex-dividend date of January 30, 2013.The record date – *i.e.* the date before which an investor must own the shares in order to receive the dividend – will be February 1, 2013.

REGULATED RELATED-PARTY AGREEMENTS AND COMMITMENTS (3RD RESOLUTION)

This resolution is intended to note that no new regulated related-party agreement or commitment, as defined in articles L.225-38 and L.225-42-1 of the French Commercial Code was entered into in Fiscal 2012. The Special Report of the Auditors indicating the absence of any new regulated related-party agreement or transaction in Fiscal 2012 is presented on pages 216 and 217 of this document. This report also presents information on agreements and commitments entered into and approved by the shareholders in prior years and applicable during Fiscal 2012.

RE-ELECTION AND APPOINTMENT OF DIRECTORS (4TH TO 9TH RESOLUTIONS)

The directorships of Pierre Bellon, Robert Baconnier, François-Xavier Bellon, Paul Jeanbart, Alain Marcheteau and Astrid Bellon expire at the close of the Annual Shareholders' Meeting on January 21, 2013.

The Board of Directors is proposing that the shareholders re-elect Pierre Bellon, Robert Baconnier, François-Xavier Bellon and Astrid Bellon to the Board for a period of three years ending at the close of the Annual Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2015 as well as that of Paul Jeanbart and Alain Marcheteau for a one-year period ending at the close of the Annual Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2013 (conditional upon the adoption of resolution 15 related to the modification of article 11-1 paragraph 2 of the Company's bylaws).

Biographical information pertaining to the aforementioned persons is provided on pages 244 *et seq*. of this document.

APPOINTMENT OF AN ALTERNATE AUDITOR (10TH RESOLUTION)

To comply with article L.822-14 paragraph 1 of the French Commercial Code, which prohibits the lead engagement partner of an audit firm from certifying more than six consecutive years of accounts of a company whose shares are traded on a regulated market, Louis-Pierre Schneider, lead engagement partner for PricewaterhouseCoopers Audit, statutory auditor of Sodexo, was replaced by Yves Nicolas during Fiscal 2012.

Yves Nicolas has consequently resigned as deputy statutory auditor, a position that he had held since his appointment at the Annual Shareholders' Meeting of January 24, 2011.The Board of Directors proposes, in line with the Audit Committee's recommendation, to replace him by appointing Anik Chaumartin as deputy statutory auditor for the remainder of PricewaterhouseCoopers Audit's term as statutory auditor, which expires at the Annual Shareholders' Meeting to be held to adopt the financial statements for the fiscal year ended August 31, 2016.

SHARE REPURCHASES (11TH RESOLUTION)

The Board of Directors is requesting the Shareholders' Meeting to renew the authorization to purchase treasury shares under articles L.225-209 *et seq.* of the French Commercial Code.

This authorization would be valid for a period of eighteen months and would replace the previous authorization granted by the Shareholders' Meeting on January 23, 2012.

It would allow for the implementation of a share repurchase program capped at 10% of the Company's issued capital as of the date of the Shareholders' Meeting, having the following characteristics:

- maximum purchase price per share: 80 euro;
- total maximum amount: 950 million euro;
- the program can be carried out at any time except when a public tender offer is underway, subject to the limits stipulated in the relevant laws and regulations, and can be carried out by any means.

The objectives of the share repurchase program are provided in the resolutions submitted to the Shareholders' Meeting.

As of August 31, 2012, the percentage of treasury shares held by the Company was 4.14% (refer to page 225 of the Registration Document for additional information on the use of the share repurchase program during Fiscal 2012).

9.1.2 EXTRAORDINARY BUSINESS

Pursuant to a proposal made by the Compensation Committee, the Board of Directors has decided to broaden the available measures related to its compensation policy for long term compensation of Group employees. As such it is proposing two new resolutions to the Shareholders' Meeting related to the granting of free shares (12th resolution) and the issuance of new equity warrants (13th resolution).

The Board of Directors has also decided to make an exceptional grant to site and other managers who are not usually eligible for this type of plan. This decision is intended to recognize their performance and renew the Board of Directors' confidence in the ability of the teams to meet the challenges of a difficult environment. This exceptional grant could concern approximately 40,000 individuals.

The Board of Directors may decide at any point in time to use the most appropriate solution in the context of the existing legal and tax environment.

In addition, the Board of Directors reiterates that the Group's policy of granting options to its employees has never had a dilutive impact on the capital because only options to acquire existing shares have been granted.

FREE GRANT OF EXISTING OR TO BE ISSUED SHARES TO GROUP EMPLOYEES AND/OR THE CORPORATE OFFICERS (12TH RESOLUTION)

In application of articles L.225-197-1 *et seq.* of the Commercial Code, the Board of Directors requests that the Shareholders' Meeting authorize the free granting of existing shares and/or shares to be issued by the Company, for the benefit of all or certain employees and/or corporate officers of the Company and/or companies or related combinations under the conditions imposed by article L.225-197-2 of the Commercial Code.

The number of existing and/or new shares granted to employees 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. Final grants may be subject to achieving one or more performance conditions as determined by the Board of Directors.

Shares granted to the Chief Executive Officer (corporate 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 final grant will be entirely subject to the achievement of one or more performance conditions as determined by the Board of Directors.

Vesting and lock-up periods will be determined by the Board of Directors and will not be shorter than those envisaged by the Commercial Code as of the date of the Board of Directors' decision. However, the Board of Directors could, if the vesting period for all or part of one or several grants is at least four years, not require any lock-up period for those shares. The Board of Directors will be authorized to determine different vesting and lock-up periods according to the existing laws in the countries of residence of the grantees.

