



Fiscal 2017 Registration Document

Including the
Integrated Report

sodexo
QUALITY OF LIFE SERVICES

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	This document follows Sodexo's decision to adopt the practice of integrated reporting. Based on the recommendations of the International Integrated Reporting Council (IIRC), it also reflects the direction being taken in our roadmap for corporate responsibility, Better Tomorrow 2025.		8.1 Report of the Board of Directors Presentation of Resolutions submitted to the combined Annual Shareholders' Meeting, January 23, 2018	300
	Managers from various departments within the Group took part in a series of workshops to jointly create the Report, ensuring there is a common perspective on Sodexo's overall performance – economic, social and environmental. This first Integrated Report covers the fiscal year 2017 and draws on information both from the Registration Document published for the same period and a materiality review carried out by Sodexo in 2015.		8.2 Resolutions submitted to the Combined Annual Shareholders' Meeting of January 23, 2018	305
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	This Report is the first step in a process of continuous improvement. Once published, we will continue this collaborative approach by seeking the opinions of internal and external stakeholders in preparation for our next Integrated Report.		⑨ Appendices	319
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SODEXO AT A GLANCE

**Founded in 1966 by Pierre Bellon,
Sodexo is the global leader in Quality of Life services.**

Sodexo is the world's only company offering
On-site Services, Benefits and Rewards Services
and Personal and Home Services.
Sodexo's services contribute to the performance
of our clients, the fulfillment of our teams
and the economic, social and environmental development
of our local communities.

KEY FACTS AND FIGURES AS OF AUGUST 31, 2017

Source: Sodexo

20.7 billion
euro in consolidated
revenues

427,000
employees

+100
professions

80
countries

100 million
consumers
served daily

#1
France-based private
employer worldwide⁽¹⁾

68%
level of employee
engagement⁽²⁾

#1
in its industry sector in both
the Dow Jones Sustainability
Index (DJSI)⁽³⁾ and the 2017
RobecoSAM Sustainability
Yearbook⁽⁴⁾

#2
in its sector among
the World's Most Admired
Companies⁽¹⁾

and #1
for Innovation, Social
Responsibility and Global
Competitiveness⁽¹⁾

¹ 2017 Fortune 500 ranking.

² 2016 employee engagement survey sent to 371,761 Sodexo employees of which 211,501 responded.

³ The Dow Jones Sustainability Indices (DJSI) provide a global ranking of the companies most advanced in the area of sustainable development. They are jointly compiled by the S&P Dow Jones Indices and RobecoSAM.

⁴ The RobecoSAM Sustainability Yearbook is the world's most comprehensive publication on corporate sustainability performance. More than 3,400 companies in 59 industries were evaluated according to economic, financial, environmental, social and environmental economic indicators.



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Integrated Report

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INTEGRATED REPORT

QUALITY OF LIFE DRIVES PERFORMANCE FOR OUR CLIENTS, FOR US, FOR EVERYONE

For more than 50 years, quality of life has been our mission and profession. We believe that the well-being of women and men should be the main focus of organizations in their search for improved performance.

Our growth is fueled by this virtuous business model: we accompany our clients in this quest for performance while contributing to societal progress.

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WHO RUNS SODEXO?

MESSAGE FROM SOPHIE BELLON, CHAIRWOMAN OF THE BOARD OF DIRECTORS OF SODEXO

OUR STRENGTHS MAKE US UNIQUE

We reach millions of people on a daily basis.

We assist 100 million end-users of our services around the world, at every moment of their day, at every stage of their life, from their first day at school to their university studies, throughout their working life and during their holidays. When they find themselves in hospital or, after they retire, in a senior-care facility. By the way they live their lives and express their particular needs, they help us to achieve an ever more precise understanding of how to improve their quality of life.

The women and men in our Company are deeply committed to serving others.

Every day Sodexo teams work closely with our clients. They serve our consumers attentively and creatively day in and day out. A smile, a caring look, a comforting gesture, an encouraging word: all these little acts of kindness, day after day, are the essence of our service offering and of our mission to improve quality of life. Our colleagues are the face of Sodexo. Our competitive advantage is rooted in the wealth of talent, cultures and experience of our teams. We owe our success to the strength of their engagement, which has increased by 20 points since 2008.

We believe that people's well-being is a key driver of performance.

Corporate offices, public institutions, oil platforms in Central America, desert mining operations, hospitals in Southeast Asia, university campuses



**"We assist
100 million
end-users of
our services
around the world
at every stage
of their life."**

Sophie Bellon

in the U.S., grammar schools in the U.K... We partner with our clients to help them meet their strategic challenges: conquering new markets, boosting competitiveness and attracting talents. They rely on us because they know that the well-being of their people is a key driver of their performance.

We are committed to economic, social and environmental progress.

Through the partnerships we build with our suppliers, we contribute to the economic development of the communities in which we operate. Employing women and men of all

nationalities, cultures and ages, we contribute to social inclusion and advancement. We play an important role on several levels: implementing supply chains that respect the environment, prevent food waste and contribute to the fight against hunger and malnutrition.

In 2017, for the 13th year in a row, we are ranked first on the Dow Jones Sustainability Index. Sodexo has also been recognized by *Fortune* magazine as one of the 50 companies that change the world! We have always believed that our success must be measured against our contribution to economic, social and environmental progress. Our willingness to publish an integrated report this year is a demonstration of this commitment.

We benefit from a solid foundation and a valuable legacy.

Our history and culture are grounded in a living legacy: strong values, an ambitious mission, intra-entrepreneurs constantly on the lookout for new sources of growth. This legacy is sustained by our financial independence, and by the commitment we made, together with my family, to maintain our holding in the Company for the next 50 years.

OUR GOALS ARE AMBITIOUS

For the past 50 years we have been driven by an extremely ambitious, twofold mission: to become the world leader in Quality of Life services, and to contribute to the economic, social and environmental development of the communities, regions and countries in which we operate.

The world is undergoing profound transformation under the combined effects of exponential technological progress and major political and socio-economic shifts. In this context, attempting to predict exactly what

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Sodexo will be like in 30 or 50 years would be a mistake.

One thing is certain: we are dedicated to adapting ourselves so that we can continue to carry out our mission to improve quality of life. Our objectives are clear and more relevant than ever:

To be the authority on innovating to improve Quality of Life

Today consumers determine which services we offer and how much they are worth. The personalization of services has become the norm; not to do so would be a mistake. We have become services experts, but from now on we must also be consumer experts. Our challenge: to innovate in order to satisfy our consumers' needs, even when they are not yet fully aware of those needs. We must harness the innovations that come from our employees, consumers and suppliers, and deploy them with skill, speed, and responsiveness across all our sites in 80 countries.

To be the employer of choice for top talent now and in the future

We are a services company and we employ 427,000 employees around the world: our people are at the heart of our value proposition. Which is why, at Sodexo, innovation is also relational, managerial and human. Our challenge: to renew our entrepreneurial culture, to encourage ourselves to take the initiative, to give each one of us the possibility to take some risks. To make this happen, we must encourage our leaders to question their certainties, to put aside the demand for perfection, to encourage curiosity and progress, and promote collective effort as much as individual performance.

This ambition translates into some clear medium- and long-term objectives:

- To become one of the most admired employers by our own employees, while continuing to increase employee engagement scores.
- To reach the highest levels of client and consumer satisfaction and loyalty across all our sectors of activity.
- To become a widely known and highly regarded global brand.
- To be the world leader in operating income and annual turnover in our three core businesses and in each of their

respective segments, sub-segments, and client and consumer niches.

- To have 4% to 7% average annual revenue growth.
- To achieve between 8% and 10% annual growth, on a constant exchange rate basis, in underlying operating profit.

"The personalization of services has become the norm."

OUR PRIORITIES ARE CLEAR

Our ambition and our objectives are clear, but many challenges lie in our path. To overcome them, we must focus on constantly improving our performance and on some key priorities:

Developing our human resources

Women make up 54% of our workforce, and we employ almost 110,000 people under the age of 30. We will soon see three or maybe four generations working together in the Company, and they will have very different aspirations. The youngest, seeking autonomy and meaningful employment, often look disdainfully upon big companies. A profound shift is under way. In a context where progress is commonly disrupting our working methods and our operational models, one of our greatest responsibilities is to get these different generations and cultures to work together so they may continue to contribute to the future success of Sodexo.

Creating a more open and collaborative company

As it is increasingly difficult to understand and anticipate the developments affecting our markets, it has become indispensable for us to look outward to understand the changes taking place, and to discern who will be our competition or our partners in years ahead. We will have to look for expertise wherever it exists. We will have to forge alliances with new partners. We will have to be creative enough to invent with them a new type

of ecosystem, one that is more open and more collaborative.

Staying the course over the long-term

More than ever, the mounting complexity of our markets requires us to put a considerable amount of energy into forecasting and preparing for our future. We must not let uncertainty paralyze us, or lead us to take the risk of becoming obsessed with short-term concerns. There remains much to do before our mission to improve quality of life will become tangible in the eyes of our consumers, our colleagues and our clients. We will get there only if we continue to make the investments required.

As of the January 23, 2018 General Shareholders Meeting, Denis Machuel will become Chief Executive Officer of Sodexo. Denis subscribes wholeheartedly to our entrepreneurial culture and to our mission to improve quality of life. His career path has enabled him to develop a deep understanding of the speed and scope of the digital revolution, and of the opportunities it represents for all of our activities.

I would like to extend a warm thank you to Michel Landel for his longstanding commitment to Sodexo's development. Throughout his career at Sodexo, and particularly during the past twelve years as CEO, Michel has made an immense contribution to the growth and transformation of our Group, while at the same time being the perfect embodiment of our values.

In the coming months, Denis and I will start to run Sodexo together. We share the same vision of the challenges ahead and of the priorities on which we must focus to accelerate our growth. As we move forward, we can count on the support of all the leaders of Sodexo, as well as the support of all our employees all over the world.

Together we will continue to shape the daily lives of our clients and end-users of our services, so that each day will be a better day for the greatest number of people.

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PIERRE BELLON
Chairman Emeritus
Founder of Sodexo

Nationality: French



EMMANUEL BABEAU
Chairman of the Audit Committee
Deputy Chief Executive Officer
of Schneider Electric, in charge
of Finance and Legal Affairs

Nationality: French

Term expires at the 2019
Shareholders' Meeting



ROBERT BACONNIER
Director

Nationality: French

Term expires at the 2019
Shareholders' Meeting



SOPHIE BELLON
Chairwoman
of the Board of Directors
Member of the Management
Board of Bellon SA

Nationality: French

Term expires at the 2018
Shareholders' Meeting

WHO RUNS SODEXO?

OUR BOARD
OF DIRECTORS*:
**SHARING A
LONG-TERM VISION**



NATHALIE BELLON-SZABO
Member of the Management
Board of Bellon SA
Chief Executive Officer, Sodexo
Sports & Leisure France,
On-site Services
Chief Operating Officer, Sodexo
Sports & Leisure Worldwide,
On-site Services

Nationality: French

Term expires at the 2018
Shareholders' Meeting



PHILIPPE BESSON
Employee representative

Nationality: French

Term expires at the 2018
Shareholders' Meeting

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

For more details on Sodexo's Governance, please see page 231.

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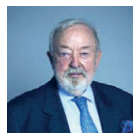
PATRICIA BELLINGER
Adjunct Lecturer
and Senior Fellow,
Harvard Kennedy School's
Center for Public Leadership

Nationality: dual
American and British
Term expires at the 2020
Shareholders' Meeting



ASTRID BELLON
Member of the Management
Board of Bellon SA

Nationality: French
Term expires at the 2019
Shareholders' Meeting



BERNARD BELLON
Member of the Supervisory
Board of Bellon SA

Nationality: French
Term expires at the 2018
Shareholders' Meeting



FRANÇOIS-XAVIER BELLON
Chairman of the Management
Board of Bellon SA
Chief Executive Officer,
LifeCarers Ltd

Nationality: French
Term expires at the 2019
Shareholders' Meeting



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



MICHEL LANDEL
Chief Executive Officer
Chairman of the Executive
Committee of Sodexo

Nationality: French
Term expires at the 2020
Shareholders' Meeting



FRANÇOISE BROUGHER
Chairwoman
of the Nominating Committee
Director

Nationality: dual French
and American
Term expires at the 2018
Shareholders' Meeting



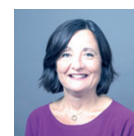
SOUMITRA DUTTA
Dean and Professor
of Management, Cornell College
of Business,
Cornell University

Nationality: Indian
Term expires at the 2018
Shareholders' Meeting



CATHY MARTIN
Employee representative

Nationality: Canadian
Term expires at the 2018
Shareholders' Meeting



CÉCILE TANDEAU DE MARSAC
Chairwoman of
the Compensation Committee
General Manager
of Human Resources
at Solvay Group

Nationality: French
Term expires at the 2020
Shareholders' Meeting



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* As of August 31, 2017.

WHO RUNS SODEXO?

INTERVIEW WITH MICHEL LANDEL, CHIEF EXECUTIVE OFFICER



Joint-ventures, partnering with startups... Sodexo seems to be moving into high gear for innovation and digital transformation. Is this key to the company's growth strategy?

Sodexo wouldn't be where it is today without innovation, which has always come from the field and from our clients. In a world that is rapidly changing – and where the needs of our customers are also rapidly changing – it is absolutely essential for us to keep innovating to anticipate and satisfy people's quality of life needs in the years ahead.

Last year we established a “digital roadmap” to help us navigate the challenges ahead. Our teams have been working to determine which digital practices will change the way we do business tomorrow. As a result, we have already launched more than 100 initiatives, with new tools, platforms, and social networks to improve our services and our performance. Our platform and international challenge dedicated to innovation, open to all Sodexo employees, have also enabled us to get a lot of pilot projects up and running this past year.

Lastly, we have ramped up our strategy of partnering with startups. Our involvement in this area is not new. Last year we launched Sodexo Ventures, our strategic 50 million euro investment fund. While this gives us the means to benefit from the flexibility and the creativity that startups offer, we provide them with our investment capability and with our access to world markets. We have already invested in three startups – Wynd, LifeDojo, and Neo-Nomade – that promise to be very beneficial for our Quality of Life services offer. At the same time, we have made many new acquisitions which will boost our offer in the Benefits and Rewards Services activity in particular.

“In a world that is rapidly changing, it is absolutely essential for us to keep innovating to anticipate and satisfy people's Quality of Life requirements in the years ahead.”

Michel Landel

How would you describe the Fiscal 2017 results?

In Fiscal 2017, our results are globally solid. Revenues reached 20.7 billion euro, up 2.2%. This is lower than we had indicated at the beginning of the year. However Sodexo delivered on its operating income growth guidance of 8-9%, improving margins to a level of 6.4%, generating strong free cash flow and increasing the dividend by almost 15%. In addition net profit was up 13.5% to 723 million euro. Finally we have also significantly reinforced our investments in our digital capabilities, M&A and sales development. Regarding the revenue growth, I'd like to highlight the good performance in Corporate Services in North America, Asia and Latin America; a progressive improvement in Energy & Resources throughout the year; a return to growth in France in the fourth quarter; and, in Benefits and Rewards Services, strong organic growth of 7.7% helped by robust growth in Incentive & Recognition in Europe and the U.S.

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In October 2017, you organized a second Quality of Life conference, in London. What were the major developments coming out of the event and what impact will they have on Sodexo's services?

As with the first Quality of Life Conference [2015 in New York], we wanted to share – with top leaders from every geography and sector – our vision of the importance of quality of life in the search for performance. This time we emphasized sharing innovative solutions while exploring the new needs of the end-users of our services namely seniors, students, employees, and patients.

As we explored their respective requirements, certain common trends emerged, notably a very strong demand for personalization, co-creation and the desire for a society that ensures everyone's well-being over the long-term. These trends will guide the development of our services going forward. And they confirm our research that points to a need for greater use of new technologies to improve quality of life.

This year you also renewed your corporate responsibility commitments. What are the priorities? Do these commitments have an influence on your client relationships?

Since Sodexo was founded, our mission has been to improve the quality of life of the women and men we serve, and to participate in the economic, social and environmental development of the communities, countries and regions in which we operate. Our new roadmap, Better Tomorrow 2025, represents the most recent evolution of our social engagement; it illustrates the major environmental and societal challenges the world is facing today. Our nine commitments are aligned to the United Nations sustainable development objectives, and each commitment is linked to a specific and measurable objective which allows us to monitor our

progress. Our efforts are particularly ambitious when it comes to improving the quality of life of our colleagues, but also when it comes to fighting hunger and malnutrition, promoting gender equality, preventing waste, and reducing our carbon footprint among other things. Our perseverance and our high-level of engagement in pursuit of these goals gives us a real competitive edge in the eyes of our clients. Some of them have even sought advice from us in developing their own corporate responsibility strategies.

"Our commitment to improving society is something else that sets us apart"

As of January 2018 you will be retiring as CEO of Sodexo. How has Sodexo changed during your tenure as CEO? What would you say are Sodexo's advantages going forward?

Sustained by our convictions and supported by all the women and men who work at Sodexo, we have invented a new business: providing integrated services to improve Quality of Life. Through our three activities – On-site Services, Benefits and Rewards Services, and Personal and Home Services – we serve more than 100 million people every day at every stage of their life. This positioning makes us uniquely qualified to realize market potential that we estimate at more than 50 times the current size of the company.

Moreover, our presence in 80 countries and our new organization, based on worldwide client segments and operational support platforms, enables us to be even better at sharing the wealth of our knowledge and best practices in

the field. Our results and our financial situation are very solid, which will allow us to continue to invest in internal and external growth.

We remain confident in the future and have confirmed our medium-term objectives of average annual growth in revenue between 4 and 7 percent and average annual growth in underlying operating profit between 8 and 10 percent (excluding currency effects). For Fiscal 2018, we have an objective of organic revenue growth of between 2 and 4 percent excluding the 53rd week⁽¹⁾ impact, with underlying operating profit margin maintained at 6.5%.

Sodexo is a family-controlled business that has preserved its financial independence. Holding firm to our values and our long-term strategic vision is a major asset that helps increase employee engagement in a volatile and uncertain economic environment. The scope and sincerity of our commitment to improving society is something else that sets us apart. I am confident about the future and I would like to thank all the women and men at Sodexo for their work and their daily commitment to improving the Quality of Life of our clients.

Denis Machuel, who is replacing me as CEO, is very familiar with the Group. He has the professional and personal qualities for evolving our strategy in a constantly changing world. He is the right person to determine the way ahead: he is one of the architects of our accelerated innovation policy. I think we share the same entrepreneurial and managerial culture, and the transition we began at the beginning of the summer has gone smoothly. So, yes, I am certain Sodexo will find a way to keep innovating and imagining the future of quality of life while remaining true to its core principles.

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¹ The 53rd week adjustment is linked to the change from weekly to monthly accounting as from September 2017. Weekly accounting has the side effect of losing one or two days per year, depending upon whether there is a leap year or not. These lost days are usually recovered in the accounts in a one-off every 5 to 6 years. In Fiscal 2017, this 53rd week effect is the equivalent of six days of trading. The 53rd week has no impact on margins.

WHO RUNS SODEXO?

OUR EXECUTIVE COMMITTEE*: PLANNED SUCCESSION, CONTINUED DYNAMISM

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Michel Landel
Group Chief Executive
Officer
Chairman of the Executive
Committee
Nationality: French

Sodexo Chief Executive Officer
Michel Landel announced his intention to retire at the end of the next annual General Shareholders' Meeting, to be held on January 23, 2018. The Sodexo Board of Directors named Denis Machuel to succeed him as Chief Executive Officer and Chairman of the Executive Committee. To ensure a smooth transition, Denis Machuel was appointed Deputy Chief Executive Officer of Sodexo, effective September 1, 2017. Michel Landel will remain on the Board of Directors until the end of his term in January 2020.



Denis Machuel
Group Deputy Chief
Executive Officer
Group Chief Digital Officer
Nationality: French



Patrick Connolly
Chief Executive Officer,
Schools & Universities
Worldwide,
On-site Services
Nationality: American



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



Pierre Henry
Vice President of
the Executive Committee
CEO Sports & Leisure
Worldwide,
On-site Services
Nationality: Belgian



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

Planned management transition at Sodexo ensures
a dynamic team to lead the Group's long-term development.



Satya-Christophe Menard
Chief Executive Officer
of Service Operations
Nationality: French



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



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



Marc Rolland
Group Chief
Financial Officer
Nationality: French



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



Juan Pablo Urruticoechea
Group Chief Human
Resources Officer
Nationality: Spanish



Dianne Salt
Group Chief Brand
& Communications Officer
Nationality: Canadian



Damien Verdier
Group Chief Strategic
Planning, Organization,
Research & Development
and Innovation Officer
Nationality: French

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* Executive Committee of Sodexo as of September 1, 2017.

WHO WE ARE?

OUR BUSINESS: IMPROVING QUALITY OF LIFE

For more than 50 years, quality of life has been our mission and profession, and we advocate that the well-being of women and men should be the main focus of organizations in their search for improved performance.

By acting directly on six dimensions of quality of life, we accompany our clients in this quest for performance while contributing to societal progress.



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WE IMPACT 6 DIMENSIONS OF QUALITY OF LIFE



THE PROMOTION
OF HEALTH
AND WELL-BEING



THE CREATION
OF A SECURE AND SAFE
PHYSICAL ENVIRONMENT



THE DEVELOPMENT
OF SOCIAL
INTERACTIONS



THE IMPLEMENTATION
OF CONDITIONS
FOR COLLABORATIVE
EFFICIENCY



INDIVIDUAL
RECOGNITION



PERSONAL
GROWTH

We believe that to create lasting value, organizations and society must place people at the center of their thinking. This is why we consider quality of life to be a key, and as yet largely unexplored, factor in individual and collective performance. We have made it our business and our *raison d'être*. For many, quality of life is a vague or imprecise idea. For us, it is a tangible and measurable subject. Today, a large number of studies back us up. For companies, work-life balance has become a major factor in attracting, retaining and engaging employees. At the hospital, patients recover faster when they are received under the best possible conditions. In schools, children with a healthy, balanced diet who engage in physical activity achieve much better academic performance. In all environments, the challenges remain the same – reconciling individual needs and organizational goals; recognizing that businesses and organizations are also places of living; placing a priority on everything that improves quality of life. By working on the individual, collective, physical and psychological conditions of “living better”, we are able to contribute effectively to the performance of our clients.

OUR QUALITY OF LIFE OFFERS ARE DESIGNED TO RESPOND TO WHAT REALLY MATTERS TO OUR CLIENTS AND TO MAKE A DIFFERENCE IN OUR CONSUMERS' LIVES

For many, this idea remains vague or too generalized. For us, it is a concrete and measurable topic. We therefore have gradually translated it into our practices and services. Since the 1960s we have been expanding our geographical footprint and developing new services, helped by targeted acquisitions. We have moved from providing lunch at work to delivering an array of 100 services in the workplace and beyond. More recently, we have introduced services for consumers in their homes. Our incentive and recognition services and investments in child care facilities and senior care reflect the breadth of our integrated offer. Our business starts with a commitment to making our clients more successful. Our knowledge of their markets allows us to go beyond their expectations of cost reduction or process improvement and to identify and respond to their

strategic needs. We do this by focusing first and foremost on the women and men on whom our clients rely for their success, whether they are their employees, patients, students or residents.

For over 50 years, we have developed an in-depth knowledge of each of our client and consumer segments, both locally and globally. Because quality of life means different things to different people, we constantly invest in research, including through the Sodexo Institute for Quality of Life. We also measure the impact of our services to better understand and continuously improve our capacity to meet the needs and aspirations of the people we serve. We are therefore a “company of people serving others.” This means we have committed ourselves to being an exemplary employer: our mission to improve quality of life must begin with our 427,000 employees. We work tirelessly to attract and retain talented people by offering them stable jobs, training, personal development opportunities and a safe and fulfilling work environment. We know, more than anyone, that this is how we create value.

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WHO WE ARE?

OUR FUNDAMENTALS: A GLOBAL, INDEPENDENT, PEOPLE-FOCUSED COMPANY

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



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

OUR MISSION

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

OUR VALUES

- Service spirit
- Team spirit
- Spirit of progress

OUR ETHICAL PRINCIPLES

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

A CONSUMER AND CLIENT-FOCUSED CULTURE

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

DEVELOPING OUR EMPLOYEES

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

Recognizing each individual's contribution to the Group's success is a priority. We are committed to being an employer of choice by providing jobs for our people, training and opportunities for internal promotion that will enable them to develop their talents and grow fully within the Company.

AN INTEGRATED OFFER THROUGH THREE ACTIVITIES

Through our three activities: On-site Services, Benefits and Rewards Services, and Personal and Home Services, we offer a 360° response to client needs. Through our more than 100 professions, we provide services that enable us to accompany consumers throughout their lives.

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

A WORLDWIDE COMPANY RESPONDING TO MAJOR GLOBAL TRENDS

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

Operating in 80 countries and with undisputed leadership in developing economies, Sodexo's global network enables us to customize our integrated offer while delivering a consistently high level of services worldwide. These services thus create value for our clients and improve the daily life of our consumers while respecting our economic, social and environmental commitments.

INDEPENDENCE ENSURED THROUGH FOUNDING FAMILY SHAREHOLDING

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

Our independence is ensured through the Bellon family shareholding: Pierre Bellon and his children control 72.6% of the Bellon SA holding company.

As of August 31, 2017, our controlling holding company, Bellon SA, held 40.4% of Sodexo's capital and 55.8% of the exercisable voting rights. In June 2015, Pierre Bellon and his four children entered into an agreement for a duration of 50 years which prevents his direct descendants from freely disposing of their shares in Bellon SA. The sole asset of Bellon SA is its holding in Sodexo shares and Bellon SA does not intend to sell this shareholding to third parties.

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

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OUR EVOLUTION: OVER 50 YEARS OF POSITIVE GROWTH

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

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INTERNATIONAL DEVELOPMENT AND ACQUISITIONS

35 countries including Belgium, Italy, Spain, the Middle East, Africa

40 countries including North America, South America, Russia, South Africa

QUALITY OF LIFE OFFERS AND SERVICES

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

Opening of food services in schools and hospitals

KEY MOMENTS

1976
1st meal voucher



1966
Sodexo established by Pierre Bellon

1983
Initial public offering on the Paris Stock Exchange

1992
Creation of the Sodexo Management Institute



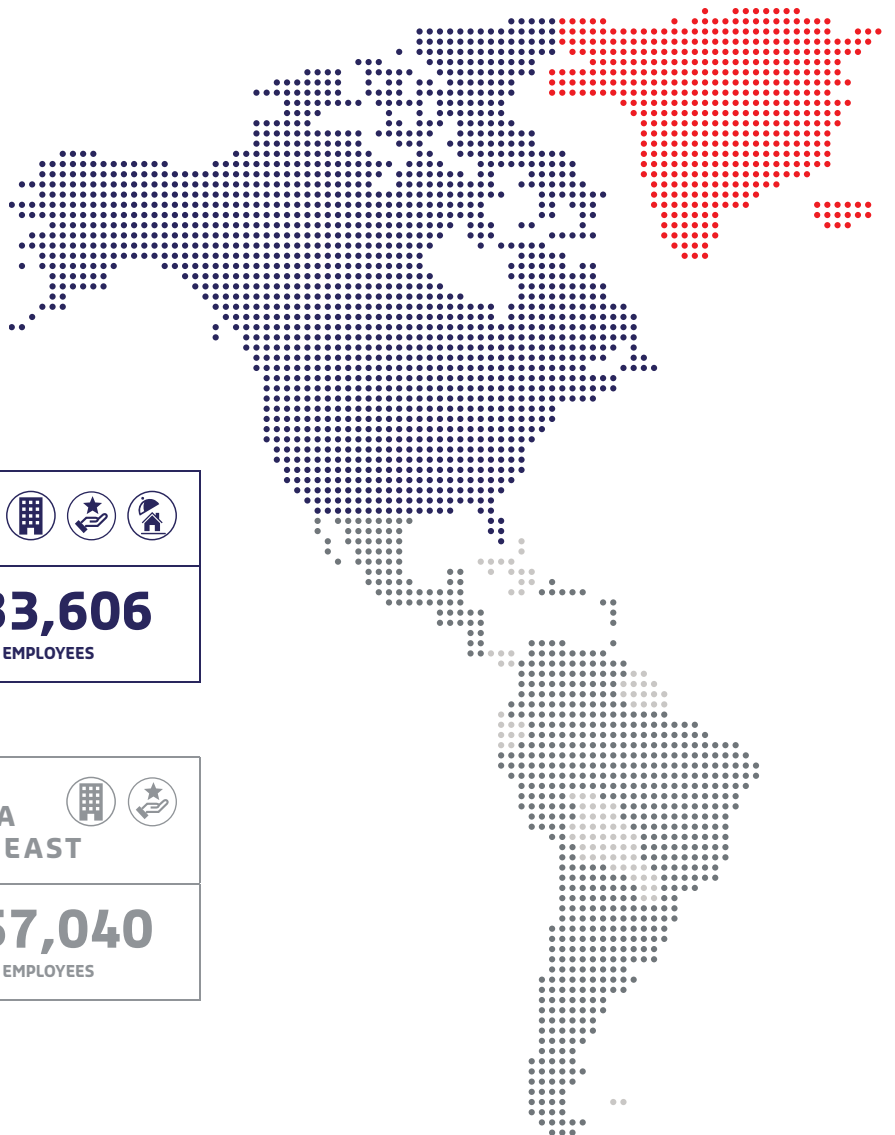
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KEY FIGURES AT A GLANCE

In 80 countries around the world, Sodexo continues to grow. This growth reflects our progress in training and developing our employees; building client loyalty; partnering with suppliers; delivering results for shareholders; protecting the environment; fostering diversity.



NORTH AMERICA 	
€9,170 million IN CONSOLIDATED REVENUES	133,606 EMPLOYEES

AFRICA, ASIA, AUSTRALIA LATIN AMERICA, MIDDLE EAST 	
€3,740 million IN CONSOLIDATED REVENUES	157,040 EMPLOYEES

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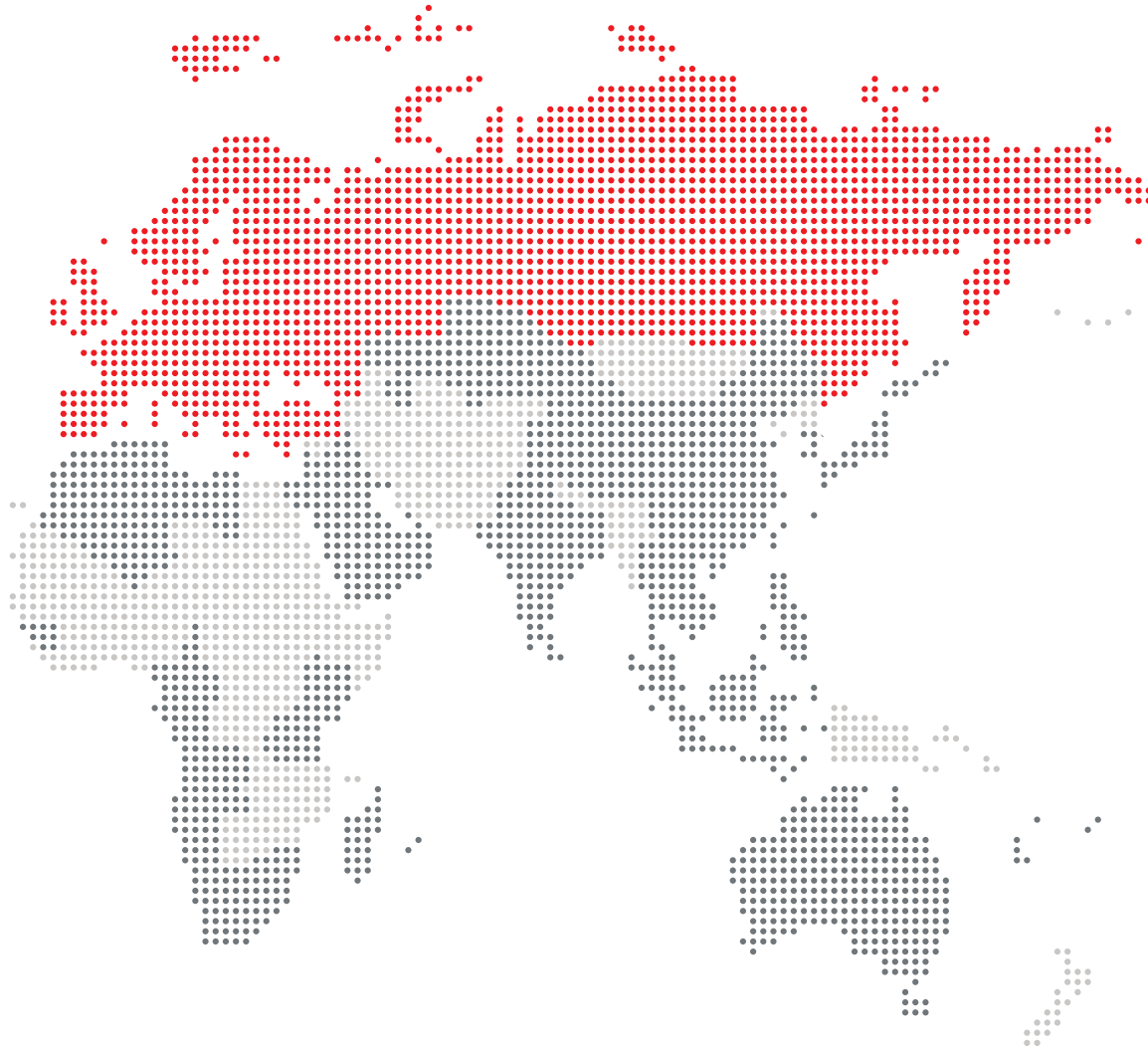
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EUROPE		  
€7,788 million	136,622	
IN CONSOLIDATED REVENUES	EMPLOYEES	



Legend:

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

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427,000

employees

68%⁽¹⁾

Employee engagement rate

88%

of employees rate Sodexo as the best employer in its sector⁽¹⁾

13.6

hours of training per employee provided

25%

of women on the Executive Committee

50%

of women on the Board of Directors

93.5%

client retention rate

1.9

billion euro of our business value benefiting SMEs

91.7%

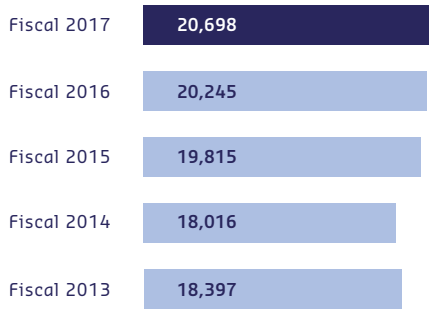
of spend with contracted suppliers having signed the Sodexo Supplier Code of Conduct

Source: Sodexo.

¹ 2016 employee engagement survey sent to Sodexo 371,761 employees to which 211,501 responded.

KEY FIGURES

EVOLUTION OF CONSOLIDATED REVENUES (IN MILLIONS OF EURO)



20.7

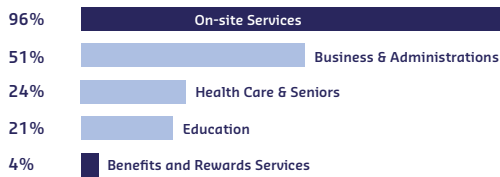
BILLION EURO

Consolidated revenues

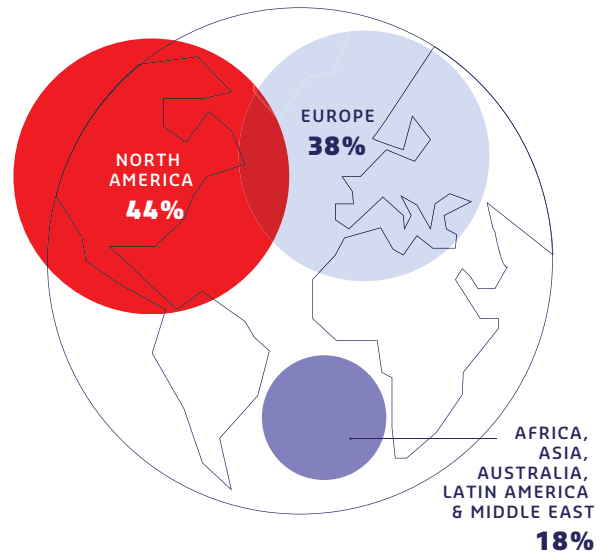
6.4%

Operating margin before exceptional costs

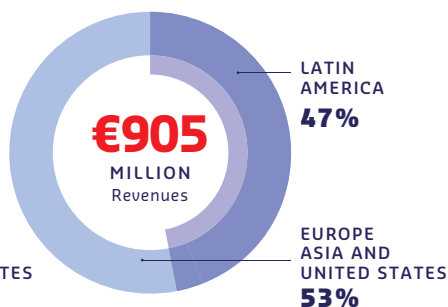
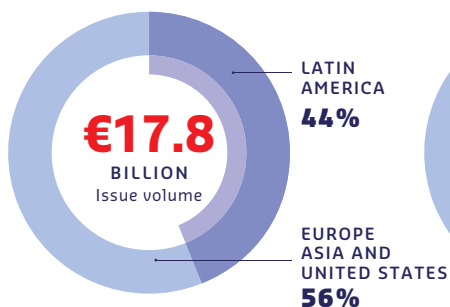
REVENUES BY ACTIVITY AND CLIENT SEGMENT (FISCAL 2017)



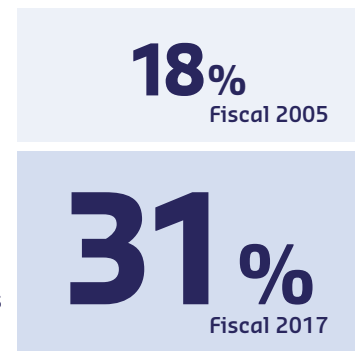
CONSOLIDATED REVENUES BY REGION (FISCAL 2017)



REVENUES AND ISSUE VOLUME, BENEFITS AND REWARDS SERVICES (FISCAL 2017)



FACILITIES MANAGEMENT SERVICES' SHARE OF REVENUES



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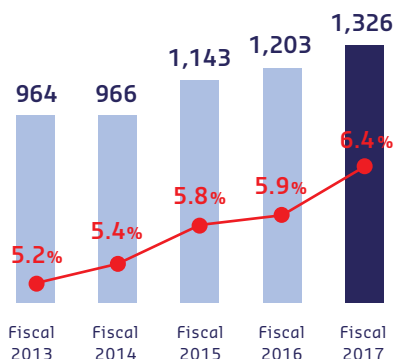
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RESULTS AND RATIOS

OPERATING PROFIT BEFORE EXCEPTIONAL EXPENSES*

(IN MILLIONS OF EURO)



+8.3%

Evolution of operating profit over 5 years:
+8.3% per year / CAGR**

* Excluding exceptional items resulting from the Adaptation and Simplification program in Fiscal 2016, and from the Program to improve operational efficiency in Fiscal 2014 and Fiscal 2013, and the favorable accounting adjustment related to the pension plan in the United Kingdom in Fiscal 2012.

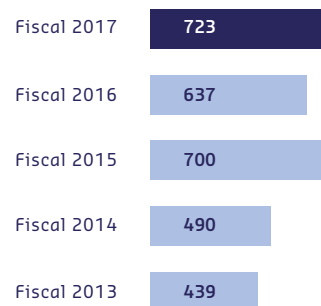
** Compound Annual Growth Rate.

■ Operating Profit*
in millions of euro

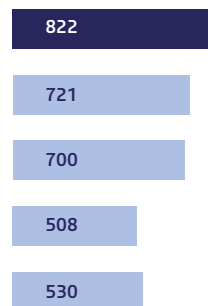
● Operating margin %

GROUP NET INCOME

(IN MILLIONS OF EURO)

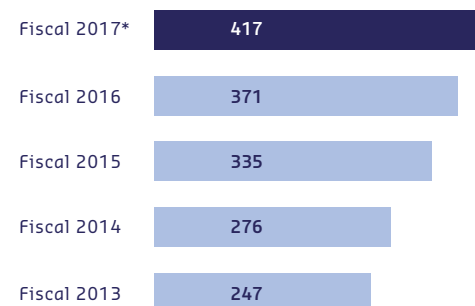


NET INCOME BEFORE NON-RECURRING ITEMS*



DIVIDEND

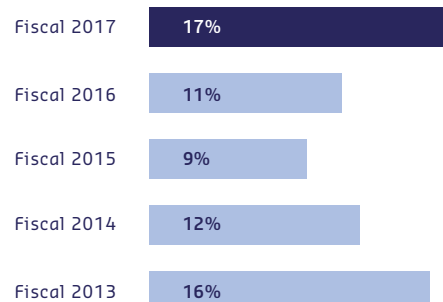
(IN MILLIONS OF EURO)



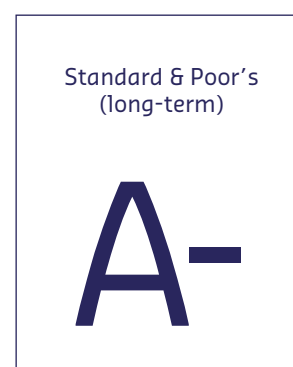
* Non-recurring items:
Fiscal 2017: 99 millions euro
Fiscal 2016: 84 million euro
Fiscal 2014: 18 million euro
Fiscal 2013: 91 million euro

* Subject to approval at the Annual Shareholders' Meeting of January 23, 2018.

NET DEBT AS A PERCENTAGE OF SHAREHOLDERS' EQUITY* (INCLUDING NON-CONTROLLING INTERESTS)



RATING



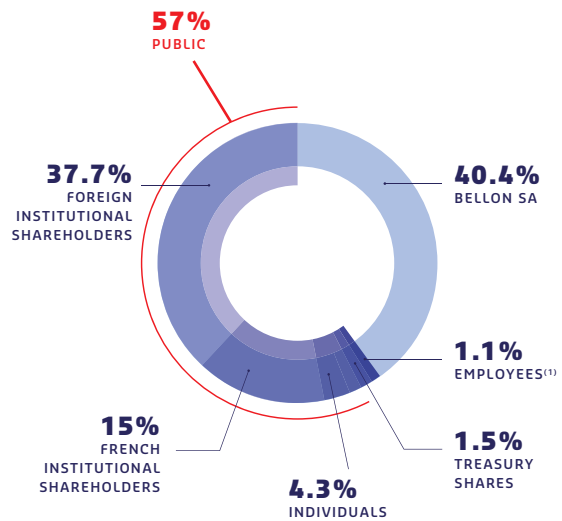
* Subject to approval at the Annual Shareholders' Meeting of January 23, 2018.

SODEXO SHARE

SHAREHOLDERS AS OF AUGUST 31, 2017

A controlling family shareholding:

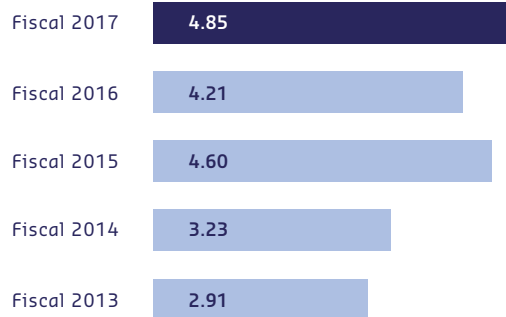
- Our independence is ensured through the Bellon family shareholding: Pierre Bellon and his children control 72.6% of the Bellon SA holding company.
- As of August 31, 2017, our controlling holding company, Bellon SA, held 40.4% of Sodexo's capital and 55.8% of the exercisable voting rights.



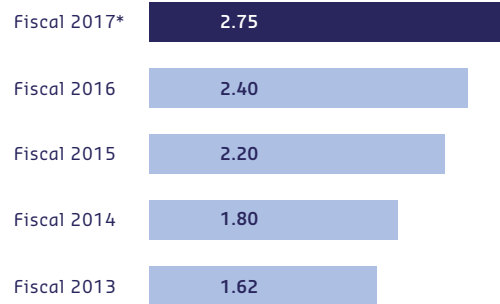
¹ Including the free registered shares held in registered form by employees and still subject to a lock-up period.

Source: Nasdaq.

EARNINGS PER SHARE (IN EURO)



DIVIDEND PER SHARE (IN EURO)



* Dividend subject to approval at the January 23, 2018 Shareholders' Meeting.

ADJUSTED SODEXO SHARE PRICE TRENDS FROM SEPTEMBER 1, 2016 THROUGH AUGUST 31, 2017

Sodexo -5.6%
Cac 40 +14.6%

TSR (TOTAL SHAREHOLDER RETURN)

**Over the past four fiscal years:
+14.1% per year**

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

HOW WE CREATE VALUE?

OUR ECOSYSTEM: TEN TRENDS THAT WILL DRIVE OUR FUTURE

Economic, demographic and social forces are transforming our planet at an accelerating pace. Understanding how the world is changing – and why – enables us to focus our resources and tailor our offers.



1. DEMOGRAPHIC SHIFTS

Growing global population and longer life expectancy will result in a planet of eight billion people by 2025, with 1 in 10 aged over 65⁽¹⁾. This is already having major effects on healthcare costs, dependent care and the global workforce.

Sodexo's response:

- Services that enable seniors to live longer at home;
- Healthcare services that help hospitals and senior residences to control costs;
- Childcare services that support working parents.

2. ECONOMIC GLOBALIZATION

The growing interconnection between capital, information, talent and trade is enabling innovation-led companies to sustainably benefit from new sources of growth and, more generally, increasing competition for talent, markets, innovation and information.

Sodexo's response:

- Consistent global integrated Quality of Life services that enhance the satisfaction, motivation and effectiveness of individuals and thus the attractiveness of organizations;
- An organization that facilitates the transfer of best practices worldwide.

¹ UN Population Division.

3. RAMPANT URBANIZATION

Rising urban populations and the development of megacities are creating urgent needs for new solutions in transportation, infrastructure, social interaction and services.

Sodexo's response:

- Public benefits services that enable communities to enhance quality of life and societal interaction among citizens;
- Foodservices solutions adapted to increased employee mobility.

4. DEVELOPING MARKETS

Economic muscle is being transferred to new countries, with 70% of growth projected in the years ahead to come from high potential economies⁽²⁾.

Sodexo's response:

- Sodexo is a leading services provider in Latin America and Asia, especially in countries like Brazil, Mexico, China and India;
- Programs that contribute to the economic and social development of local communities.

5. EXPANDING MIDDLE CLASS

Economic power is also being exercised by a rising middle class in developing countries, which will number 4.9 billion people by 2030, with 85% of this growth occurring in Asia⁽³⁾.

Sodexo's response:

- Expertise in international sporting and cultural events solutions facilitating access to cultural and leisure activities;
- Childcare services.

6. INCREASED PUBLIC DEFICITS

A trend that encourages governments to consider more efficient means of delivering public services and give priority to outsourcing solutions.

Sodexo's response:

- A wide array of Integrated Facilities Management services;
- Solutions for public authorities to optimize public assistance.

7. ENVIRONMENTAL ISSUES

Environmental concerns are growing, including the depletion of natural resources, driving efforts to develop more efficient and sustainable substitutes. In the next 20 years, consumption of energy will increase 50%, water 40% and food 35%⁽⁴⁾.

Sodexo's response:

- Our Better Tomorrow 2025 Corporate Responsibility Roadmap;
- Providing facilities management solutions that reduce client energy consumption;
- Programs to reduce food waste;
- Sustainable menus.

8. EMPOWERED CONSUMERS

Consumers increasingly expect more personalized services, improved quality of life and socially responsible behavior from the companies with which they do business.

Sodexo's response:

- Services promoting better work-life balance;
- Nutrition educational programs;
- A comfortable, safe and healthy work environment;
- Incentive and recognition programs.

9. DIGITAL TRANSFORMATION (AND BEYOND)

By 2020, more than 24 billion devices will be connected to the Internet⁽⁵⁾. Automation and digital transformation mean new opportunities to expand and personalize services to improve consumers' quality of life.

Sodexo's response:

- Apps providing information about menus, restaurant capacity, user account balances or identifying restaurants and stores that accept Sodexo vouchers and passes;
- Apps to simplify collecting payments from parents of school children;
- A real-time reservation platform for childcare centers;
- An intuitive tablet to support seniors' autonomy.

10. OWNERSHIP VERSUS USE

The success of the collaborative economy is increasingly leading to a distinction between the ownership and use of property.

Sodexo's response:

- Providing carry-out evening meals; Concierge and car-sharing services.
- Flexible and collaborative workplace environments.

² McKinsey Global Institute.

³ The United Nations Development Program.

⁴ Global Trends 2030: Alternative Worlds. December 2012, National Intelligence Council.

⁵ Remaking Customer Markets. Accenture, 2014.

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OUR STAKEHOLDERS: BUILDING SUSTAINABLE RELATIONSHIPS

RESPONSIBILITY

Our actions and our objectives have a direct impact on the environment and on local communities.

#1 in its industry
in both the Dow Jones Sustainability Index (DJSI)⁽¹⁾ and the 2017 RobecoSAM Sustainability Yearbook⁽²⁾

Sodexo is a constituent of the FTSE4Good Index⁽³⁾

CARE

We use our insights to engage our consumers and address their unique needs. We bring additional expertise to our clients.

93.5% client retention rate
for Fiscal 2017

80% consumer satisfaction rate
for Fiscal 2017

EMPOWERMENT

Improving quality of life of our employees allows them to be more engaged, more committed and shapes the quality of life experience.

5,802,417 hours of training provided
during Fiscal 2017

Source: Sodexo.

STOP HUNGER

LOCAL COMMUNITY PROJECTS

SOURCING OF FAIRLY TRADED PRODUCTS

AS AN EMPLOYER

FLEXIBLE WORK ARRANGEMENTS

GLOBAL FACILITIES MANAGEMENT ACADEMY

WASTELESS WEEK

GLOBAL EMPLOYEE LEARNING, TRAINING AND DEVELOPMENT PROGRAMS

“SODEXO SUPPORT ME” EMPLOYEE ASSISTANCE PROGRAM

DIVERSITY AND INCLUSION PROGRAM AND NETWORKS

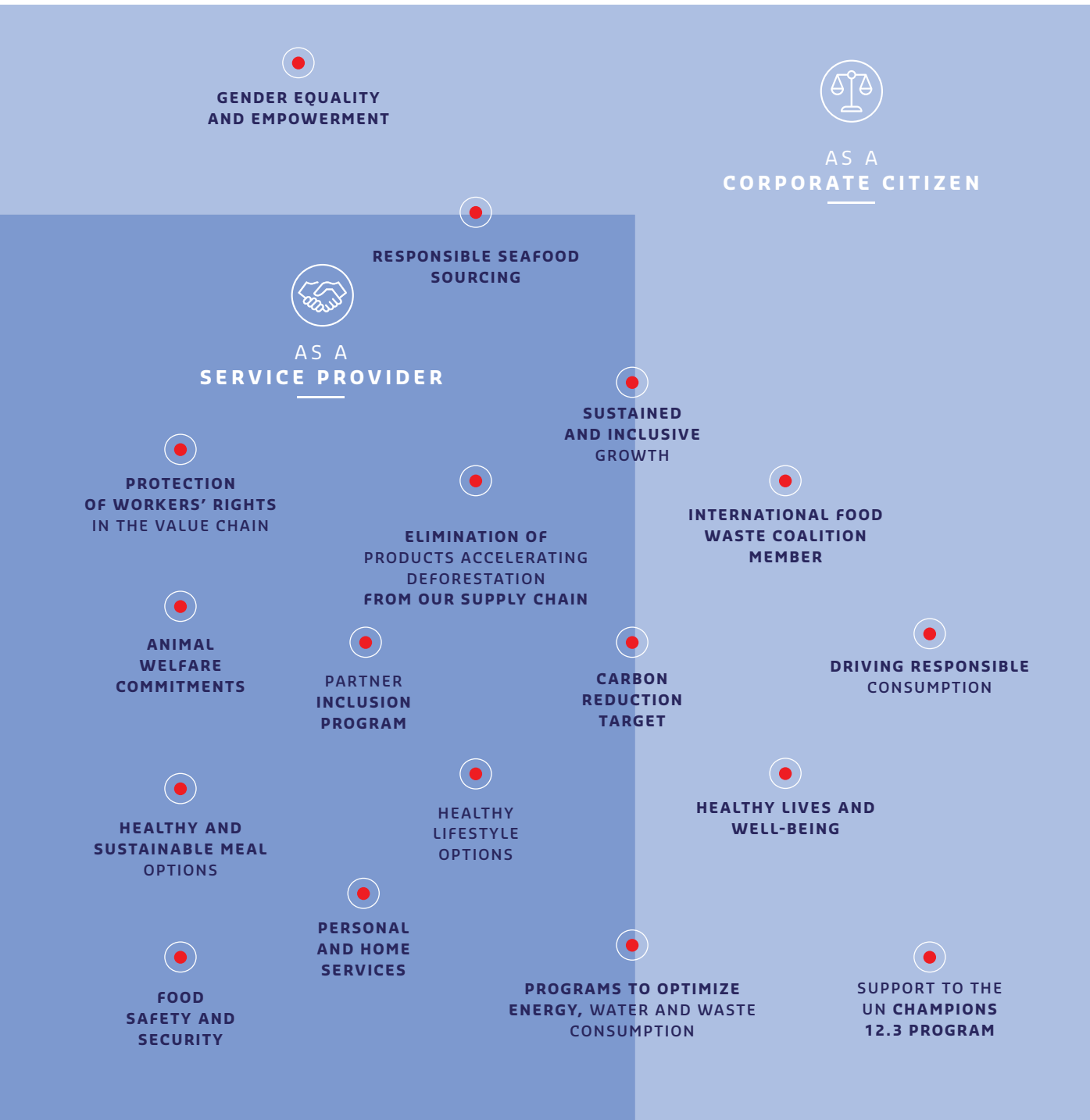
FUNDAMENTAL RIGHTS AT WORK

ANNUAL BETTER TOMORROW SITE SURVEY

A ZERO ACCIDENT HSE CULTURE

View our materiality matrix on page 75.

We believe our success depends on building and maintaining constructive relationships with all our stakeholders. Our ethical principal of respecting others applies to all of our employees and partners: clients, consumers, suppliers, local communities and shareholders.



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

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

³ **The FTSE4Good** international index identifies socially responsible companies according to Environmental, Social and Governance (ESG) criteria.

HOW WE CREATE VALUE?

BETTER TOMORROW 2025: OUR CORPORATE RESPONSIBILITY ROADMAP

Adapted to the challenges of today and tomorrow and comprised of nine commitments, Better Tomorrow 2025 tracks the deployment of our corporate responsibility actions and measures their impact in the 80 countries where we operate.

Sodexo's mission is to improve quality of life for our employees and all whom we serve, and contribute to the economic, social and environmental development of the communities, regions and countries in which we operate.

Eight years ago, Sodexo created the Better Tomorrow Plan, its roadmap for the responsible development of our business, based on a process of continuous improvement.

In 2016, Sodexo renewed its commitments to continued progress as an employer, service provider and corporate citizen with Better Tomorrow 2025. Its nine robust commitments are underpinned by hard measurable objectives allowing the Group to constantly monitor progress.

Fully aligned with the UN's Sustainable Development Goals, Better Tomorrow 2025 focuses particularly on the issues of hunger, gender balance and waste prevention.

2017 AWARDS

12 years as industry leader for sustainability

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

10 years in the RobecoSAM Sustainability Yearbook

ROBECOSAM
Sustainability Award
Gold Class 2017

Sodexo is a constituent of the FTSE4Good Index.


FTSE4Good

FORTUNE
WORLD'S MOST
ADMIRABLE
COMPANIES
2017

DiversityInc
2017
50
COMPANIES FOR
DIVERSITY

ETHIBEL
SUSTAINABILITY
PRIZE
EXCELLENCE Europe

EURONEXT
vigeo
eiris
INDICES EUROZONE 120

CDP
DRIVING SUSTAINABLE ECONOMIES

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OUR 9 COMMITMENTS AND OBJECTIVES BY 2025

	 OUR IMPACT ON INDIVIDUALS	 OUR IMPACT ON COMMUNITIES	 OUR IMPACT ON THE ENVIRONMENT
 OUR ROLE AS AN EMPLOYER	<p>Improve the Quality of Life of our employees</p> <p>80% Employee Engagement Rate</p>	<p>Ensure a diverse workforce and inclusive culture that reflects and enriches communities we serve</p> <p>100% of our employees work for gender balanced management teams</p>	<p>Foster a culture of environmental responsibility within our workforce and workspaces</p> <p>100% of our employees are trained on sustainable practices</p>
 OUR ROLE AS A SERVICE PROVIDER	<p>Provide and encourage our consumers to access healthy lifestyle choices</p> <p>100% of our consumers are offered healthy lifestyle options everyday</p>	<p>Promote local development fair, inclusive and sustainable business practices</p> <p>€10 billion of our business value will benefit SMEs</p>	<p>Source responsibly and provide management services that reduce carbon emissions</p> <p>34% reduction of carbon emissions⁽¹⁾</p>
 OUR ROLE AS A CORPORATE CITIZEN	<p>Fight hunger and malnutrition</p> <p>100 million Stop Hunger beneficiaries</p>	<p>Drive diversity and inclusion as a catalyst for societal change</p> <p>100% of our countries are collaborating on initiatives that improve quality of life of women</p>	<p>Champion sustainable resource usage</p> <p>100% of our countries are partnering to deliver the UN food waste goal</p>

Better Tomorrow 2025 was developed in accordance with the United Nations Sustainable Development Goals (SDGs). The SDGs, launched in 2015, set global goals on 17 key areas that governments, businesses and society at large need to act on to achieve a more sustainable, fair and equal world by 2030. All our commitments are aligned with these goals.

 [MORE ON PAGE 72](#)

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

HOW WE CREATE VALUE?

CREATING VALUE BY IMPROVING QUALITY OF LIFE

DEMOGRAPHIC SHIFTS

ECONOMIC GLOBALIZATION

RAMPANT URBANIZATION

DEVELOPING MARKETS

EXPANDING MIDDLE CLASS

RESOURCES



ECONOMIC

- Stability of family-controlled capital
- Robust financial model
- Significant market potential
- Long-term vision



HUMAN

- 427,000 engaged employees
- Diverse workforce
- Development and training of employees (5.8 million hours)
- Strong presence in local communities
- Eco-system of partnerships



RELATIONSHIP

- Improving Quality of life and contributing to local communities' development
- Strong culture and ethical values
- Innovation insight gained from 100 million consumers served everyday worldwide



NATURAL

- Sustainable processes
- Responsibly-sourced raw materials
- Responsible use of energy and water

QUALITY

RESPONSIBLE BUSINESS CONDUCT



SELLING & DELIVERING solutions to client

INNOVATION

IMPLEMENTING services or operating processes

All figures are for Fiscal 2017, unless otherwise stated

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Improving quality of life – for our people, our consumers and contributing to the communities in which we serve – is what drives Sodexo’s business model. We leverage our resources, our capacity for innovation and the commitment of our teams to design solutions and deliver services that will best respond to client and consumer needs and positively impact society.

INCREASED PUBLIC DEFICITS

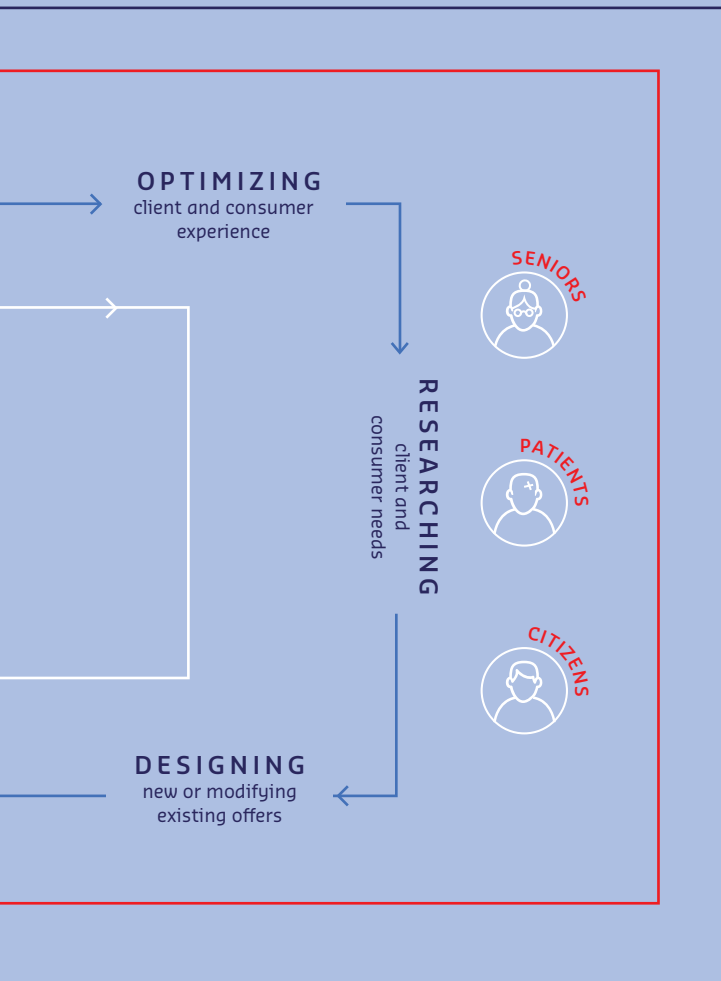
ENVIRONMENTAL ISSUES

EMPOWERED CONSUMERS

DIGITAL TRANSFORMATION (AND BEYOND)

USE VERSUS OWNERSHIP

OF LIFE



IMPACTS

ECONOMIC



- 20.7 billion euro in consolidated revenues
- +14.1% Total Shareholder Return per year over 5 years
- A- Standard and Poors rating
- Socially Responsible Investment ratings

INDIVIDUALS



- 74.2% retention rate of total workforce
- 100 Quality of Life services delivered for 100 million consumers
- 7.7 billion euro in salaries
- Stop Hunger: 6 million meals distributed
- Nearly 6.3 million US dollars raised for 1,200 partner charities and NGOs

COMMUNITIES



- 1.9 billion euro spend with 9,000 SMEs
- Apx. 2.3 billion euro of employee and income taxes paid
- 3,000 tons of fairly traded coffee purchased
- 180 local community projects

ENVIRONMENT



- 109,882 tons CO₂ reduction in Scope 1⁽¹⁾ and Scope 2⁽²⁾ carbon emissions compared to a benchmark defined in 2011
- Waste reduction: 88.2% of sites have implemented equipment and process steps to reduce organic waste
- 68 million cage free eggs
- 24,000 tons of sustainably sourced sea-food
- 2.1 million liters of used cooking oil converted to biofuel

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¹ **Scope 1:** direct GHG emissions from the combustion of energy sources owned or controlled by the Company.
² **Scope 2:** indirect emissions of GHG from electricity purchases.

HOW WE CREATE VALUE?

OUR STRATEGIC OBJECTIVES: OUR AMBITIONS FOR 2025

To reinforce our position as the global leader in Quality of Life services, we have defined five strategic priorities on which to focus. These priorities, through to 2025, reflect our new organizational model and the investments we are making in the business.



- | | | | |
|---|--|---|--|
| IMPROVE THE QUALITY OF LIVE OF OUR EMPLOYEES | IMPLEMENT OUR NEW CLIENT CENTRIC ORGANIZATION | DEVELOP AND SELL OFFERS THAT IMPROVE THE QUALITY OF LIFE OF OUR CONSUMERS AND THE PERFORMANCE OF OUR CLIENTS | INCREASE THE VALUE WE BRING THOUGH INNOVATION |
|---|--|---|--|

REDUCE OUR COST TO DELIVER TO BOOST OUR COMPETITIVE NESS AND INVEST IN FUTURE GROWTH

We will execute our priorities while delivering on our corporate responsibility commitments

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IMPROVE OUR EMPLOYEES' QUALITY OF LIFE



The well-being and development of our people is central to our employer commitment. We seek to provide a fulfilling workplace in which each person can contribute their best. By empowering our employees and simplifying their daily lives, we increase our Company's agility and performance.

As the #1 France-based private employer worldwide⁽¹⁾, with over 427,000 people, we are also committed to being an employer of choice, providing employees with training and opportunities for internal advancement and creating jobs in local communities.

Because people work better when they work in a professionally fulfilling, stable and secure environment, we ensure that our own employees are the first to benefit from our mission to improve quality of life. Around the world, we facilitate work flexibility for our employees, taking into account their lifestyle and ways of working. The Group also promotes a good work-life balance as a key factor in improving individual performance and quality of life.

[MORE ON PAGE 80](#)

68%

employee engagement
(+9 points in 2016 over 2014),
with an objective of 80% set for 2025.

A 10% increase
in engagement translates to⁽²⁾:
+1.6 in client retention rate
+1.7 points in gross margin
+6 points in employee retention

SODEXO PARTNERS WITH HARVARD ON FRONT-LINE EMPLOYEE HEALTH

Identifying new approaches to address health and safety of front-line employees in the workplace is the focus of a government-funded study in the U.S. being undertaken by Sodexo with Harvard University. The study, carried out under a four-year grant, is identifying factors in work organization that can be modified to improve employee quality of life at Sodexo and throughout the services industry.

IMPROVING SAFETY THROUGH A COMPREHENSIVE HSE⁽³⁾ APPROACH

Through our focus on Occupational Health and Safety through programs such as "3.2.1. Zero," "Have a Safe Day" and our "Health and Safety Rewards" program, we have significantly reduced our lost time injury rate (LTIR) rate year on year, achieving a 16.5% reduction in Fiscal 2017 and a 28% reduction over the last three years. We continue to strive to achieve our ultimate objective of Zero Accident.

BOOSTING GLOBAL LEARNING & DEVELOPMENT PROGRAMS

We are committed to providing training and opportunities for internal advancement to our employees. Our global training programs, including the "Sodexo Ambassador" program, Sales Academy and Global FM and Site manager academies, improve efficiency and enhanced motivation, contributing to higher employee retention.

5,802,417 total training hours Group-wide

- **More than 400 sales professionals trained in a robust sales approach and process through our Sales Academy.**

- **In Fiscal 2017, over 260 operational managers in the United States and Spain began the Global Facilities Management Academy, completing courses on Sodexo's FM strategy, and health and safety.**

CO-DESIGNING THE WORKPLACE FOR FLEXIBILITY AND EFFICIENCY

The relocation of Sodexo's headquarters in Sweden came after a comprehensive process centered on employee quality of life and efficiency. Employees were involved throughout the process, helping to design the new workspace, customize service delivery and adapt the new facilities to reflect a new, more flexible and collaborative work strategy.

THE RESULTS

+16% increase in employee satisfaction to 93%

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¹ 2017 Fortune 500 ranking.

² Sodexo Materiality Refresh Analysis, 2016.

³ **Health, Safety and Environment (HSE)** the scope of Sodexo HSE function includes Occupational Health and Safety, Food Safety and Environment.

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IMPLEMENT OUR NEW CLIENT-CENTRIC ORGANIZATION

Moving from a geographic organization to one based on global client segments allows us to improve client-centricity, sales targeting and global account management. It also allows for better strategic allocation of resources and the leveraging of our cost base. We can ensure global best practices and streamline processes to ensure

the quality of services to our clients throughout the world. Our organization of Global Segments, Services Operations, Transversal Functions and Geographic Governance is designed to enhance our value proposition, delivering Quality of Life services customized to client and consumer needs and expectations.



360° SERVICES BASED ON DEEP MINING EXPERTISE

Mining companies worldwide operate in volatile markets, often subject to high risk and extreme weather conditions. They face pressure to improve efficiency, ensure worker safety and well-being and protect and maintain their physical assets. Sodexo provides mining clients with an unprecedented range of integrated Quality of Life services.

Our 360° services offer an international team of nearly 100 experts played a key role in major Sodexo wins in the sector during the past year, including a contract to provide services to 3,200 employees of the Chilean mining company Doña Inés de Collahuasi. Sodexo also successfully designed an integrated services solution for Rio Tinto at its Amrun bauxite project in Australia. The broad range of services covers aerodrome management, transportation services and health and wellness programs as well as providing for economic development initiatives for local communities.

250 STANDARD OPERATING PROCEDURES ENSURE SOFT SERVICES QUALITY WORLDWIDE

Cleaning, security, reception, waste management, health and wellness activities, operating conference centers... Sodexo now provides more than 70 types of soft services. Service Operations teams have developed more than 250 standard operating procedures to ensure efficiency, safety and reliability. The 500-strong global team is now helping segments locally to deploy operating processes and tools to deliver consistently high quality soft services on sites around the world.

ADAPTING OUR MANAGERIAL BEHAVIORS TO OUR TRANSFORMATION

Sodexo's six Managerial Behaviors guide employees in working together, internally and externally with company stakeholders. Embedded in our values of Service Spirit, Team Spirit and Spirit of Progress, these behaviors are designed to support Sodexo's ongoing business transformation. Company-wide workshops have accompanied employees throughout the change management process.

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DEVELOP AND SELL OFFERS THAT IMPROVE THE QUALITY OF LIFE OF OUR CONSUMERS AND THE PERFORMANCE OF OUR CLIENTS

We continue to refine our consumer insights and research into quality of life to better understand the different consumer types we serve and their expectations. By creating unique and compelling offers by market segment and sub-segment, we are able to build a distinctive experience for each category of consumers. In parallel, we work to build on our extensive knowledge of our clients' challenges, to better help them improve their performance.

UPSCALE HOME CARE ADDED IN UK

In acquiring high-end private-pay home care provider Prestige Nursing + Care, Sodexo significantly expands our position in the UK's social care services market. The addition of the 44-branch network builds on Sodexo's decades-long track record of offering upscale home care services, led by our global Comfort Keepers® brand.

WORKPLACE TRENDS REPORT GOES GLOBAL

Agility, new gen robotics, intergenerational learning, wellness 3.0... These are among 10 workplace trends explored in a report issued by Sodexo. Previously focused on the U.S. and UK, the 2017 edition expands to cover on global conditions. With support from Sodexo's Institute for Quality of Life, the report draws on expert contributions from the OECD, universities, the UN and NGOs, providing a snapshot of how the workplace is evolving and the implications for individuals and organizations.

 [MORE ON, PAGE 43](#)



PATIENT SATISFACTION INCREASES +25% AT MANIPAL HOSPITAL (INDIA)

Under a new contract, Sodexo is helping Manipal Hospital, Goa, further improve its performance. Sodexo provides foodservices, cleaning, patient assistance and transport services for patients, visitors and 375 staff at the 235-bed facility, one of Goa's largest private hospitals. Sodexo's comprehensive solution, including kitchen design and equipment, quality foodservices and staff training, has contributed to a more than 25% increase in patient satisfaction and a 20% reduction in staff absenteeism.

IMPROVED CAMPUS MANAGEMENT TO PROTECT STUDENT HEALTH IN BEIJING

Since 2010, Sodexo has been providing the International School of Beijing with a comprehensive suite of facilities management services to ensure the daily well-being, health, safety and comfort of all students and ISB staff. Through our ISO 55001-accredited Asset Management Framework, we manage the exceptional complexities of the school's pressurized 60,000 square meters of indoor facilities to ensure healthy air quality for students and staff, an important contributor to quality of life in Beijing.

LIVING QUARTERS: DECISION-DRIVER FOR 4 OF 10 UNIVERSITY STUDENTS

With 40% of students ranking living accommodations as an important selection factor in choosing a college, and given that 20% of campus revenue is driven by student housing, Sodexo launched a new Student Living offer. This suite of 70 distinct services includes leasing and roommate compatibility services, building maintenance, resident events and retail dining.

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INCREASE THE VALUE WE BRING THROUGH INNOVATION

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In today's fast moving world, innovation is central to Sodexo's ability to provide responsive solutions and new ideas often come from the field. The key today is the ability to rapidly capture and implement innovation that increases the value Sodexo brings to those we serve.

This includes empowering employees to create new services or improve existing services and increasing visibility for new ideas throughout the organization.

3
Our Corporate Responsibility Performance

Digitization is particularly strategic: it is at the heart of global changes that are reshaping entire sectors of our economies. Sodexo is focused on identifying and leveraging digital opportunities and on developing our culture of innovation to tap into the collective imagination of our people.

We are also reaching outside in a spirit of open innovation, collaborating with and investing in startups and exploring new agile ways of working and a spirit of open mindedness by connecting with Sodexo's rich ecosystem of partners. In leveraging digital to improve our offers and processes, Sodexo is creating additional value for clients and consumers, increasing our efficiency as an organization and simplifying and improving the lives of our employees.

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A STREAMLINED BUSINESS TRAVEL AND EXPENSE EXPERIENCE

Joining forces with two innovative scale-ups, Xpenditure and iAlbatros, Sodexo has a twofold-ambition: facilitate work for business travelers and improve their quality of life by freeing them from administrative tasks and making it easier for companies to understand and manage their employees' business travel. Our platform puts travelers and companies in control of everyday processes and transactions, so that travel and expenses management offer a regular source of opportunity, not frustration. This new offer will provide a comprehensive, user-friendly digital experience while enabling Sodexo to further build its position in the growing mobility and expense market.

SPARKING INNOVATION: THE "eNOVchallenge"

More than 550 Sodexo teams from around the world participated in the "eNOVchallenge", submitting their ideas to improve an existing service or create a new one that would have a real impact on the quality of life of Sodexo's consumers. Three winners were selected in this initial competition.

"Plug & pay" is a contactless restaurant cash register that calculates the cost of the food on a consumer meal tray and charges the consumer automatically, using a combination of technologies.

"Harmonie" creates new more appetizing recipes that stimulate the senses of seniors in nursing homes who have difficulty swallowing, reawakening their appetite and the pleasure of eating, giving them back a taste for life.

"Connected Care" is a mobile app with a matching algorithm that connects family members living far from their elderly loved ones with local qualified caregivers, providing the support for video hiring interviews and ongoing care updates.

+100

digital initiatives launched and shared around the world, with new apps, platforms and social media for improving services and operations.

FIRST INVESTMENTS FOR SODEXO'S 50 MILLION EURO START-UP FUND

Through Sodexo Ventures, we are investing in innovators with ideas that respond to new trends in employee experience expectations. The first investments include Wynd, offering digital solutions for ordering from restaurants and retailers; Neo-Nomade, enabling nomadic professionals to find workplaces according to their needs and location; and LifeDojo, a coaching platform delivering technology-driven employee health and engagement programs.

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REDUCE OUR COST TO DELIVER TO BOOST OUR COMPETITIVENESS AND INVEST IN FUTURE GROWTH

Our fifth priority is to reduce our costs to improve our competitiveness and to reinvest these savings to accelerate our growth.

Sodexo's focus on cost reduction applies company-wide. At global and regional levels and in each country in which Sodexo operates, management teams are developing action plans. These include further leveraging the Company's purchasing power for food products and improving the purchasing of services for both Sodexo and our clients.

ACQUISITION TO STRENGTHEN PROCUREMENT IN UK

The acquisition of PSL, a fresh-food procurement specialist in the UK hospitality industry, strengthens Sodexo's purchasing power and our proposition to deliver market-leading food cost management solutions to clients. PSL is a leader in fresh food procurement in the UK with an integrated approach of procurement, operations and systems support. The acquisition reinforces Sodexo's ability to offer clients real-time e-platforms to increase procurement efficiency as well as operational support, ranging from menu engineering to waste management, to maximize food savings.



"SMART KITCHEN" AND "EVOLUTION" PROJECTS GENERATE MAJOR SAVINGS

In Brazil ("Smart Kitchen" project) and in Latin America ("Evolution" project), Sodexo developed a new approach of producing food, combining innovative equipment and simplified work methods and processes. "Smart Kitchen" and "Evolution" are results-driven operations, with a focus on sustainability and food and work safety, and generate value for clients and better quality

of life for our employees. Among the benefits are improved safety compliance and product performance, waste reduction, harmonization of recipes and a more economical use of resources like water, electricity and gas. The teams implementing this global, responsible project also demonstrate a direct and tangible impact on the Group's results.

BUILDING OUR MARGIN

The Adaptation and Simplification plan launched in September 2015 is generating savings and helping to improve Sodexo's operating margin. Excluding exceptional expenses, the operating margin is up by 120 basis points over the last five years. Numerous initiatives have been implemented to improve onsite productivity, simplify

the organization and increase the pooling of resources on a global basis. The plan has delivered 150 million euro of annual savings by the end of Fiscal 2017, and this will increase to 220 million euro by the end of Fiscal 2018.

 [MORE ON, PAGE 21](#)

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OUR ACTIVITIES

WE ARE THE GLOBAL LEADER IN QUALITY OF LIFE SERVICES

As an integrated services company with over 427,000 employees worldwide, we are uniquely positioned to provide organizations with a wide range of On-site Services that respond to client and consumer expectations. Our Benefits and Rewards Services and Personal and Home Services complete our Quality of Life services offer that helps to ensure a better tomorrow for all.

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ON-SITE SERVICES

ON-SITE SERVICES AT A GLANCE

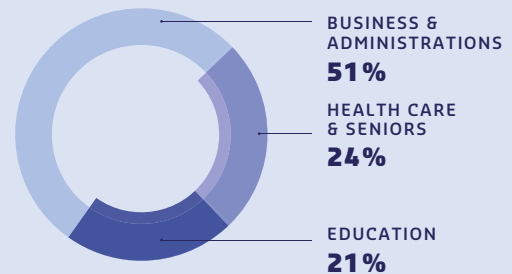
From designing workplaces to reception, from medical equipment sterilization to housekeeping, from technical maintenance to the organization of prestigious events, from foodservices to prisoner rehabilitation, Sodexo integrates a wide array of services to improve quality of life and enhance organizational performance across three client segments: Business & Administrations, Health Care and Seniors and Education.

Whether enhancing workplace efficiency, reassuring patients in a hospital, contributing to student fulfillment or ensuring safety and comfort on a remote site, we contribute through our mission to improving quality of life.

CONSIDERABLE GROWTH POTENTIAL



REVENUES BY CLIENT SEGMENT



KEY FIGURES*



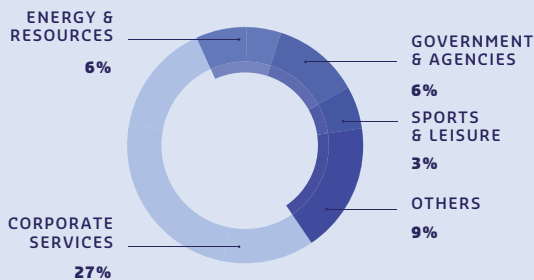
Source: Sodexo

¹ Note: Market estimates are likely to evolve over time, given the growing reliability of information sources in various countries.

* Including Personal and Home Services.

BUSINESS & ADMINISTRATIONS

REVENUES BY CLIENT SUB-SEGMENT



KEY FIGURES


51%
 of Group revenues


10,551
 million euro
 in revenues


239,308
 employees

Source: Sodexo



SYLVIA METAYER
 Chief Executive Officer,
 Corporate Services Worldwide

CORPORATE SERVICES

Quality of life at work, a key performance driver

Competition for talent worldwide is fueling demand for services that enhance employee engagement and well-being. Organizations also look to increase competitiveness by outsourcing or combining certain functions such as property and facilities management into a single integrated contract.

To succeed, our clients need partners capable of implementing best practice efficiencies and innovative, value creating services. They also seek responsible partners that will reinforce their image and brand.

International companies are looking for global partners capable of adapting to local cultures and conditions while complying with worldwide standards.

Sodexo responds to client needs with offers customized to specific challenges in key areas such as employee motivation, process efficiency and equipment reliability. We deliver our solutions locally or globally, in office environments, research centers, production plants and other workplaces. Organizations implementing Sodexo solutions to improve workplace quality of life and promote a better work-life balance reinforce their efficiency, performance and attractiveness to employees.

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INTERNATIONAL

New major integrated services contracts

Among the major integrated services contracts won during the year was a Master Services Agreement with **Johnson & Johnson** (J&J) to provide a range of hard and soft FM services at approximately 250 sites in 42 countries across Europe, the Middle East & Africa (EMEA). The new five-year contract adds to the 36 sites in 10 EMEA countries that Sodexo already operates for J&J.

Sodexo also was awarded a contract by **Citibanamex** in Mexico to provide critical maintenance services that directly impact its business for a large, diverse portfolio of more than five million square feet of assets that includes two data centers, 40 offices, four operations centers, 300 branches and 900 ATMs in Mexico City. The year also saw the rapid and simultaneous mobilization of Integrated Facilities Management services of unprecedented size and complexity at 600 **Nokia** sites in 115 countries on two million square meters of physical space. Our offer includes a new global helpdesk solution, powered by our subsidiary Circles, and 24/7 support for 40,000 Nokia



employees worldwide. The successful 80-day mobilization reflected exemplary collaboration between Sodexo's Service Operations, Functions, Personal and Home Services and Corporate Services teams. We also extended our relationship with **Pfizer**, providing foodservices and facilities management services on new sites in the U.S. and India. This followed the 2016 signing of a contract to provide Integrated Facilities Management services on 200 Pfizer sites in 12 countries in Asia, increasing our presence in countries such as Japan, South Korea and Taiwan. Other major developments during

the year included a significant expansion of our relationship with **Toyota**, already a client in 25 countries, to provide services through Sodexo Magic to their headquarters and three additional branches in the U.S. Our geographical scope with **Colgate** also was extended to include Argentina, Colombia, Czech Republic, Italy, Netherlands, South Africa and Turkey. Sodexo already delivers foodservices and soft and hard facilities management services for Colgate manufacturing facilities and corporate offices in Africa, Australia, Europe, Latin America, the Middle East and the U.S.

UNITED STATES - EAT CLUB PARTNERSHIP OPENS NEW WORKPLACE DINING OPTION

Through our new partnership with the startup EAT Club, Sodexo is providing clients with new cost-effective dining solutions that improve employee quality of life. EAT Club's virtual office cafeteria concept allows employees to choose individual meals *via* an easy-to-use app or platform.

INTERNATIONAL - SODEXO DEEPENS PHARMACEUTICAL INDUSTRY EXPERTISE

Sodexo strengthened the technical engineering services and regulatory compliance capabilities in the integrated services we offer pharmaceutical clients by taking a significant minority stake in Puerto Rico-based Mentor Technical Group (MTG). MTG's highly specialized expertise helps nine of the world's top 10 life sciences companies deliver medicines efficiently and safely to patients.

INTERNATIONAL

Intergenerational learning, robots highlight workplace trends report

Our 2017 Global Workplace Trends report identifies 10 global trends that provide insights on how the workplace is evolving and the implications for individuals and organizations. The trends report portrays a workplace that blends work and outside life, responding to employee needs through improvements in wellness, space design and learning programs. Today's workplace also benefits from teaching and learning occurring between all generations, the leveraging of individual strengths and the power of collaboration. Supported by our in-house think-tank, the Sodexo Institute for Quality of Life, the report also draws on external expert knowledge, including nearly 50 subject matter experts from the OECD, leading universities, the UN and NGOs.

The 10 trends explored in this year's report:

1. The agile organization: striking a balance between speed and stability
2. The rise of cross-workplaces: accelerating innovation through chance interactions
3. Employees without borders: understanding the impact of migration on the workplace
4. The new gen of robotics: how robots are transforming the way we work
5. Intergenerational learning: a new model for talent development
6. Personal branding goes to work: a powerful tool for employees and employers alike
7. Redefining workplace experience: putting design thinking principles to work
8. The 2030 agenda for sustainable development: reframing CSR through a shared vision and common purpose



9. Unlocking the potential of millennial talent: a new understanding of what drives this generation
10. Wellness 3.0: the workplace as a wellness destination

🔗 [Read more at www.sodexo.com/2017-workplace-trends.](http://www.sodexo.com/2017-workplace-trends)



INTERNATIONAL - SODEXO'S 50 MILLION EURO STARTUP FUND MAKES FIRST INVESTMENTS

Through Sodexo Ventures, we are investing 50 million euro in innovators with ideas that respond to new trends in employee experience expectations. The goal is to create synergies with Sodexo businesses to better meet the evolving needs of our clients and consumers and to develop and market innovative solutions to drive future growth. The first investments include Wynd, offering digital solutions for ordering from restaurants and retailers; Neo-Nomade, enabling nomadic professionals to find workplaces according to their needs and location; and LifeDojo, a coaching platform delivering technology-driven employee health and engagement programs.

SERVICES SUR SITE



NICOLAS JAPY
Chief Executive Officer,
Energy & Resources Worldwide

ENERGY & RESOURCES

Comfort, safety and performance at the ends of the earth

For nearly 50 years, our teams have been improving quality of life around the world for all who work in isolated, often extreme conditions in harsh environments, on land and at sea.

Whether at mines in Australia, Latin America and Siberia, oil and gas platforms in the North Sea, West Africa and the Gulf of Mexico or complex engineering and construction projects in Canada, the Middle East, Alaska, Peru and India... we propose an integrated offer of innovative services to our clients that extend from a remote site's

design to its dismantlement. In markets affected by lower raw material prices and a slowdown in major construction projects, the role expected of service providers has become ever more significant. As a result of these trends, clients have an increasing need for global partners like Sodexo capable of improving operational efficiency and delivering a broad array of consistent, reliable services.

From housekeeping, administrative and technical maintenance services to management of recreational activities

and waste transport, our solutions ensure the safety and comfort of all residents. Our clients know they can rely on our expertise to ensure compliance with the most stringent Health, Safety and Environment (HSE)⁽¹⁾ standards as well as on our contribution to the economic, social and environmental development of local communities that host their operations. The result: significant added value that improves the technical and economic performance of each site and contributes to the well-being of residents.



INTERNATIONAL - SHELL ADDS NEW COUNTRIES AND SERVICES

Shell extended the length of a contract with Sodexo, adding new sites and services across five regions worldwide. The expansion is the direct result of the Group's successful delivery of a full package of services across a varied and dynamic global portfolio of sites, including ensuring continuity of service and the development of the local workforce. Sodexo now provides a wide range of food and facilities management services to Shell installations in Europe, Africa, Latin America, Asia and Australia. The expansion of the initial contract confirms Shell's confidence in Sodexo's deep sectoral knowledge, strong offerings, and long-term partnership approach.

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

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CHILE AND AUSTRALIA
Global mining expertise pays off

Sodexo provides mining clients with an unprecedented range of Integrated Facilities Management services for the comfort and safety of all. Two strategic contract wins last year confirmed Sodexo's expertise and global leadership in the sector.

In Chile, Sodexo was awarded the contract to provide integrated services to the Doña Inés de Collahuasi mining company, operator of the world's third largest copper mine. This is one of the largest contracts ever for Sodexo in Chile and Latin America. Through our foodservices and retail services, we are supporting 3,200 workers on two sites, located at an altitude of 4,000 meters in a challenging desert climate.

In Australia, Rio Tinto awarded us the contract to supply camp management services to the Amrun Bauxite project on the Cape York Peninsula in North Queensland. The win was based on



Sodexo's commercial offering, HSE track record and our commitment to engaging with local and indigenous communities.

These two successes are based on Sodexo's technical expertise, experience on isolated sites around the world, safety culture and comprehensive range of integrated Quality of Life services that meet the expectations of its consumers and contribute to the performance of its clients.

Mining companies face continual pressure to improve their efficiency and competitiveness, ensure worker safety and quality of life and protect and maintain their physical assets. Our in-depth understanding of the market, strategies and challenges enables Sodexo to co-design the most effective solutions with our clients, confirming our position as their long-term strategic partner.

INTERNATIONAL - HOME-AWAY-FROM HOME THROUGH "VILLAGE LIVING"

Enhancing the atmosphere, lifestyle and overall quality of life of the consumers we serve on remote sites is the focus of our new "Village Living" offer.

The offer maximizes the convivial aspects of villages and interconnects the shared communal space of dining rooms, taverns and retail stores, providing a welcoming, inclusive and healthy environment for people's physical, mental and emotional well-being. We also provide residents with a range of 24/7 communications options to conveniently access information and services *via* our online portal.

Our "Village Living Dining" promotes a positive and enjoyable dining experience for our clients and their residents with food choices that reflect contemporary eating trends, cultural norms and consumer insights.

Through "Village Living Retail", we deliver increased value to residents through retail services that are competitive and innovative, encourage user feedback and inspire continuous improvement.

Our innovative offer also emphasizes holistic fitness, health and lifestyle services that integrate physical, social and recreational activities into the daily routine of village residents.

INTERNATIONAL - QUALITY OF LIFE ABOARD 50-SHIP VAN OORD FLEET

Sodexo is continuing to provide Quality of Life services on 50 ships operating worldwide on behalf of the Netherlands-based Van Oord, a market-leader in dredging, marine engineering and offshore oil, gas and wind projects. Under a contract renewed last year, our teams are providing foodservices, housekeeping and laundry services.

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ON-SITE SERVICES



Tony Leech
Chief Executive Officer,
Government Agencies

GOVERNMENT AND AGENCIES

Private partner serving the public interest

Ensuring high quality services within challenging budget constraints is the common focus in supporting our public-sector clients, whether they are armed forces or prison authorities.

As a long-term strategic partner for military communities around the world, we apply our experience and capabilities to improve quality of life for personnel and their families, a key driver of the military's overall performance. Technical maintenance, recreation and leisure activities, foodservices, complex logistics in support of UN or NATO international

peacekeeping operations: our broad range of services requires flexibility, accuracy and reliability. Everywhere, our teams demonstrate their expertise, including on U.S. Marine Corps bases and military garrisons in the UK and at the new headquarters of France's Defense Ministry.

In the Justice sector, we are among the world's leading providers of services in prisons and the community. In the face of rising pressure to reduce both reoffending and costs, even as prison populations expand, authorities increasingly look to the private sector to provide an expanding range of services and innovative solutions.

Fostering rehabilitation is one of our main priorities. By offering opportunities for detainees to acquire life skills, work experience, qualifications and resources, we support their successful re-entry into society.

Sodexo operates prisons only in democratic countries that do not administer the death penalty, in which rehabilitation is the ultimate goal and where team members are not required to carry weapons.

UNITED KINGDOM - EXPERT INTEGRATOR OF SERVICE PROVIDERS FOR UK AGENCY DWP

Sodexo was awarded a contract with the Department of Work & Pensions (DWP) to manage its providers of facilities management services, security services and project and lease management on more than 900 properties. Our role is to ensure efficiency, best practices, on-going savings and high standards of delivery in 20 service areas, from health and safety management to helpdesk services.

AUSTRALIA - SODEXO OPENS MELALEUCA REMAND AND REINTEGRATION FACILITY

The Western Australian Government last year awarded Sodexo the contract to manage and operate the new 254-bed women's Melaleuca Remand and Reintegration Facility. Opened in December 2016, the facility is one of three privately-managed prisons in Western Australia. As part of the contract, Sodexo is developing partnerships with Western Australian non-government organizations to provide culturally appropriate rehabilitation and reintegration services and programs. Services are based on the philosophy that any contact with the corrective services system is an additional opportunity to help the women successfully reintegrate back into the community and reduce their risks of reoffending.

Our services focus on areas such as early release, access to substance abuse treatment, securing accommodation and provision of education and training. These innovative programs reflect Sodexo's strong commitment to continuously and sustainably improving the quality of life for people re-entering society.

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FRANCE

Providing postal services for French armed forces overseas

Following a public tender, the French Ministry of Defense again selected Sodexo and French postal service company La Poste to provide international postal services for French military services for four additional years. Since 2012, we have worked with our partner to provide postal services to and from French armed forces deployed or stationed abroad, including military theaters of operation and French Navy warships in port.

The partnership taps into the strengths of both companies; for La Poste, this means collection, sorting and

distributing letters and parcels; for Sodexo's we manage the setting up, operating and managing of local post offices located in remote locations that cover operating military bases, short-term military assignments and peacekeeping missions.

In 2016, the partners ensured the delivery of 338 tons of mail on behalf of 5,600 military personnel in 11 countries. The fast and responsive service during the initial four-year contract was a key factor in the Ministry of Defense's decision to renew the agreement.