The Board will have all powers necessary, subject to the conditions required by law, to make free share grants and in particular to determine whether the shares granted are existing shares or new shares to be issued.

This authorization would be valid for a period of thirty-eight months.

It is important to note that the Board of Directors will not be permitted to grant both stock options and free shares during the same fiscal year. In addition, the granting of free shares by the Board of Directors would cancel, for its remaining duration, the authorization to grant stock options given by the Shareholders Meeting of January 23, 2012.

ISSUANCE OF WARRANTS FOR NEW SHARES FOR THE BENEFIT OF GROUP EMPLOYEES AND/OR CORPORATE OFFICERS (13TH RESOLUTION)

In application of articles L.225-129-2, L.225-138 and L.228-91 of the Commercial Code, the Board of Directors requests that the Shareholders' Meeting authorize the issuance of new warrants (BSA) to all or certain employees and/or corporate officers of the Company and/or the French or foreign companies related to it under the meaning of article L.225-180 of the Commercial Code.

The total number of new shares potentially issuable pursuant to this delegation may not represent more than 0.5% of the share capital as of the date of the decision made by the Board of Directors.

The price of the shares underlying the equity warrants will be equal to or higher than the average of the opening share price of the Company's shares on NYSE Euronext Paris for the twenty trading days preceding the decision to issue the warrants.

The Board will have all of the powers necessary, subject to the conditions required by law, to issue BSA and in particular to establish the list of grantees, the number of warrants to grant to each of them, the number of shares underlying each warrant and, after having consulted with an independent expert, the characteristics of the warrants, in particular the issue price, the exercise price, the conditions and timing for subscription and exercise, and the mechanisms for adjustment.

This delegation would be granted for a period of eighteen months.

SHARE INCREASE RESERVED FOR PARTICIPANTS IN SHARE PURCHASE PLANS (14TH RESOLUTION)

Under French law, any Shareholders' Meeting that is asked to decide on or authorize an increase in issued capital by cash offer (as in the case for the 12th and 13th resolutions) is also required to approve a resolution to carry out a capital increase reserved for employees who are members of an employee share purchase plan (French Commercial Code, article L.225-129-6 para. 1).

The Board of Directors therefore proposes that the Shareholders' Meeting renew the authorization to increase the issued capital through the issuance of ordinary shares or other securities for the benefit of the members of an employee share purchase plan.

The maximum total number of new shares potentially issuable pursuant to this delegation shall not exceed 1.5% of the issued capital as of the date of the decision made by the Board of Directors; the price at which grantees may purchase the shares would be set by the Board of Directors and could not be more than 20% less than the average price for the twenty trading sessions preceding the date of the decision setting the opening date of the plan. The Board could reduce or eliminate the discount, at its discretion, notably in order to comply with local legal, accounting and tax regimes and labor laws.

This authorization would be valid for a period of 26 months and would replace the previous authorization given by the Shareholders' Meeting of January 23, 2012.

As of August 31, 2012, shares held by employees represented 1.07% of the Company's capital.

AMENDMENT TO ARTICLE 11-1 PARAGRAPH 2 OF THE BYLAWS CONCERNING THE TERM OF OFFICE OF DIRECTORS (15TH RESOLUTION)

To permit the staggered re-election of directors and avoid a significant proportion of the Board members coming up for re-election at the same time, in accordance with the AFEP-MEDEF Code of Corporate Governance for listed companies, the Board of Directors is proposing that the Shareholders' Meeting amend article 11-1 paragraph 2 of the Company's bylaws setting the directors' term of office at three years, to allow one or several directors to be appointed or re-elected by the Shareholders' Meeting for a period of one or two years.

9.1.3 ORDINARY BUSINESS

POWERS TO PERFORM FORMALITIES (16TH RESOLUTION)

This standard resolution concerns the conferring of powers to perform all formalities and filings relating to the resolutions approved by the Shareholders' Meeting.

9.1.4 USE BY THE BOARD OF AUTHORIZATIONS TO INCREASE THE SHARE CAPITAL

None of the authorizations to increase the share capital given to the Board of Directors by the Annual Shareholders' Meeting was used during Fiscal 2012.

9.2 Resolutions submitted to the Combined Annual Shareholders' Meeting of January 21, 2013

9.2.1 ORDINARY BUSINESS

FIRST RESOLUTION

(Adoption of the annual and consolidated financial statements, Fiscal 2012 – Discharge to directors)

The Shareholders' Meeting, having heard the report of the Board of Directors, the Chairman's Report appended to the Board Report, and the Auditors' Reports on the annual financial statements, on the consolidated financial statements and on the Chairman's Report, adopts the individual company financial statements for the year ended August 31, 2012 as presented, showing net income of 340 million euro, and the consolidated financial statements for the year ended August 31, 2012, showing profit attributable to equity holders of the parent equal to 525 million euro.

The Shareholders' Meeting also approves the transactions reflected in these financial statements and/or described in these report.

The Shareholders' Meeting gives discharge to the directors for their management for the year ended August 31, 2012.

SECOND RESOLUTION

(Appropriation of earnings – Setting of dividend)

In accordance with the proposal made by the Board of Directors, the Shareholders' Meeting resolves:

to appropriate net income for Fiscal 2012 of	340,498,609 euro
plus retained earnings as of the close of Fiscal 2012 of	800,694,471 euro
Making a total available for distribution of:	1,141,193,080 euro
In the following manner:	
• dividend (on the basis of 157,132,025 shares comprising the share capital)	249,839,920 euro
• retained earnings	891,353,160 euro
TOTAL	**1,141,193,080 EURO**

Accordingly, the Shareholders' Meeting resolves that a dividend of 1.59 euro will be paid on each share having a right to receive a dividend.

The dividend will become payable as of February 4, 2013, with an NYSE Euronext Paris ex-dividend date of January 30, 2013.The record date will be February 1, 2013.

In the event that the Company holds some of its own shares as of the dividend payment date, the dividend due on these shares will not be paid and will be transferred to retained earnings.

Pursuant to article 243 *bis* of the French General Tax Code, the proposed dividend qualifies for the allowance available to individuals domiciled for tax purposes in France, as provided for in article 158-3 2º of the French General Tax Code, unless they have opted for the flat-rate withholding tax permitted under article 117 *quater* of the French General Tax Code.

The Shareholders' Meeting notes the Board of Directors' summary of dividends paid by the Company in respect of the last three fiscal years, as follows:

	Fiscal 2011 (paid in 2012)	Fiscal 2010 (paid in 2011)	Fiscal 2009 (paid in 2010)
Dividend per share*	€1.46	€1.35	€1.27
Total payout	€221,091,767	€208,024,389	€197,465,754

* *Dividend fully eligible for the 40% allowance applicable to individuals domiciled for tax purposes in France, as provided for in article 158-3 2º of the French General Tax Code, unless they have opted for the flat-rate withholding tax permitted under article 117 quater of the French General Tax Code.*

THIRD RESOLUTION

(Approval of regulated agreements and commitments)

The Shareholders' Meeting, having heard the Auditors' Special Report on regulated agreements and commitments under article L.225-40 of the French Commercial Code, acknowledges that no new agreement or commitment subject to the terms of articles L.225-38 and L.225-42-1 of the French Commercial Code has been entered into in the fiscal year ended August 31, 2012.

FOURTH RESOLUTION

(Renewal of directorship of Pierre Bellon)

The Shareholders' Meeting, having heard the report of the Board of Directors and noting that the directorship of Pierre Bellon expires this day, resolves to renew his directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2015.

FIFTH RESOLUTION

(Renewal of directorship of Robert Baconnier)

The Shareholders' Meeting, having heard the report of the Board of Directors and noting that the directorship of Robert Baconnier expires this day, resolves to renew his directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2015.

SIXTH RESOLUTION

(Renewal of directorship of Astrid Bellon)

The Shareholders' Meeting, having heard the report of the Board of Directors and noting that the directorship of Astrid Bellon expires this day, resolves to renew her directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2015.

SEVENTH RESOLUTION

(Renewal of directorship of François-Xavier Bellon)

The Shareholders' Meeting, having heard the report of the Board of Directors and noting that the directorship of François-Xavier Bellon expires this day, resolves to renew his directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2015.

EIGHTH RESOLUTION

(Renewal of directorship of Paul Jeanbart)

The Shareholders' Meeting, having heard the report of the Board of Directors and noting that the directorship of Paul Jeanbart expires this day, resolves to renew his directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2015.

However, if the Shareholders' Meeting adopts the 15th resolution amending article 11-1 paragraph 2 of the Company's bylaws, Paul Jeanbart's directorship will be renewed for a period of one year ending at the close of the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2013.

NINTH RESOLUTION

(Renewal of the directorship of Alain Marcheteau)

The Shareholders' Meeting, having heard the report of the Board of Directors and noting that the directorship of Alain Marcheteau expires this day, resolves to renew his directorship for a period of three years ending at the close of the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2015.

However, if the Shareholders' Meeting adopts the 15th resolution amending article 11-1 paragraph 2 of the Company's bylaws, Alain Marcheteau's directorship will be renewed for a period of one year ending at the close of the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2013.

TENTH RESOLUTION

(Appointment as Deputy Statutory Auditor of Anik Chaumartin)

The Shareholders' Meeting, having heard the report of the Board of Directors and noted the resignation as Deputy Statutory Auditor of Yves Nicolas, appoints Anik Chaumartin as his replacement for the remainder of the term of office of PricewaterhouseCoopers Audit as Statutory Auditor, ending at the Ordinary Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2016.

ELEVENTH RESOLUTION

(Authorization to the Board of Directors for the Company to purchase treasury shares)

The Shareholders' Meeting, having heard the report of the Board of Directors, authorizes the Board of Directors and any duly authorized representative of the Board, to arrange for the Company to acquire treasury shares in accordance with articles L.225-209 *et seq.* of the French Commercial Code, for the following purposes:

- to implement a stock option plan in accordance with articles L.225-177 *et seq.* of the French Commercial Code; or
- to make free share grants in accordance with articles L.225-197-1 *et seq.* of the French Commercial Code; or
- to allocate or sell shares to employees in connection with an employee share purchase 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 giving 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 tenth Extraordinary Resolution of the Shareholders' Meeting of January 23, 2012 or any future resolution to the same effect that may be adopted during the period in which this resolution remains valid; or
- to carry out market-making in the shares of Sodexo under a liquidity contract with an investment services provider, prepared in accordance with the Code of Conduct recognized by the *Autorité des marchés financiers;* or
- to transfer shares as a means of payment or exchange in connection with mergers and acquisitions; or
- generally, to fulfill the obligations related to stock option plans or other share grants to employees or corporate officers of the Company or a related company.