To further enhance service and client satisfaction, Sodexo has installed terminals in military post offices abroad to measure what end-users think of service quality. In addition, before they begin their mission, postmen and women now undergo a dedicated training course on the importance and specificities of their mission. La Poste is also introducing digital readers to scan letters and parcels so that senders and recipients can track deliveries.

 **FOR MORE ON SODEXO'S EXPERTISE IN REMOTE ENVIRONMENTS, SEE PAGES 44-45**

BELGIUM - OPENING THE DEFENSE MARKET

Sodexo has begun providing foodservices at the Royal Military Academy in Brussels. Part of a move by the country's Defense authorities toward outsourcing all non-core activities, the services are being delivered as part of a pilot and include cafeterias, vending, hospitality, VIP dining, events and technical kitchen maintenance. Additional sites and services are anticipated following the pilot.

INTERNATIONAL - EXCHANGE OF EXPERTISE ON REHABILITATION

Through a reciprocal arrangement, staff members from Sodexo's UK subsidiary Essex CRC, specializing in probation and rehabilitation services, and staff trainees in Norway's prison system make exchange visits each year. The exchanges enable the teams to learn about each organization's approach to rehabilitative services, reducing re-offending and reintegrating detainees into the local community.



ON-SITE SERVICES



PIERRE HENRY
Vice President of the Group Executive Committee
Chief Executive Officer, Sports & Leisure Worldwide



NATHALIE BELLON-SZABO
Chief Executive Officer, Sodexo Sports & Leisure France
Chief Operating Officer, Sports & Leisure Worldwide

SPORTS & LEISURE

Exceptional moments and venues

For more than 20 years, Sodexo has been a valued partner for organizers of international sporting and cultural events and the manager of unique destinations throughout the world. Sodexo also has become one of the market leaders for airline lounges.

From ticketing, travel, foodservices, safety, logistics, sales and marketing to technical and artistic organization, the Group's creative and expert teams know how to make prestigious events

succeed and exceptional places sparkle. Sodexo's teams understand how to improve quality of life by creating truly unique and memorable sports, leisure and travel experiences for our clients and consumers.

The market will continue to offer strong development opportunities in the years to come for market leaders like Sodexo, for example, in Japan with the 2019 Rugby World Cup where STH Group, a joint venture between Sodexo and the Mike Burton Group, will design and market the accommodation,

travel and hospitality. Clients seek partners committed to sustainability and diversity and capable of helping them increase attendance and venue use through enhanced personalized consumer experiences as well as harnessing digital and big data. Finally, developing countries, driven by the underlying force of a youthful and rising middle class, are increasingly promoting their national sports and hosting international sports events.

UNITED KINGDOM - CONTRACT RENEWAL AT HAMILTON PARK RACECOURSE

Sodexo won a 10-year extension of our contract to continue providing catering services on race days at Hamilton Park racecourse in Scotland. Sodexo also manages ticketing and operations for all conference and banqueting events. Situated on 20 acres of outdoor space, Hamilton Park caters to events, including weddings and meetings as well as conferences and private receptions, attracting more than 100,000 visitors each year. As part of our commitment to delivering first-class catering and hospitality at Hamilton Park, the café has been re-modeled as an upmarket bar and eatery and the private boxes are being upgraded. The new facilities, which include new conference and events spaces, will strengthen the site's reputation as a leading sports and entertainment venue.

FRANCE - ENRICHING THE SPECTATOR EXPERIENCE AT AIX AND BORDEAUX ARENAS

At the arenas of Aix and Bordeaux, Sodexo won contracts in partnership with Lagardère to provide a range of services and help our clients create memorable experiences for all. In Aix, a new completely modular hall can accommodate up to 8,500 people, with

additional capacity for 2,000 in an adjoining room, for 70 sporting and cultural events each year. In Bordeaux, the new multidisciplinary venue can welcome up to 11,000 people for the 100 concerts, shows, sports contests and company events it hosts annually.



FRANCE

Combining artistic expertise and Quality of Life services at La Seine Musicale

The award of the contract to provide services for La Seine Musicale as part of a consortium with TF1 and Bouygues on behalf of the *Conseil Départemental des Hauts-de-Seine* provides another example of Sodexo's integrated Quality of Life services know-how. The contract win also underscores our artistic expertise and our capacity to be fully involved in our clients' cultural mission.

The new musical setting on the Île-Séguin in the Seine river is intended as a temple of "music for all," capable of attracting all profiles, from young apprentice musicians and dancers to renowned artists, from professional groups to rehearsing amateurs. Sodexo is helping to make La Seine



Musicale a major cultural center through our broad array of ongoing and customized services. These include technical maintenance and cleaning services, safety and preparation of the performance halls. Through STS *Événements*, created in association with TF1, Sodexo shares responsibility for the music programming of artistic events in

the great hall and auditorium and also promotion and marketing. Sodexo has also been awarded an exclusive contract to provide dedicated services for events such as company meetings, incentive operations and conferences as well as the promotion and sales of event spaces at this new emblematic site in western Paris.



UNITED STATES - SODEXO MUSEUM OF SCIENCE AND INDUSTRY TEAM RECOGNIZED

At the annual awards ceremony of Catersource, an organization dedicated to the education and growth of catering and event professionals, Sodexo was presented with the prestigious Achievement in Catering & Events award for service excellence at the Museum of Science and Industry in Chicago.

UNITED KINGDOM - NEW CONTRACT AT FARNBOROUGH, RENEWAL AT ABERDEEN

The new Farnborough International Exhibition & Conference Centre awarded Sodexo a 10-year contract to manage events services. Sodexo is also responsible for providing retail services for events held at the Centre, which was constructed at the site of the famed Farnborough International Airshow. In Scotland, Sodexo, a partner for 23 years with Aberdeen Football Club, saw its contact renewed to provide match day catering services at Pittodrie Stadium, operate the café and public retail units and manage ticketing and operations for all events.



MARC PLUMART
Chief Executive Officer,
Health Care and Seniors Worldwide

HEALTH CARE

**Quality of life
serving quality
of care**

A leader in the healthcare market for more than 20 years, Sodexo contributes actively to the quality of life and well-being of patients, visitors and hospital staff.

We support healthcare providers through a wide array of services that improve safety and quality, covering the full continuum of care: from engineering-based activities involving clinical equipment and infrastructure, to technical operations, including decontamination and disinfection, to consumer-facing services such as reception, admission and foodservices.

As providers strive to treat more patients with ever-tightening budgets and increasing standards for improving clinical outcomes, we enable them to focus on their core activities. They can be assured that their increasingly differentiating non-clinical activities are in reliable hands.

In emerging economies, we help clients adapt and implement standards from more developed countries, enabling them to meet the rigorous requirements of international accreditation agencies.

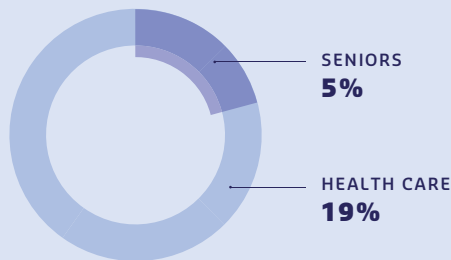
Changes in care models also require us to operate outside traditional acute care settings. This includes increases in treatment on an outpatient basis and in ambulatory facilities as well as leveraging Sodexo's capabilities to provide certain services to patients in their homes.

In an environment in which pressures on healthcare providers grow and patients react increasingly as consumers, clients are looking to expert partners for support in meeting their goals and improving quality of life for all healthcare stakeholders.

ON-SITE SERVICES

**HEALTH CARE
AND SENIORS**

**REVENUES BY CLIENT
SUB-SEGMENT**



KEY FIGURES



24%
of Group revenues



5,007
million euro
in revenues



80,360
employees

Source: Sodexo

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UNITED KINGDOM

Innovations accompany Queen’s Hospital Romford contract extension

As part of our new five-year contract extension with Queen’s Hospital in Romford, Sodexo initiated a series of improvements and innovations in cleaning, patient dining and retail aimed at further enhancing the patient experience. To provide increased protection against the spread of pathogen-caused infections, Sodexo deployed an automated room disinfection service using innovative new ultraviolet

disinfection technology. In the U.S., hospitals using these robots have reported 50-100% decreases in their infection rates. Foodservices innovations include introduction of “Vive!” steam-cooked meals to offer optimum freshness and faster delivery of patient-ordered meals. Sodexo also introduced more gluten-free and vegan menus and uses flexi-style menus to ensure availability of patient

meal preferences. For younger consumers, a new children’s menu has been created, with colorful menus and service trolleys. Sodexo also is extensively refurbishing the hospital’s retail operations to feature contemporary new outlets and services. The contract extension reinforces the 10-year partnership through which Sodexo has provided the hospital with a wide array of technical and soft services.

BELGIUM – “À LA CARTE” MEALS FOR PATIENTS AT HOSPITAL DELTA

Customized meal choices were a key factor in our selection as foodservices provider at Groupe Chirec’ Hospital Delta in Brussels. Through our *À la Carte* concept, patients can place their orders for meals specially adapted to their illness *via* a hostess or by using a smart TV, smartphone or tablet. Benefits of the approach include a significant improvement in patient satisfaction and well-being, less food waste and reduced costs for our client. Our teams provide meals and vending services to patients and their families as well as 1,500 staff and 500 doctors at the 473-bed hospital.

THAILAND – EXPANDING SERVICES AT BANGKOK PHUKET HOSPITAL

In Thailand, our contract with 266-bed Bangkok Phuket Hospital was extended to include a sister facility and add services to our existing IFM offer. Responding to our client’s expectations for performance improvement, innovation and cost savings, our differentiating solution ensures professionalism, standardization and consistency. Business continuity service is supported through our asset management services teams and Sodexo’s Maximo CMMS⁽¹⁾ tool protects against equipment failure. Other added value features that improve efficiency and enhance the patient experience and the hospital’s image include a visitor management system, a modern cafeteria and a new inpatient cohort feeding offer to ensure safety, provide appropriate meal textures and comply with internationally recognized dietary standards.

INDIA – PATIENT SATISFACTION INCREASES +25% AT MANIPAL HOSPITAL

Under a new contract, Sodexo is helping Manipal Hospital, Goa, further improve its performance. Sodexo provides foodservices, cleaning, patient assistance and transport services for patients, visitors and 375 staff at the 235-bed facility, one of Goa’s largest private hospitals. Sodexo’s comprehensive solution, including kitchen design and equipment, quality foodservices and staff training, has contributed to a more than 25% increase in patient satisfaction and a 20% reduction in staff absenteeism.

PHILIPPINES – DELIVERING EXPERT SERVICES AT MAKATI MEDICAL CENTER

As part of our Clinical Technology Solutions, Sodexo is now operating medical ultrasound and urological laser equipment for kidney treatments for the Makati Medical Center, one of the top hospitals in the Philippines. In addition to leveraging our Medical Technology Management expertise, we also deliver facilities management services and foodservices for patients and staff at the 600-bed hospital.

UNITED STATES – COLLABORATIVE JOURNEY TO EXCELLENCE

To meet changing patient needs, improve quality and reduce costs across its 12 sites, one regional health system asked us to transform its food and nutrition services. In close consultation with our client, we took actions to enhance the patient experience through room service dining, restructure catering services, improve staffing efficiency and renew the retail experience. This collaborative effort has produced significant financial savings and helped drive patient satisfaction scores from 50% to 80%.

¹ CMMS: Computerized Maintenance Management System.

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SENIORS

Aging well, a societal issue

Increasing life expectancy has made senior care a priority issue for society. Through our range of high value added, integrated services, Sodexo helps seniors age well by improving quality of life in senior residences and nursing homes.

Several trends underline the growing demand for our services: a growing senior population is driving increased spending on health; the greater prevalence of chronic diseases is contributing to a heavier workload in senior care residences; seniors increasingly prefer to live independently

at home, creating additional demand for home-delivered services*; governments are seeking cost effective solutions to respond to the growing demand for care while families seek help to meet the unique requirements of the elderly.

Customized to all ages and degrees of dependency, Sodexo's services contribute to the physical, mental and social well-being of seniors while providing peace of mind for their families. The quality of these services is also critical to the economic performance and reputation of

retirement communities and senior living facilities.

Our ability to attract, train and engage purpose-driven employees in the delivery of these expert services is a key differentiator. Sodexo's training and systems ensure a rigorous focus by our teams on delivering consistently excellent services while promoting a caring culture and a compassionate spirit. These strengths are more important than ever for our clients who face a growing shortage of caregivers.

FRANCE

Restoring dining Harmonie for all seniors

Sodexo created a multidisciplinary panel of experts composed of renowned chef Michel Bras, doctors, speech therapists, dentists, culinary advisors and dietitians to reformulate meals for the elderly with a common goal: restoring eating pleasure and autonomy at the table. They found that mixed meals have become widespread in dependent person residences to reduce errors. These meals, however, are a source of sensory deprivation that leads to loss of pleasure and appetite and, ultimately an acceleration of dependence.

Stimulating pleasure to increase seniors' autonomy is the challenge taken on through the *Harmonie* program. It seeks to completely

reinvent foodservices to preserve or restore the desire to eat and make every moment at table a source of well-being. This innovative approach involves all residence team members, from management, to hospitality staff, to caregivers, cooks and administrative staff. It integrates a new way of cooking, presenting dishes and accompanying the meal service to meet individual tastes and needs.

Measuring of indicators over one year at the six residences that implemented the *Harmonie* program shows strongly positive results. Overall resident satisfaction increased by more than 12%, a sign of increased pleasure at the table. The overall satisfaction of care



teams increased by an average of 9.5%, underlining the mobilization of all teams around the project. Finally, only 8.7% of residents now have a mixed meals diet in these facilities.

* To learn more about Sodexo services that enable seniors living at home to benefit from quality services and thus maintain their independence, see the Personal and Home Services section.

INTERNATIONAL

A study on how and why the five senses matter for quality of life

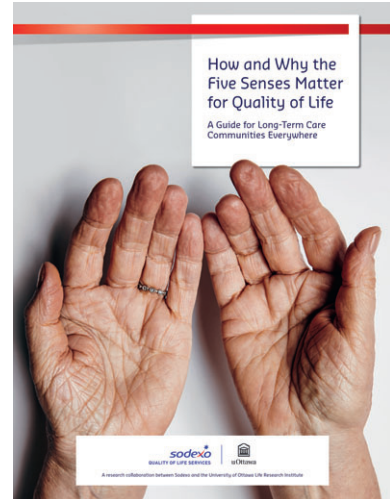
To deepen our understanding of seniors' sensory impairments, Sodexo and our Institute for Quality of Life partnered with the University of Ottawa's Life Research Institute to study how the five senses impact senior residents. Among the study's key findings:

- using high-contrast colors helps seniors see better, which allows them to navigate corridors and see all of the food on their plates;
- 80% of people over 85 have hearing loss, which can separate seniors from others. Minimizing background noise from heating and air conditioning systems makes it easier to interact,

be a part of conversations and make important daily connections;

- preserving texture and enhancing flavors helps preserve nutritional intake and supports the social connections mealtime creates;
- robotic technologies encourage multiple sensory interactions that help reduce stress and further stimulate social connections.

By using the results to inspire new thinking in creating sense-sensitive environments, from simple changes to technological innovations, we can continually raise the level of care for



seniors at home and in long-term care communities.

UNITED STATES - ENSURING CULTURAL RESPECT AT LION'S GATE

Great partnerships are based on mutual trust and respect. Affiliated with the Jewish Federation of Southern New Jersey, Lions Gate is a not-for-profit, full-service continuing care retirement community rooted in Jewish traditions and values. Our previous relationships within the community and commitment to Lions Gate's traditions and values enabled us to submit a responsive proposal. Sodexo demonstrated how our service solutions – and a highly talented executive chef with extensive kosher dining experience – would maximize the community's investment in a state-of-the-art bistro. Together, we are taking dining services to a new level, enhancing quality of life and the resident experience – and contributing to the success of our client's business.

UNITED STATES - AN EXCEPTIONAL RESIDENT EXPERIENCE FOR TABITHA HEALTH CARE SERVICES

Tabitha Health Care Services in Nebraska encompasses the traditional continuing care retirement communities levels of care with locations across Southeast Nebraska including the exceptional Tabitha Residences. Residents there have the freedom to direct their own care and lifestyle – including for meal times, social activities and relaxation periods. Improving the resident experience is a priority and the decision to outsource was influenced by Sodexo's reputation for delivering an exceptional patient experience at the renowned Nebraska Medical Center, a flagship account. Discussions over time ultimately led to a proposal to streamline and consolidate dining services throughout Tabitha's communities, reducing spending, enhancing menu options and bringing dining services to a whole new level.

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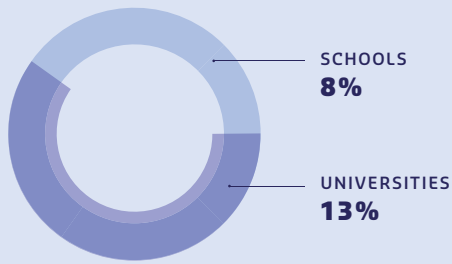


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ON-SITE SERVICES

EDUCATION

REVENUES BY CLIENT SUB-SEGMENT



KEY FIGURES


4,239
million euro
in revenues


21%
of Group revenues


86,873
employees

Source: Sodexo



PAT CONNOLLY
Chief Executive Officer,
Schools and Universities Worldwide

SCHOOLS

Serving a learning environment

From kindergarten through high school, Sodexo supports schools around the world in ensuring a healthy and balanced diet for students while creating and maintaining a healthy, welcoming and safe educational environment that contributes to learning. Four major trends in the Schools market are driving our service offer.

Innovation in schools that propose alternatives to the traditional model is a continuing trend. In response, we are increasing the support we offer to optimize the learning environment, helping schools to be competitive and delivering a comprehensive and integrated Quality of Life services offer that positively impacts students' ability to learn.

In response to the growing global teaching shortage, we are increasing our value proposition and services targeted to improving teacher quality of life.

Today's technology-enabled learning environment allows students to tap resources and expertise anywhere in the world. To help schools respond to the needs of "tech savvy" students, Sodexo is applying 21st century solutions, accelerating our capacity to innovate and digitalize.

Our Schools clients are responding to new regulations and expectations that they will fulfill public-interest, health and environmental objectives. As a result, Sodexo's solutions must be responsible and positively impact local communities in areas such as sourcing, waste prevention management and professional development.

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INTERNATIONAL

Recognized expertise and high quality services for leading international schools

Sodexo delivers services to Education clients in 10 countries across Asia, including some of the region's leading international schools. At the **International School of Beijing**, our teams ensure ventilation and ambient temperature control, well-maintained sports and recreational facilities and healthy air quality, contributing to a positive learning and development environment. Sodexo's IFM expertise was reinforced by ISO 55001 accreditation based on our best-in-class Asset Management Framework. Sodexo becomes the first service provider recognized for the quality of its global asset management offering. For **Kang Chiao International School** in



Shanghai, Sodexo provides foodservices to the school's 4,500 students and 300 faculty members. The contract was won through the knowledge and experience of our local team, which has proposed a bold alternative solution based on immersion classes in Western culture. At the **Nord Anglia's Dover**

Court in Singapore, our reputation for quality IFM services, understanding of our client's strategic objectives and our strong child safety practices were key factors in winning this important integrated facility management contract to serve 1,300 students and 200 teachers.

UNITED KINGDOM - WINNING OFFER AT TOP PUBLIC SCHOOL

Sodexo is providing foodservices at Clifton College in Bristol, one of the country's best public schools, after winning the competitive tender for the contract based on our responsiveness, strength and consistency across all areas.

UNITED STATES - INTEGRATED FACILITIES MANAGEMENT SERVICES EXPANDED IN CHICAGO

Sodexo expanded its partnership with Chicago Public Schools through a new contract to provide IFM services to 135,000 consumers at 186 schools. Our solutions provide students, staff and families with a safe, clean, healthy environment for learning. Services include plant operations, custodial and grounds services, snow removal, maintenance, fire prevention and energy management services.

EUROPE - "SKOOL" FIGHTS FOOD WASTE

An average 12% reduction in food waste was achieved by Sodexo through a three-country pilot of the International Food Waste Coalition's SKOOL program, corresponding to 2.5 tons of food waste avoided. Following the successful demonstration conducted at six schools, the program is being expanded to schools across Europe.



FRANCE - NEW AND GREENER FOOD SERVICES CONTRACTS

New school foodservices contracts in France include the cities of Périgueux, Vélizy-Villacoublay and Saint Dié. For the city of Nancy, which renewed its contract, Sodexo also provides meals for municipal adult programs and is increasing the portion of its purchases from local organic food sources. In Brest, where Sodexo's contract also was renewed, initiatives are underway to increase use of organic foods from 50% to 80% and local products from 40% to 60%. Conversion of the delivery truck fleet to gas engines will help reduce the city's carbon footprint.

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UNIVERSITIES

Enhancing the student experience

Our integrated offering of innovative services is designed to improve quality of life for the entire university community, foster academic success and enhance clients' operational efficiency and attractiveness.

The Universities market is changing quickly and profoundly. Four main trends are already impacting or soon will impact our business.

In response to slower institution growth due to restrained financial support

and increasing competition, we are diversifying our services and ensuring delivery of quality of life to enhance the student experience. Increases in enrollment are being driven mainly by growth in emerging markets and foreign students in developed markets. We are building the foundation in emerging markets to turn future volume into revenue and implementing multi-region initiatives to maximize the impact.

The influence of alternative education models, including distance learning,

part-time learning and vocational education is increasing. Sodexo is increasing the value we deliver through innovation/digitalization, developing our offer in off-site environments and focusing on students and all those around them.

Enrollment growth at private institutes is outpacing that of public institutes, particularly in emerging markets. This is driving us to focus on the private sector in selected markets and increase our value proposition and set of services for private institutions.

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NORTH AMERICA

Major contract wins for Universities

Among major successes for the North America Universities team was Sodexo's selection in April 2017 to provide dining services at **The Citadel**, a nationally known, historical institution in Charleston, South Carolina. Under the contract, we are delivering resident and retail dining, catering, and concessions services to students, the campus community and visitors. The success of Sodexo's bid was attributed to our innovative program offer, the strength of our local and regional leadership and of our network. In May 2017, we opened one of our largest new accounts, at **Florida State University (FSU)** where we

deliver foodservices for 42,000 students and 8,000 faculty and staff. Sodexo also provides student internships and scholarships, funding for sustainability initiatives, student meal plans and in-kind contributions for university events. The many facility enhancements we are overseeing will drive student retention and recruitment efforts in support of FSU's goal to be a Top 25-ranked university. Also in May, we opened one of our largest new business accounts in over 10 years in Canada at **Simon Fraser University (SFU)**. Under the contract, our teams manage campus residential and retail



dining operations, catering and athletic concessions. By focusing on exceptional customer service, sustainable practices, wellness, cultural awareness and engagement, Sodexo is helping ensure a market leading culinary experience at SFU.



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INTERNATIONAL - WELCOMING, FRIENDLY ATMOSPHERE MOST IMPORTANT TO STUDENTS

A friendly atmosphere is the most important factor for students in deciding which college to attend, according to a Sodexo survey of 4,000 students on three continents. The first International Student Lifestyle Survey builds on the success of Sodexo's industry-leading, biennial survey of university students in the UK, released since 2004. The global survey of undergraduates in China, India, Italy, Spain, the U.S. and the UK, Spain provides insight into student experiences during the four stages of a student's life cycle – pre-arrival, arrival, living and departure. It also sheds light on their morale by analyzing a series of responses on the financing of their housing, their sleep and their physical activity as well as their eventual career plans. Across all countries, the results highlight students' desire to learn how to better manage stress and their budget and to live and work in an inclusive environment where they feel they are being heard.

ITALY - REINFORCED PARTNERSHIP WITH BICOCCA UNIVERSITY

Sodexo is providing an expanded array of services under a renewed contract at Bicocca University in Milan. The new contract provides a single point of contact for services delivered on multiple sites, enabling our client to focus on its core business of ensuring a high-quality education for its 30,000 students. The solid and responsive relationship we have developed and our teams' professionalism were key factors in successfully adding new facilities management services and positioning Sodexo as a trusted partner.

INTERNATIONAL - ENHANCING THE CAMPUS EXPERIENCE WITH STUDENT LIVING OFFER

In introducing our global Student Living by Sodexo offer at Universities such as Northumbria University Newcastle in the UK, we are responding to the most pressing needs of both students and University clients. Our solution includes managing every aspect of on campus housing programs such as leasing administration and roommate compatibility to integrated building management services, lifecycle solutions and resident life programs. By understanding the key touch points around the student journey of pre-arrival, arrival, living and departure, we enhance student quality of life which in turn drives student performance, well-being and satisfaction thus supporting the University through increased retention. The importance of living accommodations is evident in a few key figures: 40% of prospective students rank living accommodations as an important selection factor in choosing a school; 20% of campus revenue is driven by housing; graduation rates are 27% higher for students living on-campus, compared to those living off campus.

CHINA - SODEXO AWARDED FIRST PUBLIC UNIVERSITY CONTRACT

The first contract with China's public universities is with the prestigious Fudan University in Shanghai. Sodexo teams manage the university's *Yi Xuan* (Western Garden) restaurant, serving a community of 5,000 students and 1,000 faculty and staff in the town center of Shanghai. A bespoke solution that considers the unique mix of students, flexible and diverse services and strong communication with the university's teams were the keys to success of Sodexo's offer.



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BENEFITS AND REWARDS SERVICES

BENEFITS AND REWARDS SERVICES AT A GLANCE

The array of nearly 250 services we have created and manage goes well beyond our widely recognized vouchers and cards. Driven by technological innovation, the Sodexo stand-alone and customized Quality of Life solutions respond to the main human resources challenges facing companies and organizations. Sodexo's solutions simplify and recognize the work of employees, encourage healthier lifestyles, promote better work-life balance and facilitate personal development and social interaction.

KEY FIGURES



Source: Sodexo



DENIS MACHUEL*
 Chief Executive Officer,
 Benefits and Rewards Services,
 and Personal and Home Services
 Group Chief Digital Officer

Innovating to unlock people potential and client performance

No asset is more valuable to any business than its people. Based on Sodexo's extensive knowledge and insights, we offer distinctive employee experiences to help companies build engagement that drives business success.

The services we have created and manage go well beyond our widely recognized vouchers and cards. Leveraging technological innovation, our stand-alone, customized Quality of Life solutions respond to the main human resources challenges facing companies and organizations today.

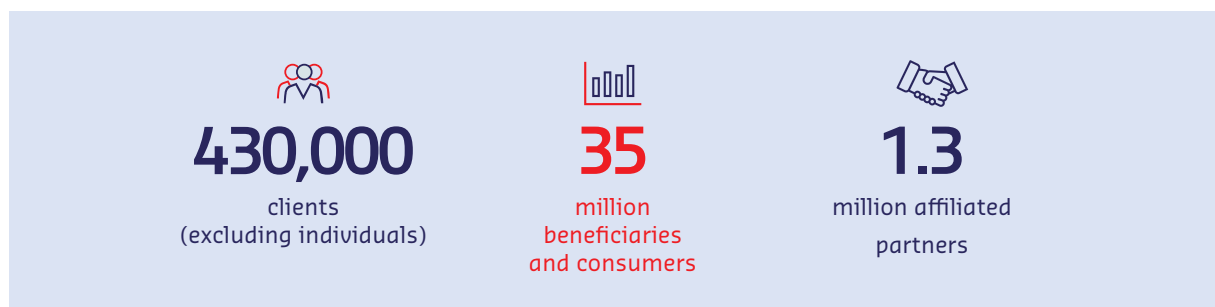
Focused on delivering both sustained improvement in quality of life and

economic performance, our offer addresses the major long-term trends that drive Sodexo's activities. Our solutions simplify and recognize the work of employees, encourage healthier lifestyles, promote better work-life balance and facilitate personal development and social interaction.

In 2017, we commissioned extensive qualitative and quantitative research to confirm and sharpen our understanding of the needs and strategic priorities of those we serve. It is clear from this work that employees aspire above all to job security, work-life balance and training and personal development.

For their part, employers expect strategic guidance, as well as advice and support on a daily basis.

Based on these findings, we have reorganized our offerings into two main categories: "Employee Experience" and "Mobility and Expense Management." These and our other innovative solutions are enabling us to invent new ways to improve people's quality of life, increase employee engagement and thus contribute to the growth of companies.



Source: Sodexo.

* Group Deputy Chief Executive Officer and Group Chief Digital Officer, as of September 1, 2017.

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EMPLOYEE EXPERIENCE

To create engaging employee experiences, we design solutions for both within and beyond the workplace. Our vouchers and cards help ensure employees feel valued on an ongoing basis. Learning and development, mentoring and coaching are among our professional development tools. To motivate, drive performance and inspire their behaviors, we have designed effective incentive and recognition programs. We offer well-being and support services that respond to employees' desire for better work-life balance and to help them with their personal interest priorities and challenges.

UNITED STATES

Inspirus acquisition reinforces employee engagement and recognition leadership

Sodexo's September 2016 acquisition of Inspirus reinforces our global leadership in the high-growth employee engagement and recognition segment. It also provides a scalable business within the U.S., focused on high-value clients.

Headquartered in Fort Worth, Texas, Inspirus delivers premium software and service solutions to help clients elevate the employee experience. Its industry-leading platform combines an integrated rewards offering, learning courses, communication tools and analytics. Coverage areas include everyday recognition, health and well-being, social interaction, staying



safe, milestones and knowledge and development.

The acquisition supports Sodexo's long-term strategy to expand in the area of Human Capital Management and positions us as a leader in employee engagement solutions. Companies of all sizes can now look to us to provide a comprehensive one-stop solution throughout the entire employee journey.

In addition to reinforcing our capabilities and the breadth of our services, the move also bolsters our geographic coverage. In addition to offering the combined expertise of both companies to Sodexo's global clients, the acquisition enables Sodexo to leverage our international presence on behalf of Inspirus' existing U.S. client base of more than 350 clients, comprising Fortune 500 and new economy actors.

INTERNATIONAL - SODEXO BENEFITS AND REWARDS SERVICES' NPS®= 50

Of 1,405 SMEs included in an international survey, 96% said they were satisfied with Sodexo, with 55% responding "very satisfied." Another multi-country survey of 1,892 clients gave us a high +50⁽¹⁾ "Net Promoter Score" on likelihood to recommend Sodexo to others, rising to +55 for SMEs.

INTERNATIONAL - UNDERSTANDING EMPLOYEE AND EMPLOYER

Work-life balance, learning and development and whole-self led the rankings of employee priorities in a survey conducted by Sodexo in five countries in 2017. The three themes were consistent across all countries in the responses from 3,224 employees in Brazil, France, India, Poland and the U.S. On the employer side, the five top strategic challenges identified were: improving employee's productivity, motivating them, ensuring that they feel recognized in their work, contributing to their development, and building loyalty.

¹ On a scale of +100 to -100.

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INDIA - PARTNERSHIP WITH STARTUP ZETA ACCELERATES VOUCHER DIGITIZATION

Through a partnership with financial technology startup Zeta, Sodexo is accelerating the digitization of our meal and gift vouchers throughout India. Sodexo has leveraged Zeta’s advanced technology to migrate meal and gift voucher clients to digital solutions that can be offered through a card or mobile app for usage at retail outlets as well as online merchants. The company has recently introduced an NFC-based tap & pay⁽¹⁾ solution for corporate cafeterias.

The technology platform also enables Sodexo to offer a multi-benefit suite to our corporate clients, providing their employees with medical, travel, fuel and communications benefits. This means a potentially significant increase in the number of consumers for Sodexo in India within the next few years. Sodexo meal and gift benefits are currently used by 11,000 corporate entities in India and accepted at approximately 40,000 points of merchant acceptance.



INTERNATIONAL - NEW SPORTS SOLUTIONS LAUNCHED

In Austria, Bulgaria, Czech Republic, Romania and Russia, 30,000 consumers are benefiting from Sodexo’s new Sports Pass while in Germany, another 50,000 users are enjoying sports through our online gym portal launched last year.

URUGUAY - LAUNCH OF SODEXO CLUB DELIVERY

Consumers in Uruguay now have the possibility at their fingertips to order and pay for their delivered meals directly from the Sodexo App. An innovative and unique consumer-centric offering, the Sodexo Club Delivery provides clients another way to increase employee satisfaction and affiliated merchant additional payment flexibility.

FRANCE - VISIONARY EMPLOYEE BENEFIT WITH ESSILOR

In partnership with Essilor and local opticians in France, we designed and launched the Visual Health at Work offer, to raise awareness of the importance of good eyesight in the workplace and to improve employee quality of life and safety. Companies are provided with a menu of options for their employees, from presentations by Essilor on the links between proper vision, well-being and performance to the provision of glasses specially adapted to professional work environments. The Visual Health at Work offer is part of Sodexo’s “Wellness and Wellbeing” program launched in 2017, which seeks to improve employee quality of life and reinforce their motivation while enabling our clients to enhance their employer brand.

¹ near field communication (nfc) is a short-range (few centimeters) wireless communications technology that allows data to be exchanged between a reader and any mobile terminal, or between the terminals themselves.

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MOBILITY AND EXPENSE MANAGEMENT

Mobility and Expense Management, whether from business travel or even daily commuting, can be complex to manage for companies and a source of stress for employees that can adversely affect efficiency, interaction between colleagues, health and overall motivation. Sodexo's innovative solutions, offered through our all-in-one platforms (fuel cards, Mobility Pass, travel booking, expense management, advanced analytics) provide real time visibility for clients while making their employees' mobility a seamless and simplified experience.

INTERNATIONAL

A streamlined business travel and expense experience

Joining forces with two innovative scale-ups, Xpenditure and iAlbatros, Sodexo introduced a new offer to streamline the business travel and expense experience for companies and business travelers. The move enables Sodexo to reinforce our position in this growing market. By leveraging the complementary strengths of iAlbatros, a travel booking specialist and Xpenditure, a paperless expense management system, we are able to provide clients with the type of integrated solution they seek. Our ambition is to empower business travelers to focus on their work and improve their quality of life instead of spending time in administrative tasks.

This solution will also make business travel easier to manage for companies. Our platform puts travelers and companies in control of everyday processes and transactions, so that travel and expenses offer a regular source of opportunity, not frustration. Xpenditure streamlines business expense processes with mobile applications, enabling employees to manage expenses anywhere in



real-time, by just taking a picture of it. iAlbatros has developed its own innovative 100% mobile booking platform and procurement database of more than 300,000 hotels worldwide, and provides transparency in the business travel purchasing process. The easy to use mobile platforms

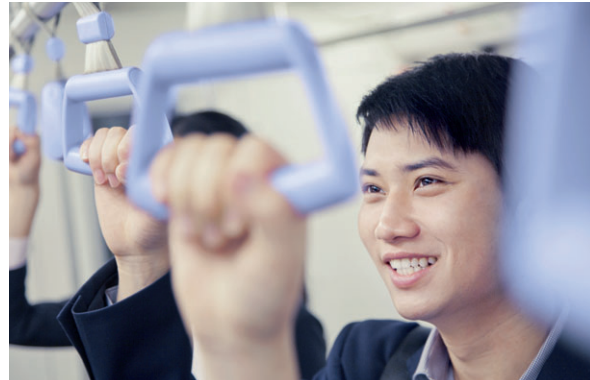
enable companies to improve how they monitor travel expenses while also enhancing business travelers' quality of life. We are making the end-to-end offering available to both large corporations and SMEs.

FRANCE - SODEXO DKV FUEL CARD LAUNCHED

In partnership with European fuel card leader DKV, Sodexo launched a new payment solution for fuel expenses, tolls and additional services. The Sodexo DKV Fuel Card enables its users to save money while having access to the widest selection of stations in France and elsewhere in Europe. More than 3,000 service stations in France and 65,000 in Europe are part of the Sodexo DKV Fuel Card network. Through this network, the Sodexo DKV solution provides SMEs the same benefits as major accounts, the first time for such an offer in France. Sodexo DKV Fuel Card can be used for a number of additional services, including car washes, vehicle maintenance and troubleshooting repairs and parking facilities. Other benefits include the card's ease of use, lower fuel prices and access to a mobile navigation app.

MEXICO - WIZEO OFFERS FLEXIBILITY FOR CLIENTS AND USERS

With Wizeo, Sodexo offers to fleet managers in Mexico a service to optimize vehicle fuel consumption through a simple platform adapted to the needs of each company. Clients are provided with a flexible and adaptable simple-to-use platform and 24/7 personalized assistance and after-sales service from a dedicated team. The program features transaction monitoring, misused detection, customized fleet efficiency reporting and VAT reporting. Employee-users of Wizeo are able to locate network stations online as well as monitor their accounts *via* the web, an app or text services. More than 4,500 service stations throughout the country are part of the Wizeo network.



BELGIUM AND GERMANY - XXIMO MOBILITY CARDS LAUNCHED

Following last year's investment in the Dutch startup, the XXimo card has been launched in Belgium and Germany in 2017. The card provides a single, hassle-free solution for employees to pay for fuel, public transport or even bike, whether commuting or on business travel by car, taxi, train, plane, or carpool. The card can also be used to pay for parking, lodging and business meals. Milo, the personal mobile assistant to plan and pay enhance this fully digitized mobility and expense process that improves both efficiency and employee quality of life.



PUBLIC BENEFITS

Our Public Benefits solutions help public authorities around the world optimize budget resources, target assistance and achieve their social, cultural and education policy goals. In Chile, our school food program contract with the Junaeb (National Board of Student Aid and Scholarships) institution, serving 300,000 students, was renewed. We also developed a comprehensive food and mobility service offer for employees of Mexico's Public Prosecutor.

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PERSONAL AND HOME SERVICES

PERSONAL AND HOME SERVICES AT A GLANCE

Enabling each person to build their quality of life

Sodexo's innovative Personal and Home Services respond to today's changing lifestyles and needs with offers that improve quality of life for individuals of every age, across three areas. Our responsible and innovative **Child Care** centers ensure nurturing care for children during the crucial early years of their development, while facilitating life for parents. Through our **Concierge Services**, we simplify daily life for our clients' employees and enable them to achieve a better work-life balance, contributing to their increased commitment, loyalty and performance. Our **Home Care services** allow seniors and other adults to maintain their independence and quality of life and live comfortably in their own homes.

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CONCIERGE SERVICES

New offer to increase employee satisfaction

Concierge services, delivered through Sodexo subsidiary Circles, provide an effective solution for companies seeking to facilitate life for their employees and contribute to improving their work-life balance.

Client employees can thus benefit at their workplace from a full range of services, from restaurant and travel reservations to dry-cleaning, running errands and helping to perform certain complex, time-consuming tasks. Companies recognize the important

role these services play in increasing employee satisfaction and well-being, which in turn leads to higher retention and improved performance. To extend this concept even further, Circles introduced new offers this year.

INTERNATIONAL - CIRCLES EXPANDS SERVICES OFFERS

Among new strategic offers introduced in Fiscal 2017 by Circles is Community Manager, a boutique of services designed to foster a feeling of community to build commitment and loyalty among client employees. Examples of activities include organizing team-building conferences and workshops, managing events and providing relaxation spaces, in addition to a wide range of concierge services. Another new offer is Rapid Concierge, an errand-running and personal task service that supports our consumers during busy days. Circles also launched a global FM help desk to support Sodexo's global corporate clients. Using global knowledge management and call center processes, the service provides consistent responses for the end consumer worldwide regardless of location.



UNITED STATES - ENHANCING THE EMPLOYEE EXPERIENCE AT TD BANK

In April 2017, Circles launched Corporate Concierge on-site services to 13 TD Bank corporate office locations in New Jersey, Maine and South Carolina. TD Bank employees now benefit from an array of personalized services, including assistance with work-related tasks such as conference room and meeting support, visitor and facility management along with personal assistance services. Circles' ability to customize a service solution to meet the needs of each unique office location and their internal customers has had a positive impact on the employee experience and expansion of the program within the first year. Circles will implement the Corporate Concierge program to three additional TD Bank buildings.

HOME CARE

Globally extending our offer of in-home quality care

Having access to quality in-home care for seniors is a worldwide phenomenon.

Senior populations are growing in most countries and many seniors prefer to age in the comfort of their own homes. Frequently, this means a combination of person-to-person care and integration of technology to deliver

a complete care solution. To respond to these growing needs, we are continuing to expand our global Home Care footprint to additional countries.

In March 2017, we expanded through the acquisition of Prestige Nursing + Care, one of the largest in-home senior care providers in the UK (operating as Elite Care in Scotland).

Through its 44 offices, Prestige Nursing + Care is changing the way individuals age by focusing on an integrated care solution that includes education, nutrition, care and technology. We are currently studying opportunities to bring its quality in-home care solutions elsewhere in Europe and to Asia.



IRELAND – CUSTOMER RELATIONS AND QUALITY EXCELLENCE

Comfort Keepers® established a Client Forum to create an open channel of communication with consumers and their family members. This “real life” informational exchange enables senior management to hear directly from those receiving services and to apply the feedback to continuously improve service delivery. The well-received Client Forum has won recognition from outside groups. At the Irish Healthcare Awards organized by CMG Events, Comfort Keepers® was recognized as the top organization in the *Best Homecare Provider* category. Comfort Keepers® also received *National Q Mark’s* award for business excellence and received the Gold medal as Best Homecare Provider in Ireland for Quality Management Systems.

FRANCE – TECHNOLOGY AND TRAINING TO ENSURE CONSISTENT QUALITY

In France, our subsidiary Amelis focused on improving delivery of care by reviewing caregiver training and leveraging technology to reinforce communication and increase the visibility of the care provided. All in-home caregivers are provided with a smartphone and special app to ensure full access to office-based teams and real-time information about care recipients. Following a successful pilot, the technology was successfully rolled out to all caregivers. To assist with the ongoing professional development of caregivers, the Amelis Training Centre launched this year provides continuously updated education and training opportunities for caregivers, ensuring consistent safe, high-quality care.

UNITED STATES – STUDY FOCUSES ON FAMILY CAREGIVERS

The importance of Comfort Keepers® services in contributing to the quality of life of both seniors and their families was reinforced through a study showing that responsibility for the care of an elderly loved one can contribute to feelings of isolation for family caregivers. Comfort Keepers® collaborated with the Stanford Center on Longevity, Stanford University in California, and digital homecare solutions provider ClearCare to complete the very comprehensive consumer research initiative focused on family caregivers.

UNITED STATES – IMPROVING CONNECTIONS THROUGH TECHNOLOGY

Comfort Keepers® is rolling out the digitization of administrative tasks and paperwork at all offices following a successful pilot. Local offices will now have the opportunity to use, synCK, a tablet technology to digitally capture all consumer information provided at intake and throughout the care relationship. The benefits include greater visibility of seniors’ conditions, real-time information updates and improved communication with seniors and their family members. The technology increases efficiency of local offices, reduces paper and rapidly provides web-based information to those who need it.

CHILD CARE

Delivering better quality of life for children and parents

Sodexo offers childcare services designed to respond to the demands of modern life and parents' concerns.

With today's changing lifestyles, childcare for preschool-age children can be a major issue for parents. Traditional childcare structures tend

to be saturated, out of date or poorly adapted to the constraints of busy working people in terms of opening hours.

Through our subsidiary Crèche Attitude, we offer services designed to improve quality of life for children and parents. Our childcare services

enable local municipalities to provide solutions for their citizens in the face of shortages of reasonably priced childcare in many communities. For companies, our childcare services provide turnkey solutions to the needs of their employees.

FRANCE - 100% ECO-FRIENDLY CHILDCARE CENTERS

Crèche Attitude is working for its entire network to earn eco-friendly labels from Ecolo crèche®, the only recognized independent organization specialized in early childhood. Following an audit, each childcare center's teams define implementation processes for an eco-responsible approach covering areas such as food, cleaning, care, toys and educational workshops. The teams are trained to ensure the sustainability of the new eco-responsible practices measured by Ecolo crèche®. Practices include learning activities to increase children's awareness of their environment, use of natural materials and biodegradable or recyclable consumables and providing biological and local products for children's meals. Already, 41 childcare centers have received labels and Crèche Attitude is committed to certifying 100% of its 150 centers by 2018.

FRANCE - NEW "KIDS ATTITUDE" SCHOOL HOLIDAYS CHILDCARE OFFER LAUNCHED

Through Sodexo's new "Kids Attitude" offer, companies can now offer employees on-site childcare for children 4-12 years old during school holidays. Programs can be customized according to the needs of each company's parents, varied, original activity themes, led by trained professionals. Online registration and payment simplifies the enrollment process. The offer responds to the need of parents to find quality solutions for their children's care that enables them to balance their professional and personal lives. It also benefits the company by increasing employee loyalty and retention.

FRANCE - DIGITAL AGE CHILDCARE CENTERS: A MOBILE APP FOR PARENTS AND A PLATFORM FOR CLIENTS

To help ensure reliable communications with families, Crèche Attitude created the crèche "Private Space" mobile app, a private and secure online tool. The app puts the childcare center at parents' fingertips, providing access to photo albums, a picture directory of childcare center team members, news items, upcoming events and important dates, a parenting ideas corner and a messaging service to simplify communication. In the personal area of their accounts, parents can retrieve invoices and make credit card payments online. Crèche Attitude also provides comprehensive reporting online to its clients and enables their employees to access information on services.

FRANCE - CONTINUED GROWTH AND DEVELOPMENT FOR CRÈCHE ATTITUDE

During Fiscal 2017, Crèche Attitude signed or renewed 14 contracts with public authorities. Crèche Attitude continues to grow in micro-childcare centers following the acquisition of the Margots network in Lyon in 2014. With the new acquisition of two micro-childcare centers in the Rhône-Alpes region this year, Crèche Attitude has become the region's leading network. In the country's northeast, Crèche Attitude is managing a childcare center newly-built by the Leclerc Chambry supermarket. The new facility offers 15 places reserved for Leclerc employees to facilitate their work-life balance and avoid involuntary part-time work. In Bourgogne, a new childcare center was opened for a private health facility, offering extended hours adapted to the schedules of healthcare workers.

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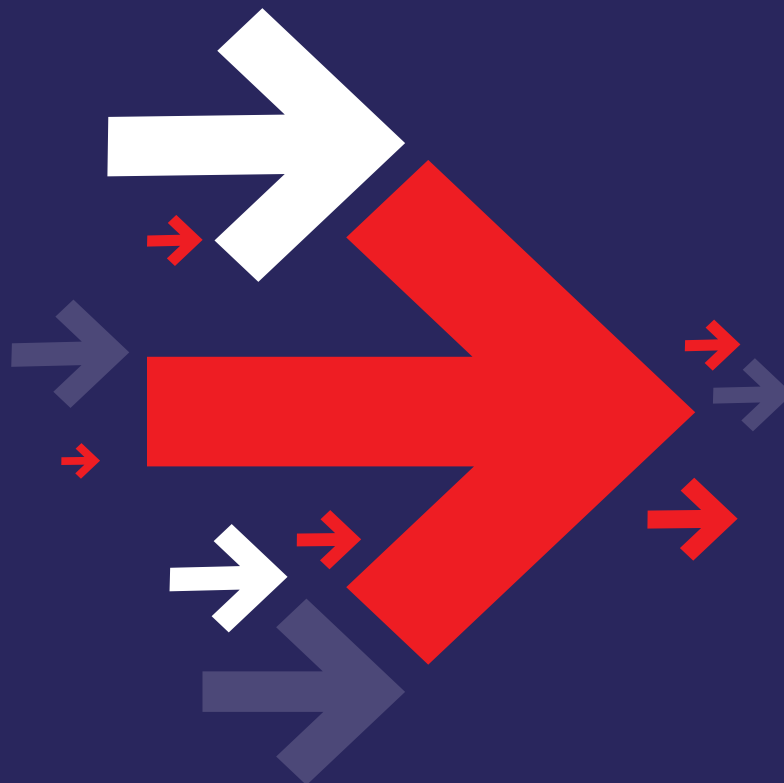
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OUR CORPORATE RESPONSIBILITY PERFORMANCE

OUR VISION OF QUALITY OF LIFE IS COLLECTIVE AND LONG-LASTING

In the goal of improving people's lives, the communities in which they live, and the environment shared by all, Sodexo has three different roles: as an employer, as a service provider and as a corporate citizen.





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OUR COMMITMENTS FOR A BETTER TOMORROW

BETTER TOMORROW 2025: RENEWING OUR COMMITMENTS

As a global corporate citizen, operating in 80 countries, Sodexo has always recognized its responsibility to conduct business in a way that contributes to society's sustainable progress. This conviction is embodied in our mission of improving quality of life of our employees and those we serve, while contributing to the economic, social and environmental development of our host communities, regions and countries.

Eight years ago, we formalized our corporate responsibility commitments by creating the Better Tomorrow Plan, a roadmap outlining a process of continuous improvement. In 2016, Sodexo reconfirmed its conviction to continued progress as an employer, a service provider and a corporate citizen through an updated version of our roadmap, Better Tomorrow 2025.

Adapted to the challenges of today and tomorrow and comprised of nine commitments, Better Tomorrow 2025 tracks the deployment of our corporate responsibility actions and measures their impact in the 80 countries in which we operate.

Consistent with the nature of our activities, our roadmap focuses particularly on the issues of hunger, gender balance and waste prevention.

Through our corporate responsibility roadmap, we renew Sodexo's contribution to a better tomorrow for everyone.

2017 AWARDS

12 years as industry leader for sustainability

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

10 years in the RobecoSAM Sustainability Yearbook

ROBECOSAM
Sustainability Award
Gold Class 2017

Sodexo is a constituent of the FTSE4Good Index


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OUR 9 COMMITMENTS AND OBJECTIVES BY 2025

	 OUR IMPACT ON INDIVIDUALS	 OUR IMPACT ON COMMUNITIES	 OUR IMPACT ON THE ENVIRONMENT
 OUR ROLE AS AN EMPLOYER	Improve the Quality of Life of our employees 80% Employee <u>Engagement Rate</u>	Ensure a diverse workforce and inclusive culture that reflects and enriches communities we serve 100% of our employees work for <u>gender balanced</u> management teams	Foster a culture of environmental responsibility within our workforce and workspaces 100% of our employees are trained on <u>sustainable practices</u>
 OUR ROLE AS A SERVICE PROVIDER	Provide and encourage our consumers to access healthy lifestyle choices 100% of our consumers are offered healthy <u>lifestyle options everyday</u>	Promote local development fair, inclusive and sustainable business practices €10 billion of our business value will <u>benefit SMEs</u>	Source responsibly and provide management services that reduce carbon emissions 34% <u>reduction of carbon emissions</u> ⁽¹⁾
 OUR ROLE AS A CORPORATE CITIZEN	Fight hunger and malnutrition 100 million <u>Stop Hunger</u> beneficiaries	Drive diversity and inclusion as a catalyst for societal change 100% of our countries are collaborating on initiatives that improve <u>quality of life of women</u>	Champion sustainable resource usage 100% of our countries are partnering to deliver the UN <u>food waste goal</u>

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



OUR COMMITMENTS FOR A BETTER TOMORROW

BETTER TOMORROW 2025: OUR STRATEGY AND OUR GOVERNANCE

Guided and monitored and by senior executives and a Steering Committee, Sodexo's Corporate Responsibility progress is advanced through specific performance objectives for managers. Our Better Tomorrow 2025 roadmap is aligned with Sodexo's ethical principles and the United Nations Sustainable Development Goals (SDGs).

OUR CORPORATE RESPONSIBILITY GOVERNANCE

Two members of the Group Executive Committee are responsible for overseeing Sodexo's continuous performance improvement in terms of Corporate Responsibility:

- **Damien Verdier**, Group Chief Strategic Planning, Organization, Research & Development and Innovation Officer
- **Juan Pablo Urruticoechea**, Group Chief Human Resources Officer.

Sodexo's Diversity and Inclusion strategy is led by Group Chief Diversity Officer, Rohini Anand, who reports directly to Sodexo Chief Executive Officer Michel Landel. Programs are coordinated and tracked by the Better Tomorrow 2025 Steering Committee, in consultation with support functions and specialized working groups. These expert groups develop action plans, guidelines and worldwide programs, promote innovation, validate progress indicators and perform risk and competitor analysis. Sodexo's Executive Committee and senior management monitor the actions and overall performance of

the Better Tomorrow 2025. To drive progress within the business, social and environmental commitments are integrated into managers' performance objectives.

OUR RESPONSIBLE BUSINESS CONDUCT

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

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

The Group's Human Rights policy is informed by the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human

Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work.

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

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

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

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ALIGNING WITH SUSTAINABLE DEVELOPMENT GOALS (SDGs)

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

	OUR IMPACT ON INDIVIDUALS	OUR IMPACT ON COMMUNITIES	OUR IMPACT ON THE ENVIRONMENT
 <p>OUR ROLE AS AN EMPLOYER</p> <p>Improve the Quality of Life of our employees</p> <p>Ensure a diverse workforce and inclusive culture that reflects and enriches communities we serve</p> <p>Foster a culture of environmental responsibility within our workforce and workspaces</p>			
 <p>OUR ROLE AS A SERVICE PROVIDER</p> <p>Provide and encourage our consumers to access healthy lifestyle choices</p> <p>Promote local development fair, inclusive and sustainable business practices</p> <p>Source responsibly and provide management services that reduce carbon emissions</p>			
 <p>OUR ROLE AS A CORPORATE CITIZEN</p> <p>Fight hunger and malnutrition</p> <p>Drive diversity and inclusion as a catalyst for societal change</p> <p>Champion sustainable resource usage</p>			

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OUR COMMITMENTS FOR A BETTER TOMORROW

BETTER TOMORROW 2025: OUR STAKEHOLDERS RELATIONS

Through our unique position in the value chain,
we have a rich eco-system of relationships with many stakeholders.
Sodexo's mission, values and ethical principles are the common framework
in meeting their expectations.



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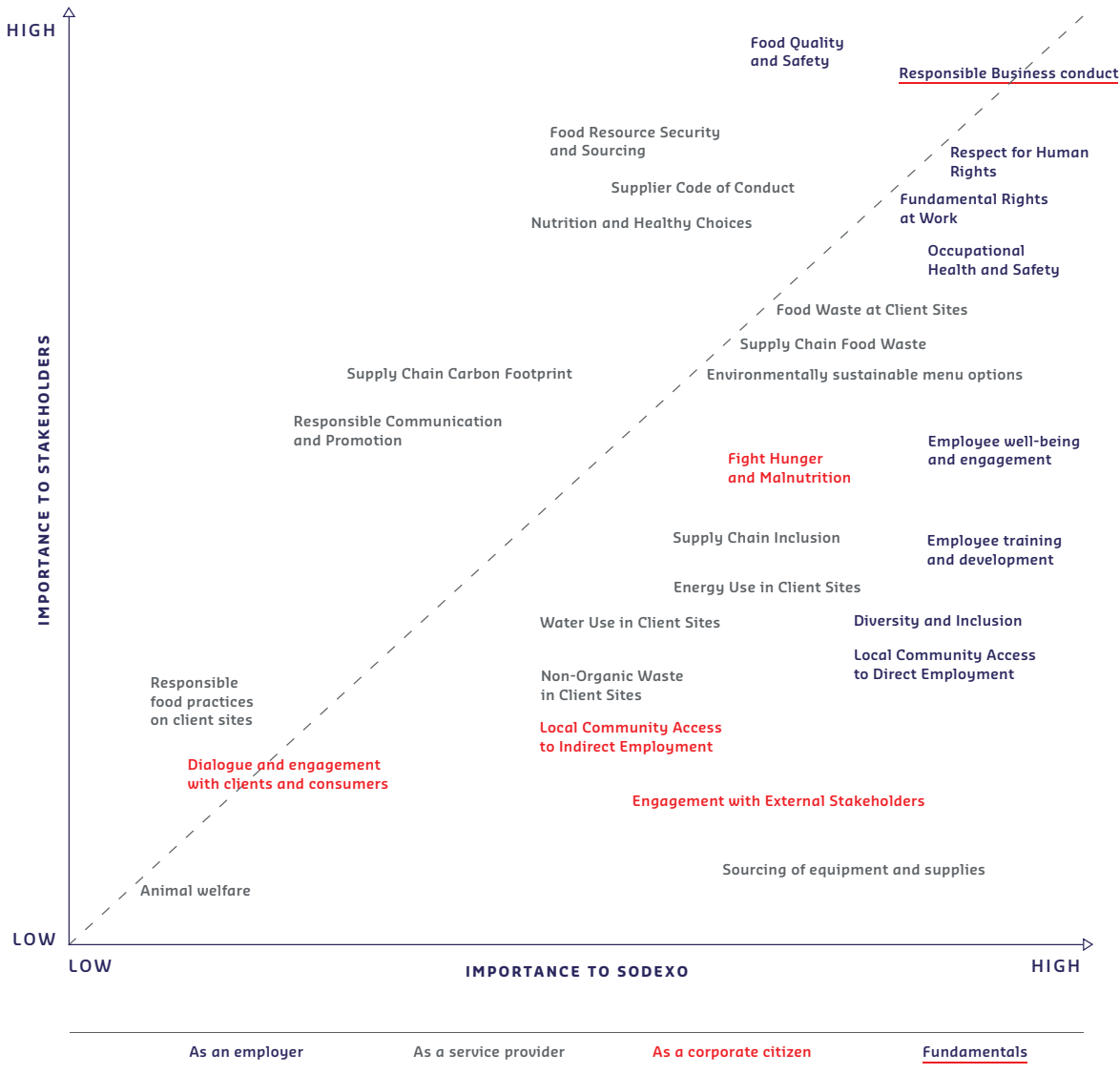
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OUR MATERIALITY MATRIX

The matrix below was developed based on interviews with internal and external stakeholders (employees, clients, consumers) and corporate responsibility best practices.



WORLD WILDLIFE FUND (WWF) PARTNERSHIP RENEWED

We renewed our partnership with WWF in 2017 to further our efforts to reduce our carbon footprint and integrate greater sustainability criteria into our offers. Key priorities include cutting greenhouse gas emissions, creating a sustainable food supply at the local level and implementing procurement policies designed to prevent food waste and the use of high environmental impact raw materials.

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STAKEHOLDER	SODEXO'S IMPACT	HOW SODEXO LISTENS	ACTION TAKEN
Employees	Sodexo is committed to being an employer of choice by providing jobs in local communities where we operate, and offering training and opportunities for internal promotion to help employees with their career advancement choices.	The employee engagement rate – expressing both satisfaction and involvement – is a key performance indicator for Sodexo, which seeks to become one of the companies most admired by its employees in the world.	In Fiscal 2016, employee engagement rate: 68% up 9 points from the previous survey. 80% of employees consider Sodexo to be a responsible company.
Clients	Sodexo can provide more than 100 services for a single client, even when client sites are spread around the world. The Company delivers services that directly impact its clients' strategic business issues, such as attractiveness of their organization, the motivation of their employees, their competitiveness and reputation.	Sodexo uses a dedicated client retention methodology to ensure a strong client culture in our teams and develops lasting partnerships with our clients. Interviews with clients at specific points in their relationship with Sodexo. Regular meetings are held between client and Sodexo Corporate Responsibility managers.	In Fiscal 2017, Sodexo retained 93.5% of previous year revenue. Corporate Responsibility is a key factor in the retention and development of client relationships.
Consumers	Sodexo embraces the opportunity to help millions of people adopt healthier and more sustainable lifestyles by sharing educational, topical and consumer friendly information. The content provided demonstrates Sodexo's commitment to reaching beyond client sites to improve quality of life for consumers.	Sodexo uses the Group Satisfaction Survey process to gather feedback from and engage with consumers. Consumers have the opportunity to give their instant feedback through electronic devices or suggestion boxes/books available in their workplace, allowing for an immediate response.	80% of our consumers surveyed through this Group process in Fiscal 2017 responded that they are satisfied or very satisfied with Sodexo's services. 74.2% are satisfied with sustainable food options offered and 91.3% with environmental initiatives.
Suppliers and Merchants	Sodexo's suppliers and merchants are a fundamental part of our value chain and valued commercial partners. The Group seeks to establish mutually beneficial relationships with them and encourage them to meet its high standards in respect of quality, working conditions, ethical business practices and environmental stewardship.	Regular interaction, site visits and business reviews are organized with suppliers and merchants to validate compliance and ensure a long term understanding of respective issues.	Successful relationships with key supplier and merchant partners. Developing new relationships with a view to advancing the implementation of the Partner Inclusion Program.

◀ CONTENTS ▶

STAKEHOLDER	SODEXO'S IMPACT	HOW SODEXO LISTENS	ACTION TAKEN
Institutions and NGOs	Sodexo continues to increase its eco-system of NGOs and multi-stakeholder engagements. This is considered critical to being able to tackle global issues around labor and human rights, diversity and inclusion, carbon emissions, nutrition, food waste and hunger.	Regular interaction with many NGOs and institutions through a combination of one to one relationships and multi-stakeholder initiatives.	Successful relationships with <ul style="list-style-type: none"> • the Organisation for Economic Co-operation and Development (OECD) • the World Wildlife Fund (WWF) • the International Labor Office (ILO) • the United Nations • the Global Sustainable Seafood Initiative (GSSI) • the Seafood Task Force (formerly the Sustainable Shrimp Task Force) • Academic institutions such as Harvard, Cornell or Audencia. International Framework Agreement with <ul style="list-style-type: none"> • International Union of Food and Allied Workers (IUF) • Led the creation of the International Food Waste Coalition (IFWC).
Investors	While the Bellon family share ownership provides the backbone to independence, the institutional and individual shareholders also provide support for the development of the Group.	Regular quarterly announcement: <ul style="list-style-type: none"> • conference calls and meetings; • annual General Meeting; • roadshows, broker conferences and one-on-one meetings; • press releases; • audio Webcast; • registration Document; • website. 	Shareholder confidence has boosted the Group's valuation and it is now part of the elite French CAC 40 Index. Shareholders from all around the world invest for the Group's regular growth, strong long-term rate of return and commitment to Corporate Responsibility.
Government and Regulators	Sodexo's activities are covered by numerous laws in the field of food safety, health and safety in the workplace, public procurement and concessions, Personal and Home Services (PHS), service payments, etc. A large part of its business is contracted with government bodies and agencies.	Sodexo closely monitors situations and legislation that may have an impact (positive and negative) on its activities. Regular contact with public authorities directly or via our trade associations. Sodexo engages with government and regulators to promote ideas and solutions that help develop its business and have a positive impact for the community. Sodexo strives to bring productivity and quality of life through government outsourcing contracts.	Participate in consultations organized by governments. Production of statements and position papers. Registration on the Transparency register of the European Commission and the European Parliament. Development of a lobbying policy at Group level to promote ethics in all interactions with politicians and decision-makers. This lobbying policy has been defined by a working group, involving the Group General Counsel, Group Vice President of Ethics, Group Senior Vice President Corporate Responsibility and representatives of the three activities of Sodexo and supported by the Group Executive Committee.

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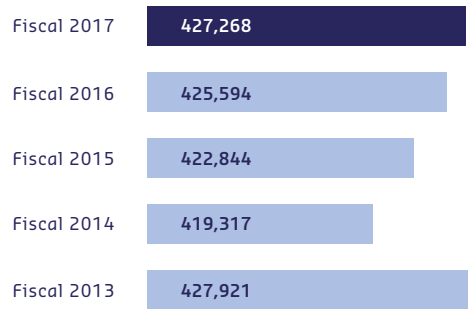
OUR COMMITMENTS AS AN EMPLOYER

OUR COMMITMENTS AS AN EMPLOYER

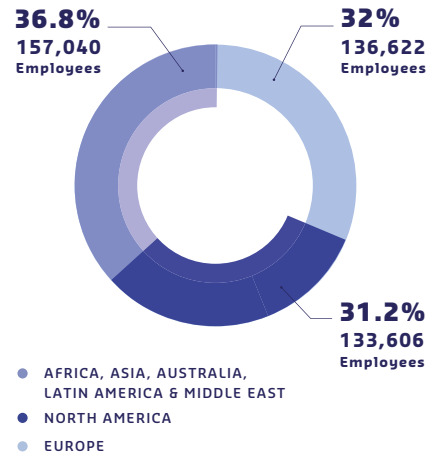
As the number one France-based private employer worldwide⁽¹⁾, employing over 427,000 people from diverse backgrounds, we are committed to being an employer of choice.

■ FIGURES FOR FISCAL 2017

END OF YEAR WORKFORCE



WORKFORCE BY GEOGRAPHICAL REGION

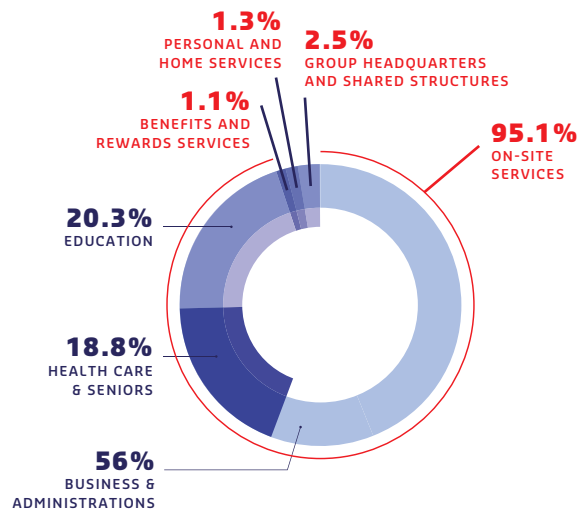


AVERAGE SENIORITY

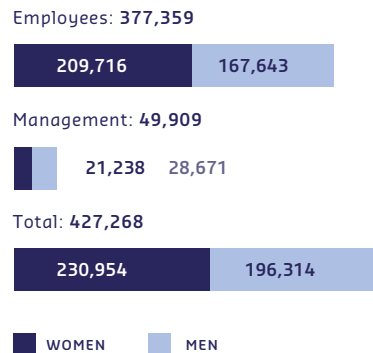
5 years
For total workforce

8 years
For managers

WORKFORCE BY ACTIVITY AND BY CLIENT SEGMENT



GENDER DISTRIBUTION OF THE WORKFORCE



¹ 2017 Fortune 500 ranking.

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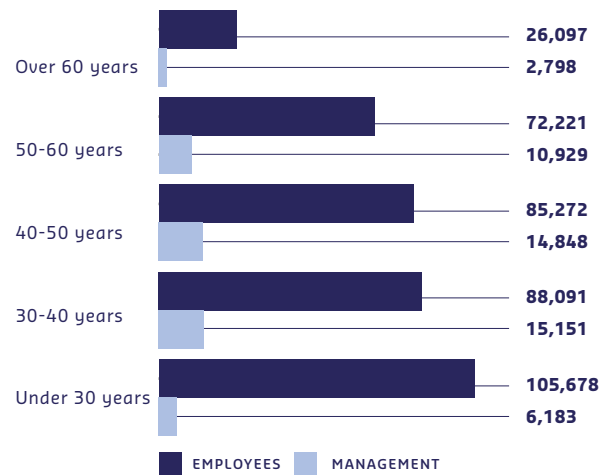
GROUP COMPENSATION POLICY

Sodexo has a Group Compensation Policy based upon some key reward principles, detailed below:

- **Total Rewards:** the perspective that reward includes everything of measurable value, not just compensation;
- **External competitiveness:** fact-based decisions are based on valid 3rd party market data;
- **Pay for Performance and Results:** reward levels are differentiated between employees based on objective measures of performance;
- **Transparency:** includes communication and clarity on how pay decisions are made;
- **Equity and Fairness:** employees in similar situations are treated consistently and discrimination for any reason other than performance is not tolerated.

🔗 FOR FURTHER INFORMATION ON COMPENSATION, SEE SECTION 6.3.

WORKFORCE BY AGE



RETENTION⁽¹⁾

74.2%

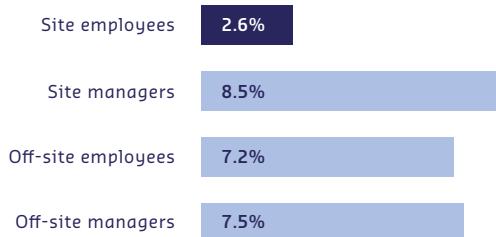
Retention rate of total workforce

85.6%

Retention rate for site managers

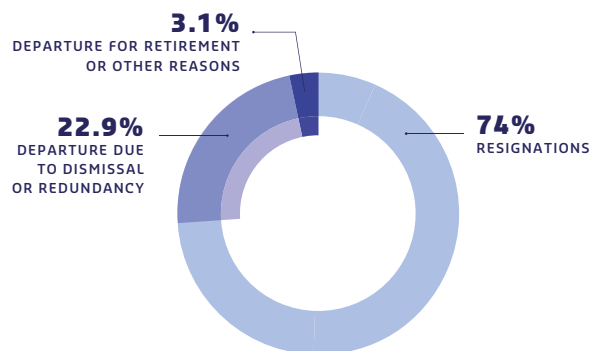
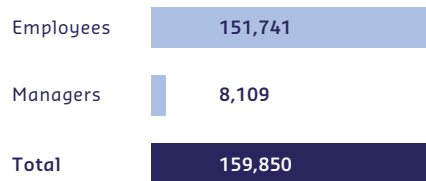
Retention rate for site managers	Countries
> 90%	Argentina, Brasil, Chile, France, Italy, Netherlands, Spain
80%-90%	Canada, Columbia, Germany, Peru, Sweden, UK, USA
< 80%	China, India, Russia

INTERNAL PROMOTION RATES BY CATEGORY



HIRING AND DEPARTURES

New hires excluding acquisition and transfers:



WORK ABSENTEEISM

Sodexo's employees were absent **7.2 days, on average**, for occupational accident or sickness, personal accident or sickness.

¹ During Fiscal 2017, the following modifications were made to the indicators: retention rate is now calculated on resignation only.

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OUR COMMITMENTS AS AN EMPLOYER

IMPROVE THE QUALITY OF LIFE OF OUR EMPLOYEES



“Each day, we value the individual and collective contribution of our 427,000 employees. We will continue to invest and focus on improving our employees’ quality of life.”

JUAN PABLO URRUTICOECHEA
Group Chief Human Resources Officer

We are committed to being an employer of choice by providing jobs in local communities and offering training and development opportunities to help employees advance in their career. Because people work better when they work in a professionally fulfilling, stable and secure environment, Sodexo ensures that our employees are the first to benefit from our mission to improve quality of life. In every workplace environment,

Sodexo is committed to enhancing the well-being of our employees. In a world of accelerating change, it is our employees’ commitment to service and their professionalism that enable us to create environments for positive human interaction. As a company, we strive for agility and simplicity in how we work. We believe in empowering our people to enable them to grow. As an expert in Quality of Life services, we will champion safe,

vibrant and inclusive work environments, in which we foster professional accomplishment. We are attentive to the needs and expectations of our employees, in accordance with local rules. Sodexo’s organizational model ensures continuity and consistency in the quality of our services under all conditions. We will support professional ambitions by investing in each individual’s development.

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WHERE WE ARE

68%

employee engagement

+9 points compared to 2014⁽¹⁾.

HOW WE GET THERE

- reinforcing a zero-accident mindset health and safety culture;
- simplifying life's challenges for our employees;
- deploying global learning and development programs;

OUR 2025 OBJECTIVE

80%

employee engagement

- defining and implementing measures that materially impact our employees' quality of life;
- continuing to demonstrate our commitment to human rights;
- implementing a robust mechanism worldwide allowing our employees to report concerns.

WHAT WE ALREADY DO TODAY

IMPROVING SAFETY THROUGH A COMPREHENSIVE HSE⁽²⁾ APPROACH

At the heart of our HSE commitment is our care for people, for our employees as well as for the 100 million of consumers we serve every day. Health and safety is one of the founding pillars on which we base our mission to improve the Quality of Life. Everyone working for Sodexo, from the Group CEO to our frontline teams, is expected to take personal responsibility for health and safety and everyone is empowered to stop work if it is unsafe.

Our global Health and Safety programs including; "3-2-1 Zero" campaign; Health and Safety Rewards; and our "Have A Safe Day" raising awareness campaign engage our teams around the world in our Zero Accident Mindset culture with simple ideas and tools. These global programs are designed to raise awareness and empower our teams to proactively manage health and safety risks every day, at work and at home. Through these programs and initiatives, we have reduced our Lost Time Injury Rate (LTIR) by 16.5% in Fiscal 2017 and by 28% over the last three years.

24

countries representing

81.8%

of Group revenues held one

or more OHSAS 18001 or ISO 45001 certification

16.5%

of LTIR reduction

COLLECTIVE AGREEMENTS FOR HEALTH AND SAFETY

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

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

In Sodexo's International Framework Agreement with the IUF, its commitments include protection of health and safety through prevention and improvement measures while conforming with local legislation. Where appropriate, Sodexo's collective agreements may include provisions regarding health and safety. For example, in the United States, Sodexo has numerous agreements containing health and safety provisions.

Unless specified, all figures are for Fiscal 2017.

¹ 2016 employee engagement survey sent to 371,761 Sodexo employees of which 211,501 responded.

² **Health, Safety and Environment (HSE):** the scope of Sodexo HSE function includes Occupational Health and Safety, Food Safety and Environment.

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75% of total workforce worked full-time and
25% part-time.

BOOSTING GLOBAL LEARNING AND DEVELOPMENT PROGRAMS

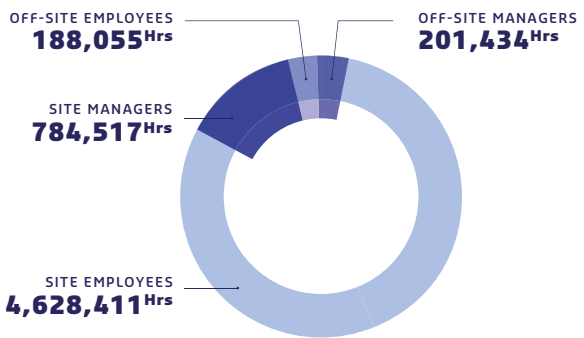
We are committed to providing training and opportunities for internal advancement to our employees. Our global training programs, including the “Sodexo Ambassador” program and our three Academies for Sales, Global FM and Site managers, improve efficiency, enhanced motivation, and contribute to higher employee retention.

- More than 400 sales professionals trained in a robust sales approach and process through our Sales Academy.
- In Fiscal 2017, over 260 operational managers in the United States and Spain began the Global Facilities Management Academy, completing courses on Sodexo’s FM strategy, and health and safety.

5,802,417 hours
total training hours
Group-wide

13.6 hours
of training provided on average
per employee

BREAKDOWN OF THE NUMBER OF TRAINING HOURS PER CATEGORY AT GROUP LEVEL



PREVENTING SEXUAL HARASSMENT

Sodexo signed an international agreement with the International Union of Foodworkers (IUF) for the prevention of workplace sexual harassment. It builds on Sodexo’s international framework agreement with IUF on respect for fundamental rights at work.



96.9% of workforce
working in countries
having the Human Rights policy available
in at least one official language.



88.1% of workforce
working in countries
having collective agreements are covered
by these agreements.

SODEXO SUPPORTS ME: SIMPLIFYING EMPLOYEES’ LIVES

To help employees and their families meet the challenges of everyday life, *Sodexo Supports Me* offers free web and phone counseling. The confidential helpline, run by an external organization, provides expert support for the wide variety of concerns facing any family, from illness to financial issues to family problems. Available in more than one-third of our countries, 24 hours a day, 365 days a year, the service is another example of Sodexo’s focus on well-being as an important factor in our employees’ quality of life.

QUALITY OF LIFE REGIONAL PROGRAM

Because the quality of life of our employees is different from region to region Sodexo developed a unique and simple methodology to meet employee expectations about their quality of life. Based on data analysis of different HR metrics such as absenteeism or employee retention as well as employee’ quality of life perception Regions will be able to define intended outcomes. Once this is done, new initiatives will be defined, or already available initiatives will be selected, in order to reach these outcomes. The impact of the initiatives implemented will be measured through the evolution of our metrics.

Unless specified, all figures are for Fiscal 2017.

OUR COMMITMENTS AS AN EMPLOYER

ENSURE A DIVERSE WORKFORCE AND INCLUSIVE CULTURE THAT REFLECTS AND ENRICHES COMMUNITIES WE SERVE



“Embracing diversity and inclusion gives us a common set of values to ensure the progress of people, the performance of organizations and societal value that benefits us all.”

MARC PLUMART

Chief Executive Officer, Health Care and Seniors Worldwide,
On-site Services

As a quality of life company, Sodexo is committed to providing all employees with the best career experience possible, regardless of age, gender, nationality, culture or personal characteristics. Diversity and inclusion is a cornerstone of Sodexo’s culture, a source of innovation and a fundamental element of our growth strategy. Our diversity and inclusion actions include promoting gender diversity and the advancement of women, representation of all generations, integration of people with disabilities, respect for

cultures and origins and respect for sexual orientation and gender identity. As a signatory of the United Nations Women’s Empowerment Principles, Sodexo reaffirmed our international commitment to gender balance and the development of women. Our actions to promote workplace flexibility have been spearheaded by the efforts of the Sodexo Women’s International Forum for talent (SWIFt), an Internal Advisory Board of senior executives, which promotes representation of women throughout the organization.

Sodexo’s commitments to individuals with disabilities are a fundamental part of our responsible employer strategy. We are committed to improving the quality of life of people with disabilities by providing an inclusive work environment that enables them to perform to their fullest potential. These and our many other diversity actions help make us a stronger, more innovative company that is better able to respond to the expectations of our stakeholders.

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WHERE WE ARE

60.9%

of our employees work
for gender-balanced management teams

HOW WE GET THERE

- rolling out our diversity and inclusion action plan at regional and segment level;
- ensuring flexible work arrangements;
- enhancing development opportunities for our employees;

OUR OBJECTIVE BY 2025

100%

of our employees work
for gender-balanced management teams

- developing and expanding our employee diversity networks;
- applying a diverse lens to Human Resources processes and to employee learning and development.

WHAT WE ALREADY DO TODAY

SWIFT, LEADING THE COMPANY'S GENDER BALANCE STRATEGY

Launched in 2009 by Sodexo CEO Michel Landel, our Sodexo Women's International Forum for Talent (SWIFT) works for women's advancement. SWIFT's 35 members lead Sodexo's gender diversity strategy and have helped increase women's representation in Group senior leaders to 33% as of 2017. Six women now lead Sodexo regions.

Our internal Gender Balance study showed that teams with a male-female ratio of between 40% and 60% delivered the best results over a three-year period. We are working to increase the number of women among Group senior leaders to 40% by 2025 and to boost equality in facilities management, a key growth area. To hold our senior executives accountable, we have linked the target to the individual annual incentive which represents 10%.

54%

of women's representation in total **workforce**

43%

of women in **management positions**

50%

of women's representation on the **Board of Directors**

33%

of women's representation among **Group Senior Leaders with an objective of 40% by 2025**

A gender ratio between 40-60% brings⁽¹⁾:

- +13% organic growth;
- +4 points in employee engagement;
- +23% gross profit;
- +5% brand awareness;
- +12% client retention.

Unless specified, all figures are for Fiscal 2017.

¹ Sodexo Gender Balance study of 50,000 of our managers, 2015.

**40% WOMEN AMONG GROUP SENIOR LEADERS:
BONUS FACTOR**

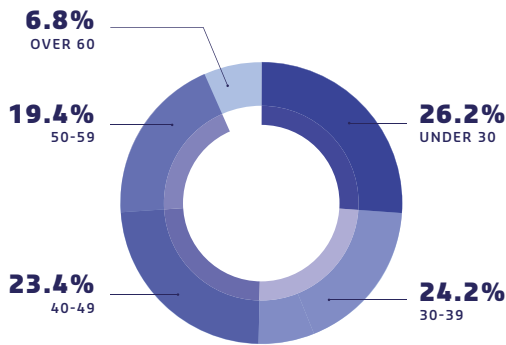
To continue to drive toward Sodexo’s diversity and inclusion commitment of gender balance, progress toward this goal was included as a factor in management bonuses for Fiscal 2017. Our objective is to increase women’s representation in our top 1,300 global senior management positions from 33% to 35% by 2020 and to 40% by 2025.

DISABILITIES: OPEN UP!

Disability is not always easy to discuss. To celebrate the United Nations International Day of Persons with Disabilities, Sodexo focused on raising awareness and inspiring conversation through the initiative “Open-Up...to our ability to talk about disability.”

87,9% of workforce work in countries implementing action plans to integrate people with disabilities into the workplace.

GENERATIONAL DIVERSITY



30 DIVERSITY AND INCLUSION NETWORKS

Our networks are an important part of our global diversity and inclusion strategy. Focus areas include advancement of women and gender diversity; intergenerational work relationships; fostering diversity; opportunities for people with disabilities; an inclusive workplace for LGBTQ+ individuals.⁽¹⁾

200 short-term work experience and immersion opportunities for immigrants during 2017 is the objective set by Sodexo teams in Sweden.

SUPPORTING LGBTQ+⁽¹⁾ INCLUSIVE WORKPLACES

Sodexo is a signatory to the Declaration of Amsterdam for an LGBTQ+ Inclusive Workplace, calling for inclusive corporate cultures and work environments where LGBTQ+ employees feel valued, can be their authentic selves and realize their full potential.

March 8, 2017

Underlining Sodexo’s support and commitment for gender equality in the workplace, Michel Landel signed the Catalyst CEO Champions for Change on International Women’s Day.



9th consecutive year

for Sodexo in the top 10 among DiversityInc’s Top 50 companies for Diversity.

Unless specified, all figures are for Fiscal 2017.

¹ LGBTQ+ is an acronym for Lesbian, Gay, Bisexual, Trans, Queer/Questioning, and others.

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OUR COMMITMENTS AS AN EMPLOYER

FOSTER A CULTURE OF ENVIRONMENTAL RESPONSIBILITY WITHIN OUR WORKFORCE AND WORKSPACES



“Ensuring regular and consistent communications to promote our environmental actions with our employees can help them change their behaviors at work and at home.”

DIANNE SALT

Group Chief Brand & Communications Officer

Being able to work, learn and live or be welcomed in pleasant, comfortable and secure spaces contributes directly to improving quality of life.

This is why we recognize and promote the sharing of our employees’ environmental initiatives, innovations and work to foster a culture of environmental responsibility within our workforce.

Transforming workspaces can reduce real estate costs, reduce environmental footprints and

increase flexibility and agility for work teams. Rethinking workspaces also can facilitate greater team collaboration and assist in breaking down silos. Training our employees on environmental issues improves our services, raises awareness, and changes behaviors. We also encourage continuous improvement and the sharing of best practices. Among the many actions we take to raise awareness with our employees are our global site and country

surveys, and environmental campaigns, programs and innovations. We encourage our teams to report any issues which concern them so that we can prevent environmental incidents. This is backed by a robust compliance process to ensure we adhere to the laws, regulations, Group standards and contractual commitments that help ensure a healthier environment.

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WHERE WE ARE

49.4%

of client sites providing training on **sustainable practices**.

HOW WE GET THERE

- providing training and education on sustainable practices;
- collecting and rewarding employees' initiatives, innovations and best practices that have a positive impact on the environment;

OUR OBJECTIVE BY 2025

100%

of our employees trained on **sustainable practices**.

- promoting the sharing of environmental initiatives and innovations developed by our employees;
- transforming workspaces into healthy working environments for our employees.

WHAT WE ALREADY DO TODAY

GLOBAL TRAINING PROGRAMS PROMOTE AWARENESS

Our Global Facilities Management Academy helps to develop the skills and knowledge necessary for operational managers to grow our Facilities Management business. In the program, participants review their clients' sustainability strategy and explore how Sodexo services contribute to meeting these goals. To date, over 400 managers in four countries have been trained and the program continues to expand.

47 countries representing
97.7% of Group revenues
employed environmental resources.

49.4% of client sites
provided training on sustainable practices.

ANNUAL BETTER TOMORROW SITE SURVEY

10,277 sites from 49 countries responded to the 8th Better Tomorrow site survey, identifying recent actions and progress in deploying our environmental commitments on client sites. The survey heightens awareness of site managers, who receive individualized recommendations for next year's actions.

SWEDEN: A GREENER HEADQUARTERS

Involvement of employees and other stakeholders in the relocation of Sodexo headquarters in Sweden proved highly popular and resulted in improved efficiency and employee quality of life. It also drove some impressive environmental improvements, including "Breeam" sustainability classification of the building, better public transport and 2,500 parking spaces for bikes. Site residents have also increased recycling and reduced waste, including a 40% reduction in paper use.

ENGAGING STAKEHOLDERS FOR WASTELESS WEEK

WasteLESS Week, Sodexo's annual engagement campaign at our sites worldwide aims at one of the biggest issues facing our planet: the environmental cost of waste. The five-day October event engages our teams, clients and consumers around waste prevention, sharing site-level results and encouraging recycling. In Fiscal 2017, 49 countries participated in waste prevention campaigns such as WasteLESS week, with actions focused on reducing water, food, energy, and paper waste as well as encouraging recycling.

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OUR COMMITMENTS AS A SERVICE PROVIDER

PROVIDE AND ENCOURAGE OUR CONSUMERS TO ACCESS HEALTHY LIFESTYLE CHOICES



“Sodexo develops innovative solutions customized for each of its market segments to improve health and well-being. Healthy lifestyle choices are the foundation of Sodexo’s consumer offers.”

SYLVIA METAYER

Chief Executive Officer Corporate Services Worldwide,
On-site Services

Serving 100 million consumers each day, we recognize our responsibility to understand and provide for their unique needs and to respond to their long-term aspirations. It represents both an opportunity and obligation for Sodexo to promote and encourage healthier choices that improve quality of life for millions of people.

Sodexo customizes our innovative health and wellness solutions for each market. We deliver our services in people’s homes and through the offers of our Benefits

and Rewards Services activity. On client sites, our professional facilities management teams create better working, learning, healing and living environments. All the services we provide, encourage healthy lifestyle choices.

As the world’s leading private employer of dietitians, Sodexo encourages consumers to adopt good eating habits and healthy lifestyles. Our foodservices teams are expert in providing consumers with access to healthy, nutritional menus that can be easily adapted

across all client sites. Leveraging the expertise of our professional chefs and registered dietitians, we develop healthy and balanced menu options that appeal to different consumer tastes around the world.

Beyond foodservices, Sodexo also promotes healthy lifestyle choices through its concierge services and in its childcare centers, preserving air quality in buildings, improving cleaning techniques and products, or by facilitating access to cultural, educational and leisure activities.

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WHERE WE ARE

88.8%

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

HOW WE GET THERE

- providing access to customer information that encourages healthy lifestyle choices;
- creating innovative customer offers for each market (including integrated offers involving On-Site, Benefits & Rewards and/or Personal

OUR OBJECTIVE BY 2025

100%

of our consumers are offered healthy **lifestyle options every day**

and Home Services) that enable and incentivize health and well-being;

- every day, 100% of our sites provide well balanced, nutritious and sustainable meals.

WHAT WE ALREADY DO TODAY

24 countries representing **72.6%** of Group revenues

had a nutritional hotline, webline or other digital tool or application **to provide nutritional advice for consumers.**

36 countries representing **97.4%** of On-site Services revenues **held either ISO 9001 or ISO 22000 certification for food safety.**

5,029 registered dietitians **were employed by Sodexo worldwide.**

"MINDFUL" HEALTHY OFFER WINS WITH CONSUMERS

Sodexo is committed to creating healthy environments for our customers. Central to this effort is providing healthy, nutritious foods. We've listened to our customers. We've researched marketplace trends. Our executive chefs and registered dietitians worked together to create an exciting collection of recipes.

With its "Mindful" offer, Sodexo provides consumers with healthy and sustainable food that tastes great and leaves them feeling satisfied. The proof: since being introduced, consumer selection of healthy options has increased from 1% to 9%. Significantly reduced in animal protein to meet sodium and fat targets, "Mindful's" plant-rich recipes can also be enjoyed by consumers at home.



Unless specified, all figures are for Fiscal 2017.

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PARTNERING WITH BETTER BUYING LAB FOR SUSTAINABLE FOOD CHOICES

Through its partnership with the World Resources Institute's Better Buying Lab, Sodexo is working to encourage consumers to buy and consume more sustainable food. The initiative tests and scales new ways to help consumers choose products that are better for their health and have a lower impact on natural resources and the environment.

"GREEN AND LEAN" MEALS INITIATIVE EXPANDED IN THE UK

Developed in partnership with WWF, Sodexo's "Green and Lean" meals were rolled out to schools across England following its successful pilot last year, which saw 20,000 sustainable meals served to students. In addition to offering menu options that met 10 criteria for nutritious, lower-carbon and responsibly sourced meals, the initiative helps educate young consumers about the impact of food production on the environment. "Green and Lean" was awarded the "Sustainability in Education Award" in June 2017.

PROMOTING HEALTHY STUDENT CHOICES THROUGH SMARTER LUNCHROOM MOVEMENT

Ensuring healthy, attractive and convenient food options are available to students at schools in the U.S. is the goal of the Smarter Lunchroom Movement. Developed with the Cornell Center for Behavioral Economics in Child Nutrition Program, the program encourages students to make healthy choices by making it easier to find fresh produce in the lunch line and serving healthy foods in more appealing ways. A Sodexo pilot program conducted with Cornell led to an increase in consumption of fruits by 14% and vegetables by 21%. Sodexo is expanding the Smarter Lunchroom program to 500 Sodexo schools as part of a commitment to the Partnership For A Healthier America.

LATIN AMERICA FORUM: CALL TO ACTION ON OBESITY

Obesity's social and economic costs in Latin America was the focus of a November 2016 international forum held in Santiago, Chile, organized by Sodexo's Institute for Quality of Life. Follow-up actions are focusing on increase awareness, governance and public engagement to address this threat to public health.

80,000
consumers

in Austria, Bulgaria, Czech Republic, Germany, Romania and Russia are able to easily enjoy the health benefits of sports through convenient Sodexo Benefits and Rewards solutions like sports passes and an online gym portal.



OUR COMMITMENTS AS A SERVICE PROVIDER

PROMOTE LOCAL DEVELOPMENT, FAIR, INCLUSIVE AND SUSTAINABLE BUSINESS PRACTICES



“Sodexo continues to foster diversity and inclusion in all aspects of our business, including the communities in which we work because we know it is a differentiator that contributes to more inclusive growth”

NICOLAS JAPY

Chief Executive Officer Energy & Resources Worldwide, On-site Services

Since its founding, Sodexo has worked to contribute to the economic and social development of the communities, regions and countries where it operates. We are committed to making a positive impact on quality of life for people in local communities through our business activities. This is why we support communities, and contribute to creating positive interactions with mutual benefits.

We are committed to fostering business practices that are inclusive so that people feel they belong. Additionally, respect for human rights and a commitment to solid business integrity are embedded in our values and our ethical principles. We recognize that supplier and merchant diversity and inclusion commitments are increasingly important in the global context. We work continually with our

supplier network to ensure a strong focus on sourcing, traceability and transparency. Prior to any partnership with Sodexo, suppliers must commit to the ethical, social and environmental practices defined by the Sodexo Supplier Code of Conduct. Dealing with smaller, more agile suppliers keeps us aligned with market trends, innovations and increases our responsiveness.

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WHERE WE ARE

1.9 billion euro
of our business value benefiting SMEs

OUR OBJECTIVE BY 2025

10 billion euro
of our business value benefiting SMEs

HOW WE GET THERE

- increasing the business value from On-site Services and Benefits and Rewards Services that benefits Small to Medium Enterprises (SMEs), including women-owned and operated businesses;
- ensuring workers' rights are respected throughout our value chain;
- purchasing products from fairly-traded certified sources.

WHAT WE ALREADY DO TODAY

30 countries representing
91.4% of Group revenues
had specific initiatives to integrate
Small- and Medium-sized Enterprises (SMEs)
into Sodexo's value chain.

180 active agreements
were in place with local communities, clients, NGOs and associations
to promote inclusion of SMEs
in Sodexo's value chain.

43.2%
The percentage of certified sustainable coffee served by Sodexo (as measured in kilograms).

91.7%
spend with contracted suppliers came from suppliers having signed
the Sodexo's Supplier Code of conduct.

PARTNER INCLUSION PROGRAM

Through our Partner Inclusion Program, we are increasing diversity among suppliers and merchants in all host countries, with more than 180 active agreements. We have initiatives to integrate SMEs into our value chain in nearly 40 countries. In Colombia, for example, we source food products and services such as green engineering from women owned businesses.