These transactions may be effected by any method on the stock market or over-the-counter, including by block purchase or disposal.

These transactions may take place at any time, outside of periods of public tender offers, subject to the limits imposed by laws and regulations in force at the time.

The Shareholders' Meeting resolves that the maximum number of shares acquired under the present resolution may not exceed 10% of the Company's issued capital as of the date of the present Shareholders' Meeting (a maximum of 15,713,202 shares), it being stipulated that for the purposes of the present authorization, the 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 shares.

The Shareholders' Meeting resolves that the maximum purchase price may not exceed 80 euro per share, subject to any adjustments required in the event of transactions involving the Company's capital.

The Shareholders' Meeting resolves that the total amount spent on such purchases may not exceed 950 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 voids from this day the unused portion of the authorization to the same effect granted in the ninth resolution of the Combined Shareholders' Meeting of January 23, 2012.

Full powers are given to the Board of Directors and any duly authorized representative of the Board to decide on and act on the present authorization, clarify its terms if necessary and determine its precise details, including to place stock market orders, and enter into agreements, in particular for the keeping of share purchase and sale registers and to make filings and carry out other formalities, and generally do all that is necessary.

9.2.2 EXTRAORDINARY BUSINESS

TWELFTH RESOLUTION

(Authorization to the Board of Directors to grant existing and/or to be issued free shares of the Company to all or certain employees and/or corporate officers of the Group)

The Shareholders' Meeting, having heard the report of the Board of Directors and the Auditors' Special Report:

1. authorizes the Board of Directors, in application of articles L.225-197-1 *et seq.* of the French Commercial Code, and any duly authorized representative of the Board, to grant on one or more occasions existing free shares and/or free shares to be issued by the Company, for the benefit of all or certain employees and/or corporate officers of the Company and/or companies or related combinations under the conditions imposed by 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 the present Shareholders' Meeting;
3. decides that the Board of Directors will not be entitled to use this present authorization if, during any given fiscal year, it has already used the authorization to grant stock options granted in the fourteenth resolution of the Combined Shareholders' Meeting of January 23, 2012. In addition, the Shareholders' Meeting decides that, should the Board of Directors use the present authorization to grant free shares, the authorization to grant stock options given by the Combined Shareholders' Meeting of January 23, 2012 in its fourteenth resolution, shall be considered null and void for its unused portion as of the date of the Board of Directors' decision;
4. decides that the number of existing and/or new 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 grantees' rights. This ceiling is separate from all other ceilings set in the other resolutions of this meeting, but will be deducted from the global ceiling of a maximum total nominal amount of 100 million euro set forth in the eleventh resolution adopted by the Shareholders' Meeting of January 23, 2012 or, if applicable, the maximum nominal amount set in any future resolution adopted during the period of validity of this resolution; such global ceiling will be reduced, if applicable, by the nominal amount of any capital increases carried out immediately or on a deferred basis in application of decisions taken pursuant to the authorizations given in this resolution and in the thirteenth and fourteenth resolutions of this meeting;
5. decides that the existing shares and/or shares to be issued may, under the conditions imposed by law, be granted for the benefit of the Chief Executive Officer in his capacity as a corporate officer of the Company, provided that (i) these shares may not represent more than 5% of the total free share grants made during each fiscal year by the Board of Directors; (ii) their final grant will be entirely subject to the achievement of one or more performance conditions as decided by the Board of Directors; and (iii) the number of free shares granted to the Chief Executive Officer in his capacity as a 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;

6. decides that the granted shares will vest at the end of a vesting period to be determined by the Board of Directors, which will not be shorter than that stipulated in the French Commercial Code as of the date of the Board of Directors' decision, and that grantees will be required to retain the shares during a lock-up period to be determined by the Board of Directors, which will not be shorter than that stipulated in the French Commercial Code as of the date of the Board of Directors' decision. However, the Shareholders' Meeting authorizes the Board of Directors, if the vesting period for all or part of one or several grants is at least four years, not to impose a lock-up period for those shares. The Board of Directors will be authorized to determine different vesting and lock-up periods according to the existing laws in the countries of residence of the grantees;
7. decides that the final grant of existing shares or shares to be issued to employees may be subject to the achievement of one or more performance conditions as determined by the Board of Directors;
8. decides that, if a grantee is subject to 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 sellable as from the date they are delivered;
9. notes that if the grants concern shares to be issued, this authorization shall result, as and when the shares are finally granted, in a capital increase by capitalization of reserves, profits or premiums for the benefit of the grantees, and shall entail explicit waiver by the shareholders of their preferential subscription rights to the shares, in favor of the grantees;
10. 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 are shares to be issued or existing shares and, if appropriate, to change its choice before the shares are finally granted,
    - determine the list of grantees, or the category or categories of grantees 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 dividend-rights dates of the new shares,
    - note the final grant dates and the dates from which the shares will be freely sellable taking into account legal restrictions,
    - note 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;
11. notes that, in the event that the Board of Directors decides to avail itself of the authorization granted pursuant to this resolution, the Board of Directors shall report to the next Ordinary Shareholders' Meeting, as prescribed by law and the regulations, on the utilization made of the authorization granted in this resolution.