AN UPDATED SUPPLIER CODE OF CONDUCT

Prior to any partnership with Sodexo, suppliers must commit to the ethical, social and environmental practices defined in our Code of Conduct and communicate its principles throughout their own supply chain. Sodexo updated the Code in Fiscal 2017 to ensure its alignment with stakeholder requirements.

SUPPORTING LOCAL COMMUNITIES

Around the world, Sodexo works to help create sustainable economic opportunities for indigenous communities. In Canada, for example, we have been designated by the Canadian Council for Aboriginal Business as a Progressive Aboriginal Relations Gold-certified company, reflecting our commitment to the diversity and growing business success of indigenous communities.

OUR COMMITMENTS AS A CORPORATE CITIZEN

SOURCE RESPONSIBLY AND PROVIDE MANAGEMENT SERVICES THAT REDUCE CARBON EMISSIONS



**“Wherever Sodexo operates,
we promote sustainable procurement practices,
encourage reduction of water and energy consumption
and fight against waste.”**

SATYA-CHRISTOPHE MENARD
Chief Executive Officer of Service Operations

A rich and resourceful planet is indispensable to quality of life in the long term. This is why Sodexo strives for a healthier planet in all we do. Two major areas of our business activities reflect our commitment to protecting the environment: sourcing responsibly and managing services that contribute to reducing carbon emissions. Sodexo purchases significant quantities of products for its activities worldwide and works to ensure that these goods are produced in accordance with

recognized environmental and social standards. We place a strong focus on sourcing, traceability and transparency work throughout our supply chain. Our facilities management services include energy management, building efficiencies and logistics. We promote sustainable practices to cut greenhouse gas emissions and to reduce our water footprint, as well as decreasing both food waste and non-organic waste. The actions, measurement and

reporting of this environmental commitment not only delivers better outcomes for our business, but also supports our clients in achieving their own sustainability objectives. It also responds to our consumers’ concerns about the sourcing of the products and services they receive and the environmental performance of the companies that provide them. Operating and sourcing responsibly is thus good for our planet and good for our business.

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WHERE WE ARE

46%

reduction of carbon emissions⁽¹⁾

HOW WE GET THERE

- providing offers that deliver healthy building design and facilities management expertise;
- providing waste management services that reduce carbon emissions;
- reducing energy and water consumption and waste generation on our client sites to achieve our carbon emissions targets;

OUR OBJECTIVE BY 2025

34%

reduction of carbon emissions⁽²⁾

- supporting local producers, promoting sustainable agricultural practices and seeking to eliminate deforestation from our supply chain;
- advancing sustainable seafood by sourcing only from responsibly managed fisheries and seafood farms;
- sourcing sustainable material and services to support our business.

WHAT WE ALREADY DO TODAY

SODEXO IN SINGAPORE LEADS OUR ASIA PACIFIC REGION'S PALM OIL SUSTAINABILITY PROGRESS

In Singapore, Sodexo is sourcing 100% physical certified sustainable palm oil for its cooking oil in support of Sodexo's global commitment to source only physical certified palm oil by 2025. Since 2012, at Group level, Sodexo has been sourcing 100% certified sustainable palm oil through a combination of physical certifications and "Book & Claim" certificates. Sodexo Singapore is the first Sodexo Asia Pacific country to take palm oil sustainability to the next level, a move to be closely followed by the region's other countries.

COMMITMENT TO 100% SUSTAINABLE SEAFOOD SOURCING BY 2025⁽³⁾

Seafood consumption has doubled over the last 40 years, but fish stocks have not kept pace. In a bid to help reverse the decline of living marine resources, Sodexo has made sustainable seafood sourcing a cornerstone central tenet of its procurement policy and its sustainable sourcing approach. Our actions include sourcing from responsible farms and fisheries, auditing our supply chain, removing at-risk species from menus, creating a status guide on 91 species for buyers and partnering with expert NGOs to constantly improve our programs.

SOURCE RESPONSIBLY

Physical certified sustainable palm oil represented **31.8%** of the total volume of palm oil purchased by Sodexo.

Cage free shell eggs represented **25.4%** of the total of shell eggs purchased by Sodexo.

Cage free liquid eggs represented **28.6%** of the total liquid eggs purchased by Sodexo.

Fish and seafood: **41.3%** of the fish and seafood served by Sodexo was certified sustainable.

80% of the paper disposables purchased were certified as sustainable.

Unless specified, all figures are for Fiscal 2017.

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

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

³ Green listed or orange listed meeting control measures per Sodexo Sustainable Seafood Sourcing Guide.

PROGRESS CONTINUES ON CAGE FREE EGGS

As part of our commitment to animal welfare, Sodexo continues to make progress toward sourcing only cage-free eggs, with the support of supplier partners and NGO partners such as Compassion in World Farming, Humane Society International and The Humane League.

LEVERAGING ENERGY MANAGEMENT EXPERTISE

As part of our efforts to optimize delivery of energy management services to our clients globally, we have invested in several specialist companies and taken steps to fully leverage our internal expertise network. The expertise is key both to our delivery of integrated Quality of Life services (see *International School in Beijing*, page 55) and our commitment to reduce carbon emissions.

PREVENTING FOOD WASTE THROUGH WASTEWATCH POWERED BY LEANPATH

1/3 of all food produced in the world is wasted. Through our comprehensive global WasteWatch program, Sodexo teams have shown it is possible to reduce food waste by 45% within a few months. A centralized reporting tool measures and tracks both “kitchen waste” and “plate waste” caused by overproduction, spoilage, expiration and behavior with action plans implemented to reduce it. Preventing food waste contributes to reducing carbon footprint.

PROGRESS CONTINUES IN REDUCING CARBON EMISSIONS

We continued to progress in our goal to reduce our carbon footprint by 34% across all activities and our supply chain between 2011 and 2025. As of 2016, we had reduced carbon emissions for Scope 1 and 2 by 46% compared to the 2011 baseline. We are continuing our efforts to reduce Scope 3 emissions from client site energy consumption and supply chain carbon emissions. Projects in Brazil (“Smart Kitchen”) and in Latin America (“Evolution”) have shown the possibility of reducing emissions by cutting down energy use.

CONVERTING USED COOKING OIL INTO CLEAN ENERGY

2.1 million liters of recovered used cooking oil were converted into bio-diesel, generating renewable energy and supporting a circular economy.

PROVIDE MANAGEMENT SERVICES THAT REDUCE CARBON EMISSIONS



28 countries representing

93.6% of Group revenues held at least one **ISO 14001** (environmental management) certification.

34.2% of client sites were implementing awareness and behavior steps to reduce their consumption of energy.

40% of client sites were implementing awareness and behavior steps to reduce their water consumption.

88.2% of client sites implemented equipment and process steps to reduce their organic waste.

80.7% of client sites implemented equipment and process steps to reduce their non-organic waste.

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OUR COMMITMENTS AS A CORPORATE CITIZEN

FIGHT HUNGER AND MALNUTRITION



“With Stop Hunger, we have built a global network of NGOs and have been active for more than 20 years in the fight to bring a permanent end to hunger. We seek to contribute to a better tomorrow for all.”

PATRICK CONNOLLY

Chief Executive Officer, Schools & Universities, On-site Services

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To act for a hunger-free world is to act for a better quality of life. In 1996, in the United States, Michel Landel, surrounded by 17 fellow employees, brought this determination to life by creating Stop Hunger. This year, thanks to 82,000 volunteers⁽¹⁾

in 41 countries, Stop Hunger distributed 6 million meals and collected nearly 6.3 million U.S. dollars. Because hunger remains the world’s number one health problem, all of the actions, programs and other initiatives are needed more than ever. We

must continue these efforts and go faster and further. Sustainably eradicating hunger and providing a fairer and happier world is the target set by the United Nations. Stop Hunger and Sodexo want to contribute to achieving it.

¹ Sodexo employees and their families and friends, clients, consumers and suppliers.

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OUR AMBITION FOR 2025

100 million

Stop Hunger beneficiaries

HOW CAN THIS BE ACHIEVED?

- **going beyond food aid in developing food self-sufficiency and by facilitating access to education, training and employment. Today, 61% of Stop Hunger activities contribute to this;**
- **empowering women, who represent the most effective solution for eliminating hunger in their communities. 55% of the progress in the fight against hunger over the past 25 years is a result of improvements to the social situation of women;**
- **deploying our Company Volunteering Policy by 2020 to allow each of our employees to donate their time and live their commitment against hunger, contributing to Sodexo's corporate responsibility actions.**

WHAT WE ARE ALREADY DOING

"YEAH!" TO LIVING A HUMAN EXPERIENCE

To eliminate hunger by 2030, it is necessary to build a long-term food supply. This is the challenge of the partnership with the World Food Programme (WFP), which involves modeling a sustainable program of free school meals with the establishment of networks of small local farmers and providing training in food safety in the 63,000 schools where WFP operates. With Stop Hunger's "YEAH! Program" and 10 missions per year, our experts bring their skills to the pilot school cafeterias. Two such missions were carried out in Tunisia and Cambodia.

FOOD VOUCHERS: A HUMANITARIAN SOLUTION

With the help of Sodexo experts, WFP created a unique and secure food voucher, providing vulnerable people in emergency situations with access to diversified food rather than food rations, often-imported to hard-to-reach places. Printed locally and distributed three times as fast, at a cost divided by four, the new system has already been used to provide food assistance to the Central African Republic and Sudan and to 20,000 Burundian refugees in the Democratic Republic of the Congo.



EDUCATED GIRLS, INDEPENDENT WOMEN

In Cambodia, girls rarely have access to education: they account for less than one-third of schoolchildren. In Phnom Penh, Cambodia, Happy Chandara School is a pilot institution educating 1,200 girls from families suffering from hunger, beginning at age six until their first job. To enable them to go to school rather than work, feeding them is vital. Stop Hunger financed new permaculture⁽¹⁾ vegetable gardens which produced seven tons of fruit and vegetables per year.

Nearly one million euro
invested in programs
to empower women working
to end hunger in their communities.

Unless specified, all figures are for Fiscal 2017.

¹ **Permaculture** is an ethical approach to caring for nature and human beings and to sharing equitably. It is a manual, self-sufficient means of production in a human-sized environment, organized to imitate nature.

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OUR COMMITMENTS AS A CORPORATE CITIZEN

DRIVE DIVERSITY AND INCLUSION AS A CATALYST FOR SOCIETAL CHANGE



“The quality of life of women within communities is an essential precursor to community well-being. Sodexo strives to share and collaborate with like-minded partners to make an impact, with a particular focus on promoting gender equality.”

LORNA DONATONE

Chief Executive Officer of Geographic Regions and Region Chair for North America

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

As a company where diversity and inclusion is embedded into the way we work, Sodexo strives to broaden its influence in our local communities on key

priorities such as advancing gender equality by sharing our expertise and working together with our partners.

Sodexo supports Small and Medium Enterprises (SMEs) run by women to help their business succeed as well as to contribute to the development of their broader community.

We also are part of a coalition working to advance gender equality targets and are focused, in particular, on promoting women’s economic participation, addressing violence against girls and women, and advancing women’s health and well-being.

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WHERE WE ARE

77.1%

of Group revenues from countries with initiatives to improve the quality of life of women

HOW WE GET THERE

- signing the United Nations Women’s Empowerment Principles (WEP’s), which include a commitment to promoting equality through community initiatives and advocacy;
- joining a group convened by No Ceilings, Vital Voices, and WEConnect International to advance the gender equality targets under the United Nations Sustainable Development Goals (SDGs);

OUR OBJECTIVE BY 2025

100%

of our countries are collaborating on initiatives that improve the quality of life of women

- creating local coalitions with other businesses to create larger and scalable impacts for communities in India and Latin America, including Argentina, Brazil, Chile, Colombia, Mexico and Peru. These coalitions address gender equality and empowerment, economic opportunity, and/or healthy lives and well-being for women.

WHAT WE ALREADY DO TODAY

UNITED NATIONS WOMEN’S EMPOWERMENT PRINCIPLES

As a signatory to the United Nations Women’s Empowerment Principles, Sodexo is committed to promoting equality through community initiatives and advocacy. Examples of actions in our focus areas:

- gender-based violence awareness training in five countries to support gender **equality** and **empowerment**;
- food services training like India’s ECO Kitchen to help women achieve **sustained and inclusive growth**;
- cultural, sports and food preparation programs in Peru that contribute to **healthy lives and well-being** for women.

VOCATIONAL TRAINING IN PERU

Sodexo leads a program in six regions with more than 10 training centers where participants learn hospitality and maintenance skills. At the end of the training, they have the possibility to join Sodexo teams or starting their own business.





OUR COMMITMENTS AS A CORPORATE CITIZEN

CHAMPION SUSTAINABLE RESOURCE USAGE



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

DAMIEN VERDIER

Group Chief Strategic Planning, Organization, Research & Development and Innovation Officer

Sodexo’s growing ecosystem of NGOs and multi-stakeholder engagement is critical to tackling global issues like food waste. Every actor of the food chain has a role to play in preventing food waste. In addition to our own actions to reduce our environmental footprint, we seek to go beyond

our own business operations in promoting sustainable practices, optimizing natural resource use and sharing environmental initiatives and innovations. Sodexo fully supports Champions 12.3, a global campaign to create momentum for the United Nations

Sustainable Development Goal to achieve sustainable management and rational use of natural resources by 2030. Sodexo also led the creation of International Food Waste Coalition, bringing together companies and organizations to prevent food waste outside the home.

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WHERE WE ARE

69%

of Group revenues
of countries working to deliver on
the UN's food waste objective

HOW WE GET THERE

- improving sustainable consumption, eliminating wasteful consumption throughout the value chain;
- developing and supporting initiatives that drive change in sustainable consumption for the future;
- driving the debate and future solutions on food waste.

OUR OBJECTIVE BY 2025

100%

of countries working to deliver on
the UN's food waste objective

WHAT WE ALREADY DO TODAY

"SKOOL" FOOD WASTE REDUCTION PROGRAM EXTENDED ACROSS EUROPE

Helping schools take a comprehensive approach to prevent food waste, Sodexo has extended SKOOL, the International Food Waste Coalition's first action-oriented program across the Company's sites in Europe. A three-country pilot of SKOOL cut food waste by 12%, corresponding to 2.5 tons of food. Consumer waste accounts for 75% of food waste at school and one-fourth of every meal ends up in the trash. SKOOL is designed to help schools prevent food waste by optimizing kitchen meal production and promoting value chain collaboration among foodservices companies. It also educates children on the role they can play as food waste ambassadors at school and at home.

CEO MICHEL LANDEL IS A CHAMPION OF UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS 12.3 TO RATIONALIZE NATURAL RESOURCE USE.

We also contributed to the World Resources Institute and *Waste and Resources Action Programme* (WRAP) "Business Case for Food Loss and Waste".

- Sodexo is a member of the Food Waste Task Force and Green Public Procurement Task Force in Europe.
- In the U.S., Sodexo is a U.S. Department of Agriculture Food Loss & Waste Champion and a member of the ReFED⁽¹⁾ (Rethink Food Waste) advisory council.



Unless specified, all figures are for Fiscal 2017.

¹ ReFED is a collaboration of over 30 business, nonprofit, foundation, and government leaders committed to reducing food waste in the United States.

WORKFORCE AND ENVIRONMENTAL INDICATORS

	FISCAL 2017	FISCAL 2016
GENERAL INFORMATION		
BUSINESS INTEGRITY		
% of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language	96.7%	96.5%
OUR COMMITMENTS AS AN EMPLOYER		
IMPROVE THE QUALITY OF LIFE OF OUR EMPLOYEES		
Workforce		
Total Workforce <input checked="" type="checkbox"/>	427,268	425,594
Per category		
• Employees <input checked="" type="checkbox"/>	377,359	372,126
- Female employees <input checked="" type="checkbox"/>	209,716	207,654
- Male employees <input checked="" type="checkbox"/>	167,643	164,472
• Managers <input checked="" type="checkbox"/>	49,909	53,468
- Female managers <input checked="" type="checkbox"/>	21,238	22,357
- Male managers <input checked="" type="checkbox"/>	28,671	31,111
Per activity and client segment		
On-site Services <input checked="" type="checkbox"/>	95.1%	95.3%
• Business & Administrations <input checked="" type="checkbox"/>	56.0%	56.1%
- Corporate Services <input checked="" type="checkbox"/>	40.0%	40.1%
- Energy & Resources <input checked="" type="checkbox"/>	9.1%	9.4%
- Government & Agencies <input checked="" type="checkbox"/>	4.3%	3.9%
- Sports & Leisure <input checked="" type="checkbox"/>	2.6%	2.7%
• Health Care and Seniors <input checked="" type="checkbox"/>	18.8%	18.3%
- Health Care <input checked="" type="checkbox"/>	15.1%	14.5%
- Seniors <input checked="" type="checkbox"/>	3.7%	3.8%
• Education <input checked="" type="checkbox"/>	20.3%	20.9%
- Schools <input checked="" type="checkbox"/>	8.0%	8.1%
- Universities <input checked="" type="checkbox"/>	12.3%	12.8%
Benefits and Rewards Services <input checked="" type="checkbox"/>	1.1%	1.1%
Personal and Home Services <input checked="" type="checkbox"/>	1.3%	1.1%
Group Headquarters and shared structures <input checked="" type="checkbox"/>	2.5%	2.5%

	FISCAL 2017	FISCAL 2016
Per geography		
• North America ☑	133,606	133,135
• Europe ☑	136,622	138,589
• Africa, Asia, Australia, Latin America & Middle East ☑	157,040	153,870
Per age		
• Under 30 years ☑	26.2%	25.9%
- Employees ☑	105,678	103,867
- Managers ☑	6,183	6,359
• Between 30 and 40 years ☑	24.2%	24.3%
- Employees ☑	88,091	87,369
- Managers ☑	15,151	15,908
• Between 40 and 50 years ☑	23.4%	23.6%
- Employees ☑	85,272	84,007
- Managers ☑	14,848	16,262
• Between 50 and 60 years ☑	19.4%	19.7%
- Employees ☑	72,221	71,639
- Managers ☑	10,929	12,057
• Over 60 years ☑	6.8%	6.6%
- Employees ☑	26,097	25,243
- Managers ☑	2,798	2,883
Organization of working hours		
Number of full-time	320,653	317,759
Number of part-time	106,615	107,835
% of workforce working part-time	25.0%	25.3%
Other workforce indicators		
% of workforce working in countries having the Human Rights policy available in at least one official language	96.9%	95.6%
Group Employee Engagement Rate* ☑	n/a	68.0%
Retention rate for total workforce ☑	74.2%	77.8% ⁽¹⁾
Retention rate for site management ☑	85.6%	86.9% ⁽¹⁾
Total number of departures on continuous contract	149,018	144,491
Number of Departures related to Resignation of continuous employment excl. site loss	110,291	94,453
Number of Departures related to Dismissals or Redundancy of continuous employment excl. site loss	34,154	42,594
Number of Departures related to "Retirement and other reasons" of continuous employment excl. site loss	4,573	7,444
Average number of work days absence per employee due to work-related accidents or illness, Non Work-related accidents or illness	7.2	6.8

¹ During Fiscal 2017, the following modifications were made to the indicators: retention rate is now calculated on resignation only.

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	FISCAL 2017	FISCAL 2016
Employee development		
Access to employment		
Average seniority (number of years)	5	5
• Employees	5	5
• Managers	8	8
New hires (excluding acquisitions and transfers)	159,850	155,237
• Employees	151,741	147,070
• Managers	8,109	8,167
Internal promotion		
Number of off-site managers promoted internally	745	786
Number of off-site employees promoted internally	629	433
Number of on-site managers promoted internally	3,199	1,430
Number of on-site employees promoted internally	8,929	6,358
Percentage of off-site managers promoted internally	7.5%	8.8%
Percentage of off-site employees promoted internally	7.2%	5.7%
Percentage of on-site managers promoted internally	8.5%	4.3%
Percentage of on-site employees promoted internally	2.6%	2.4%
Training		
Total number of training hours	5,802,417	5,297,926
Average number of hours of training per employee trained	13.6	12.5
Collective agreements		
% of workforce covered by a collective agreement	46.1%	45.2%
% of workforce working in countries having collective agreements are covered by these agreements	88.1%	
Health and safety		
% of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification <input checked="" type="checkbox"/>	81.8%	85.2%
Number of work related accidents requiring a leave <input checked="" type="checkbox"/>	4,094	4,828
% of LTIR reduction	16.5%	
ENSURE A DIVERSE WORKFORCE AND INCLUSIVE CULTURE THAT REFLECTS AND ENRICHES COMMUNITIES WE SERVE		
% of women's representation on the Board of Directors <input checked="" type="checkbox"/>	50%	42%
% of women's representation on the Executive Committee <input checked="" type="checkbox"/>	25%	38%
% of women's representation among Group Senior Leaders <input checked="" type="checkbox"/>	33%	30%
% of women in management positions <input checked="" type="checkbox"/>	43%	42%
% of women's representation in total workforce <input checked="" type="checkbox"/>	54%	54%
% of workforce working in countries implementing action plans to integrate people with disabilities into the workplace	87.8%	86.7%

	FISCAL 2017	FISCAL 2016
FOSTER A CULTURE OF ENVIRONMENTAL RESPONSIBILITY WITHIN OUR WORKFORCE AND WORKSPACES		
% of client sites providing training on sustainable practices	49.4%	
% of Group revenues of countries employing environmental resources	97.7%	
OUR COMMITMENTS AS A SERVICE PROVIDER		
PROVIDE AND ENCOURAGE OUR CONSUMERS TO ACCESS HEALTHY LIFESTYLE CHOICES		
% of Group revenues having a nutritional hotline, webl ine or other digital tool or application to provide nutritional advice for consumers	72.6%	
% of On-site Services revenues of countries having either ISO 9001 or ISO 22000 certification for food safety ☑	97.4%	95.0%
% of On-site Services revenues of countries providing Health and Wellness Services including physical wellness services	82.6%	
% of client sites implementing actions that proactively address Sodexo's 10 Golden Rules of Nutrition, Health and Wellness ☑	88.8%	88.9%
Number of registered dietitians employed by Sodexo	5,029	4,770
% of Group revenues of countries having one or more ISO 9001 certification	95.5%	94.2%
% of On-site Services revenues of countries having a system to ensure that employees with food service responsibilities are trained in compliance with local laws and regulations and Global Food Safety and Hygiene Policy	95.3%	96.2%
PROMOTE LOCAL DEVELOPMENT, FAIR, INCLUSIVE AND SUSTAINABLE BUSINESS PRACTICES		
% of Group revenues of countries having specific initiatives to integrate SMEs (Small and Medium Enterprises) into Sodexo's Value Chain	91.4%	88.0%
Number of active agreements with local communities, clients, NGOs and associations to promote inclusion of SMEs in Sodexo's Value Chain	180	180
Our business value benefiting SMEs (in billions of euro)	1.9	
% in kg of certified sustainable coffee	43.2%	38.0%
% of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct ☑	91.7%	92.4%
SOURCE RESPONSIBLY AND PROVIDE MANAGEMENT SERVICES THAT REDUCE CARBON EMISSIONS		
Sustainable supplies		
% of physical certified sustainable palm oil	31.8%	
% of cage free shell eggs (of the total of shell eggs purchased by Sodexo)	25.4%	
% of cage free liquid eggs (of the total liquid eggs purchased by Sodexo)	28.6%	
% of On-site Services revenues of countries having the Sodexo Animal Welfare Supplier charter available in at least one official language	95.3%	97.3%
% of certified sustainable fish and seafood as a % of total fish and seafood	41.3%	29.2%
% of sustainable fish and seafood which is sustainable as a % of total seafood (kg) **	83.7%	
Number of MSC certified foodservice sites	1,783	1,581
% of spend on certified sustainable paper disposables as a % of total paper disposables ☑	80.0%	81.3%

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	FISCAL 2017	FISCAL 2016
Reduction in carbon emissions		
% of Group revenues of countries having one or more ISO 14001 certification	93.6%	90.4%
Scope 1 and Scope 2 emissions energy consumption (Mwh) ***	615,927	749,878
Scope 1 and Scope 2 (market based) emissions (tCO ₂ e) ***	130,173	175,023
% reduction in carbon emissions (compared to 2011 baseline) absolute ***	46%	
% reduction in carbon emissions (compared to 2011 baseline) intensity ***	57%	
% of client sites implementing heightened awareness and behavior steps to reduce their consumption of energy	34.2%	31.9%
Water consumption (m ³) ****	7,479,908	8,142,926
% of client sites implementing heightened awareness and behavior steps to reduce their consumption of blue water	40.0%	40.6%
% of client sites implementing equipment and processes steps to reduce their organic waste	88.2%	89.7%
% of client sites implementing equipment and processes steps to reduce their non-organic waste	80.7%	81.5%
OUR COMMITMENTS AS A CORPORATE CITIZEN		
FIGHT HUNGER AND MALNUTRITION		
Funds invested in programs to empower women working to end hunger in their communities (in thousand of euro)	988	
DRIVE DIVERSITY AND INCLUSION AS A CATALYST FOR SOCIETAL CHANGE		
% of Group revenues of countries with initiatives to improve the quality of life of women	77.1%	
CHAMPION SUSTAINABLE RESOURCE USAGE		
% of Group revenues of countries working to deliver on the UN's food waste objective	69.0%	

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

* Survey carried out every 2 years.

** Green listed or orange listed meeting control measures per Sodexo Sustainable Seafood Sourcing Guide, see page 94.

*** Data for Fiscal 2017 in process, see our reporting methodology, so data provided with one year's delay.

**** Calculation based on the billing of the direct consumption of water, see our reporting methodology.

There are no provisions made for risks related to the environment.

OUR REPORTING METHODOLOGY AND STATUTORY AUDITOR'S REPORT

Choice of indicators

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

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

In addition, Sodexo's indicators:

- include measures of the tangible benefits Sodexo brings to its clients;
- enhance employees' knowledge about Sodexo, increasing awareness and engagement;
- provide visibility on progress for Group and country management.

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

Scope of consolidation

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

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

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

Fiscal 2017 workforce indicators

Workforce indicators are consolidated for all Sodexo entities, Safety indicators cover On-site Services activity only, representing more than 95% of Group revenues. Other activities will join the reporting process in Fiscal 2018.

Fiscal 2017 societal and environmental indicators

Societal and environmental indicators are calculated and consolidated for entities representing at least between 73% and 98% of Group revenues.

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

Reporting framework and tools

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

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

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

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

Certain strategic workforce indicators are consolidated monthly or quarterly for a detailed follow up.

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

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

- total workforce;



- employees by gender, category, activity, segment, age, geography;
- employee retention rate;
- site management retention rate;
- number of employees participating in at least one training programs;
- percentage representation of women on the Board, in the Executive Committee, among Group Senior Leaders, in management and in the total workforce;
- number of work related accidents requiring a leave;
- percentage of On-site Services revenues of countries having one or more ISO 22000 or 9001 certification for food safety;
- percentage of client sites implemented actions that proactively address Sodexo's 10 Golden Rules of Nutrition, Health and Wellness;
- percentage of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification;
- percentage of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct;
- percentage of spend on certified sustainable paper disposables as a % of total paper disposables.
- the indicators concerning internal promotion are consolidated for 96% of workforce.
- the indicators gathered through the Annual site survey are consolidated for a representative number of sites (more than 10,000 in Fiscal 2017), excluding:
 - sites that are closed;
 - sub sites of a main site such as an University campus or which has several restaurants, cafeterias, kiosks, etc;
 - sites where Sodexo has a limited activity and where there is no management, supervision or site based Sodexo staff (such as: vending, delivery of meals and maintenance);
 - sites where Sodexo has a short term contract (less than 12 months);
- Certain information is extremely difficult to gather given the nature of the Group's activities:
 - Scope 1 and Scope 2 energy consumption and related carbon emissions are extrapolated for the Group based on the energy consumption and carbon emissions calculation for a set of 28 major countries representing 83% of Group revenues. Given the time and resource required for the data gathering for the calculation of energy consumption and the Scope 1 and Scope 2 carbon emissions data, the calculation of carbon emissions for Fiscal 2017 has not been prepared in time for this publication and will be reported subsequently through the CDP⁽¹⁾. The information which is published in Table 3.7 is the information for Fiscal 2016;
 - Scope 1 includes energy consumption and carbon emissions related to the fuel consumed by vehicles used by Sodexo as well as from its consumption of natural gas for the offices and sites where Sodexo has operational control;
 - Scope 2 includes the electricity consumption for the offices and sites where Sodexo has operational control and is market-based;
 - water consumption includes the offices and sites where Sodexo has operational control and contains some inconsistencies due to country practices. Calculations are based on billing of the direct consumption of water and local cost per cubic meter. Work to improve this data is in progress for Fiscal 2018.
- One of Sodexo's missions is to improve quality of life for its employees and all who it serves. Sodexo's services are, in the majority of cases, provided by its own employees on a significant number of client sites where the Company operates throughout the world. The following information is therefore not applicable or not material for Sodexo:

Limitations

With 427,268 employees, Sodexo is present in 80 countries with differing regulations and operates a significant number of client sites of different sizes and types of activity.

- Certain indicators therefore require some specific explanation as follows:
 - number of work-related accidents requiring a leave:
 - excludes commuting accidents,
 - includes Sodexo workforce only,
 - excludes temporary labor, sub-contracts and other personnel who are not Sodexo employees,
 - may have insignificant differences created by the local differences in the way that work-related illness is accounted for;
 - average number of days absence:
 - includes absences for work-related accidents and illness as well as personal accidents and illness,
 - may have insignificant differences created by the variances in local legislation in accounting for the number of days of absence as some include weekend and others only working days, the minimum number of days of absence from which the absence is recorded varies according to local legislation.

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



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- preventive or corrective actions with regard to discharges into the atmosphere, water and soil with a significant negative impact on the surrounding environment;
- consideration of noise and any other activity-specific pollution;
- land usage;
- importance of sub-contracting.

Reconciliation tables

The reconciliation tables for Grenelle II and the GRI are included in the section "Other information" of this report.

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REPORT BY ONE OF THE STATUTORY AUDITORS APPOINTED INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

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

SODEXO SA

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

Year ended August 31, 2017

To the shareholders,

In our capacity as Statutory Auditor of SODEXO S.A., (hereinafter named "Company"), appointed as independent third party and certified by COFRAC under number 3-1049⁽¹⁾, we hereby report to you on the consolidated human resources, environmental and social information for the year ended August 31st, 2017, included in the Management Report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing the Company's Management Report including CSR Information and required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarized in the Management Report and available on request from the Company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements and applicable legal and regulatory requirements.

Statutory Auditor's responsibility

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the Management Report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information);
- at the request of the Company, express reasonable assurance, that information selected⁽²⁾ by the Group and identified by the symbol ✓ in the chapter 3 of the Management Report is fairly presented, in all material respects, in accordance with the Guidelines (Reasonable assurance on a selection of CSR Information).

Our work involved eight persons and was conducted between August and November 2017, during an eleven week intervention period. We were assisted in our work by our CSR experts.

¹ For which the scope is available on the site www.cofrac.fr.

² Refer to the list of priority indicators in Appendix 1.

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We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000⁽¹⁾ concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programs arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented on page 107 of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of the CSR Information

We conducted around ten interviews with the people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important (see Appendix 1):

- at the parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us⁽²⁾ on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied and to identify potential undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 63% of headcount considered as material data of social issues, between 54% and 63% of environmental data considered as material data of environmental issues and 71% of turnover considered as characteristic of the societal component.

¹ Assurance engagements other than audits or reviews of historical financial information.

² Sodexo On-site Services: Sodexo in France, Sodexo in Brazil, Sodexo in Belgium, Sodexo in India, Sodexo in the UK, Sodexo in the United States. Sodexo Benefits and Rewards: Sodexo in Brazil.

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For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

3. Reasonable assurance on a selection of CSR Information

Nature and scope of the work

For the information selected by the Group and identified by the symbol ✓, our audit consisted of work of the same nature as described in paragraph 2 above for the CSR Information considered the most important, but in more depth, particularly regarding the number of tests.

The selected sample represents 63% of headcount considered as material data of social issues and between 73% and 76% of societal information identified by the symbol ✓ published.

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

Conclusion

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

French original signed by:

Paris La Défense, November 15th, 2017

KPMG S.A.

Philippe Arnaud

Partner

Climate Change & Sustainability Services

Hervé Chopin

Partner

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Appendix 1

All the information disclosed in the CSR chapter of the Management Report is subject to either a limited or a reasonable assurance level.

The list below indicates the information:

- verified with a limited assurance level and considered to be the most important;
- verified with a reasonable assurance level (✓).

LABOUR INDICATORS	LEVEL OF ASSURANCE
Total Workforce per category, per activity and client segment, per geography, per age	✓
Employee retention rate	✓
Site management retention rate	✓
Number of Departures of continuous employment excl. site loss	
Number of Departures related to Dismissals or Redundancy	
Number of work days absence per person due to work-related and non-work-related accidents or illness	
Total number of training hours	
% of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification	✓
% of women's representation on the Board of Directors	✓
% of women's representation on the Executive Committee	✓
% of women's representation among Group Senior Leaders	✓
% of women in management positions	✓
% of women's representation in total workforce	✓
Number of work related accidents requiring a leave	✓
% of Lost time injury rate reduction	✓
ENVIRONMENTAL INDICATORS	
Energy consumption (scope 1 and scope 2)	
Total carbon emissions (scope 1 and scope 2)	
% reduction in carbon emissions (compared to 2011 baseline) absolute	
% reduction in carbon emissions (compared to 2011 baseline) intensity	
% of client sites implementing heightened awareness and behaviour steps to reduce their consumption of energy	
% of client sites implementing heightened awareness and behaviour steps to reduce their consumption of blue water	
% of client sites implementing equipment and processes steps to reduce their organic and non-organic waste	
% of Group revenues of countries employing environmental resources	
Water consumption	

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SOCIETAL INDICATORS

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

QUALITATIVE INFORMATION

	Health and safety conditions at work
Social information	Measures implemented to promote man and woman equity
	Absenteeism
Environmental information	Energy consumption and measures implemented to improve energetic efficiency and use of renewable energy
	Actions against food waste
Societal information	Measures implemented to promote consumers health and safety
	Actions of partnership and sponsoring
	Measures implemented against bribery



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4.1 FISCAL 2017 ACTIVITY REPORT

4.1.1 Fiscal 2017 highlights

4.1.1.1 A solid performance despite moderate growth revenue

In Fiscal 2017 organic growth⁽¹⁾ in revenues was +1.9% at 20.7 billion euro. On-site Services organic growth was +1.7%. A tough comparable base in the first quarter due to the Rugby World Cup in the previous year was offset by the contribution of the 53rd week in North America in the fourth quarter. Excluding these two items, the On-site Services growth of +1.6% reflects a very mixed environment. On the one hand, in the developing economies, high single digit growth resulted from the significant contribution of new contracts and solid same site sales. On the other hand, Energy & Resources and France continued to face strong headwinds for most of the year, even though the trends turned positive in the third and fourth quarters respectively. Retention and new business in Education and Healthcare, particularly in North America, were lower than expected. Benefits & Rewards achieved another year of solid growth of +7.7%, with double digit growth in Europe, Asia and USA.

Operating profit excluding the currency effect and before exceptional expenses⁽¹⁾ was up +8.4%, in line with the objective set at the beginning of the year of growth between 8 and 9%. The operating margin before exceptional expenses reached 6.4%, up +40 basis points, excluding currency effect. The Adaptation and Simplification program, launched at the beginning of Fiscal 2016, reached annual savings of 150 million euro in Fiscal 2017, compared to 32 million euro achieved by Fiscal 2016 year end. A total of 137 million euro of exceptional expenses was incurred during the year. Net financial expenses and the tax charge were both down. As a result, Group net profit increased by +13.5%. Net profit before non-recurring items⁽¹⁾ and excluding currency fluctuations, was up +13.0%.

Confident in the outlook for the Group, and in line with the policy of a regular increase in the dividend and pay-out on earnings before exceptional items of around 50%, the Board has decided to propose a dividend of 2.75 euro per share, up +14.6%, implying a 50% pay-out ratio, on net income before non-recurring items.

Fiscal 2017 free cash flow amounted to 887 million euro, up + 49% on the previous year which had been impacted by unusually high investments and working capital increase linked to the Rio Tinto contract startup and the timing impact of the Rugby World Cup activity. After a further 300 million euro share

repurchase program and 306 million euro of acquisition spend, net of disposals, net debt was up slightly at 611 million euro. The balance sheet remained strong with gearing⁽¹⁾ at 17% and a net debt ratio⁽¹⁾ of 0.4.

4.1.1.2 Merger and acquisition activity has picked up considerably

In Fiscal 2017 Sodexo accelerated its acquisition activity by investing more than 306 million euro net of the disposal of non-strategic activities such as *Vivabox* in the USA. Since year end the momentum has continued with the signing of several important acquisitions for a total amount of ≈ 650 million euro.

- The Group has **enriched its offer** with the acquisition of:
 - Inspirus, a U.S.-based specialist in employee recognition, to complement the UK activities acquired several years ago;
 - PSL in the UK, a leading fresh-food procurement company, predominantly for the hotel sector, which will bring enhanced purchasing capacities;
 - Peyton and Byrne and the Good Eating Company, quality food services to strengthen the Group's offers in London and more generally for urban clients.
- Several **strategic moves** have also been made:
 - with the acquisitions of Xpenditure, a digital expense management platform, and iAlbatros, a digital reservations platform, Benefits & Rewards has entered the mobility market. These two platforms are currently being brought together to provide clients with an end to end business travel and expense management solution to enhance efficiency and quality of life for their employees.
- Technical expertise** and capacity have also been extended with the acquisitions of Tadal in Israel, a minority position in Mentor in specialist laboratory calibration in America and, more recently, Kim Yew in Singapore;
- The Group has also **consolidated positions** by buying out minority shareholders of Doyon, in Alaska, and FAW, in China, by strengthening our presence in Senior homecare in the UK with Prestige Nursing+Care and in the mining sector with the Morris business in Australia.

¹ See Alternative Performance Measure definitions.

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4.1.1.3 New business opportunities and retention

In Fiscal 2017, client retention was up + 40 basis points at 93.5%. This increase reflects several trends: improvement in the Energy & Resources segment, in France, and in the Business & Administrations segment more generally. On the other hand, retention has suffered in Healthcare and Education, as the Group continues to exit less profitable contracts, particularly in North America. There has also been weakness in the UK with unacceptable pricing conditions for public sector contract renewals.

The development rate of new business at 6.5%, was down -70 points. As a reminder, the major Rio Tinto contract accounted for 80 basis points on its own last year. Significant new business opportunities in all segments in the developing economies are offset by slow new business in Universities and Hospitals in North America, and in Europe more generally.

Comparable unit growth was +1.5% excluding the impact of the 53rd week. While inflation was lower than it has ever been and the comparable unit growth in Energy & Resources remained negative, contract extensions with new facilities management services have continued to boost growth in most segments, and particularly in Schools in North America and Corporate Services everywhere except in Europe.

Clients seeking productivity and a global footprint in Energy and Resources:

The crisis in the energy and resources sector has led clients to recognize the advantages of reducing their number of suppliers around the world, including their service-providers. As a result, the segment has signed several new contracts and extensions with Compañía Minera Lomas Bayas and Doña Inés de Collahuasi in Chile, Rio Tinto Aluminium in Australia and Van Oord operations worldwide.

Further contract extensions in facilities management for existing clients; relationships are also being extended with a Master Services Agreement with Johnson & Johnson (J&J) at approximately 250 sites in 42 countries, Nokia in 600 sites across 115 countries, Colgate in 8 countries, as well as Bicocca University in Italy or the Department of Work and Pensions, the largest contract of its type in the public sector in the United Kingdom.

Driving segment development in developing countries; several hospital contracts have been signed, in particular in Brazil and Asia, where being able to transfer know-how to new countries has given Sodexo a strong competitive advantage. Contract signatures include Makati Medical Center in the Philippines, Manipal Hospital in Goa, India, and Bangkok Phuket Hospital in Thailand.

Significant food contracts won; Sodexo has secured several large food-only contracts thanks to its innovative approach and strong focus on healthy eating and variety of choice, with clients such as Michelin in France and Google in India, Citadel University in the USA, Clifton College in the UK and Renault in Morocco.

In **Benefits and Rewards Services**, there have been noteworthy developments around the world including with Nestlé in the Philippines, Pague Menos in Brazil, STIP-MIVB in Belgium, and the renewal of our contract with JUNAEB (National Board of Student Aid and Scholarships) to serve 300,000 students in Chile.

4.1.1.4 In 2017, Sodexo renews its Better Tomorrow 2025 program and continues to be recognized for its contribution to a better world

In May, the Group relaunched its Better tomorrow 2025 roadmap, to renew and revitalize our corporate responsibility commitments and actions. This approach is based on looking not only at the different roles that we play as a large global organization, but also at the different impact our actions have in the world. See section 3 for more detail.

Within the investment community, Sodexo has yet again scored the highest marks of its sector in RobecoSAM's 2017 "Sustainability Yearbook", for the 10th consecutive year. Sodexo is also the top rated company in its sector within the Dow Jones Sustainability Index (DJSI), for the 13th consecutive year. A new marker for recognition comes from FTSE Indices that have for the first time, entered Sodexo as a constituent of the FTSE4Good Index.

From a more general public point of view, for the 7th year in a row, Sodexo is among the FORTUNE World's Most Admired Companies, and this year was ranked within Fortune's 2017 list of companies that are changing the world.

Sodexo remains at the forefront of gender balance: in this fiscal year, Sodexo reinforced its commitment and kept the momentum by signing the United Nations Women's Empowerment Principles (WEPs) in 24 countries where it operates. By doing so, Sodexo demonstrates its commitment to empowering women for a better tomorrow in the workplace, marketplace and community.

4.1.1.5 Research and Thought Leadership

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

- In October 2017, **Sodexo organized the second edition of the Quality of Life Conference, in London**, bringing together Sodexo clients, leaders of companies, universities, NGOs, hospitals, governments and communities from more than 30 countries to explore the future of quality of life. The Conference built on the movement launched at Sodexo's inaugural Conference in 2015 in New York. High-profile thinkers, influencers and change makers from all continents, generations and walks of life gathered together

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to discuss how to build a more fulfilling, sustainable and prosperous future for all. Empowerment, authenticity, mentoring and collaboration all came out as key themes during the discussions while innovation was at the heart of the immersive, interactive Discovery exhibition space.

- **In collaboration with the University of Ottawa, Sodexo released a study to deepen our understanding of the five senses from a senior's perspective:** the research team presented strategies for creating "sense-sensitive" environments that will facilitate person-centered care for seniors. The team also developed an audit tool to help long-term care communities assess and improve their level of sense-sensitivity.
- **Sodexo decoded Gen Z with its first Global Lifestyle Survey of University Students,** which surveyed 4,000 students in three continents and 6 countries (China, India, Italy, Spain, the UK and the U.S.) for insights about ways to improve quality of life along a student's academic journey. This report is intended to drive an understanding of university students around the world and to help universities provide new offers, living arrangements and study spaces that alleviate stress over studies, finances and/or career after graduation.
- The Group issued **its first Global Workplace Trends report,** a far-reaching look at the most critical factors affecting the world's workers and employers. As a top global employer providing Quality of Life services to 10,000 companies around the world, Sodexo has a direct vision and understanding of the factors that will shape the workplace of the future.
- In January 2017, **in partnership with Harvard University, Sodexo was awarded a four-year grant to study the needs of front-line workers in terms of health, safety, and wellbeing.** Sodexo hopes to use the findings from this research to make industry recommendations and changes that will improve not only the quality of life of our employees, but that of a broad spectrum of employees throughout the sector.

4.1.1.6 On-site Services reorganization and new segment reporting

The evolution in Sodexo's On-site Services organization enables the Group to become even more competitive, to adapt ever more quickly to clients' evolving needs and to offer the best of Sodexo around the globe for both local and large global clients.

Clients today are looking for partners who have a deep understanding of their business, are experts in their domains and can bring simplified, innovative solutions to enhance productivity. Client and consumer behaviors are becoming harmonized all over the world, global clients are seeking to leverage their size and local clients are mutualizing their services. Client industry standards are fast globalizing. Local and national governments are looking for global experts to identify innovative ways to manage and deliver their services.

Sodexo is reinventing the way it does business to deliver on its promise of improving the Quality of Life of those it serves.

Sodexo has built significant expertise and a profound understanding of the markets where the Group operates, by segment and sub-segment. It has established strong intimacy with its clients.

To seize market opportunities estimated at 700 billion euro, accelerate growth, become sustainably more competitive over time, and consolidate its position as worldwide leader in Quality of Life services, Sodexo is leveraging its global reach to:

- further create unique value for clients and customers; and
- take advantage of the Group's scale and knowledge to consistently deliver best-in-class services.

To this end, the Group has progressively adapted the way it does business, building an organization by global segment to better support clients wherever they are, both locally and internationally, and by global function to ensure optimized and standardized processes in all product offers and functional activities.



In order to fully reflect the reorganization of the On-site activities by global client segments, from September 2015, the segment reporting needed to change. As a result, from Fiscal 2017, revenues and results have been published by global client segment rather than by geography.

4.1.1.7 Michel Landel announces his retirement, Denis Machuel appointed to become Chief Executive Officer in January 2018

Michel Landel announced his intention to retire in May 2017 and will step down as of the Annual General Shareholders' Meeting on January 23, 2018. To ensure a smooth transition, Denis Machuel became Deputy Chief Executive Officer of Sodexo as of September 1, 2017. Michel Landel retains full executive responsibility for Sodexo's strategy and management during the period leading up to January 23, 2018. Michel Landel will remain on the Board of Directors for the duration of his term, until January 2020.

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4.1.2 Fiscal 2017 performance

4.1.2.1 Consolidated income statement

(in millions of euro)	YEAR ENDED AUGUST 31			CHANGE AT CONSTANT EXCHANGE RATES
	2017	2016	CHANGE	
Revenues	20,698	20,245	+2.2%	+2.3%
Organic growth	1.9%	2.5%		
Operating profit before exceptional expenses	1,326	1,203	+10.2%	+8.4%
Operating margin before exceptional expenses	6.4%	5.9%	+50 bps	+40 bps
Exceptional expenses	(137)	(108)		
Operating profit (reported)	1,189	1,095		
Interest income	31	34		
Financial Expense	(136)	(145)		
Net financial expense	(105)	(111)		
Share of profit of other companies consolidated by the equity method	4	7		
Profit before tax	1,088	991	+9.8%	+8.3%
Income tax expense	(343)	(330)		
<i>Effective tax rate</i>	31.7%	33.7%		
Profit for the period	745	661		
Profit attributable to non-controlling interests	22	24		
GROUP NET PROFIT (REPORTED)	723	637	+13.5%	+12.2%
Basic earnings per share (in euro)	4.85	4.21	+15.2%	+13.9%
GROUP PROFIT, BEFORE NON-RECURRING ITEMS, NET OF TAX	822	721	+14.0%	+13.0%
Basic earnings before non-recurring items⁽²⁾, net of tax per share (in euro)	5.52	4.77	+15.7%	+14.7%
Dividend per share (in euro)	2.75⁽¹⁾	2.40	14.6%	

(1) Subject to approval at the Annual Shareholders' Meeting on January 23, 2018.

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4.1.2.2 Currency effect

Sodexo operates in 80 countries. The percentage of total revenues and operating profit denominated in the main currencies are as follows:

	REVENUES	OPERATING PROFIT BEFORE EXCEPTIONAL COSTS
U.S. dollar	42%	47%
Euro	25%	14%
UK pound sterling	8%	5%
Brazilian real	5%	18%

Exchange rate fluctuations do not generate operational risks, because each subsidiary bills its revenues and incurs its expenses in the same currency.

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

In terms of the Venezuelan Bolivar, the Group considers that the best estimate of the exchange rate at which funds from its

activities in Venezuela could be repatriated is the DICOM rate. The exchange rate used for the year ended August 31, 2017 is therefore 1 U.S. dollar = 3,250 bolivars (1 euro = 3,843 bolivars) relative to the Fiscal 2016 rate of 1 U.S. dollar = 645 bolivars. The effect of this depreciation is not material at Group level, as the Group's operations in Venezuela now represent a negligible share of consolidated revenues and operating profit.

IMPACT OF EXCHANGE RATES	AVERAGE RATE CHANGE VS. THE EURO (in %)	CLOSING RATE CHANGE VS. THE EURO (in %)	IMPACT (in millions of euro)		
			REVENUES	OPERATING PROFIT BEFORE EXCEPTIONAL COSTS	NET PROFIT
Euro/U.S. dollar	+0.7%	-5.9%	57	4	2
Euro/Brazilian real	+15.4%	-3.7%	146	31	18
Euro/UK pound sterling	-11.5%	-7.8%	(223)	(9)	(11)

During Fiscal 2017, the average U.S. dollar rate was stable against the euro relative to the previous year. However, the dollar weakened at the end of the year, so that the year-end rate was down -5.9% on the previous year. The Real remained reasonably stable during Fiscal 2017, having picked up strongly at the end of Fiscal 2016, resulting in a +15.4% increase in the average for the year. UK Sterling continued to weaken throughout the year with both the average and the year end rates being well below previous year rates.

4.1.2.3 Revenues

Fiscal 2017 consolidated revenues totaled 20.7 billion euro, increasing +2.2% year-on-year. Organic revenue growth was +1.9%. The currency effect was negative. The contribution from acquisitions net of disposals of subsidiaries amounted to +0.4%.

The year was impacted by two significant events. In the first quarter, the Group had a tough comparison base due to last year's Rugby World Cup event which generated a negative effect for Fiscal 2017 of -0.6% in organic growth, and in particular affecting Business & Administrations in Europe. This was more than compensated by the 53rd week impact of +0.7% in the fourth quarter of Fiscal 2017 for all segments in North America. The 53rd week adjustment is linked to the change from weekly to monthly accounting as from September 2017. Weekly accounting has the side effect of losing one or two days per year, depending upon whether there is a leap year or not. These lost days are usually recovered in the accounts in a one-off every 5 to 6 years. In Fiscal 2017, this 53rd week effect is the equivalent of six days of trading. The 53rd week has no impact on margins.

REVENUES BY ACTIVITY

(in millions of euro)	FISCAL 2017	FISCAL 2016	ORGANIC GROWTH ⁽¹⁾	REPORTED CHANGE
Business & Administrations	10,551	10,433	+1.3%	+1.1%
Health Care and Seniors	5,007	4,868	+2.5%	+2.9%
Education	4,239	4,169	+1.6%	+1.7%
Total On-site Services	19,797	19,470	+1.7%	+1.7%
Benefits and Rewards Services	905	780	+7.7%	+16.0%
Elimination of intra-group revenues	(4)	(5)		
CONSOLIDATED TOTAL	20,698	20,245	+1.9%	+2.2%

On-site Services

On-site Services organic revenue growth was +1.7%, reflecting:

- two offsetting factors, the negative effect of the Rugby World Cup in the previous year for -0.6% and the positive impact of the 53rd week in North America for +0.7%;
- a return to growth in Energy & Resources in the third quarter, after two years of quarterly declines, as a result of strong new business, even though same site sales are still declining, particularly in the North Sea;
- strong development of all segments in developing economies;
- a return to growth in the fourth quarter in France;
- lower than expected net new business in Education and Healthcare, particularly in North America.

The +1.7% organic growth in On-site Services reflects strong growth in facilities management services at +5.5%. On the other hand, food services were flat reflecting the tough comparable base with Rugby World Cup and weak Universities sales, which are predominantly food services. Non-food services now represent 31% of On-site Services sales.

ON-SITE SERVICES REVENUES BY REGION

(in millions of euro)	FISCAL 2017	FISCAL 2016	ORGANIC GROWTH EXCLUDING 53 rd WEEK AND RUGBY WORLD CUP	ORGANIC GROWTH
North America	9,093	8,706	+1.6%	+ 3.3%
Europe	7,591	7,988	-1.3%	- 2.8%
Africa, Asia, Australia, Latin America, Middle East	3,113	2,776	+9.4%	+ 9.4%
TOTAL	19,797	19,470	+1.6%	+ 1.7%

By geography, North America benefited from the 53rd week in the fourth quarter. Excluding this, organic growth would have been +1.6% reflecting on the one hand, disappointing new business and retention in Education and Healthcare, and on the other hand, strong development of facilities management services, particularly in Corporate Services. Europe was down -2.8%, impacted by the strong comparison base of the Rugby World Cup and the -16% decline in Energy & Resources in the North Sea. In the developing economies, organic growth reached +9.4% due to a combination of strong new business, the transfer of expertise from more mature economies, and scope expansion with many clients.

Brexit:

In June 2016, the United Kingdom voted to leave the European Union. Sodexo has been present in the United Kingdom since 1988 and has around 35,000 employees there today. The Group's business should not be impacted materially by the United Kingdom leaving the European Union. The Group is a local player, working with local suppliers and employees, and very often for Government authorities and Government services. Of course, growth in activity will depend upon growth in GDP and employment in the country.

BUSINESS & ADMINISTRATIONS**REVENUES**

(in millions of euro)	FISCAL 2017	FISCAL 2016	ORGANIC GROWTH EXCLUDING 53 RD WEEK AND RUGBY WORLD CUP	ORGANIC GROWTH	ACQUISITIONS	CURRENCY EFFECT	TOTAL GROWTH
North America	2,515	2,340	+3.4%	+5.3%			
Europe	5,235	5,578	-1.6%	-3.8%			
Africa, Asia, Australia, Latin America, Middle East	2,801	2,515	+9.0%	+9.0%			
TOTAL	10,551	10,433	+2.1%	+1.3%	+0.2%	-0.4%	+1.1%

Fiscal 2017 **Business & Administrations** revenues totaled **10.6 billion euro**, representing organic growth of +2.1% excluding the negative impact of the Rugby World Cup in Europe and the positive impact of the 53rd week in North America.

In **North America**, organic growth was **+3.4% excluding the 53rd week**, reflecting the high single digit growth in Corporate Services as the development continues in the large accounts and facilities management services. Energy & Resources remains challenging, although there has been a significant improvement quarter by quarter during the year.

In **Europe**, sales were **down 1.6% organically, excluding the Rugby World Cup** effect due to ongoing weakness in Energy & Resources offshore business in the North Sea which declined by a further -16% during the year, with no signs yet of

any recovery. Corporate activity grew in Southern Europe but was weak in Northern Europe, due to a lack of new business. There was a notable pick-up in activity generally in France in the fourth quarter as the comparative base in the Tourism activities became easier, helped by the startup of a large Air France lounges contract.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth is strong at +9.0% reflecting double digit growth in Corporate Services and strong dynamics in Energy & Resources with the ramp-up of the significant Rio Tinto and Collahuasi contracts and stabilization in mining and onshore some site sales. Offshore activity remains difficult.

HEALTH CARE AND SENIORS**REVENUES**

(in millions of euro)	FISCAL 2017	FISCAL 2016	ORGANIC GROWTH EXCLUDING 53 RD WEEK	ORGANIC GROWTH	ACQUISITIONS	CURRENCY EFFECT	TOTAL GROWTH
North America	3,303	3,171	+1.8%	+3.3%			
Europe	1,465	1,501	-0.8%	-0.8%			
Africa, Asia, Australia, Latin America, Middle East	239	196	+13.1%	+13.1%			
TOTAL	5,007	4,868	+1.5%	+2.5%	+0.5%	-0.1%	+2.9%

Health Care and Seniors revenues amounted to **5.0 billion euro**, up +1.5% organically excluding the 53rd week effect. After a solid start to the year, organic growth slowed in the second half due to retention and service losses within existing and ongoing contracts in North America.

In **North America** organic growth of **+1.8%**, excluding the impact of the 53rd week, resulted from a strong first half up +4.4% and a second half which was slightly negative due to weaker retention and lower comparable unit sales linked to scope and service changes in a few large contracts. This was compounded by slow new business and a tough environment

in the hospital sector with uncertainty over the future of Obamacare.

In **Europe** organic growth was **-0.8%**. While development was weak due to the lack of reasonably priced opportunities, it was partially offset by solid retention and same site sales growth.

In **Africa, Asia, Australia, Latin America, Middle East** organic revenue growth is strong at **+13.1%** reflecting many new contract startups in Latin America and Brazil. Many of these contracts have involved transferring expertise from other sites or extending services into new facilities management offers.

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EDUCATION

REVENUES

(in millions of euro)	FISCAL 2017	FISCAL 2016	ORGANIC GROWTH EXCLUDING 53 RD WEEK	ORGANIC GROWTH	ACQUISITIONS	CURRENCY EFFECT	TOTAL GROWTH
North America	3,275	3,195	+0.1%	+1.8%			
Europe	891	909	0.0%	0.0%			
Africa, Asia, Australia, Latin America, Middle East	73	65	+11.3%	+11.3%			
TOTAL	4,239	4,169	+0.3%	+1.6%	+0.0%	+0.1%	+1.7%

Revenues in **Education** were 4.2 billion euro, up +0.3% organically, excluding the 53rd week contribution.

North America organic growth was **+0.1%**, excluding the 53rd week contribution. Schools generated solid growth with the extension of the Chicago Public Schools contract and the ramp-up of the new Washington DC Schools contract. This performance offset a decline in Universities. The commercial successes at Florida State University, Citadel and Simon Fraser University will only impact Fiscal 2018. However, although these

wins reflect improved outcomes, they will merely offset contract losses.

In **Europe**, activity was flat on an organic basis due in part to a lower number of days in schools in France and Italy and with low prior year development in the UK compensated by high retention across the region.

In **Africa, Asia, Australia, Latin America, and the Middle East**, organic growth was **+11.3%** resulting from very strong growth in new Schools contracts in China, Singapore and India.

BENEFITS AND REWARDS SERVICES

Benefits and Rewards Services revenue amounted to 905 million euro, up +16.0%. Currencies contributed +3.3% to this growth, resulting in particular from the recovery of the Brazilian real from March 2016 through to March 2017. The

acquisitions of Inspirus, Xpenditure and iAlbatros contributed a further +5.0% to growth. Organic growth in revenues was +7.7%, on issue volume growth of +6.1%.

ISSUE VOLUME

(in millions of euro)	FISCAL 2017	FISCAL 2016	ORGANIC GROWTH	ACQUISITIONS	CURRENCY EFFECT	CHANGE
Latin America	7,792	6,678	+7.1%			
Europe, USA and Asia	10,000	9,593	+5.4%			
TOTAL	17,792	16,271	+6.1%	+0.2%	+3.1%	+9.3%

REVENUES

(in millions of euro)	FISCAL 2017	FISCAL 2016	ORGANIC GROWTH	ACQUISITIONS	CURRENCY EFFECT	CHANGE
Latin America	425	376	+3.2%			
Europe, USA and Asia	480	404	+11.8%			
TOTAL	905	780	+7.7%	+5.0%	+3.3%	+16.0%

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Organic growth in **Latin America** is at **+3.2%** for revenues and +7.1% issue volume. Having declined throughout the first half, the number of beneficiaries in Brazil stabilized in the second half, in line with the apparent stabilization of unemployment. In all other countries the number of beneficiaries continued to increase, and this combined with strong growth in face values bolstered issue volumes. However revenue growth has been impacted by a very competitive environment in Brazil which affected client commissions. From the third quarter, inflation and interest rates in Brazil have started to fall progressively to 2.5% and 9.25%⁽¹⁾ respectively by August 31, 2017.

In **Europe, Asia and the USA**, organic growth in Issue volume and revenues has been strong for the year at **+5.4%** and **+11.8%** respectively. This strong performance reflects solid face value increases in Belgium, volume growth in Italy and Central Europe and good momentum in the Incentive and Recognition activity in the USA and the UK (revenues without issue volume).

4.1.2.4 Operating profit

Fiscal 2017 operating profit before exceptional expenses related to the Adaptation and Simplification program amounted to 1,326 million euro, up +8.4% excluding the currency effect,

in line with the Group's objective for the year. The operating margin before these same exceptional expenses was 6.4%, up +40 basis points relative to the previous year, excluding the currency effect, of in particular, the strength of the Brazilian real. Total operating profit before exceptional items was up +10,2% and the margin increased +50 basis points.

Numerous initiatives to improve productivity and reduce SG&A have been implemented over the last two years in all segments and all regions through the Adaptation and Simplification program. These projects are contributing progressively to improve the margin. The program has delivered 150 million euro of annual savings by the end of Fiscal 2017, up from 32 million euro by the end of Fiscal 2016. The program will ramp-up again in Fiscal 2018 to deliver around 220 million euro in total. These savings are enhancing the Group's capacity to invest in growth.

After deducting exceptional expenses related to these Adaptation and Simplification measures of 137 million euro in Fiscal 2017, compared to 108 million euro in Fiscal 2016, operating profit amounted to 1,189 million euro compared to 1,095 million euro in Fiscal 2016.

All operating profit amounts in the rest of this section are stated excluding exceptional expenses⁽²⁾.

OPERATING PROFIT BY ACTIVITY

(in millions of euro)	OPERATING PROFIT FISCAL 2017	OPERATING PROFIT FISCAL 2016	CHANGE (EXCLUDING CURRENCY EFFECT)	CHANGE	OPERATING MARGIN FISCAL 2017	CHANGE IN OPERATING MARGIN (EXCLUDING CURRENCY EFFECT)
Business & Administrations	509	492	+4.0%	+3.6%	4.8%	+10 bps
Health Care and Seniors	332	310	+7.1%	+7.1%	6.6%	+30 bps
Education	281	260	+7.2%	+7.9%	6.6%	+30 bps
On-site Services	1,122	1,062	+5.7%	+5.6%	5.7%	+20 bps
Benefits and Rewards Services	307	262	+8.9%	+16.7%	33.9%	-110 bps
Corporate expenses & Intragroup eliminations	(103)	(121)	-14.5%	-15.1%		
OPERATING PROFIT BEFORE EXCEPTIONAL EXPENSES	1,326	1,203	+8.4%	+10.2%	6.4%	+40 bps

On-site Services margins grew +20 basis points led by productivity gains, enhanced operating efficiency and more efficient purchasing. Much of these improvements were linked to the numerous projects included in the Adaptation and Simplification program. The performance by segment is as follows:

- **Business & Administrations** operating profit increased by +4.0% excluding the currency effect and the operating margin

increased by +10 basis points. This performance reflects the progressive contribution of the Adaptation and Simplification program which really started to have an impact in the second half of Fiscal 2017;

- in **Health Care and Seniors** the growth in operating profit and margin was respectively +7.1% and +30 basis points. This reflects a very strong improvement in margins particularly in the first half, in line with the improvement

¹ Source : Trading Economics.

² See Alternative Performance Measure definitions.

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achieved in the second half of Fiscal 2016, benefiting from substantial cost savings of the Adaptation & Simplification plan. The second half Fiscal 2017 was impacted by a high comparable base;

- in **Education**, operating profit rose by +7.2% excluding the currency effect and the margin increased +30 basis points. This strong performance despite the lack of organic growth was due to strict control of SG&A, the ramp-up of the Adaptation and Simplification program, exit from some less profitable contracts and the effect of operational performance improvement of a few key contracts.

In **Benefits and Rewards Services**, the operating profit was up +16.7% boosted by the recovery in the Brazilian real and the margin was up +30 basis points. Excluding this currency contribution, operating profit was up +8.9%, and the margin was down -110 basis points. The growth in operating profit was helped by the impact of the gain on the disposal of the non-strategic Vivabox activities for 16 million euro representing + 170 basis points. Excluding these elements, margin was down -280 basis points. About half of the decline in the margin is due to a mix effect linked to the exceptionally strong Incentive and Recognition growth, as well as the first-time consolidation of Inspirus. The rest is linked to accelerated digital migration investments, the cost of developing the new Mobility activities as well as the impact from diversification in Health and wellness (Sport Card). For the traditional meal and food business, margins remain solid at their current high levels.

4.1.2.5 Group net profit

Operating Profit reached 1,189 million euro, up +8.5%, after exceptional expenses linked to the Adaptation and Simplification program of 137 million euro, compared to 108 million euro in the previous fiscal year.

Net financial expenses decreased by 6 million euro essentially due to a reduction in net borrowing costs of 8 million euro which is a combination of the lower average cost of debt of 2.4%, down from 3.2% in Fiscal 2016, and lower financial income due to lower interest rates on cash deposits. Other financial charges included an 11 million euro exceptional indemnity for the early redemption of 108 million dollars of U.S. private placement debt, as part of the debt restructuring program in August and September 2016, to increase maturities and lower interest rates. The first tranche in the preceding year generated an exceptional charge of 21 million euro. These indemnities will be more than

offset over future years by the reduction in future interest expenses.

The **effective tax rate** fell to 31.7% in Fiscal 2017, from 33.7% the previous year. This 200 basis point improvement is due in particular to the recognition of a tax rebate on past European subsidiary dividend taxes in FY2012 to FY2015, following the decision of the European Union Court of Justice, the reduction in the United Kingdom tax rate, the end of an exceptional surcharge in France and reversal of some tax provisions.

The share of **profit of other companies consolidated by the equity method** was 4 million euro. Profit attributed to non-controlling interests was 22 million euro against 24 million euro in the previous year.

As a result, **Group net profit** was 723 million euro, up +13.5%, or +12.2% excluding the positive currency contribution. **Group profit before non-recurring items** (net of taxes) amounted to 822 million euro, an increase of +14.0% at current rates or +13.0% excluding the currency effect. Non-recurring items included the exceptional expenses related to the Adaptation & Simplification program of 137 million euro and debt reimbursement indemnity of 11 million euro, together 99 million euro net of tax.

4.1.2.6 Earnings per share

Earnings per share before non-recurring items amounted to 5.52 euro, up +15.7%, and after non-recurring items to 4.85 euro, up +15.2%. The + 170 basis point accretion relative to the change in net profit is due to the effect of the 300 million euro share buy-back during the year, net of a higher number of treasury shares carried, resulting in a lower weighted average number of shares of 148,998,961 relative to 151,277,059 shares for Fiscal 2016.

4.1.2.7 Proposed dividend

At the Annual Shareholder's Meeting to be held on January 23, 2018, the Board of Directors has recommended a dividend of 2.75 euro per share for Fiscal 2017, an increase of +14.6% over the prior year. This proposal reflects Sodexo's policy of maintaining regular growth in dividend in line with underlying profits growth. The proposed dividend implies a 57% pay-out ratio on reported figures and a pay-out ratio before non-recurring items of ~50%.

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4.1.3 Consolidated financial position

4.1.3.1 Cash flows

Cash flows for the period were as follows:

(in millions of euro)	FISCAL 2017	FISCAL 2016
Operating cash flow	1,076	1,019
Change in working capital excluding change in BRS financial assets*	120	(26)
Net capital expenditure	(308)	(398)
FREE CASH FLOW	887	595
Net acquisitions	(268)	(42)
Share buy-backs	(300)	(300)
Dividends paid to shareholders	(359)	(335)
Other changes (including scope and exchange rates)	(164)	15
(INCREASE)/DECREASE IN NET DEBT	(204)	(67)

* Excluding change in financial assets related to the Benefits and Rewards Services activity (-134 million euro in Fiscal 2017 and -48 million euro in Fiscal 2016). Total change in working capital as reported in consolidated accounts: in Fiscal 2017 -€14 million = €120 million - €134 million and in Fiscal 2016 -€74 million = -€26 million - €48 million.

Operating cash flow totaled 1,076 million euro up +5.6%. After a couple of years impacted by big events, this year the change in working capital returned to positive inflow of 120 million euro.

Net capital expenditure, including client investments amounted to 308 million euro, representing 1.5% of revenues compared to 2% last year. Last year was significantly impacted by the investment for the Rio Tinto contract.

Free cash flow reached 887 million euro. This represented a substantial improvement on Fiscal 2016 free cash flow, at 595 million euro, impacted by the Rugby World Cup for 51 million euro and Rio Tinto mobilization for 65 million euro. As a result, cash conversion reached 123% compared to 93% in Fiscal 2016.

Net acquisitions and disposals of subsidiaries increased significantly to 306⁽¹⁾ million euro following several years of low spend during the transformation of the Group. After taking into account share buy-backs of 300 million euro and dividend payments of 359 million euro, consolidated net debt rose during the year by 204 million euro to 611 million euro at August 31, 2017.

4.1.3.2 Acquisitions for the period

During Fiscal 2017, Sodexo substantially accelerated its acquisition activities.

The Group enriched its offer with Inspirus in Incentive and in the USA, with PSL a group purchasing organization in the UK Recognition and Peyton & Byrne in Food services also in the UK.

Strategic moves were made by Benefits & Rewards to enter the mobility market with the acquisition of digital platforms, iAlbatros in business travel bookings and Xpenditure in expense management.

Technical expertise and offer were also strengthened with the acquisitions of Tadal in Israel and Mentor in Puerto Rico.

The Group has consolidated its positions in Alaska and China by taking control of Doyon and Faw with the acquisition of minority shareholdings and in the UK with the acquisition of Prestige Nursing+Care, in the home care market.

¹ Net acquisitions 268m€ + Net financial investments 38m€, including Sodexo Ventures.

4.1.3.3 2017 Share buy-back program

On November 17, 2016, Sodexo announced a 300 million euro share buy-back program, for the second consecutive year, reflecting the strong balance sheet at Fiscal 2016 year end and the Board's confidence in the future of the Group. The share buy-back program was completed in February 2017 with the

purchase of 2,910,690 shares, representing 1.9% of the capital, at an average price of 103,07 euro. These shares were cancelled in June 2017. As at August 31, 2017, the total number of shares was 150,830,449, down from 153,741,139 as at year end Fiscal 2016.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT AUGUST 31, 2017

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016		AUGUST 31, 2017	AUGUST 31, 2016
Non-current assets	7,416	7,498	Shareholders' equity	3,536	3,668
Current assets excluding cash	4,531	4,486	Non-controlling interests	34	34
Restricted cash Benefits and Rewards	511	507	Non-current liabilities	3,885	3,549
Financial assets Benefits and Rewards	398	292	Current liabilities	7,419	6,907
Cash	2,018	1,375			
TOTAL ASSETS	14,874	14,158	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,874	14,158
			Gross debt	3,500	2,553
			Net debt	611	407
			Gearing	17%	11%
			Net debt ratio	0.4	0.3

As of August 31, 2017, net debt was 611 million euro, representing a gearing of 17%, compared to 11% as of August 31, 2016, and a net debt ratio of 0.4. The Group's financial position remains strong with cash flow more than covering investments, acquisitions and the dividend. Gearing and net debt ratio have increased due to share buy-backs but remain below the targets of 75% and 1 - 2 respectively. During Fiscal 2017, the Group reimbursed 108 million dollars of its debt which had not yet matured as part of a debt restructuring program aimed at extending maturities and benefiting from extremely low interest rate opportunities. To take advantage of a particularly favorable debt market, the Group issued 800 million euro of a 10-year bond at a coupon of 0.75% in two lots during the year. As a result, at year end, both the cash and the gross debt levels had increased substantially relative to the previous year end. The average cost of debt fell from 3.2% for Fiscal 2016 to 2.4% in Fiscal 2017.

At the end of Fiscal 2017, the Group had an operating cash position of 2,889 million euro and unused lines of credit totaling 1.1 billion euro. As a reminder, the cash position includes

1,825 million euro for Benefits and Rewards Services (including restricted cash for 511 million euro and financial assets for 398 million euro).

4.1.3.4 Subsequent events

Since the beginning of Fiscal 2018, several acquisitions have been closed:

- the Morris Corporation remote site services business in the mining sector, with annual revenues of 100 million euro in Eastern Australia, complementing Sodexo's existing footprint in the western region. This acquisition will significantly expand Sodexo's market share in Australia, reinforcing the company's number one position in the mining sector, and building on its track record as a provider of industry-leading Integrated Facilities Management services;
- Kim Yew in Singapore in facilities management, considerably strengthening our technical expertise in the country;

4.1.3.5 Introducing underlying operating profit

In order to better focus the Group's financial communication, both historic and prospective, on recurring operating profit drivers and to simplify benchmarking with competitors, the consolidated income statement will change as from Fiscal 2018, to include an underlying operating profit, other operating income and other operating expenses, before arriving at Operating profit.

Other operating income and expenses will include gains or losses related to perimeter changes and on changes of post-employment benefits, restructuring and rationalization

costs, M&A costs, amortization of client relationships and trademarks and impairment of non-current assets.

Other operating income and expenses are detailed below. In Fiscal 2017, the principle elements were the restructuring costs of 137 million euro. All other items, more or less cancel each other out.

As a result, from Fiscal 2018, Segment information will be provided to Underlying operating profit.

The Fiscal 2017 pro forma P&L on this new basis is as follows:

Current P&L

(in millions of euro)	FY 2017
REVENUES	20,698
OPERATING PROFIT BEFORE EXCEPTIONAL EXPENSES	1,326
Operating margin before exceptional expenses	6.4%
Exceptional expenses	(137)
OPERATING PROFIT	1,189

Redefined P&L

(in millions of euro)	FY 2017
REVENUES	20,698
UNDERLYING OPERATING PROFIT	1,340
Underlying operating margin	6.5%
Other operating income	24
Gains related to perimeter changes	21
Gains on changes of post-employment benefits	3
Other operating expenses	(176)
Restructuring and rationalization costs	(137)
M&A costs	(6)
Losses related to perimeter changes	-
Losses on changes of post-employment benefits	(2)
Amortization of client relationships and trademarks	(31)
Impairment of non-current assets	-
OPERATING PROFIT	1,189

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4.1.3.6 Outlook

At the Board of Directors' meeting chaired by Sophie Bellon on November 14, 2017, Chief Executive Officer Michel Landel highlighted his confidence in the future development of the Group.

While the geopolitical environment remained difficult in Fiscal 2017, commodity prices and currencies stabilized. As a result, demand for services was strong in developing economies, solid in North America but remained relatively modest in Europe. Energy & Resources demand stabilized in some regions but remained very difficult in the offshore market, in particular in the North Sea. Despite disappointing growth in revenues, the Group achieved a solid increase in margins, helped by the results of the Adaptation and Simplification program, and generated strong cash flow which was used to finance a series of significant acquisitions.

For Fiscal Year 2018, growth should accelerate and amplify due to external growth of around 2.5%, including the latest acquisitions. The trends are turning positive again in France and the Energy & Resources segment. Developing economies are also expected to grow strongly in all segments. On the other hand, growth will remain modest in Education and Health Care in North America. Added to this there is a base effect of the 53rd week in North America to offset.

The Adaptation and Simplification program is on track to deliver its target of 220 million euro of savings in Fiscal 2018, having already achieved 150 million euro in Fiscal 2017. This will free-up resources to invest in enhancing the growth and accelerating the Group's digital transformation:

- The Group is seeking to accelerate use of technology to improve its processes and back-offices with digital food and facilities management platforms, by testing new solutions, and, in partnership with Lean Path implementing new process to considerably reduce food waste.
- Strategic investments will also continue in Benefits & Rewards to develop the business travel and expense management digital platforms, to pursue the dematerialization of the vouchers from paper to card and from card to mobile, and to diversify offers to create ever more engaging employee experiences both for within and beyond the workplace. In

particular, the new products are focused on incentive and recognition programs and well-being services for better work-life balance.

- The global deployment of new offers is also accelerating with projects for:
 - Student living;
 - Evolution smart kitchens to increase productivity and improve Health & Safety;
 - Protecta, a specific service to dramatically reduce nosocomial disease in hospitals;
 - Boundless to cultivate a health culture in the work place in Benefits & Rewards;
 - Harmonie in the field of Seniors which brings back the taste of life;
 - Camp life to enhance Remote site quality of life.
- The Group is also investing in more consistent and digitalized sales and marketing capabilities around the operations, which includes new training modules, new mobile apps, digital leads, a global CRM tool, a datalab to explore big data and analytics and opening up the eco-system to reach out to the world of startups, technology and innovation.

The financial structure of the Group remains strong and provides the capacity to continue to look for more acquisition targets during the year.

The Group is confident in achieving the following objectives for **Fiscal 2018**:

- **Organic revenue growth of between +2% and +4%, excluding the 53rd week impact;**
- **Underlying operating profit margin⁽¹⁾ maintained at 6.5%.**

The Board of Directors and Executive Committee confirm the **medium-term objectives** of:

- **Average annual revenue growth, excluding currency effect, of between +4% and +7%;**
- **Average annual growth in underlying operating profit⁽¹⁾, excluding currency effect, of between +8% and +10%.**

¹ New indicator, see section 4.1.3.5.

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4.1.3.7 Alternative Performance measure definitions

Exceptional expenses

Exceptional expenses are the costs of implementation of the Adaptation and Simplification program (137 million euro in Fiscal 2017, 108 million euro in Fiscal 2016, zero in Fiscal 2015 and 27 million euro in Fiscal 2014).

Financial ratios

Please refer to section 4.5.1 "Financial Ratios" for the following financial ratios: Gearing ratio, Net debt ratio, Debt coverage, Financial independence, Return on equity, Return on Capital Employed (ROCE) and Interest cover.

Please refer to same section 4.5.1 "Financial Ratios" for the following indicators: operating cash, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), Operating profit after tax and Capital employed.

Free cash flow

Please refer to section Consolidated financial position.

Growth excluding currency effect

Change excluding currency effect calculated converting Fiscal 2017 figures at Fiscal 2016 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, Fiscal 2016 and Fiscal 2017 figures in VEF have been converted at the exchange rate of USD 1 = VEF 3,250 vs. VEF 645 for Fiscal 2016.

Issue volume

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

Net debt

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

Net profit before non-recurring items

Reported Net Profit excluding non-recurring items (for Fiscal 2017 and Fiscal 2016 exceptional expenses and early debt reimbursement indemnity, together net of taxes of 99 million euro and 84 million euro respectively, for Fiscal 2015 no exceptional expenses and for Fiscal 2014 exceptional expenses net of taxes of 18 million euro related to the Operational efficiency plan).

Non-recurring items

Fiscal 2017 exceptional expenses of 137 million euro related to the Adaptation & Simplification program in operating profit and 11 million euro of early debt reimbursement indemnity in financial expense, together net of taxes of 99 million euro. Fiscal 2016 exceptional expenses of 108 million euro related to the Adaptation and Simplification program in operating profit and 21 million euro of early debt reimbursement indemnity in financial expense, together net of taxes 84 million euro. Fiscal 2014 exceptional expenses of 27 million euro related to the Operational efficiency plan, net of taxes 18 million euro.

Operating margin

Operating profit divided by Revenues

Operating Margin at constant rate

Margin calculated converting Fiscal 2017 figures at Fiscal 2016 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, Fiscal 2017 and Fiscal 2016 figures in VEF have been converted at the exchange rate of USD 1 = VEF 3,250 vs. VEF 645 for Fiscal 2016.

Operating margin before exceptional expenses

Operating profit before exceptional expenses divided by Revenues

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Operating profit before exceptional expenses

Reported Operating Profit excluding exceptional expenses (137 million euro in Fiscal 2017, 108 million euro in Fiscal 2016, zero million euro in Fiscal 2015 and 27 million euro in Fiscal 2014).

Organic growth

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

- for businesses acquired (or gain of control) during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;

- for businesses acquired (or gain of control) during the prior fiscal year, revenue generated during the current period up until the first anniversary date of the acquisition is excluded;
- for businesses divested (or loss of control) during the prior fiscal year, revenue generated in the comparative period of the prior fiscal year until the divestment date is excluded;
- for businesses divested (or loss of control) during the current fiscal year, revenue generated in the period commencing 12 months before the divestment date up to the end of the comparative period of the prior fiscal year is excluded.

For countries with hyperinflationary economies all figures are converted at the latest closing rate for both periods. As a result, for the calculation of organic growth, Benefits & Rewards figures for Fiscal 2016 and Fiscal 2017 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = 3,250 (vs. VEF 645 for Fiscal 2016).

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4.2 CONSOLIDATED FINANCIAL STATEMENTS AS OF AUGUST 31, 2017

4.2.1 Consolidated income statement

(in millions of euro)	NOTES	FISCAL 2017	FISCAL 2016
Revenues	3	20,698	20,245
Cost of sales	4.1	(17,509)	(17,135)
Gross profit		3,189	3,110
Administrative and Sales Department costs	4.1	(1,980)	(2,001)
Other operating income	4.1	40	22
Other operating expenses	4.1	(65)	(42)
Operating profit before share of profit of companies consolidated by the equity method that directly contribute to the Group's business⁽¹⁾	3	1,184	1,089
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	3 and 4.9	5	6
Operating profit		1,189	1,095
Financial income	4.2	31	34
Financial expense	4.2	(136)	(145)
Share of profit of other companies consolidated by the equity method	3 and 4.9	4	7
Profit for the period before tax		1,088	991
Income tax expense	4.3	(343)	(330)
Profit for the period		745	661
Of which:			
Attributable to non-controlling interests		22	24
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		723	637
Basic earnings per share (in euro)	4.4	4.85	4.21
Diluted earnings per share (in euro)	4.4	4.79	4.15

(1) Including 137 million euro in expenses recorded in Fiscal 2017 in connection with the Adaptation and Simplification program (108 million euro in Fiscal 2016) (see note 2.22.5).

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4.2.2 Consolidated statement of comprehensive income

(in millions of euro)	NOTES	FISCAL 2017	FISCAL 2016
PROFIT FOR THE PERIOD		745	661
Components of other comprehensive income that may be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale financial assets	4.11.2 and 4.14		1
Change in fair value of Cash Flow Hedge instruments	4.16 and 4.14		(2)
Change in fair value of Cash Flow Hedge instruments reclassified to profit or loss	4.16 and 4.14		1
Currency translation adjustment		(260)	(7)
Currency translation adjustment reclassified to profit or loss		(3)	
Tax on components of other comprehensive income that may be reclassified subsequently to profit or loss	4.14		
Share of other components of comprehensive income (loss) of companies consolidated by the equity method, net of tax	4.14 and 4.9	(3)	4
Components of other comprehensive income that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan obligation	4.17.1 and 4.14	72	(211)
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	4.14	(21)	31
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX		(215)	(183)
COMPREHENSIVE INCOME		530	478
Of which:			
Attributable to equity holders of the parent		511	455
Attributable to non-controlling interests		19	23

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4.2.3 Consolidated statement of financial position

Assets

(in millions of euro)	NOTES	AUGUST 31, 2017	AUGUST 31, 2016
NON-CURRENT ASSETS			
Property, plant and equipment	4.5	590	604
Goodwill	4.6	5,308	5,328
Other intangible assets	4.7	511	467
Client investments	4.8	547	562
Companies consolidated by the equity method	4.9	89	95
Financial assets	4.11	163	125
Derivative financial instrument assets	4.16	4	5
Other non-current assets	4.12	17	25
Deferred tax assets	4.20	187	287
TOTAL NON-CURRENT ASSETS		7,416	7,498
CURRENT ASSETS			
Financial assets	4.11	32	44
Derivative financial instrument assets	4.16	7	
Inventories		257	268
Income tax receivable	4.12	185	184
Trade and other receivables	4.12	4,050	3,990
Restricted cash and financial assets related to the Benefits and Rewards Services activity	4.11	909	799
Cash and cash equivalents	4.13	2,018	1,375
TOTAL CURRENT ASSETS		7,458	6,660
TOTAL ASSETS		14,874	14,158

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Shareholders' equity and liabilities

(in millions of euro)	NOTES	AUGUST 31, 2017	AUGUST 31, 2016
SHAREHOLDERS' EQUITY			
Share capital		603	615
Additional paid-in capital		534	822
Reserves and retained earnings		2,399	2,231
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		3,536	3,668
NON-CONTROLLING INTERESTS		34	34
TOTAL SHAREHOLDERS' EQUITY	4.14	3,570	3,702
NON-CURRENT LIABILITIES			
Borrowings	4.15	3,011	2,515
Derivative financial instrument liabilities	4.16	1	
Employee benefits	4.17	462	587
Other non-current liabilities	4.19	181	193
Provisions	4.18	93	105
Deferred tax liabilities	4.20	137	149
TOTAL NON-CURRENT LIABILITIES		3,885	3,549
CURRENT LIABILITIES			
Bank overdrafts	4.13	38	28
Borrowings	4.15	498	43
Derivative financial instrument liabilities	4.16	1	
Income tax payable		104	124
Provisions	4.18	61	89
Trade and other payables	4.19	3,953	3,945
Vouchers payable		2,764	2,678
TOTAL CURRENT LIABILITIES		7,419	6,907
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		14,874	14,158

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4.2.4 Consolidated cash flow statement

(in millions of euro)	NOTES	FISCAL 2017	FISCAL 2016
OPERATING ACTIVITIES			
Operating profit of consolidated companies		1,184	1,089
Elimination of non-cash and non-operating items			
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		281	308
Provisions		(31)	23
Disposal (gains) losses and other non-cash items		(3)	9
Dividends received from companies consolidated by the equity method		11	11
Interest paid		(120)	(143)
Interest received		25	35
Income tax paid		(271)	(313)
Operating cash flow		1,076	1,019
Change in working capital from operating activities			
Change in inventories		(13)	(1)
Change in trade and other receivables		(196)	(97)
Change in trade and other payables		180	(60)
Change in vouchers payable		149	132
Change in financial assets related to the Benefits and Rewards Services activity		(134)	(48)
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,062	945
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		(309)	(345)
Disposals of property, plant and equipment and intangible assets		19	25
Change in client investments	4.8	(16)	(76)
Change in financial assets and share of companies consolidated by the equity method		(38)	(47)
Acquisitions of subsidiaries		(257)	(38)
Disposals of subsidiaries		(11)	(4)
NET CASH USED IN INVESTING ACTIVITIES		(612)	(485)
FINANCING ACTIVITIES			
Dividends paid to parent company shareholders	4.14	(359)	(335)
Dividends paid to non-controlling shareholders of consolidated companies		(10)	(20)
Purchases of treasury shares	4.14	(339)	(280)
Sales of treasury shares		20	62
Increase in share capital		1	
Change in non-controlling interests		5	(2)
Proceeds from borrowings	4.15	1,118	1
Repayment of borrowings	4.15	(114)	(527)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		322	(1,101)
CHANGE IN NET CASH AND CASH EQUIVALENTS			
Net effect of exchange rates and other effects on cash		(139)	19
Net cash and cash equivalents, beginning of period		1,347	1,969
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	4.13	1,980	1,347

4.2.5 Consolidated statement of changes in shareholders' equity

(in millions of euro)	SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	TREASURY SHARES	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	TOTAL SHAREHOLDERS' EQUITY		
							ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON- CONTROLLING INTERESTS	TOTAL
Notes	4.14			4.14	4.14				
Shareholders' equity as of August 31, 2015	157,132,025	628	1,109	(434)	2,826	(419)	3,710	34	3,744
Profit for the period					637		637	24	661
Other comprehensive income (loss), net of tax					(176)	(6)	(182)	(1)	(183)
Comprehensive income					461	(6)	455	23	478
Dividends paid					(335)		(335)	(23)	(358)
Capital reduction by cancelling treasury shares	(3,390,886)	(13)	(287)	300					
Treasury share transactions				(218)			(218)		(218)
Share-based payment (net of income tax)					55		55		55
Change in ownership interest without any change of control					(2)		(2)		(2)
Other ⁽¹⁾					3		3		3
Shareholders' equity as of August 31, 2016	153,741,139	615	822	(352)	3,008	(425)	3,668	34	3,702
Profit for the period					723		723	22	745
Other comprehensive income (loss), net of tax					48	(260)	(212)	(3)	(215)
Comprehensive income					771	(260)	511	19	530
Dividends paid					(359)		(359)	(22)	(381)
Capital reduction by cancelling treasury shares	(2,910,690)	(12)	(288)	300					
Treasury share transactions				(319)			(319)		(319)
Share-based payment (net of income tax)					43		43		43
Change in ownership interest without any change of control								1	1
Other ⁽¹⁾					(8)		(8)	2	(6)
SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2017	150,830,449	603	534	(371)	3,455	(685)	3,536	34	3,570

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

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4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Sodexo's consolidated financial statements for the fiscal year ended August 31, 2017 were approved by the Board of Directors on November 14, 2017 and will be submitted to the Annual Shareholders' Meeting on January 23, 2018.

1. SIGNIFICANT EVENTS

In September 2016, the Group acquired Inspirus LLC (Benefits and Rewards Services) – an employee engagement services specialist based in the United States – and in October 2016 it acquired PSL Ltd (On-site Services), a leader in fresh food procurement for the hospitality industry in the United Kingdom. Also during Fiscal 2017 the Group acquired Xpenditure in Belgium and iAlbatros in Poland (Benefits and Rewards Services) in March 2017 and Prestige Nursing Ltd in the United Kingdom (On-site Services) in April 2017. In addition, the Group purchased a 45% non-controlling interest in Mentor Technical Group in Puerto Rico (On-site Services). The impact of the acquisitions on the consolidated financial statements is detailed in note 4.23.

As part of the share repurchase program launched by the Board of Directors, during Fiscal 2017 Sodexo SA purchased 2,910,690

of its own shares, representing 1.9% of its share capital, for 300 million euro. On June 14, 2017, the Company carried out a capital reduction by canceling these shares.

As part of the Group's debt restructuring process begun in August 2016, on September 29, 2016 Sodexo SA redeemed in advance 108 million U.S. dollars of its March 2011 U.S. private placement. On October 14, 2016, it carried out a new bond issue comprising 600 million euro worth of bonds redeemable in April 2027, and topped up this issue with an additional 200 million euro worth of bonds on August 1, 2017. These refinancing transactions have enabled the Group to reduce its average cost of borrowings and extend the overall maturity of its debt.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2017

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

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

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

2.1.2 New accounting standards and interpretations required to be applied

The new standards, interpretations and amendments whose application was mandatory for the Group effective for the fiscal year beginning September 1, 2016 had no material impact on the consolidated financial statements.

2.1.3 Accounting standards and interpretations issued but not yet applicable

The Group has not elected to early adopt any standards, interpretations or amendments not required to be applied in Fiscal 2017.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of August 31, 2017.

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

- IFRS 9 – Financial Instruments, applicable by the Group as from September 1, 2018.

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The main potential impact for the Group of Phase I of IFRS 9 (“Classification and Measurement”) relates to available-for-sale equity instruments. Under IFRS 9, they must be recognized at fair value, with changes in fair value recognized either in other comprehensive income or profit or loss. Phase II of the standard (“Impairment”) introduces a new “expected loss” impairment model which will replace the existing “incurred loss” impairment model. Work is currently under way to build the Group’s impairment loss matrix. The impact of Phase II is not expected to be significant in view of the Group’s current methodology for recognizing impairment losses and the Group’s financial aggregates. Phase III of IFRS 9 (“Hedge Accounting”) is also not expected to have a significant impact as the Group applies rarely hedge accounting.

- IFRS 15 – Revenue from Contracts with Customers, applicable by the Group as from September 1, 2018.

The Group is currently analyzing the impacts of applying this standard which will replace IAS 18 and IAS 11. It has already carried out an initial phase of identifying its various revenue streams and has started work on analyzing representative contracts within its various segments and regions. This work is intended to enable the Group to determine whether it needs to make any changes to its current revenue recognition methods.

- IFRS 16 – Leases, applicable by the Group as from September 1, 2019, provided that the standard has been adopted by the European Union.

IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. All leases will have to be on balance-sheet by recognizing the present value of the lease payments over the expected lease term and a corresponding right-of-use asset. Short-term leases and leases of low-value assets are exempted from this requirement. The Group has begun the work of collecting the data of the leases in place in its various business segments and geographic regions and is in the process of analyzing the impact of applying IFRS 16.

2.2 Use of estimates

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

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

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

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

- impairment of current and non-current assets (notes 4.10 to 4.12);

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

2.3 Principles and methods of consolidation

2.3.1 Intragroup transactions

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

2.3.2 Consolidation methods

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

Associates are companies in which Sodexo SA directly or indirectly exercises significant influence over financial and operating policy without exercising exclusive or joint control. Joint ventures are joint arrangements in which Sodexo SA directly or indirectly exercises joint control and has rights to the net assets of the arrangement. Associates and joint ventures are consolidated by the equity method. Sodexo has a number of equity interests in project companies established in connection with Public-Private Partnership (PPP) contracts. These contracts enable governments to call upon the private sector for the design, construction, financing and management of public infrastructure (hospitals, schools, barracks, prisons), with detailed performance criteria. An analysis is performed for each of these equity interests, in order to determine whether they qualify as associates or joint ventures.