THIRTEENTH RESOLUTION

(Authorization to the Board of Directors to issue warrants for new shares for the benefit of all or certain Group employees and/or corporate officers)

The Shareholders' Meeting, having heard the report of the Board of Directors and the Auditors' Special Report, in accordance with articles L.225-129-2, L.225-138 and L.228-91 of the French Commercial Code:

1. delegates to the Board of Directors and any duly authorized representative its power to increase on one or more occasions the issued capital of the Company, in France or abroad, by issuing warrants for new shares (BSA), with shareholders' preferential subscription rights waived in favor of the employees in the categories defined below;
2. sets the duration of this delegation at eighteen (18) months from the date of the present Shareholders' Meeting;
3. decides that the total number of new shares potentially issuable pursuant to this delegation may not represent more than 0.5% of the share capital as of the date of the decision made by the Board of Directors, not taking into account any adjustments that may be made to protect the rights of the grantees. This ceiling is separate from all other ceilings set in the other resolutions of this meeting, but will be deducted from the global ceiling of a maximum total nominal amount of 100 million euro set for all capital increases in the eleventh resolution adopted by the Shareholders' Meeting of January 23, 2012 or, if applicable, the global ceiling of a maximum total nominal amount set in any future resolution adopted during the period of validity of this resolution;
4. decides that the subscription price of the shares underlying the equity warrants will be equal to or higher than the average of the opening prices of the Company's shares on NYSE Euronext Paris for the twenty trading days preceding the decision to issue the warrants;
5. decides to waive shareholders' preferential subscription right for the equity warrants to be issued to the following category of grantees: all or certain employees and/or corporate officers of the Company and/or the French or foreign companies related to it under the meaning of article L.225-180 of the French Commercial Code;
6. notes that this delegation entails the waiver by shareholders, in favor of the holders of equity warrants, of their preferential subscription right for the Company shares to be issued upon exercise of the warrants;
7. decides that if any equity warrants issue is not taken up in full, the Board of Directors may:
   - limit the amount of the issue to the amount of the subscriptions received,
   - freely allocate all or part of the unsubscribed equity warrants within the category of grantees defined above;
8. confers full powers on the Board of Directors or any duly authorized representative, to implement this delegation under the conditions described above and within the limits prescribed by the applicable rules and regulations, and in particular to:
   - establish the list of grantees within the category defined above, the number of warrants to be granted to each one, the number of shares underlying each warrant and, after having consulted with an independent expert, the characteristics of the warrants, in particular the issue price and exercise price based on the customary valuation methods for this type of operation taking into account the parameters that affect the value of the warrants and the underlying shares (such as the exercise price, the lock-up period, the exercise trigger point, the dividend policy, the Company's share price and its volatility), the conditions and timing for subscription and exercise, the mechanisms for adjustments and, generally, all the terms and conditions of the issue,
   - defer issuance of the warrants within the limits and on the basis determined in advance by the Board of Directors,
   - note the completion of each capital increase resulting from the exercise of the equity warrants and amend the bylaws accordingly,
   - as it deems fit, charge costs incurred in the capital increases to the amount of the premiums arising in respect of said increases and charge to this amount the sums required to bring the legal reserve to one tenth of the new issued capital resulting from these capital increases, and
   - generally, do everything necessary;
9. notes that, in the event that the Board of Directors decides to avail itself of the delegation granted pursuant to this resolution, the Board of Directors shall report to the next Ordinary Shareholders' Meeting, as prescribed by law and the regulations, on the utilization made of the delegation granted in this resolution.

FOURTEENTH RESOLUTION

(Authorization to the Board of Directors to increase the issued capital via the issuance of ordinary shares and/or securities giving access to the capital reserved for members of Employee Share Purchase plans, with waiver of preferential rights in favor of the latter)

The Shareholders' Meeting, having heard the report of the Board of Directors and the Statutory Auditors' Special Report, as prescribed in articles L.225-129 *et seq.* and L.225-138-1 of the French Commercial Code, and in articles L.3332-18 to L.3332-24 of the French Labor Code:

1. delegates to the Board of Directors and duly authorized representatives its power to increase the issued capital of the Company, on one or more occasions, via the issuance of ordinary shares and/or securities giving access to the capital, reserved for members of one or more Employee Share Purchase plans established by the Group comprising the Company and the French or foreign companies included in the Company's consolidated or combined financial statements, as prescribed by article L.3344-1 of the French Labor Code;
2. sets at twenty-six (26) months from the date of this meeting the validity of this delegation of powers and decides that it voids from this day the delegation to the same effect granted in the thirteenth resolution of the Shareholders' Meeting of January 23, 2012;
3. decides that the total number of new shares potentially issuable pursuant to this delegation may not represent more than 1.5% of the share capital as of the date of the decision made by the Board of Directors. This ceiling is separate from all other ceilings set in the other resolutions of this meeting, but will be deducted from the global ceiling of a maximum total nominal amount of 100 million euro set in the eleventh resolution adopted by the Shareholders' Meeting of January 23, 2012 or, if applicable, the maximum total nominal amount set in any future resolution adopted during the period of validity of this resolution;
4. decides that the issue price of the new shares or securities giving access to the capital that may be issued pursuant to this delegation will be determined as prescribed in article L.3332-18 *et seq.* of the French Labor Code and will be equal to at least 80% of the average opening price of the Company's shares on NYSE Euronext Paris for the twenty trading days preceding the day on which the decision is made setting the opening date for subscription by the members of an Employee Share Purchase plan. The Board of Directors may, at its discretion, reduce or cancel the aforementioned discount, within the limits prescribed by law and the regulations, in order to allow, *inter alia,* for compliance with local legal, accounting and tax regimes and labor laws;
5. authorizes the Board of Directors to allocate to the aforementioned grantees, in addition to the shares or securities giving access to the capital to be purchased for cash, bonus shares or securities giving access to the capital, to be issued or already issued, substituting in full or in part for the discount and/or employer's contribution, it being stipulated that the benefit resulting from this grant may not exceed the legal or regulatory limits applicable under articles L.3332-10 *et seq.* of the French Labor Code;
6. decides to waive, in favor of the aforementioned grantees, the preferential rights of shareholders to the shares or securities giving access to the capital whose issuance is referred to in the delegation described herein, and to the shares to which the said securities will entitle their holders;
7. decides that the Board of Directors or its duly appointed representatives will have full powers to implement this resolution, and in particular to set the terms and conditions of the transactions, and to determine the dates and procedures for the issues to be carried out under this delegation, to determine the opening and closing dates for subscriptions, the dividend-rights dates, procedures for the payment of shares, to grant extensions to the period for payment of shares, to apply to list the shares thus created on stock exchanges of its choice, to note the completion of the capital increases for the value of the shares effectively purchased, to perform, directly or by its appointed agents, all transactions and filings pertaining to the capital increases, at its sole discretion and, if it deems fit, to charge costs incurred in the capital increases to the premiums arising from these increases, and to transfer from this amount the requisite sums to increase the legal reserve to one-tenth of the new capital resulting from these capital increases;
8. acknowledges that if the Board of Directors uses the authorization given to it herein, it will report on this utilization to the next Ordinary Shareholders' Meeting, as prescribed by law and the regulations.

FIFTEENTH RESOLUTION

(Amendment to article 11-1 paragraph 2 of the bylaws concerning the term of office of directors)

The Shareholders' Meeting, having heard the report of the Board of Directors, resolves to amend article 11-1 paragraph 2 of the Company's bylaws to facilitate the staggered re-election of directors as recommended by the AFEP-MEDEF Code of Corporate Governance for listed companies.

Consequently, article 11-1 paragraph 2 which currently states:

"Directors are elected for a maximum period of three years".

will be replaced by the following wording:

"The term of office of directors is three years. Exceptionally, the Ordinary Shareholders' Meeting may, on the proposal of the Board of Directors, appoint or re-elect one or several directors for a period of one or two years, to enable the re-election of directors to be staggered."

9.2.3 ORDINARY BUSINESS

SIXTEENTH RESOLUTION

(Powers)

The Shareholders' Meeting confers full powers on the bearer of a copy or extract of the minutes of the present Shareholders' Meeting to carry out all necessary formalities.

9.3 Statutory Auditors' Reports

9.3.1 STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION OF EXISTING AND TO BE ISSUED FREE SHARES

(Ordinary and Extraordinary Meeting of Shareholders held on January 21, 2013 – 12th resolution)

For the year ended August 31, 2012

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

To the shareholders,

In our capacity as statutory auditors of Sodexo S.A. and pursuant to the provisions of the French Commercial Code (*Code de commerce*) including article L.225-197-1, we hereby report to you on the proposed authorization of existing free shares or free shares to be issued on behalf of employees and/or officers of the Company and/or of companies or groups that are related to the conditions referred to in Article L.225-197-2 of the Commercial Code, which should be submitted to you for approval.

Your Board of Directors proposes, on the basis of its report, that it be granted the authority, with the possibility to delegate in compliance with the provisions of French Law, for a period of thirty-eight (38) months to grant, on one or more occasions, existing free shares and/or to be issued free shares.

The shares granted to employees could relate to a number of existing shares and/or represent new shares not to exceed 2.5% of the share capital at the date of the decision of the Board of Directors. In addition, the total number of shares granted to employees in a given year may not exceed 1.5% of the said issued capital.

The options granted to the Chief Executive Officer should not represent more than 5% of the total shares granted during each year by the Board of Directors pursuant to this authorization. The final granting of shares should be entirely conditional on the achievement of one or more performance conditions which the Board of Directors will determine.

Vesting and retention periods will be set by the Board of Directors and cannot be lower than the periods set by the Commercial Code on the date of decision of the Board of Directors. However, the Board of Directors may, to the extent the vesting period for all or part of one or more grants is at least four years, impose no retention period for the shares in question. The Board of Directors has the discretion to determine different vesting and retention periods depending on the regulations in effect in the country of residence of the beneficiaries.

The Board of Directors is responsible for preparing a report on the operations it wishes to execute. Our role is to provide a conclusion on the true and fair nature of financial information taken from the financial statements and on certain other information concerning the transactions presented in the report.

We have performed the procedures deemed necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*"Compagnie nationale des commissaires aux comptes"*) in relation to this engagement. These procedures consisted of verifying the proposed terms and conditions contained in the report of the Board of Directors are within the provisions of the law.

We have no matters to report on the information given in the Board of Directors report on the proposed transaction to authorize the issuance of free shares.

Neuilly-sur-Seine and Paris La Défense, November 7, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG S.A.
Yves Nicolas	Isabelle Allen

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 users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

9.3.2 STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF NEW WARRANTS WITHOUT PRESERVING THE EXISTING SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS

(Ordinary and Extraordinary Shareholders' Meeting of January 21, 2013 – 13th resolution)

SODEXO S.A.
255 Quai de la bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the shareholders,

In our capacity as statutory auditors of Sodexo S.A. and pursuant to the provisions of articles L.228-92 and L.225-135 and the following related articles of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide an issuance of new share warrants without preserving the existing shareholders' preferential subscription rights, for employees and/or any company or economic interest group, in France or another country, affiliated to your Company, within the meaning of article L.225-180 of the French Commercial Code, for a total number of new shares potentially issuable representing a maximum of 0.5% of the share capital as at the day of the Board of Directors decision, which should be submitted to you for your approval.