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

Further information on the main entities consolidated as of August 31, 2017 is provided in note 6.

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2.3.3 Foreign currency translation

The exchange rates used are derived from rates quoted on the Paris stock exchange and other major international financial markets.

2.3.3.1 FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

2.3.3.2 FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

Countries with stable currencies

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

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

Countries with hyperinflationary economies

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

Subsidiaries operating in Venezuela

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

Effective from Fiscal 2010, the Group decided to no longer use the official exchange rate published by the Venezuelan government, and instead to use the exchange rate corresponding to its best estimate of the exchange rate at which cash from its operations in Venezuela could be repatriated. In February 2015, the Venezuelan government announced that it was setting up a

new foreign exchange platform called SIMADI (Marginal Currency Exchange System), and in March 2016 another new platform was put in place, called DICOM. In mid-July 2015, Sodexo decided to transition to these new platforms and started trading on DICOM in Fiscal 2016. As of August 31, 2017 and August 31, 2016, the Group's best estimate of the exchange rate at which it could repatriate cash from its operations in Venezuela corresponded to the closing exchange rate quoted on DICOM. The exchange rate used for the fiscal year ended August 31, 2016 was therefore 1 U.S. dollar = 645 bolivars (1 euro = 718 bolivars), and for the fiscal year ended August 31, 2017 it was 1 U.S. dollar = 3,250 bolivars (1 euro = 3,843 bolivars).

2.4 Business combinations and goodwill

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

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

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

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

2.4.1 Goodwill

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

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

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2.4.2 Bargain purchases

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

2.4.3 Transactions in non-controlling interests

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

2.4.4 Purchase price adjustments and/or earn-outs

Purchase price adjustments and/or earn-outs related to business combinations are recognized at their fair value as of the date of acquisition even if they are considered to be not probable. After the date of acquisition, changes in estimates of the fair value of price adjustments lead to an adjustment to goodwill only if they occur within the time 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 or loss except when the consideration transferred consists of an equity instrument.

2.4.5 Step acquisitions

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

2.5 Intangible assets

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

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

Integrated management software	3-7 years
Other software	3-5 years
Patents and licenses	2-10 years
Client relationships	3-20 years
Other intangible assets	3-20 years

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

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

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

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

2.6 Property, plant and equipment

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

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

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

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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 any indication of impairment. Impairment losses are recognized in the income statement, and may be reversed subsequently.

2.8.2 Impairment of assets with indefinite useful lives

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

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.

Prior to Fiscal 2017, goodwill was monitored at a level corresponding to one of the Group's main business activities, with the On-site Services activity further segmented into geographic regions.

Since Fiscal 2017, following the Group's new organizational structure (see note 3), goodwill is now monitored at a level which corresponds to one of the Group's two main business activities, with the On-site Services activity further segmented into operating segments:

- On-site Services: Corporate Services, Energy & Resources, Government Agencies, Sports & Leisure, Other non-segmented activities, Health Care, Seniors, Schools and Universities;
- Benefits and Rewards Services.

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

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

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

Reallocation of On-site Services goodwill by operating segment as of September 1, 2016

In view of the changes made to the Group's operating segments as of September 1, 2016, goodwill has been reallocated to the newly-identified CGUs and groups of CGUs based on a relative value similar to that which would be used if the Group were to sell an activity within a CGU. In order to carry out this reallocation, the previous groups of CGUs (corresponding to geographic regions) were split into operating segments based on the discounted future cash flows included in the five-year business plan for each operating segment and a relative value was then determined for the goodwill to be allocated to each

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operating segment. Since Fiscal 2017, goodwill impairment testing has been carried out at the level used to monitor goodwill for internal management purposes, which corresponds to the newly-identified operating segments, before aggregation for segment reporting.

The changes in segment reporting and the reallocation of goodwill did not give rise to any goodwill impairment in Fiscal 2017 and did not have any impact on the Benefits and Rewards Services activity.

2.8.2.2 INDICATIONS OF IMPAIRMENT

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

2.8.2.3 METHODS USED TO DETERMINE THE RECOVERABLE AMOUNT

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

Recoverable amount is the greater of:

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

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

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

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

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

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

2.8.2.4 RECOGNITION OF IMPAIRMENT LOSSES

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

2.8.3 Reversal of impairment losses

Impairment losses recognized with respect to goodwill cannot be reversed.

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

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

2.9 Client investments

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

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

2.10 Inventories

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

2.11 Trade and other receivables

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

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

2.12 Financial instruments

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

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

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2.12.1 Financial assets

Financial assets are measured and recognized in three main categories:

- **available-for-sale financial assets** include equity investments in non-consolidated entities, marketable securities with maturities greater than three months, and restricted cash. They are measured at fair value, with changes in fair value recognized in other comprehensive income. When an available-for-sale financial asset is sold or impaired, the cumulative fair value adjustment recognized in other comprehensive income is transferred to the income statement. For securities listed on an active market, fair value is considered to equal market value. If no active market exists, fair value is generally determined based on appropriate financial criteria for the specific security. If the fair value of an available-for-sale financial asset cannot be reliably measured, it is recognized at cost;
- **loans and receivables** include financial and security deposits, and loans to non-consolidated entities. These financial assets are recognized in the statement of financial position at fair value and subsequently at amortized cost, which is equivalent to acquisition cost as no significant transaction costs are incurred in acquiring such assets. They are tested for impairment if there is an indication that they may be impaired, and an impairment loss is recognized if the carrying amount of the asset is greater than its estimated recoverable amount;
- **financial assets at fair value through profit or loss** include other financial assets held for trading and acquired for the purpose of resale in the near term. Subsequent changes in the fair value of these assets are recognized in financial income or expense in the income statement.

2.12.2 Derivative financial instruments

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

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

For Cash Flow Hedges, the necessary documentation is prepared at inception and updated at each period end. Gains or losses arising on the effective portion of the hedge are recognized in other comprehensive income, and are not recognized in the income statement until the underlying asset or liability is realized. Gains or losses arising on the ineffective portion of the hedge are recognized in the income statement.

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

2.12.3 Commitments to purchase non-controlling interests

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

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

2.12.4 Bank borrowings and bond issues

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

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise current bank account balances, cash on hand and short-term cash investments in moneymarket 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 noncurrent asset are recognized as an expense using the effective interest method.

2.15 Sodexo treasury shares

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

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

2.16 Provisions

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

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

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

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

2.17 Employee benefits

2.17.1 Short-term benefits

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

These benefits are reported as current liabilities.

2.17.2 Post-employment benefits

Sodexo measures and recognizes post-employment benefits as follows:

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

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

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

Remeasurements of the net obligation under defined benefit plans, including actuarial gains and losses, differences between

the return on plan assets and the corresponding interest income recognized in the income statement, and any changes in the effect of the asset ceiling, are recognized in other comprehensive income and have no impact on profit for the period.

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

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

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

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

2.17.3 Other long-term employee benefits

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

2.18 Vouchers payable

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

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2.19 Share-based payment

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

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

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

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

2.20 Deferred taxes

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

Deferred taxes are not recognized on the following items:

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

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

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

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

2.21 Trade and other payables

Trade and other payables are measured at fair value on initial recognition, and subsequently at amortized cost.

2.22 Income statement

2.22.1 Income statement by function

Sodexo presents its income statement by function.

Operating profit comprises the following components:

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

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.

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

2.22.2 Revenues

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

- On-site Services: revenues include all revenues stipulated in the contract, taking into account whether Sodexo acts as principal (the vast majority of cases) or agent;
- Benefits and Rewards Services: 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 Discount Allowances

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

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

VDAs are typically recognized in the period the purchases are made based on the volume of materials purchased in the period and the contractual VDA rate. VDAs earned based on achieving contractually-defined thresholds are recognized at the end of the contractual measurement period if our purchase volumes exceed the defined thresholds. Fixed-amount VDAs are recognized on a straight-line basis over the period of the related commitment.

2.22.4 Income tax expense

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

Tax credits that do not affect taxable profit and are always refunded by the French government if they have not been deducted from corporate income tax (including the

Competitiveness and Employment Tax Credit (CICE) introduced in France under the third amended 2012 Finance Bill) are recognized as subsidies and therefore deducted from the expenses to which they relate.

2.22.5 Adaptation and Simplification program

At the beginning of Fiscal 2016, the Group launched an Adaptation and Simplification program covering a period of 18 months. The program has three core aims: further realignment of site level operating expenses, organizational simplification and increased international mutualization. The costs incurred in connection with this program are presented under various operating expense captions in the income statement depending on the functions concerned. In the Group's segment information they are presented in the "Unallocated" column. They correspond mainly to reorganization costs.

2.23 Earnings per share

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

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

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

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

2.24 Cash flow statement

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

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3. OPERATING SEGMENTS

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

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

Consequently, Sodexo's operating segments and groups of operating segments are now as follows:

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

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

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

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

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3.1 By business segment

FISCAL 2017 (in millions of euro)	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTH CARE AND SENIORS	EDUCATION	BENEFITS AND REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	GROUP TOTAL BEFORE EXCEPTIONAL EXPENSES	UNALLOCATED ⁽²⁾	GROUP TOTAL
Revenues (third-party)	19,797	10,551	5,007	4,239	901		20,698		20,698
Inter-segment sales (Group)					4	(4)			
TOTAL	19,797	10,551	5,007	4,239	905	(4)	20,698		20,698
Operating profit ⁽¹⁾	1,122	509	332	281	307	(103)	1,326	(137)	1,189

(1) Including share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

(2) Corresponding to the expenses incurred in connection with the Adaptation and Simplification program (see note 2.22.5).

FISCAL 2016 (in millions of euro)	ON-SITE SERVICES	BUSINESS & ADMINISTRATIONS	HEALTH CARE AND SENIORS	EDUCATION	BENEFITS AND REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	GROUP TOTAL BEFORE EXCEPTIONAL EXPENSES	UNALLOCATED ⁽²⁾	GROUP TOTAL
Revenues (third-party)	19,470	10,433	4,868	4,169	775		20,245		20,245
Inter-segment sales (Group)					5	(5)			
TOTAL	19,470	10,433	4,868	4,169	780	(5)	20,245		20,245
Operating profit ⁽¹⁾	1,062	492	310	260	262	(121)	1,203	(108)	1,095

(1) Including share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

(2) Corresponding to the expenses incurred in connection with the Adaptation and Simplification program (see note 2.22.5).



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

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

AUGUST 31, 2016 (in millions of euro)	FRANCE	UNITED STATES	OTHER	TOTAL
Revenues (third-party)	2,712	8,266	9,267	20,245
Non-current assets ⁽¹⁾	1,102	3,343	2,516	6,961

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

3.3 By type of service

Revenues by type of service are as follows:

(in millions of euro)	FISCAL 2017	FISCAL 2016
Foodservices	13,632	13,609
Facilities management services	6,165	5,861
TOTAL ON-SITE SERVICES REVENUES	19,797	19,470
Benefits and Rewards Services	905	780
Eliminations	(4)	(5)
TOTAL CONSOLIDATED REVENUES	20,698	20,245

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4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2017

4.1 Operating expenses by nature

(in millions of euro)	FISCAL 2017 ⁽¹⁾	FISCAL 2016 ⁽¹⁾
Depreciation, amortization and impairment losses	(280)	(305)
Employee costs		
• Wages and salaries	(7,702)	(7,521)
• Other employee costs ⁽¹⁾	(2,318)	(2,260)
Purchases of consumables and change in inventory	(5,751)	(5,796)
Other operating expenses ⁽²⁾	(3,463)	(3,274)
TOTAL	(19,514)	(19,156)

(1) Primarily payroll taxes, but also including costs associated with defined benefit plans (note 4.17), defined contribution plans (note 4.17) and free shares (note 4.22).

(2) Other operating expenses mainly include operating lease expenses (317 million euro for Fiscal 2017 and 315 million euro for Fiscal 2016), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.

(3) Including 137 million euro in expenses recorded in Fiscal 2017 in connection with the Adaptation and Simplification program (108 million euro in Fiscal 2016).

4.2 Financial income and expense

(in millions of euro)	FISCAL 2017	FISCAL 2016
Gross borrowing cost ⁽¹⁾	(94)	(104)
Interest income from short-term bank deposits and equivalent	15	17
NET BORROWING COST	(79)	(87)
Interest income from loans and receivables at amortized cost	3	3
Other financial income	5	12
Other financial expense ⁽²⁾	(29)	(26)
Net foreign exchange gains/(losses)	(2)	(6)
Net interest cost on net defined benefit plan obligation	(7)	(5)
Monetary adjustment for hyperinflation	(4)	(4)
Change in fair value of derivative financial instruments not qualified for hedge accounting		1
Other ⁽³⁾	8	1
NET FINANCIAL EXPENSE	(105)	(111)
Of which financial income	31	34
Of which financial expense	(136)	(145)

(1) Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.

(2) Including, in Fiscal 2017, 11 million euro related to the early redemption of 108 million U.S. dollars worth of a U.S. private placement (21 million euro related to the early redemption of 208 million U.S. dollars in Fiscal 2016) (see note 4.15, "Borrowings").

(3) Including, in Fiscal 2017, a gain from the sale of a non-controlling interest in PFIs in the United Kingdom.



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4.3 Income tax expense

4.3.1 Income tax rate reconciliation

(in millions of euro)	FISCAL 2017	FISCAL 2016
Profit for the period before tax	1,088	991
Share of profit of companies consolidated by the equity method	(9)	(13)
Accounting profit before tax	1,079	978
Tax rate applicable to Sodexo SA ⁽¹⁾	34.43%	38.0%
Theoretical income tax expense	(371)	(371)
Effect of jurisdictional tax rate differences	32	61
Additional tax on dividends paid	(11)	(10)
Permanently non-deductible expenses or non-taxable income	45	(8)
Other tax repayments/(charges), net	3	10
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	12	5
Tax loss carry-forwards arising during the period or prior years but not recognized as a deferred tax asset	(39)	(9)
Actual income tax expense	(329)	(322)
Withholding taxes	(14)	(8)
TOTAL INCOME TAX EXPENSE	(343)	(330)

(1) The 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, payable by Sodexo for the fiscal years ended August 31, 2012 through August 31, 2016.

4.3.2 Components of income tax expense

(in millions of euro)	FISCAL 2017	FISCAL 2016
Current income taxes	(327)	(351)
Adjustments to current income tax payable in respect of prior periods	2	(1)
Provision for tax exposures	4	(1)
Utilization of tax credits, tax losses and temporary difference carry-forwards	47	18
CURRENT INCOME TAXES	(274)	(335)
Deferred taxes on temporary differences arising or reversing during the period	(48)	(1)
Deferred taxes on changes in tax rates or liability for taxes at new rates	3	(1)
Utilization of tax credits, tax losses and tax loss carry-forwards	(10)	15
DEFERRED INCOME TAXES	(55)	13
ACTUAL INCOME TAX EXPENSE	(329)	(322)

The effective tax rate, calculated on the basis of profit for the period before tax and excluding the share of profit of companies consolidated by the equity method, decreased from 33.7% for Fiscal 2016 to 31.7% for Fiscal 2017.

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4.4 Earnings per share

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

	FISCAL 2017	FISCAL 2016
Profit for the period attributable to equity holders of the parent	723	637
Basic weighted average number of shares	148,998,961	151,277,059
Basic earnings per share⁽¹⁾	4.85	4.21
Average dilutive effect of stock option and free share plans	2,060,749	2,048,951
Diluted weighted average number of shares	151,059,710	153,326,010
Diluted earnings per share⁽¹⁾	4.79	4.15

(1) Basic and diluted earnings per share do not reflect the effect of the dividend premium to be paid on certain registered shares meeting the criteria described in note 4.14. Based on the number of registered shares as of August 31, 2017, such shares total 7,317,098 (7,377,472 as of August 31, 2016).

All of the Group's stock option and free share plans had a dilutive impact in both Fiscal 2016 and Fiscal 2017.

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, 2015	72	465	57	594
Increases during the fiscal year	2	177	47	226
Decreases during the fiscal year	(2)	(19)	(2)	(23)
Impairment losses recognized in profit or loss	(1)			(1)
Depreciation expense	(1)	(171)	(17)	(189)
Currency translation adjustment	(1)	(2)	(1)	(4)
Other	2	21	(22)	1
Carrying amount – August 31, 2016	71	471	62	604
Increases during the fiscal year	1	170	52	223
Decreases during the fiscal year		(16)	(2)	(18)
Newly consolidated companies		5		5
Newly deconsolidated companies	(1)	(4)		(5)
Impairment losses recognized in profit or loss		(2)		(2)
Depreciation expense	(9)	(169)	(17)	(195)
Currency translation adjustment	(1)	(12)	(2)	(15)
Other	(4)	17	(20)	(7)
Carrying amount – August 31, 2017	57	460	73	590

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(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Cost	1,856	1,865
Accumulated depreciation and impairment	(1,266)	(1,261)
Carrying amount	590	604

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

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

4.5.2 Analysis of assets held under finance leases

These leases relate mainly to kitchens and kitchen equipment,

CARRYING AMOUNT (in millions of euro)	BUILDINGS	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS AND OTHER	TOTAL
August 31, 2015	6	14		20
August 31, 2016	5	9		14
August 31, 2017	4	9		13

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Cost	38	40
Accumulated depreciation and impairment	(25)	(26)
Carrying amount	13	14

Maturities of payments under finance leases are provided in note 4.15.5.

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4.6 Goodwill

Changes in goodwill were as follows during the fiscal year:

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

Increases in goodwill recognized in Fiscal 2017 primarily related to (i) the acquisitions by the Benefits and Rewards Services activity of Inspirus LLC (United States), Xpenditure (Belgium) and iAlbatros (Poland) and (ii) the On-site Services activity's acquisitions of PSL Ltd. and Prestige Nursing Ltd in the United Kingdom and a controlling interest in Doyon (Alaska). Decreases in goodwill recognized during the fiscal year arose from deconsolidations, notably resulting from the sale of Vivabox USA and the divestment of controlling interests in subsidiaries in Angola, Gabon and Saudi Arabia.

4.7 Other intangible assets

The tables below show movements in other intangible assets during Fiscal 2016 and Fiscal 2017.

(in millions of euro)	LICENSES AND SOFTWARE	CLIENT RELATIONSHIPS, TRADEMARKS AND OTHER	TOTAL
Carrying amount - August 31, 2015	143	362⁽¹⁾	505
Increases during the fiscal year	68	10	78
Decreases during the fiscal year	(2)		(2)
Newly consolidated companies		7	7
Amortization expense	(41)	(77) ⁽²⁾	(118)
Currency translation adjustment	(2)		(2)
Other	(5)	4	(1)
Carrying amount - August 31, 2016	161	306⁽¹⁾	467
Increases during the fiscal year	57	21	78
Decreases during the fiscal year	(2)	(3)	(5)
Newly consolidated companies	10	55	65
Amortization expense	(48)	(38)	(86)
Impairment losses recognized in profit or loss		3	3
Currency translation adjustment	(5)	(11)	(16)
Other	2	3	5
Carrying amount - August 31, 2017	175	336⁽¹⁾	511

(1) Including trademarks and lease rights with an indefinite useful life for 50 million euro as of August 31, 2017 and 2016.

(2) Including amortization of rights related to the Rugby World Cup.

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Cost	1,154	1,064
Accumulated amortization and impairment	(643)	(597)
CARRYING AMOUNT	511	467

Amortization and impairment losses are reported under either cost of sales or Administrative and Sales Department costs, except for amortization and impairment of client relationships and trademarks, which are recognized in "Other operating expenses".

4.8 Client investments

(in millions of euro)	FISCAL 2017	FISCAL 2016
Carrying amount - September 1	562	485
Increases during the fiscal year	111	165
Decreases during the fiscal year	(95)	(89)
Currency translation adjustment	(31)	1
CARRYING AMOUNT AS OF AUGUST 31	547	562

4.9 Companies consolidated by the equity method

When Sodexo is legally or constructively obligated to make payments on behalf of companies consolidated by the equity method, a provision is made under liabilities in the consolidated statement of financial position for its share in the negative

shareholders' equity of the said companies (see note 4.18). Changes in the Group's share of the net assets of companies consolidated by the equity method in Fiscal 2016 and Fiscal 2017 are shown below:

(in millions of euro)	FISCAL 2017			FISCAL 2016		
	JOINT VENTURES	ASSOCIATES	TOTAL	JOINT VENTURES	ASSOCIATES	TOTAL
As of September 1	81	7	88	55	6	61
Positive amounts	88	7	95	65	6	71
Negative amounts	(7)		(7)	(10)		(10)
Share of profit for the period	9		9	10	3	13
Other comprehensive income (loss) ⁽¹⁾	(2)	(1)	(3)	4		4
Dividend paid for the period	(10)	(1)	(11)	(10)	(1)	(11)
Changes in scope of consolidation	(3)	5	2	22		22
Currency translation adjustment	(3)		(3)			
Other movements					(1)	(1)
AS OF AUGUST 31	72	10	82	81	7	88
Positive amounts	79	10	89	88	7	95
Negative amounts	(7)		(7)	(7)		(7)

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

4.10 Impairment of assets

Accumulated impairment losses recognized against property, plant and equipment and intangible assets (including goodwill) amounted to 15 million euro as of August 31, 2017 (16 million euro as of August 31, 2016), taking into account a net reversal of 1 million euro in Fiscal 2017 (versus a 1 million euro net charge in Fiscal 2016).

Assets with indefinite useful lives were tested for impairment as of August 31, 2017 using the methods described in note 2.8.2.

The main assumptions used were as follows (and any impairment losses were recognized in other operating expenses):

	FISCAL 2017	
	DISCOUNT RATE ⁽¹⁾	LONG-TERM GROWTH RATE ⁽²⁾
Corporate Services	8.0%	2.3%
Energy & Resources	8.3%	2.9%
Government & Agencies	7.6%	2.1%
Sports & Leisure	7.6%	1.9%
Health Care	7.5%	2.1%
Seniors	7.5%	1.9%
Schools	7.5%	1.9%
Universities	7.3%	2.0%
Other non-segmented activities	7.9%	2.1%
Benefits and Rewards Services	9.1%	3.7%

(1) The discount rate defined by the Group has been increased for certain operating segments in order to incorporate more significant risk factors affecting certain countries in which the operating segment concerned conducts business.

(2) The long-term growth rate serves to calculate the terminal value based on data in management's business plans.

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SENSITIVITY ANALYSIS

Sodexo has analyzed the sensitivity of goodwill impairment test results to different long-term growth rates and discount rates.

- The results of this sensitivity analysis indicated no probable scenario where a change in the discount rate or long-term growth rate would result in the recoverable amount of a CGU or group of CGUs becoming less than its carrying amount. In fact, the results of the impairment testing demonstrate that even an increase of 200 basis points in the discount rate or a reduction of 200 basis points in the long-term growth rate would not result in an impairment of the assets tested for any of the CGUs or groups of CGUs tested.
- The Group also performed a sensitivity analysis on the operational assumptions used in order to determine whether a 5% decrease in projected net cash flows over the time period of the business plans prepared by management

and in terminal value would result in the recognition of an impairment loss in the Group's consolidated financial statements as of August 31, 2017. The results of this analysis did not indicate any risk of impairment for any of the CGUs or groups of CGUs.

In addition, the Group is particularly attentive to economic trends in the Sport & Leisure segment, which accounted for approximately 3% of consolidated revenue in Fiscal 2017. Indeed, some of the assets are sensitive to the tourism level, which can be highly impacted by events out of the control of the Group, particularly in France, United-Kingdom and United States. This has been taken into account in the business plans prepared by the management, but actual results may nonetheless differ from business plan estimates if assumptions or conditions change.

4.11 Financial assets

4.11.1 Current and non-current financial assets

(in millions of euro)	AUGUST 31, 2017		AUGUST 31, 2016	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Available-for-sale financial assets				
<i>Investments in non-consolidated companies</i>				
Cost		94		51
Impairment		(6)		(6)
Carrying amount		88		45
<i>Restricted cash and financial assets related to the Benefits and Rewards Services activity</i>				
Cost	909		799	
Impairment				
Carrying amount	909		799	
Loans and receivables				
<i>Receivables from investees</i>				
Cost		18		27
Impairment				(1)
Carrying amount		18		26
<i>Loans and deposits</i>				
Cost	34	76	46	63
Impairment	(2)	(19)	(2)	(9)
Carrying amount	32	57	44	54
TOTAL FINANCIAL ASSETS	941	163	843	125
Cost	943	188	845	141
Impairment	(2)	(25)	(2)	(16)
Carrying amount	941	163	843	125

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PRINCIPAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES

The Group holds 19.61% of the shares 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.

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

Restricted cash of 511 million euro included in "Restricted cash and financial assets related to the Benefits and Rewards Services activity" primarily includes funds set aside to comply with regulations governing the issuance of service vouchers in France (271 million euro), India (78 million euro), Romania (51 million euro) and China (44 million euro). The funds remain the property of Sodexo but are subject to restrictions on their use. They may not be used for any purpose other than to reimburse affiliates and must be kept separate from the Group's unrestricted cash. Restricted cash is invested in interest-bearing instruments.

Restricted cash and financial assets related to the Benefits and Rewards Services activity breaks down as follows by currency:

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Euro	386	409
U.S. dollar (USD)	6	4
Brazilian real (BRL)	275	153
Pound sterling (GBP)		13
Other currencies	242	220
TOTAL	909	799

4.11.2 Changes in current and non-current financial assets

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

(Carrying amount in millions of euro)	AUGUST 31, 2015	INCREASE/ (DECREASE) DURING THE PERIOD	IMPAIRMENT	CHANGES IN SCOPE OF CONSOLIDATION	CHANGE IN FAIR VALUE	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2016
Available-for-sale financial assets	783	50			1	10	844
Loans and receivables	102	26				(4)	124
TOTAL	885	76			1	6	968

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4.12 Income tax, trade and other receivables

(in millions of euro)	AUGUST 31, 2017			AUGUST 31, 2016		
	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT
Other non-current assets	17		17	25		25
Income tax receivable⁽¹⁾	185		185	184		184
Advances to suppliers	7		7	9		9
Trade receivables	3,596	(110)	3,486	3,583	(113)	3,470
Other operating receivables	362	(6)	356	365	(5)	360
Prepaid expenses	182		182	151		151
Non-operating receivables	19		19			
TOTAL TRADE AND OTHER RECEIVABLES⁽¹⁾	4,166	(116)	4,050	4,108	(118)	3,990

(1) After deducting sold receivables, notably 71 million euro worth of CICE tax credits that have been derecognized as their sale involved the transfer of substantially all of the risks and rewards related to ownership of the receivables.

The maturities of trade receivables as of August 31, 2017 and August 31, 2016 respectively were as follows:

BREAKDOWN OF TRADE RECEIVABLES DUE AS OF AUGUST 31:	AUGUST 31, 2017		AUGUST 31, 2016	
	GROSS AMOUNT	IMPAIRMENT	GROSS AMOUNT	IMPAIRMENT
Less than 3 months past due	422	(9)	520	(11)
More than 3 months and less than 6 months past due	56	(5)	55	(5)
More than 6 months and less than 12 months past due	116	(14)	120	(18)
More than 12 months past due	92	(69)	84	(73)
TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31	686	(97)	779	(107)
TOTAL TRADE RECEIVABLES NOT YET DUE AS OF AUGUST 31	2,910	(13)	2,804	(6)
TOTAL TRADE RECEIVABLES AS OF AUGUST 31	3,596	(110)	3,583	(113)

During the fiscal years presented, the Group was not affected by any significant change resulting from client bankruptcies. In addition, given the geographic dispersion of the Group's activities and the wide range of client industries, there is no material concentration of risks in individual receivables due but not written down.

4.13 Cash and cash equivalents

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Marketable securities	420	353
Cash ⁽¹⁾	1,598	1,022
Total cash and cash equivalents	2,018	1,375
Bank overdrafts	(38)	(28)
TOTAL	1,980	1,347

(1) Including 25 million euro allocated to the liquidity contract signed with an investment services provider, which complies with the Code of conduct drawn up by the French financial markets association (Association française des marchés financiers - AMAFI) and approved by the French securities regulator (Autorité des marchés financiers - AMF), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations.

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Marketable securities comprised:

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Short-term notes	244	152
Term deposits	139	173
Mutual funds and other	37	28
Total marketable securities	420	353

Cash and cash equivalents break down as follows by currency:

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Euro	81	116
U.S. dollar (USD)	642	156
Brazilian real (BRL)	301	236
Pound sterling (GBP)	385	323
Other currencies	571	516
Cash and cash equivalents net of bank overdrafts	1,980	1,347

Approximately 72% of the Group's cash and cash equivalents, restricted cash and financial assets related to the Benefits and Rewards Services activity is held with A1- or A2-rated financial institutions.

No significant amount of cash or cash equivalents was subject to any restrictions as of August 31, 2017.

4.14 Statement of changes in shareholders' equity

As part of the share repurchase program launched by the Board of Directors, during Fiscal 2017 Sodexo SA purchased 2,910,690 of its own shares, representing 1.9% of its share capital as of August 31, 2016, for 300 million euro. On June 14, 2017 the Company carried out a capital reduction by canceling these shares. As of August 31, 2017, the Company's share capital therefore comprised 150,830,449 shares (compared with 153,741,139 as of August 31, 2016). The par value of Sodexo SA shares is 4 euro per share.

As of August 31, 2017, the Group held 2,205,010 Sodexo shares (versus 3,074,444 as of August 31, 2016) with a carrying amount of 177 million euro (217 million euro as of August 31, 2016). These treasury shares – which have been deducted from shareholders' equity at cost – have been allocated to cover the

Group's obligations under employee stock option and free share plans.

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

Furthermore, since Fiscal 2013, shares held in registered form for at least four years and still held in that form when the dividend becomes payable, are entitled to a dividend premium equal to 10% of the dividend paid on the other shares. The number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder.

Total dividends paid in Fiscal 2017 amounted to 359 million euro (taking into account the number of shares held in treasury). The ordinary dividend per share was 2.40 euro and the dividend premium per share was 0.24 euro.

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

(in millions of euro)	FISCAL 2017			FISCAL 2016		
	INCREASE/ (DECREASE) DURING THE YEAR, PRE-TAX	INCOME TAX (EXPENSE)/ BENEFIT	INCREASE/ (DECREASE) DURING THE YEAR, NET OF TAX	INCREASE/ (DECREASE) DURING THE YEAR, PRE-TAX	INCOME TAX (EXPENSE)/ BENEFIT	INCREASE/ (DECREASE) DURING THE YEAR, NET OF TAX
Available-for-sale financial assets				1		1
Cash Flow Hedges	(3)		(3)	4	(1) ⁽¹⁾	3
Remeasurements of net defined benefit obligation	72	(21)	51	(211)	31	(180)
Currency translation adjustment	(260)		(260)	(6)		(6)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) (GROUP SHARE)	(191)	(21)	(212)	(212)	30	(182)

(1) Of which -1 million euro in Fiscal 2016 in deferred taxes related to hedging instruments recognized in other comprehensive income for equity-accounted companies and presented in the line item "Share of other components of comprehensive income (loss) of companies consolidated by the equity method, net of tax" in the consolidated statement of comprehensive income.

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4.15 Borrowings

Changes in borrowings during Fiscal 2017 and Fiscal 2016 were as follows:

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

(in millions of euro)	AUGUST 31, 2015	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2016
Bond issues	1,105			1			1,106
Bank borrowings	1,944		(515)	(10)	9		1,428
Finance lease obligations	13	1	(3)				11
Other borrowings	18	1	(6)		1	(1)	13
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	3,080	2	(524)	(9)	10	(1)	2,558
Net fair value of derivative financial instruments	(33)		(2)	(3)	33		(5)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	3,047	2	(526)	(12)	43	(1)	2,553

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4.15.1 Borrowings by currency

(in millions of euro)	AUGUST 31, 2017		AUGUST 31, 2016	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bond issues				
Euro	13	1,876	9	1,097
TOTAL	13	1,876	9	1,097
Bank borrowings⁽¹⁾				
U.S. dollar	233	1,103	27	1,401
Euro	246			
TOTAL	479	1,103	27	1,401
Finance lease obligations				
Euro	3	6	3	6
Other currencies	1	1	1	1
TOTAL	4	7	4	7
Other borrowings⁽²⁾				
Euro	1	5	1	2
Other currencies	1	20	2	8
TOTAL	2	25	3	10
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	498	3,011	43	2,515
Net fair value of derivative financial instruments ⁽³⁾	(6)	(3)		(5)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	492	3,008	43	2,510

(1) Including the proceeds of the U.S. private placements described in note 4.15.3.2 and the commercial paper issued by Sodexo SA described in note 4.15.3.3.

(2) Including 17 million euro as of August 31, 2017 and 8 million euro as of August 31, 2016 corresponding to liabilities recognized in connection with put options written over non-controlling interests in certain subsidiaries.

(3) Described in note 4.16.

For borrowings other than bond issues, amortized cost is equivalent to historical cost (nominal amount) insofar as no significant transaction costs are incurred.

4.15.2 Bond issues

On June 24, 2014, Sodexo SA completed a bond issue structured in two tranches:

- a 600 million euro tranche redeemable at par on January 24, 2022 and bearing interest at an annual rate of 1.75%, with interest payable annually on January 24;
- a 500 million euro tranche redeemable at par on June 24, 2026 and bearing interest at an annual rate of 2.50%, with interest payable annually on June 24.

The effective interest rate is 1.79% for the 600 million euro tranche and 2.54% for the 500 million euro tranche.

Accrued interest on these bonds amounted to 9 million euro as of August 31, 2017.

On October 14, 2016 Sodexo SA carried out a new bond issue comprising 600 million euro worth of bonds redeemable in April 2027 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 14. On August 1, 2017, the

Company topped up this issue with an additional 200 million euro worth of bonds.

Accrued interest on these bonds amounted to 4 million euro as of August 31, 2017.

None of the above-described bonds are subject to financial covenants.

4.15.3 Other borrowings

4.15.3.1 JULY 2011 MULTICURRENCY 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, with an original maturity date of July 18, 2016. In June 2017, this facility – whose maximum amount has totaled 531 million euro plus 709 million U.S. dollars since July 2015 – was extended until July 2022.

Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenants.

No amounts had been drawn down on the facility as of either August 31, 2017 or August 31, 2016.

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4.15.3.2 U.S. PRIVATE PLACEMENTS

On September 29, 2016 Sodexo redeemed in advance 108 million U.S. dollars of its March 2011 U.S. private placement. The features of the Group's outstanding private placements as of August 31, 2017 are as follows:

DATE OF THE PLACEMENT	PRINCIPAL OUTSTANDING (in millions of U.S. dollars)	FIXED INTEREST RATE	MATURITY
March 29, 2011	147	4.24%	March 2018
	133	4.85%	March 2021
	74	4.95%	March 2023
TOTAL	354⁽¹⁾		
March 4, 2014	150	2.71%	March 2019
	150	3.44%	March 2021
	525	3.99%	March 2024
	175	4.14%	March 2026
	100	4.34%	March 2029
TOTAL	1,100		
TOTAL	1,454		

(1) After deducting 108 million U.S. dollars redeemed on September 29, 2016.

These borrowings are subject to two financial covenants calculated by reference to the Group's consolidated financial statements:

- net debt (excluding restricted cash) must not exceed 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative foreign exchange gains or losses since August 31, 2007 must not be less than 1.3 billion euro.

If the covenants are not respected, the lenders may, with a qualified majority, require early reimbursement of these borrowings.

The Group was in compliance with these covenants as of August 31, 2017, February 28, 2017 and August 31, 2016.

4.15.3.3 COMMERCIAL PAPER

In March 2016, Sodexo SA set up a commercial paper program representing a maximum of 1 billion euro. As of August 31, 2017, 100 million U.S. dollars and 246 million euro of this program had been used, representing a total of 331 million euro (as of August 31, 2016 none of the program had been used).

4.15.4 Interest rates

In order to comply with the Group's financing policy, substantially all borrowings are long term and at fixed interest rates.

As of August 31, 2017, nearly 91% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 2.4%. As of August 31, 2016, nearly 100% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 3.2%.

The bond issues and borrowings from financial institutions described above include customary early redemption clauses. These clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

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4.15.5 Maturity of borrowings

AUGUST 31, 2017 CARRYING AMOUNTS	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues		6	7	598	1,278	1,889
Bank borrowings	354			125	737	1,582
Finance lease obligations	1	1	2	7		11
Other borrowings			2	25		27
TOTAL	355	7	136	996	2,015	3,509

Excluding the impact of derivative financial instruments described in note 4.16.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest accrued as of the period end.
Credit facility renewal rights are taken into account in determining maturities.

AUGUST 31, 2017 UNDISCOUNTED CONTRACTUAL MATURITIES, INCLUDING PAYMENT OF FUTURE INTEREST NOT YET DUE	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues		10	21	714	1,358	2,103
Bank borrowings	355			147	811	1,828
Finance lease obligations	1	1	2	8		12
Other borrowings			2	27		29
Impact of derivative financial instruments excluding those related to PPP companies	2		2	4		8
TOTAL	358	11	174	1,268	2,169	3,980

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AUGUST 31, 2016 CARRYING AMOUNTS	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues		7	2		1,097	1,106
Bank borrowings	27			597 ⁽¹⁾	804	1,428
Finance lease obligations	1	1	2	7		11
Other borrowings			3	10		13
TOTAL	28	8	7	614	1,901	2,558

Excluding the impact of derivative financial instruments described in note 4.16.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest accrued as of the period end.
Credit facility renewal rights are taken into account in determining maturities.
(1) Original maturity, before taking into account the early redemption carried out in September 2016.

AUGUST 31, 2016 UNDISCOUNTED CONTRACTUAL MATURITIES, INCLUDING PAYMENT OF FUTURE INTEREST NOT YET DUE	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues		11	12	92	1,170	1,285
Bank borrowings	29			28	917	1,758
Finance lease obligations	1	1	3	7		12
Other borrowings			3	10		13
Impact of derivative financial instruments excluding those related to PPP companies	1	1		3		5
TOTAL	31	13	46	896	2,087	3,073

Excluding undiscounted contractual maturities related to the new bond issue carried out on October 14, 2016.



4.16 Derivative financial instruments

The fair values of Sodexo's derivative financial instruments are as follows:

DERIVATIVE FINANCIAL INSTRUMENTS (in millions of euro)	IFRS CLASSIFICATION	AUGUST 31, 2017	AUGUST 31, 2016
Currency instruments		5	5
Assets	<i>Trading</i>	6	7
Liabilities	<i>Trading</i>	(1)	(2)
Cross-currency swaps⁽¹⁾		4	
Assets	<i>Cash Flow Hedge</i>	5	
Liabilities	<i>Cash Flow Hedge</i>	(1)	
Net derivative financial instruments		9	5

(1) Corresponds to a euro-BRL cross-currency swap with a notional value of 170 million BRL as of August 31, 2017 for which accrued interest of 1 million euro was recognized as a liability as of August 31, 2017.

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

(in millions of euro)	AUGUST 31, 2017				AUGUST 31, 2016			
	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Currency lender positions	26	6		32	20	5		25
<i>Czech crown/Euro</i>	6			6	6	5		11
<i>Polish zloty/Euro</i>	14			14	14			14
<i>Mexican peso/Euro</i>	6	6		12				
Currency borrower positions	(36)	(81)	(6)	(123)	(16)	(67)	(10)	(93)
<i>Pound sterling/Euro</i>	(3)	(14)	(4)	(21)	(4)	(17)	(6)	(27)
<i>Brazilian real/Euro</i>	(23)	(23)		(46)				
<i>Mexican peso/Euro</i>	(7)	(6)		(13)	(7)	(13)		(20)
<i>Swedish krona/Euro</i>		(18)		(18)				
<i>Other</i>	(3)	(20)	(2)	(25)	(5)	(37)	(4)	(46)
TOTAL	(10)	(75)	(6)	(91)	4	(62)	(10)	(68)
Fair value	6	3		9		5		5

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.

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4.17 Long-term employee benefits

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Net defined benefit plan assets ⁽¹⁾	(3)	(4)
Net defined benefit plan obligation	316	408
Other long-term employee benefits	146	179
Employee benefits	459	583

(1) Included in "Other non-current assets" in the consolidated statement of financial position.

4.17.1 Post-employment benefits

4.17.1.1 DEFINED CONTRIBUTION PLANS

Under a defined contribution plan, periodic contributions are made to an external entity that is responsible for the administrative and financial management of the plan. Under such a plan, the employer is relieved of any future obligation (the external entity is responsible for paying benefits to employees as they become due and the employer is not required to make additional payments related to prior or current years if the entity does not have sufficient funds).

Contributions to defined contribution plans – which were recognized in operating expenses – were 448 million euro for Fiscal 2017, compared with 430 million euro for Fiscal 2016.

Contributions made by the Group are expensed in the period to which they relate.

4.17.1.2 DEFINED BENEFIT PLANS

The characteristics of Sodexo's principal defined benefit plans are described below:

- in France, the obligation primarily represents lump-sum benefits payable on retirement if the employee is still with the Company at retirement age. These obligations are covered by specific provisions in the consolidated statement of financial position;
- in the United Kingdom, Sodexo's obligation relates to a complementary retirement plan funded by externally held assets, and calculated on the basis of:
 - for managers working in the private sector, a percentage of final base salary,
 - for managers working on public sector contracts, benefits comparable to those offered in the public sector,
 - this plan was closed to new employees effective July 1, 2003 and the level of contributions was increased in order to cover the shortfall in the fund.

The United Kingdom plan is regularly evaluated by the plan's actuary in compliance with UK law. A formal actuarial valuation by the plan's actuary is required to be conducted every three years, and any shortfall identified at that time must be addressed through mutual agreement between the plan's Trustee and Sodexo UK. Following a consultation process with the members of the pension plan carried out with a view to freezing benefit accruals for certain members, an agreement was signed in October 2012 between the plan's Trustee and Sodexo UK whereby from November 1, 2012 the plan would remain open only to employees who transferred to Sodexo UK from the public sector, as Sodexo UK has a legal obligation to pay them certain benefits. As part of the 12-year plan to address the funding shortfall, Sodexo UK also agreed to pay annual contributions of (i) 10 million pounds sterling per year over the five years from January 1, 2013 and (ii) 7.5 million pounds sterling per year over the following seven years. Lastly, in October 2012, Sodexo 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. On completion of the most recent valuation of the fund in July 2016, Sodexo UK and the Trustee agreed to keep unchanged the amount of contributions and the terms and conditions of the parent company guarantee as set in October 2012.

In Continental Europe other than France, the main defined benefit plans are as follows:

- in the Netherlands, certain employees are entitled to complementary retirement or early retirement benefits.

In Fiscal 2016 Sodexo negotiated an agreement to convert its pension plans in the Netherlands from defined benefit to defined contribution plans as from January 1, 2016. The entitlements accumulated up until that date under the plans in their previous defined benefit form have been frozen and the plans are still accounted for as defined benefit plans in view of the related indexation commitments given by Sodexo. These plans are fully funded;
- in Italy, there is a legal obligation to pay a lump-sum retirement benefit ("TFR").

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Changes in the present value of the defined benefit plan obligation and the fair value of plan assets are shown below:

(in millions of euro)	FISCAL 2017			FISCAL 2016		
	BENEFIT OBLIGATION	PLAN ASSETS	NET BENEFIT OBLIGATION	BENEFIT OBLIGATION	PLAN ASSETS	NET BENEFIT OBLIGATION
As of September 1	1,438	(1,034)	404	1,217	(984)	233
Expense/(income) recognized in the income statement	43	(18)	25	47	(34)	13
<i>Current service cost</i>	22		22	23		23
<i>Past service cost</i>	(4)		(4)	(15)		(15)
<i>Effect of settlements</i>						
<i>Interest cost/(income)</i>	25	(18)	7	39	(34)	5
Remeasurement losses/(gains)	(106)	34	(72)	359	(148)	211
<i>Actuarial losses/(gains) arising from changes in demographic assumptions</i>	(16)		(16)	(14)		(14)
<i>Actuarial losses/(gains) arising from changes in financial assumptions</i>	(81)	34	(47)	386	(148)	238
<i>Experience adjustments</i>	(9)		(9)	(13)		(13)
Currency translation adjustment	(76)	62	(14)	(141)	122	(19)
Contributions made by plan members	1	(1)		1	(1)	
Employer contributions		(20)	(20)		(25)	(25)
Benefits paid from plan assets	(52)	52		(36)	36	
Benefits paid other than from plan assets	(10)		(10)	(9)		(9)
Changes in scope of consolidation and other ⁽¹⁾	55	(55)				
AS OF AUGUST 31	1,293	(980)	313	1,438	(1,034)	404
Of which:						
Partially funded plans	1,160	(980)	180	1,280	(1,034)	246
Unfunded plans	133		133	158		158

(1) Including a 53 million euro obligation (and an asset in the same amount) for the retirement benefit obligations in six UK companies for which the client (public sector) contractually bears all the deficit of the plan

The amounts recorded in the income statement for defined benefit plans totaled 25 million euro in Fiscal 2017 (13 million euro in Fiscal 2016) and break down as follows:

- net expense of 8 million euro in Fiscal 2017 (net expense of 3 million euro in Fiscal 2016) in cost of sales;
- net expense of 10 million euro in Fiscal 2017 (net expense of 5 million euro in Fiscal 2016) in Administrative and Sales Department costs;
- net expense of 7 million euro in financial expenses (see note 4.2).

Defined benefit plan assets comprise:

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Equities	145	171
Bonds	14	8
Real estate	68	56
Cash	15	9
Investment funds	304	125
Insurance and other	434	665
TOTAL	980	1,034

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Recognized net actuarial gains arising from changes in financial assumptions amounted to 81 million euro (of which 43 million euro in the Netherlands and 11 million euro in Ireland) and were mainly due to an increase in the discount rate. Actuarial gains in the United Kingdom amounted to 11 million euro as the effect

of the higher discount rate was partially offset by an increase in the longterm inflation rate.