Your Board of Directors proposes on the basis of its report, that it be granted the authority for a period of eighteen (18) months, to decide on an issuance and to cancel your preferential subscription right for the shares and/or securities to be issued. If need be, the Board of Directors is responsible for setting the final terms and conditions of this transaction.

The Board of Directors is responsible for preparing a report in accordance with articles R.225-113 and the following related articles of the French Commercial Code. Our role is to provide a conclusion on the true and fair nature of financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights, and on certain other information relating to the transaction presented in the report.

We have performed the procedures deemed necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) in relation to this engagement. These procedures consisted of verifying the content of the Board of Directors' Report with respect to this operation and the terms and conditions for determining the issuance price of the shares and/or securities.

Subject to a subsequent examination of the conditions for the proposed increase in capital, we have nothing to report on the methods used for determining the share price provided in the Board of Directors' Report.

As the final terms and conditions of the issuance have not yet been set, we do not express a conclusion on the terms and conditions under which the issuance would be performed. As a result, we do not express a conclusion on the cancellation of preferential subscription rights proposed by the Board of Directors.

In accordance with article R.225-116 of the French Commercial Code, we will issue an additional report if and when the Board of Directors proceeds with this delegation.

Neuilly-sur-Seine and Paris-La Défense, November 7, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Yves Nicolas	Isabelle Allen

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 users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

9.3.3 STATUTORY AUDITORS' REPORT ON THE ISSUANCE OF ORDINARY SHARES AND/OR OTHER SECURITIES CONVERTIBLE INTO THE COMPANY'S SHARE CAPITAL FOR PARTICIPANTS TO THE EMPLOYEE SAVINGS PLAN OF THE COMPANY

(Ordinary and Extraordinary Shareholders' Meeting of January 21, 2013 – 14th resolution)

SODEXO S.A.
255 Quai de la bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9

To the shareholders,

In our capacity as statutory auditors of Sodexo S.A. and pursuant to the provisions of articles L.228-92 and L.225-135 and the following related articles of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation to the Board of Directors of the authority to decide an increase of contributed capital in one or several transactions through issuance of ordinary shares and/or securities convertible into the Company's shares without preserving the existing shareholders' preferential subscription rights, for participants in one or several employee savings plan of the Group consisting of the Company and subsidiaries in France and abroad, included in the consolidation scope or the combined financial statements of Sodexo S.A. in accordance with article L.3344-1 of the French Labor Code (*Code du travail*) for a total number of new shares representing a maximum of 1.5% of the share capital as at the day of the Board of Directors decision, which should be submitted to you for your approval. This proposed capital increase is submitted to you for approval pursuant to article L.225-129-6 of the French Commercial Code and articles L.3332-18 and the following related articles of the French Labor Code (*Code du travail*).

Your Board of Directors proposes on the basis of its report, that it be granted the authority for a period of twenty-six (26) months, to decide on an increase of capital and to cancel your preferential subscription right for the shares and securities to be issued. If need be, the Board of Directors is responsible for setting the final terms and conditions of this transaction.

The Board of Directors is responsible for preparing a report in accordance with articles R.225-113 and the following related articles of the French Commercial Code. Our role is to provide a conclusion on the true and fair nature of financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights, and on certain other information relating to the transaction presented in the report.

We have performed the procedures deemed necessary to comply with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) in relation to this engagement. These procedures consisted of verifying the content of the Board of Directors' Report with respect to this operation and the terms and conditions for determining the issuance price of the shares and/or securities.

Subject to a subsequent examination of the conditions for the proposed increase in capital, we have nothing to report on the methods used for determining the share price provided in the Board of Directors' Report.

As the final terms and conditions of the issuance have not yet been set, we do not express a conclusion on the terms and conditions under which the capital increase would be performed. As a result, we do not express a conclusion on the cancellation of preferential subscription rights proposed by the Board of Directors.

In accordance with article R.225-116 of the French Commercial Code, we will issue an additional report if and when the Board of Directors proceeds with the capital increase.

Neuilly-sur-Seine and Paris-La Défense, November 7, 2012

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Yves Nicolas	Isabelle Allen

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 users. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

10

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10.1 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 one Sodexo ADR. Dividends and voting rights belong to the ADR holder.

BEARER SHARE

A share 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 (PREVIOUSLY, MOTIVATION SOLUTIONS)

Benefits and Rewards Services cover three service categories, Employee Benefits, Incentive Programs and Public Benefits.

BRIC

BRIC denotes the group of high potential emerging countries formed by Brazil, Russia, India and China.

CLIENT RETENTION RATE

The client retention rate is calculated by comparing the impact of prior year revenue from contracts lost to a competitor or to self-operation, to total prior year revenue. This rate also includes contracts terminated by Sodexo and site closures and is considered to be comprehensive. Other companies may calculate their retention rates on a different basis.

CORPORATE OFFICERS

Corporate Officer is the term used in English for the French *mandataire social* and refers to the Members of the Board of Directors, including Sodexo's Chief Executive Officer, who is also on the Board of Directors.

COSO (COMMITTEE OF SPONSORING ORGANISATIONS)

COSO was formed in the United States in 1985 to sponsor the National Commission on Fraudulent Financial Reporting, an independent private sector initiative jointly sponsored by major professional associations chaired by Senator Treadway. COSO issued recommendations to public companies and independent accountants in the form of an integrated framework for internal control, which forms the basis for the application of certain provisions of the Sarbanes-Oxley Act.

DEVELOPMENT RATE

The development rate is the annualized estimated revenue for new contracts signed during the fiscal year, divided by prior year revenues.

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 on page 75 of this document.

EMPLOYEE RETENTION RATE

The employee retention rate is the number of employees who leave during the year divided by the average number of employees.

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.

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 total 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.

ISSUE VOLUME

The face value of vouchers and cards multiplied by the number of vouchers and cards issued.

INTENSITY RISK

Risks whose frequency and severity require transfer to the insurance market.

NET DEBT

Net debt corresponds to the Group's gross borrowings* at the balance sheet date less cash and cash equivalents and restricted cash and financial assets related to the Benefits and Rewards Services activity, less bank overdrafts.

NUMBER OF SITES

The number of sites corresponds to the number of locations where the Group performs a service.

ON-SITE SERVICES

On-site Services respond to the needs of Sodexo's eight client segments: Corporate, Defense, Justice Services, Remote Sites, Health Care, Seniors, Education and Sports and Leisure.

ORGANIC GROWTH

Organic growth is the increase in revenues, excluding exchange rate effects and the impact of acquisitions or divestitures of subsidiaries over a twelve month period.

PERSONAL AND HOME SERVICES

Services provided in four main areas: childcare, tutoring, concierge services and in-home care for dependent persons.

REGISTERED SHARE

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. The benefits of holding registered shares are presented on page 233 of this Registration Document.

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.

SAME-SITE GROWTH (OR GROWTH ON EXISTING SITES)

Same-site growth 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, 2010 to August 31, 2012).

* *Gross borrowings: current and non-current financial debt plus derivative financial instruments (assets and liabilities, current and non-current).*

SUPPLEMENTARY DIVIDEND

Any shareholder able to demonstrate holding registered shares for at least four years including as of the dividend payment date will benefit from a 10% supplementary dividend on those shares. The number of shares eligible for the supplementary dividend cannot exceed 0.5% of Sodexo's share capital per shareholder.

The first supplementary dividend will be payable for the dividend distributed for the fiscal year ending August 31, 2013 (set by the Ordinary Shareholders' Meeting expected to be held in January 2014).

WORK-RELATED ACCIDENT FREQUENCY RATE

Number of accidents per million hours worked.

WORK-RELATED ACCIDENT SEVERITY RATE

Number of days' work lost due to work-related accidents per million hours worked.

10.2 Responsibility for the Registration Document and the audit of the Financial Statements

10.2.1 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 reference* 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 whose reconciliation table is on page 319 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."

November 12, 2012
Michel Landel
Chief Executive Officer

10.2.2 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 de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France Registered no. RCS Nanterre 672 006 483 Represented by Yves Nicolas	February 22, 1994	6 years	Annual Shareholders' Meeting to be held in 2017 to adopt the financial statements for Fiscal 2016
KPMG Audit Département de KPMG SA Member of the Compagnie Régionale de Versailles 1, cours Valmy 92923 Paris-La Défense Cedex, France RCS Nanterre 775 726 417 Represented by Isabelle Allen	February 4, 2003	6 years	Annual Shareholders' Meeting to be held in 2015 to adopt the financial statements for Fiscal 2014
Deputy statutory auditors*			
Anik Chaumartin Member of the Compagnie Régionale de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France	January 21, 2013*	6 years*	Annual Shareholders' Meeting to be held in 2017 to adopt the financial statements for Fiscal 2016
Bernard Pérot Member of the Compagnie Régionale de Versailles 1, cours Valmy 92923 Paris-La Défense Cedex, France	January 19, 2009	6 years	Annual Shareholders' Meeting to be held in 2015 to adopt the financial statements for Fiscal 2014

* *Appointment subject to the approval of the Shareholders' Meeting of January 21, 2013 as replacement of and following the resignation of Yves Nicolas (appointed on January 21, 2011).*

10.3 Reconciliation table

To facilitate the reading of this document, the reconciliation table below identifies:

- the main headings required by Appendix I of European Regulation 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 AMF (*Autorité des Marchés Financiers*);
- the disclosures constituting the Management Report of the Board of Directors defined by the French Commercial Code.

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* *Pursuant to article 28 of Rule (CE) nº 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, 2011 as presented on pages 299 and 89-162 of the Registration document filed with Autorité des Marchés Financiers (French financial markets authority) on November 10, 2011 under number D. 11-1021.
- Group management report, Group consolidated financial statements and Statutory Auditors' report on the consolidated financial statements for the year ended August 31, 2010, as presented on pages 286 and 85-161 of the Registration document filed with Autorité des Marchés Financiers (French financial markets authority) on November 10, 2010, under number D. 10-0842;

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Published by Sodexo

Design, creation and production: Labrador +33 (0)1 53 06 30 80

Cover design and preparation: TERRE DE SIENNE *Paris* | www.terredesienne.com

Coordination: Xplicite

Photo credits: Philippe Castaño, Grégoire Korganow, Stéphane Remael, Jacques Grison, Jean-Erick Pasquier, Stéphane Lavoué.

Sodexo
Group Financial Department
255, quai de la Bataille de Stalingrad
92866 Issy-les-Moulineaux Cedex 9
Tel.: +33 (0)1 30 85 75 00

STOP HUNGER
A Sodexo Initiative

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QUALITY OF LIFE SERVICES