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2017 and 2016:

AUGUST 31, 2017	FRANCE	NETHERLANDS	UNITED KINGDOM ⁽⁴⁾	ITALY
Discount rate ⁽¹⁾	0.75% - 1.75%	2%	2.5%	0.75%
Salary long-term inflation rate ⁽²⁾	2.25% - 2.75%	1.75%	3.6%	N/A
General long-term inflation rate	1.75%	1.75%	2.1% - 3.1% ⁽³⁾	1.75%
Net liability (in millions of euro)	81	10	136	23
Average term of the plans (in years)	10	20	21	8

(1) Discount rates in each country have been adapted to reflect the term of the plans. For the euro zone and United Kingdom, the Group uses discount rates based on yield curves for high quality corporate bonds drawn up by an external actuary.

(2) The salary inflation rate disclosed includes general inflation.

(3) Retail Price Index (RPI): 3.1%; Consumer Price Index (CPI): 2.1% for Fiscal 2017.

(4) Excluding 53 million euro in retirement benefit obligations in the 6 UK companies (offset by an asset in the same amount).

AUGUST 31, 2016	FRANCE	NETHERLANDS	UNITED KINGDOM	ITALY
Discount rate ⁽¹⁾	0.25% - 0.75%	0.75%	2.1%	0.25% - 1.5%
Salary inflation rate ⁽²⁾	2.25% - 2.75%	2%	3.2%	N/A
General long-term inflation rate	1.75%	1.75%	1.7% - 2.7% ⁽³⁾	1.75%
Net liability (in millions of euro)	99	15	175	26
Average term of the plans (in years)	11	20	21	8

(1) Discount rates in each country have been adapted to reflect the term of the plans. For the euro zone, the Group uses the iBoxx indices for AA-rated corporate bonds. For the United Kingdom, the Group uses a discount rate based on a yield curve for high quality corporate bonds drawn up by an external actuary.

(2) The salary inflation rate disclosed includes general inflation.

(3) Retail price index (RPI): 2.7%; Consumer Price Index (CPI): 1.7% for Fiscal 2016.

With respect to the assumptions provided in the above table, for Fiscal 2017, and excluding the 53 million euro retirement benefit obligations in the 6 UK companies (offset by an asset in the same amount), a reduction of 1% in the discount rate would increase the gross obligation to 1,518 million euro (compared with 1,240 million euro based on the assumptions used as of August 31, 2017), while a rise of 0.5% in the general long-term inflation rate would increase the gross obligation to 1,340 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 14 million euro into defined benefit plans in Fiscal 2018.

4.17.1.3 MULTIEMPLOYER PLANS

In the USA, as of August 31, 2017, the Company contributed to 24 multiemployer defined benefit pension plans under the terms of collective-bargaining agreements ("CBA") that cover its union-represented employees. The risks of participating in these multiemployer plans are different than those of single-employer plans in the following respects:

- assets contributed to the multiemployer plan by the Company are used to provide benefits to all beneficiaries of the plan, including beneficiaries of other participating employers;

- if a multiemployer plan is considered to be in "critical" status as defined by the U.S. Pension Protection Act of 2006, the plan will be required to adopt a rehabilitation plan which may require the Company to increase its required contributions to the plan;
- if a participating employer ceases to contribute to the plan, the unfunded obligations of the plan may have to be borne by the Company and the other remaining participating employers; and
- if the Company ceases to participate in a multiemployer plan, entirely or partially in excess of a threshold, or if substantially all of the participating employers of a given plan cease to participate, the Company may be required to pay that plan an amount based on the value of unfunded vested benefits of the plan and the Company's pro-rata share of total plan contributions, referred to as withdrawal liability.

The Company does not have the ability to account for these multiemployer plans as defined benefit plans because it does not have timely access to information about plan assets, plan obligations, actuarial gains and losses, service costs, and interest costs. As such, the multiemployer plans are accounted for as defined contribution plans.

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The Company contributed 12 million euro for U.S. multiemployer defined benefit plans in 2017. Of the contributions made by the Company, 34% and 26% were made to plans considered to be in “critical” status or “endangered” status, respectively, as defined by the U.S. Pension Protection Act of 2006 and per each plan’s most-recent notice of plan funding status. Plans are generally considered to be in “critical” status when they are funded at less than 65%, among other factors, and are considered to be “endangered” when they are funded at 65% or more, but at less than 80%, among other factors.

4.17.2 Other employee benefits

Other employee benefits, in the amount of 149 million euro as of August 31, 2017 (179 million euro as of August 31, 2016), mainly comprise a liability related to a deferred compensation program in the United States and obligations relating to long-service awards.

The total expense recognized with respect to these benefits in Fiscal 2017 was 8 million euro (18 million euro in Fiscal 2016), of which 2 million euro (unchanged from Fiscal 2016) related to a deferred compensation program in the United States and was reported in financial expenses.

4.18 Provisions

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

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

(in millions of euro)	AUGUST 31, 2015	INCREASES/ CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2016
Tax and social security exposures	47	6	(3)	(1)	2		51
Employee claims and litigation	35	37	(10)	(4)	2		60
Contract termination and loss-making contracts	14	2	(9)	(1)	1		7
Reorganization costs	11	34	(12)	(3)	(1)		29
Client/supplier claims and litigation	26	4	(2)	(5)	(1)		22
Negative net assets of associates*	11				(4)		7
Other provisions	27	4	(7)	(6)			18
TOTAL PROVISIONS	171	87	(43)	(20)	(1)		194

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

Provisions for exposures and litigation are determined on a case-by-case basis and rely on management’s best estimate of the outflows deemed likely to satisfy legal or implicit obligations to which the Group is exposed as of the end of the fiscal year.

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Current and non-current provisions are as follows:

(in millions of euro)	AUGUST 31, 2017		AUGUST 31, 2016	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Tax and social security exposures	4	30	8	43
Employee claims and litigation	32	31	32	28
Contract termination and loss-making contracts	3	4	3	4
Reorganization costs	9	4	24	5
Client/supplier claims and litigation	12	1	19	3
Negative net assets of associates*		7		7
Other provisions	1	16	3	15
TOTAL PROVISIONS	61	93	89	105

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

4.19 Trade and other payables

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Operating payables	153	164
Non-operating payables	28	29
TOTAL OTHER NON-CURRENT LIABILITIES	181	193
Advances from clients	282	308
Trade payables	2,112	2,024
Employee-related liabilities	1,106	1,112
Tax liabilities	257	251
Other operating payables	81	109
Deferred revenues	97	107
Non-operating payables	17	34
TOTAL TRADE AND OTHER CURRENT PAYABLES	3,952	3,945
TOTAL TRADE AND OTHER PAYABLES	4,133	4,138

Employee-related liabilities mainly include short-term employee benefits.

The Sodexo Group has set up several reverse factoring programs in its main operating countries, which give its suppliers the opportunity of being paid in advance. In practice these programs involve sales of trade receivables to a factor, organized by Sodexo. Relations between the parties concerned are governed by two totally separate contracts:

- the Sodexo Group signs a master agreement with the factor, pursuant to which it undertakes to pay on the scheduled due dates the invoices sold by its suppliers to the factor (which

have been approved in advance). Each supplier is free to choose whether or not to sell each of its invoices;

- Sodexo's suppliers can, if they wish, sign a master agreement with the factor enabling them to sell their invoices before their scheduled due date, under conditions that take into consideration the Group's credit risk.

As of August 31, 2017, the total amount used under these reverse factoring programs was 480 million euro.

Trade payables that have been financed through a reverse factoring program as of the fiscal year-end are still classified as trade payables and included in the total trade payables figure.

MATURITIES OF TRADE AND OTHER PAYABLES	CARRYING AMOUNT	UNDISCOUNTED CONTRACTUAL VALUE
Less than 3 months	2,773	2,773
More than 3 months and less than 6 months	337	337
More than 6 months and less than 12 months	815	815
More than 1 year and less than 5 years	155	164
More than 5 years	54	62
TOTAL TRADE AND OTHER PAYABLES	4,133	4,150

4.20 Deferred taxes

Movements in deferred taxes were as follows in Fiscal 2017:

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

Movements in deferred taxes were as follows in Fiscal 2016:

(in millions of euro)	AUGUST 31, 2015	DEFERRED TAX BENEFIT/(EXPENSE)	DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2016
• Employee-related liabilities	212	25	31	50	318
• Fair value of financial instruments		(21)		(1)	(22)
• Intangible assets	(69)	(2)		5	(66)
• Other temporary differences	(110)			(69)	(179)
• Tax loss carry-forwards	69	11		7	87
TOTAL	102	13	31	(8)	138
Of which deferred tax assets	232				287
Of which deferred tax liabilities	(130)				(149)

Deferred tax assets arising on tax loss carry-forwards and not recognized because their recovery is not considered probable totaled 85 million euro as of August 31, 2017 (55 million euro as of August 31, 2016), including 6 million euro generated by subsidiaries prior to their acquisition (6 million euro as of August 31, 2016).

Temporary differences on employee-related liabilities relate primarily to post-employment benefits.

The other temporary differences mainly include deferred taxes recognized on the tax deductible portion of the amortization that is recognized on goodwill in certain countries.

4.21 Financial instruments

The table below presents the categories of financial instruments, their carrying amount and their fair value, by item in the consolidated statement of financial position.

The levels used for the classification of financial instruments are as follows:

- Level 1: Instruments traded on an active market;
- Level 2: Instruments measured through inputs other than quoted prices included within Level 1 and that are observable;
- Level 3: Instruments whose fair value is determined using valuation techniques based on unobservable inputs.

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

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

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

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FINANCIAL ASSETS (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2016		FAIR VALUE LEVEL			TOTAL
			CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	
Marketable securities	Financial assets at fair value through profit or loss	4.13	353	353	28	325		353
Restricted cash and financial assets related to the Benefits and Rewards Services activity	Available-for-sale financial assets	4.11	799	799	167	632		799
Trade and other receivables	Loans and receivables at amortized cost	4.12	3,990	3,990				
Other financial assets	Available-for-sale financial assets	4.11	45	N/A				
	Loans and receivables at amortized cost	4.11	124	124				
Derivative financial instrument assets		4.16	5	5		5		5

FINANCIAL LIABILITIES (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2016		FAIR VALUE LEVEL			TOTAL
			CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	
Bond issues ⁽¹⁾	Financial liabilities at amortized cost	4.15	1,106	1,247	1,247			1,247
Bank borrowings	Financial liabilities at amortized cost	4.15	1,428	1,527		1,526	1	1,527
Other borrowings	Financial liabilities at amortized cost	4.15	24	24				
Bank overdrafts	Financial liabilities at amortized cost		28	28				
Trade and other payables	Financial liabilities at amortized cost	4.19	3,945	3,945				
Vouchers payable	Financial liabilities at amortized cost		2,678	2,678				
Derivative financial instrument liabilities		4.16						

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2016.

There were no transfers between the various fair value hierarchy levels between Fiscal 2016 and Fiscal 2017.

4.22 Share-based payment

4.22.1 Stock option plans

PRINCIPAL FEATURES OF STOCK OPTION PLANS

Rules governing stock option plans are as follows:

- the option exercise price has no discount;
- contractual life of options: 6-7 years.

ESTIMATION OF FAIR VALUE AT DATE OF GRANT

The fair value of options granted and settled by delivery of equity instruments is estimated at the date of grant using a

binomial model, which takes into consideration the terms and conditions of grant and assumptions about exercise behavior.

As the options are only exercisable if the beneficiary has remained with the Group for a period of maximum four years as from the grant date, no expense was recorded in Fiscal 2017 in the consolidated financial statements for stock options granted up until December 2011.

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MOVEMENTS DURING FISCAL 2017 AND FISCAL 2016

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during Fiscal 2017 and Fiscal 2016:

	FISCAL 2017		FISCAL 2016	
	NUMBER	WAP (in euro)	NUMBER	WAP (in euro)
Outstanding at the beginning of the period	1,016,931	48.43	2,340,544	48.17
Forfeited during the period	(7,755)	48.00	(27,309)	40.96
Exercised during the period	(479,733) ⁽¹⁾	46.28	(1,296,304) ⁽²⁾	48.11
Outstanding at the end of the period	529,443	50.39	1,016,931	48.43
Exercisable at the end of the period	529,443	50.39	1,016,931	48.43

(1) The weighted average share price at the exercise date of options exercised in Fiscal 2017 was 46.86 euro.

(2) The weighted average share price at the exercise date of options exercised in Fiscal 2016 was 90.97 euro.

The weighted average residual life of options outstanding as of August 31, 2017 was 0.8 of a year (August 31, 2016: 1.4 years).

The exercise prices and exercise periods for options outstanding as of August 31, 2017 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, 2017
December 2010	December 2011	December 2017	48.37 euro	177,050
December 2011	December 2012	December 2018	51.40 euro	292,365
December 2011	December 2012	December 2017	51.40 euro	60,028
TOTAL				529,443

4.22.2 Free share plans

PRINCIPLE FEATURES OF FREE SHARE PLANS

Rules governing free share plans are as follows:

- free shares vest only if the beneficiary is still working for the Group on the vesting date; in addition, some free share grants are subject to a performance condition;
- for the free shares awarded in 2013, 2014 and 2015, for beneficiaries who are French tax residents the vesting period is two years for shares not subject to any performance condition and three years for performance shares, provided in both cases that the beneficiary is still working for the Group on the vesting date. For non-French tax residents, the vesting period is four years. Free shares awarded to French tax residents are also subject to a two-year lock-up period as from the vesting date;
- for the free shares awarded in 2016 and 2017, the vesting period for all beneficiaries is four years, with no subsequent lock-up period. In addition, beneficiaries must still be working for the Group on the vesting date in order for the shares to vest;
- the proportion of shares subject to a performance condition ranges from 0% to 60% (depending on the total number of shares awarded), except for the shares granted to the Group Chief Executive Officer which consist solely of performance shares.

The performance conditions are as follows:

- for the free shares awarded in 2013, 2014 and 2015, the performance condition is based on annual growth in Group net income over a three-year period, and a portion of the shares granted to Group Executive Committee members in 2015, on Total Shareholder Return (TSR). TSR is a

measure of the performance of a company's shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. For the shares subject to this condition to vest, the TSR must have increased by at least 20% between August 31, 2014 and the Shareholders' Meeting called to approve the Fiscal 2017 financial statements, in January 2018;

- for the free shares awarded in 2016 and 2017, the performance condition is based on annual growth in consolidated operating profit (before non-recurring items and excluding currency effects) over a four-year period, and, for a portion of the shares granted to Group Executive Committee members and beneficiaries receiving more than 1,000 shares under the 2017 plan, on Total Shareholder Return (TSR). For the shares subject to this condition to vest, Sodexo's TSR must be positive and outperform the CAC 40 GR (Gross Total Return) index, published by Euronext, between (i) January 27, 2016 and the date of the Annual Shareholders' Meeting called to approve the Fiscal 2019 financial statements for the 2016 plan and (ii) January 25, 2017 and the date of the Annual Shareholders' Meeting called to approve the Fiscal 2020 financial statements for the 2017 plan.

ESTIMATED FAIR VALUE AT DATE OF GRANT

The fair value of free shares is estimated at the date of grant based on the share price at that date after deductions for dividends on the shares that will not be paid to beneficiaries during the vesting period and, where applicable, a lock-up discount. The lock-up discount is determined based on the cost for the employee of a two-step strategy consisting of selling the shares forward for delivery at the end of the lock-up period and purchasing the same number of shares for immediate delivery, with the purchase financed by a loan, taking into account market inputs.

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The fair value of free shares subject to a performance condition based on Total Shareholder Return is estimated using a binomial model that takes into account the vesting conditions.

MOVEMENTS IN FISCAL 2017 AND FISCAL 2016

The table below shows movements in free shares in Fiscal 2017 and Fiscal 2016:

	FISCAL 2017	FISCAL 2016
Outstanding at the beginning of the period	2,787,243	2,333,495
Granted during the period	906,845	881,175
Forfeited during the period	(168,841)	(175,545)
Delivered during the period	(724,052)	(251,882)
Outstanding at the end of the period	2,801,195	2,787,243

The weighted average fair value of the free shares granted in Fiscal 2017 was 92.56 euro for shares granted in Fiscal 2017 (75.21 euro for shares granted in Fiscal 2016).

The table below shows the grant dates of free shares outstanding as of August 31, 2017, the assumptions used to estimate their fair value at the grant date and the number of free shares outstanding at the period end:

DATE OF GRANT		VESTING PERIOD (in years)	LOCK-UP PERIOD (in years)	EXPECTED DIVIDEND YIELD (in %)	RISK-FREE INTEREST RATE (in %)	LOAN INTEREST RATE (in %)	VOLATILITY ⁽¹⁾ (in %)	NUMBER OF SHARES OUTSTANDING AS OF AUGUST 31, 2017
April 25, 2013	International	4	N/A	2.5%	0.6%	6%		4,400
March 11, 2014	International	4	N/A	2.5%	0.8%	5.8%		474,035
April 27, 2015	France	3	2	2.5%	0.1%	5.2%	21%	110,370
April 27, 2015	International	4	N/A	2.5%	0.2%	5.2%	21%	498,080
December 1, 2015	France	2	2	2.5%	0%	4.3%		3,725
December 1, 2015	France	3	2	2.5%	0%	4.3%	22.5%	3,025
December 1, 2015	International	4	N/A	2.5%	0%	4.3%	22.5%	3,350
April 27, 2016	N/A	4	N/A	2.5%	0%	N/A	22% ⁽²⁾	802,365
September 30, 2016	N/A	4	N/A	2.5%	0%	N/A	22% ⁽²⁾	11,950
November 30, 2016	N/A	4	N/A	2.5%	0%	N/A	22% ⁽²⁾	10,000
April 20, 2017	N/A	4	N/A	2.4%	0%	N/A	18.1% ⁽²⁾	879,895
TOTAL								2,801,195

(1) Applicable for the portion of the 2015 and 2016 free share grants subject to the TSR performance condition. Volatility is determined by reference to the share's historical weighted average volatility over five years and the implicit volatility expected by the market.

(2) Since the 2016 plan, TSR has been determined by reference to the CAC 40 GR index. The volatility used for this index is 35% for the shares granted in 2016 and 18.2% for the shares granted in 2017.

4.22.3 Expense recognized during the fiscal year

The expense recognized in the Fiscal 2017 income statement for free shares was 43 million euro (49 million euro in Fiscal 2016).

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4.23 Business combinations

The main acquisitions carried out by the Group during the period are set out in note 4.6, "Goodwill". A summarized amount of assets acquired and liabilities assumed at the acquisition dates, measured on a provisional basis as of August 31, 2017, is provided in the table below:

(in millions of euro)	AUGUST 31, 2017
Intangible assets	65
Property, plant and equipment	5
Trade receivables	33
Other current assets	6
Cash and cash equivalents	15
Borrowings	(15)
Other non-current liabilities	(4)
Net deferred tax liabilities	(7)
Other current liabilities	(29)
TOTAL IDENTIFIABLE NET ASSETS	69
<i>Goodwill</i>	224
Commitments written over non-controlling interests	(3)
Impact of acquisitions of control of companies consolidated by the equity method	(20)
CONSIDERATION TRANSFERRED	(270)
Cash acquired	15
Change in liabilities related to acquisitions of subsidiaries	(2)
IMPACT ON THE CASH FLOW STATEMENT	(257)

The revenue contribution of acquired companies since their consolidation amounted to 135 million euro in Fiscal 2017.

Intangible assets mainly include customer relationships and trademarks. The amortization periods for these intangible assets have been set by Management at a maximum of 15 years based on the estimated attrition rate for the contracts concerned and the probable useful lives of the trademarks. Goodwill corresponds to the positive difference between the acquisition price and the total fair value of the identifiable net assets.

4.24 Commitments and contingencies

4.24.1 Sureties

Commitments arising from surety arrangements (pledges, charges secured against plant and equipment, and real estate mortgages) contracted by Sodexo SA and its subsidiaries in connection with operating activities during Fiscal 2017 are not material.

4.24.2 Operating lease commitments

Outstanding commitments arising in respect of operating leases are as follows:

(in millions of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Less than 1 year	112	111
1 to 5 years	231	239
More than 5 years	65	75
TOTAL	408	425

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

- equipment on sites, office equipment and vehicles for 111 million euro (110 million euro as of August 31, 2016);
- the rent for office premises of 288 million euro (302 million euro as of August 31, 2016), related mainly to the Group's corporate headquarters in Issy-les-Moulineaux (33 million euro) and the offices of Sodexo France (32 million euro) and Sodexo, Inc. (59 million euro).

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4.24.3 Other commitments given

(in millions of euro)	AUGUST 31, 2017			AUGUST 31, 2016	
	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL	TOTAL
Financial guarantees to third parties	1			1	1
Site management commitments	1	2		3	4
Performance bonds given to clients	44	2	133	179	193
Other commitments	15	23	110	148	138
TOTAL	61	27	243	331	336

Financial guarantees to third parties mainly comprise bank subordinated debt commitments under Public-Private Partnership (PPP) contracts (see note 2.3.2.) totaling 1 million euro.

The performance bonds given to clients relate to around twenty sub-contracting contracts where the Group considers that it may be exposed to indemnity payments if it is unable to fulfill the service obligation. These bonds are subject to regular review by the management of the business unit and a provision is recorded as soon as payment under a bond becomes probable. For all other contracts with a performance bond, Sodexo considers that it 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 "Other commitments" line mainly includes the 12-year guarantee given by Sodexo SA in October 2012 to the Trustee of the UK pension plan (*i.e.*, until October 2024) for a maximum of 100 million pounds sterling in order to cover Sodexo UK's obligations in connection with the plan.

4.25 Related parties

4.25.1 Principal shareholder

As of August 31, 2017, Bellon SA held 40.38% of the capital of Sodexo and 55.8% of the exercisable voting rights.

Bellon SA invoiced 0.7 million euro to Sodexo SA for the period from September 1, 2016 to November 17, 2016 (6.1 million euro in Fiscal 2016) under the Assistance and advisory services' contract and 2.9 million for the period from November 17, 2016 to August 31, 2017 under the Services agreement signed by the two companies and effective since November 17, 2016.

Bellon SA received dividends of 146.3 million euro from Sodexo SA in February 2017 and the Group received dividends of 2.4 million euro from Bellon SA during Fiscal 2017.

4.25.2 Non-consolidated companies

Other transactions with related companies comprise loans advanced, commercial transactions, and off balance sheet commitments involving associates and non-consolidated companies.

(in millions of euro)	AUGUST 31, 2017			AUGUST 31, 2016	
	GROSS	IMPAIRMENT	CARRYING AMOUNT	CARRYING AMOUNT	
Loans	78	(1)	77	77	

OFF-BALANCE SHEET COMMITMENTS	AUGUST 31, 2017	AUGUST 31, 2016
Financial guarantees to third parties	1	1
Performance bonds given to clients	179	193

TRANSACTIONS	FISCAL 2017	FISCAL 2016
Revenues	401	430
Operating expenses	(2)	
Financial income and expense, net	3	3

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4.26 Compensation, loans, post-employment benefits and other benefits granted to Board members, the Executive Committee, and the Group Chief Executive Officer of Sodexo

The compensation, loans, post-employment benefits and other benefits granted to Board members, the Executive Committee, and the Group Chief Executive Officer of Sodexo in office as of August 31, 2017 and August 31, 2016 respectively for Fiscal 2017 and Fiscal 2016 comprise the following:

(in euro)	FISCAL 2017	FISCAL 2016
Short-term benefits	13,559,509	16,512,645
Post-employment benefits	801,820	824,031
Fair value of free shares at the grant date	15,490,652	13,458,349

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.

On the recommendation of the Compensation Committee, on November 17, 2015 the Board of Directors decided that as from January 1, 2016, Michel Landel would be remunerated by Sodexo SA instead of Bellon SA, but that no employment contract would be signed between him and Sodexo SA. Consequently,

Mr. Landel's employment contract with Bellon SA was terminated but his compensation package remained unchanged.

The Company has entered into non-compete clauses with the Group Chief Executive Officer and the members of the Executive Committee with a maximum term of 24 months in order to protect the Group by restricting their freedom to hold a position as employee or director, or carry out any consulting work, for any of Sodexo's competitors, either directly or through another legal entity.

4.27 Group employees

The following table shows the breakdown of Group employees:

	AUGUST 31, 2017	AUGUST 31, 2016
Managers	49,909	53,468
Employees	377,359	372,126
TOTAL	427,268	425,594

4.28 Disputes and litigation

During Fiscal 2017, Sodexo Pass do Brasil received a tax reassessment notice from the Brazilian tax authorities for fiscal years 2010, 2011 and 2012 relating to the deductibility for tax purposes of the amortization of goodwill recognized on the purchase of VR in March 2008. The amount of the reassessment totals 121 million euro (breaking down as 39 million euro in principal and 82 million euro in penalties and late payment interest). Sodexo Pass do Brasil is firmly disputing this reassessment, which the Brazilian tax authorities originally envisaged during a previous tax audit covering fiscal years 2008 and 2009 but then abandoned. The company considers that the goodwill tax amortization concerned was valid, both in terms of its underlying reasons and how it was recorded. Therefore the company considers that there is a strong probability of winning the dispute with the tax authorities, and this has been confirmed by its tax advisors. As a result, no provision was recorded for this dispute in the consolidated statement of financial position

as of August 31, 2017. Moreover, the tax saving generated by the tax amortization has been offset in the Group's consolidated financial statements by a deferred tax charge in the same amount for each of the years concerned, in accordance with IFRS. As of August 31, 2017, the balance of this deferred tax liability was 79 million euro.

To the best of the Company's knowledge, there have been no governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threatened of which Sodexo is aware) which may have, or have had in the past 12 months, material effects on Sodexo and/or the Group's financial position or profitability.

Sodexo is also involved in litigation arising from its ordinary activities. The Group does not believe that liabilities relating to such litigation will in aggregate be material to its activities or to its consolidated financial position.

4.29 Subsequent events

Regarding the claims filed with the tax authorities, some of which have been referred to the Administrative Court, Sodexo is disputing the application of the additional 3% tax on dividends paid for Fiscal 2013 to Fiscal 2017. Following a recent decision of France's Constitutional Court on this matter (dated October 6, 2017), Sodexo will be able to recover the amounts paid, which total 43 million euro excluding late payment interest and reduced by the compensatory measures the government intends to apply, which are still in the progress of being estimated. This tax benefit was not recognized by the Group in the Fiscal 2017 financial statements, as the Constitutional Court's decision was handed down after the reporting date.

Since the beginning of Fiscal 2018, several acquisitions have been closed, including the Morris Corporation remote site services business in the mining sector in Australia, with annual revenues of 100 million euro and Kim Yew Electrical & Sanitary in Singapore in Facilities management.

Free share grants

On September 14, 2017, the Board of Directors decided to grant up to 14,000 shares to certain Group employees. The shares granted under this plan will only vest if the beneficiaries are still working for the Group on the vesting date, and some of the share grants are subject to a performance condition.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

5.1 Exposure to foreign exchange and interest rate risk

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

- substantially all borrowings must be at fixed rates of interest, or converted to fixed-rate using hedging instruments;
- in the context of financing policy, foreign exchange risk on loans to subsidiaries must be hedged;
- the maturity of hedging instruments must not exceed the maturity of the borrowings they hedge.

5.1.1 Analysis of sensitivity to interest rates

As of August 31, 2017 and August 31, 2016, a 0.5% increase or decrease in interest rates would have had no material impact on

profit before tax or on shareholders' equity as substantially all liabilities at those dates were at a fixed rate of interest.

5.1.2 Analysis of sensitivity to foreign exchange rates and exchange rate exposures on principal currencies

Because Sodexo has operations in 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 risk exposure resulting from the volatility of exchange rates.

SENSITIVITY TO EXCHANGE RATES

IMPACT OF A 10% APPRECIATION OF THE EXCHANGE RATE OF THE FOLLOWING CURRENCIES AGAINST THE EURO (in millions of euro)	AUGUST 31, 2017				AUGUST 31, 2016			
	IMPACT ON REVENUES	IMPACT ON OPERATING PROFIT	IMPACT ON PROFIT BEFORE TAX	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON REVENUES	IMPACT ON OPERATING PROFIT	IMPACT ON PROFIT BEFORE TAX	IMPACT ON SHAREHOLDERS' EQUITY
U.S. dollar (USD)	871	61	42	220	831	50	31	171
Brazilian real (BRL)	110	24	20	82	91	18	17	70
Pound sterling (GBP)	172	6	10	72	201	13	13	64

A 10% increase in the Bolivar/Euro exchange rate would not have had a material impact on the Group's revenues, operating profit, profit before tax or shareholders' equity as of August 31, 2017.

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5.2 Exposure to liquidity risk

The nature of the Group's bank borrowings and bond issues as of August 31, 2017 is described in detail in note 4.15.

As of August 31, 2017 and August 31, 2016, more than 99% of the Group's consolidated borrowings was raised on capital markets and bank financing covered less than 1% of the Group's financing needs. The maturity dates of the main borrowings range between Fiscal 2016 and Fiscal 2029. The Group has a multicurrency confirmed credit facility of 531 million euro plus 709 million U.S. dollars which expires in July 2022. No amounts had been drawn down on the facility as of either August 31, 2017 or August 31, 2016.

5.3 Exposure to counterparty risk

Exposure to counterparty risk is limited to the carrying amount of financial assets.

Group policy is to manage and spread counterparty risk. For derivative financial instruments, each transaction with a bank is required to be based on a master contract modeled on the standard contract issued by the French Bankers' Association (AFB) or the International Swaps and Derivatives Association (ISDA).

Counterparty risk relating to customer accounts receivable is immaterial. Due to the Group's geographic and segment spread, there is no concentration of risk on past due individual receivables for which no provision has been recorded. Moreover, the Group has not observed any significant change in impacts relating to customer default during the year.

The main counterparty risk is bank-related. The Group has limited its exposure to counterparty risk by diversifying its investments and limiting the concentration of risk held by each

of its counterparties. Transactions are conducted with highly creditworthy counterparties taking into consideration country risk. The Group has instituted a regular reporting of the risk spread between counterparties and of their quality.

To reduce this risk further, in Fiscal 2011 the Group implemented an international cash pooling mechanism between its main subsidiaries (with a netting facility), reducing the amount of liquidity held by third parties by concentrating it in the Group's financial holding companies.

The maximum counterparty represents approximately 11% (12% as of August 31, 2016) of the Group's operating cash (including restricted cash and financial assets related to the Benefits and Rewards Services activity) and is with a banking group whose rating is A-1.

5.4 Policy for managing the Company's capital structure

Sodexo takes a long term view in managing its capital structure, with the objective of ensuring the Group's liquidity, optimizing its financial structure and allowing shareholders to benefit from its strong cash flow generation.

Contributing to decisions made may be objectives for earnings per share or estimated future cash flows, or for balancing various components of the consolidated statement of financial position in order to meet the net debt criteria defined by Group management and communicated to the marketplace, notably a net debt to equity ratio of less than 75%. The net debt to equity ratio corresponds to net debt as a proportion of total shareholders' equity (including minority interests), with net debt defined as the difference between gross borrowings and total cash, and total cash defined as cash and cash equivalents plus restricted cash and financial assets related to the Benefits and Rewards Services activity less bank overdrafts.

6. SCOPE OF CONSOLIDATION

The main companies consolidated as of August 31, 2017 and presented in the table below together represent over 80% of consolidated revenues, operating profit, profit for the period attributable to equity holders of the parent, and shareholders' equity. The other entities individually represent less than 0.8% of each of these items.

The first column shows the percentage interest held by the Group, and the second column the percentage of voting rights held by the Group. Percentage interests and percentages of voting rights are only shown if less than 97%.

Companies newly consolidated during the year are indicated by the letter "N".

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	% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
France				
Sodexo SA			Holding	France
Sodexo Entreprises (consolidated)			On-site	France
Sodexo Santé Médico Social			On-site	France
Société Française de Restauration et Services (consolidated)			On-site	France
Segsmhi Le Lido			On-site	France
Sogeres			On-site	France
Lenôtre SA (consolidated)			On-site	France
Sodexo Pass France SA			Benefits and Rewards	France
Crèche Attitude (consolidated)			On-site	France
Sodexo Pass International SAS			Holding	France
Sofinsod SAS			Holding	France
Etin SAS			Holding	France
Americas				
Sodexo do Brasil Comercial SA (consolidated)			On-site	Brazil
Sodexo Pass do Brasil Serviços E Comércio SA			Benefits and Rewards	Brazil
Sodexo Facilities Services Ltda			On-site	Brazil
Sodexo Canada Ltd (consolidated)			On-site	Canada
Sodexo Chile SA (consolidated)			On-site	Chile
Sodexo Soluciones de Motivacion Chile SA			Benefits and Rewards	Chile
Sodexo, Inc. (consolidated)			On-site	United States
Roth Bros., Inc. (consolidated)			On-site	United States
Sodexo Remote Sites Partnership			On-site	United States
Sodexo Remote Sites USA Inc.			On-site	United States
Sodexo Holdings Inc.			On-site	United States
CK Franchising Inc.			On-site	United States
Sodexo Concierge Services Llc			On-site	United States
Circle Company Associates, Inc.			On-site	United States
Sodexo Pass USA			Benefits and Rewards	United States
N ⁽¹⁾ Denali Universal Services Llc			On-site	United States
N Inspirus LLC			Benefits and Rewards	United States
Sodexo Global Services, Llc			Holding	United States
Europe				
Sodexo Services GmbH (consolidated)			On-site	Germany
Sodexo Beteiligungs BV & Co. KG			On-site	Germany
Sodexo Belgium SA (consolidated)			On-site	Belgium
Imagor SA			Benefits and Rewards	Belgium
Sodexo Pass Belgium SA (consolidated)			Benefits and Rewards	Belgium
Compagnie Financière Aurore International			Holding	Belgium

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		% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
N	Xpenditure BV			Benefits and Rewards	Belgium
	Sodexo Iberia SA (consolidated)			On-site	Spain
	Sodexo Italia SPA (consolidated)			On-site	Italy
	Sodexo Nederland BV (consolidated)			On-site	Netherlands
	Sodexo Pass Česká Republika AS			Benefits and Rewards	Czech Republic
	Sodexo Ltd (consolidated)			On-site	United Kingdom
	Sodexo Global Services UK Ltd			Holding	United Kingdom
	Sodexo Investment Services Ltd			On-site	United Kingdom
	Sodexo Travel and Business UK Ltd			Benefits and Rewards	United Kingdom
	Sodexo Holdings Ltd			On-site	United Kingdom
N	Purchasing Systems Ltd			On-site	United Kingdom
	Sodexo Finance Designated Activity Company			Holding	Ireland
	Sodexo Pass Romania Srl			Benefits and Rewards	Romania
	Sodexo AB			On-site	Sweden
Asia, Pacific, Middle East, Africa					
	Sodexo Australia Pty Ltd (consolidated)			On-site	Australia
	Sodexo Remote Sites Australia Pty Ltd			On-site	Australia
	Sodexo Food Solutions India Private Ltd			On-site	India
	Sodexo Shanghai Management Services			On-site	China
	Sodexo Management Company Ltd Shanghai			On-site	China
	Sodexo Services Asia			Holding	Singapore
	Teyseer Services Company LLC	49%	49%	On-site	Qatar
	Sodexo FZE			On-site	United Arab Emirates
	Kelvin Catering Services (Emirates) LLC	49%	49%	On-site	United Arab Emirates

(1) Control obtained during Fiscal 2017, previously consolidated by the equity method.

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7. AUDITORS' FEES

(in millions of euro excluding VAT)

	PRICEWATERHOUSECOOPERS		KPMG	
	Fiscal 2017	Fiscal 2016	Fiscal 2017	Fiscal 2016
Audit of individual company financial statements and consolidated financial statements				
Issuer	0.6	0.6	0.6	0.6
Consolidated subsidiaries	4.9	4.9	3.3	3.4
TOTAL AUDIT SERVICES	5.5	5.5	3.9	4.0
Other services				
Issuer	0.2		0.1	0.1
Consolidated subsidiaries	0.7	0.2	0.3	0.4
TOTAL OTHER SERVICES	0.9	0.2	0.4	0.5
TOTAL FEES	6.4	5.7	4.3	4.5

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4.4 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended August 31, 2017

To the shareholders,

SODEXO

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

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the accompanying consolidated financial statements of Sodexo for the year ended August 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at August 31, 2017, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The opinion expressed above is consistent with our report to the Audit Committee.

Basis of the audit opinion

Audit reference framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are described in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements".

Independence

We conducted our audit in compliance with the applicable independence rules for the period from September 1, 2016 to the date of issue of our report, and in particular we did not provide any services that are prohibited by article 5 (1) of Regulation (EU) No. 537/2014 or the Code of ethics for Statutory Auditors in France.

Justification of our assessments – key audit matters

In accordance with the provisions of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgment, were most significant in the audit of the consolidated financial statements, as well as how our audit addressed such risks.

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 as expressed above. We do not express an opinion on individual account captions or on information taken from the consolidated financial statements.

New presentation of segment information for the On-site Services business and impact on goodwill

(Notes 2.8.2.1 and 3 to the consolidated financial statements)

Description of risk

In 2015, the Group began the reorganization of its On-site Services business, leading to the implementation from September 1, 2016 of a new management structure organized by global client segment. The former segment organization was based on geographic areas.

The Group's global operating segments, corresponding to the global client segments for On-site Services, are now as follows: Corporate Services, Energy & Resources, Government & Agencies, Sports & Leisure, Health Care and Seniors, Schools and Universities.

The Group Executive Committee has monitored the financial performance, allocated resources and prepared financial forecasts for the On-site Services business based on these global client segments since September 1, 2016. In this context, operating income and expenses, including indirect costs, have been allocated to these new segments as used for internal management reporting purposes.

The Group has adapted its presentation of segment information accordingly. In order to prepare and present the information in note 3 to the consolidated financial statements, the above-mentioned operating segments were aggregated as follows: Business & Administrations, Health Care and Seniors and Education. Other activities that had not been segmented at the end of the reporting period were allocated to Business & Administrations.

As described in note 2.8.2.1 to the consolidated financial statements, goodwill relating to the On-site Services business has been reallocated to the new operating segments. Further to the reallocation of this goodwill, management conducted impairment tests at September 1, 2016 in order to identify any indications of impairment of the reallocated goodwill, it being noted that the impairment tests carried out during the closing of the consolidated financial statements for the year ended August 31, 2016 did not give rise to the recognition of any impairment of goodwill.

We deemed these changes to be a key audit matter in view of the significance of segment information in the assessment of the Group's financial performance and the judgment applied by management in this context. Management's judgment was decisive, notably for aggregating the new operating segments, the allocation of income and expenses to these segments and the assumptions used to reallocate goodwill.

How our audit addressed this risk

Our approach to the impact of the reorganization of the On-site Services business on the presentation of the segment information consisted in:

- meeting with management to gain an understanding of how the new organization functions, and on the internal management reporting tools implemented by the Executive Committee;
- assessing the judgments used to aggregate the operating segments disclosed in note 3 to the consolidated financial statements;
- assessing the adequacy of the allocation methods for operating income and expenses, including indirect costs, to the operating segments and testing their application on a sample basis;
- verifying that the comparative segment information for the previous fiscal year was prepared on the same basis; and
- verifying that the disclosures in notes 2.8.2.1 and 3 to the consolidated financial statements were compliant with IFRS 8.

As regards the impact of the change in presentation of segment information on the reallocation of goodwill for the On-site Services business at September 1, 2016, our approach consisted in assessing the implementation methods used by management and verifying that there were no indications of impairment of goodwill.

Measurement of the recoverable amount of goodwill

(Notes 2.8.2.3 and 4.10 to the consolidated financial statements)

Description of risk

As of August 31, 2017, the goodwill balance amounted to 5,308 million euro, representing 36% of total assets. An impairment loss is recognized if the recoverable amount of goodwill as determined during the annual impairment test or during a specific test carried out where there is an indication of impairment, is lower than its carrying amount.

Recoverable amount is typically determined based on the present value of future cash flows and requires significant judgment from management, in particular as regards the preparation of business forecasts, as well as the discount rates and long-term growth rates used.

Accordingly, we deemed the measurement of the recoverable amount of goodwill to be a key audit matter, due to the size of the goodwill balance and the inherent uncertainty of certain inputs, in particular the likelihood of achieving forecast results included in such measurement.

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How our audit addressed this risk

We performed a critical review of the methods applied by management to determine the recoverable amount of goodwill. Our audit work consisted in:

- assessing the components of the carrying amount of Cash-Generating Units (CGUs) or groups of CGUs, corresponding to the level at which goodwill is monitored by the Group, and their consistency with those used in projecting future cash flow forecasts;
- assessing the consistency of the projected future cash flows with the economic environments in which the Group operates;
- assessing the consistency of the growth rates used to project future cash flows with available external analyses;
- assessing the reasonableness of the discount rates applied to estimated future cash flows, verifying in particular that the various inputs used to calculate the weighted average cost of capital for each CGU or group of CGUs were sufficient to approximate the return expected by market participants for similar activities;
- verifying that note 4.10 to the consolidated financial statements contains the appropriate disclosures on the sensitivity of the recoverable amount of goodwill to changes in the main assumptions used.

Suppliers discount allowances

(Note 2.22.3 to the consolidated financial statements)

Description of risk

Vendor Discount Allowances (VDA) received by the Group from suppliers in the context of Sodexo-managed food or facilities services contracts are recognized as a reduction to cost of sales.

The Group has a large number of supplier purchasing agreements that provide for VDAs based on quantities purchased or other contractual conditions, including exceeding thresholds or respecting commitments, such as for example exclusivity clauses for suppliers. These agreements may be signed at a local, regional or global level.

Due to the number of such agreements within the Group and the fact that their anniversaries do not always coincide with the Group's fiscal year, the measurement of VDAs requires significant estimates from management and is therefore deemed to be a key audit matter.

How our audit addressed this risk

We tested the effectiveness of the controls implemented by management to avert or detect any errors in estimating the value of VDAs.

Our audit procedures included, on a sample basis:

- analyzing supplier agreements and the proper application of their terms and conditions in determining the VDAs recognized for the fiscal year, in particular as regards purchasing volumes, including the estimation of VDAs accruals at the end of the reporting period;
- verifying the existence of the most material receivables recognized at the end of the reporting period with regard to accrued VDAs, as well as the consistency of their calculation with the terms and conditions of the supplier agreements;
- comparing the VDAs effectively received after the end of the reporting period with the receivables recognized at the end of the reporting period in order to assess the reliability of the Group's estimates.

Post-employment benefits

(Notes 2.17 and 4.17 to the consolidated financial statements)

Description of risk

The Group contributes to defined benefit pension plans, mainly in France, the United Kingdom, the Netherlands and Italy.

As of August 31, 2017, the Group recognized a net benefit obligation of 313 million euro, corresponding to the difference between the fair value of the plan assets (980 million euro) and the present value of the net benefit obligation (1,293 million euro).

Assumptions used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover, and the discount rate and inflation rate, and therefore involve the judgment of management. Any change in these key assumptions could have a significant impact on the net benefit obligation. Accordingly, this subject was deemed to be a key audit matter.

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How our audit addressed this risk

We were informed of the procedures implemented by the Group for measuring the net benefit obligation.

With the support of our actuaries, we assessed the key assumptions and data used by the Group's actuaries to measure the net benefit obligation with regard to the main defined benefit plans, most notably in France, the United Kingdom, the Netherlands and Italy, and evaluated their findings.

We compared the following key assumptions taken from the measurement models with external data and tested the sensitivity of the net benefit obligation to changes in these key assumptions:

- salary inflation;
- staff turnover;
- mortality rate;
- inflation rate;
- discount rate.

We also obtained external confirmation of the plan assets or implemented other audit procedures to confirm their existence and proper valuation.

Tax risks

(Notes 2.16, 4.18 and 4.28 to the consolidated financial statements)

Description of risk

The Group has operations in more than 80 countries and, in the normal course of business, is subject to regular inspections by local tax authorities.

Such inspections, covering corporate income tax as well as other taxes, levies and similar payments, may give rise to tax adjustments and disputes with tax authorities.

Estimates of the impacts of these tax risks and any related provisions involve the judgment of management, especially as regards the expected outcome of disputes in progress or the probability of identified risks occurring. Accordingly, we deemed this subject to be a key audit matter.

How our audit addressed this risk

We held meetings with management, gained an understanding of the internal control procedures implemented to identify tax risks and uncertain tax positions, and, when necessary, for determining any provisions.

With the support of our tax experts, we also:

- held meetings with the Group tax Department and local management to assess the latest status of any inspections in progress and tax adjustments notified by the tax authorities, and to monitor developments in any disputes in progress;
- consulted the recent decisions and correspondence of Group companies with the tax authorities, and gained an understanding of the correspondence between the companies concerned and their tax advisors;
- analyzed the responses of the tax advisors to our requests for information or their analyses of disputes in progress;
- conducted a critical review of the estimates and positions adopted by management;
- verified that the latest developments had been factored into the estimates of the provisions set aside in the statement of financial position.

Verification of information relating to the Group provided in the Management Report

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Management Report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

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Disclosures resulting from other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed Statutory Auditors of Sodexo by the Shareholders' Meetings of February 22, 1994 (PricewaterhouseCoopers Audit) and February 4, 2003 (KPMG Audit).

As of August 31, 2017, PricewaterhouseCoopers Audit was in the twenty-fourth consecutive year of its engagement and KPMG Audit was in the fifteenth consecutive year of its engagement.

Responsibilities of management and those charged with governance relating to the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union, as well as for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as any Internal Audit procedures relating to the preparation and processing of financial and accounting information.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit carried out in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with the provisions of article L.823-10-1 of the French Commercial Code, our audit of the consolidated financial statements does not constitute a guarantee of the longer-term viability or quality of the Company's management.

A more detailed description of our responsibilities as Statutory Auditors in the scope of the audit of the consolidated financial statements is set out in the appendix to this report, and is an integral part hereof.

Report to the Audit Committee

We submit a report to the Audit Committee that includes a description of the scope of our audit work and the audit program implemented, as well as the resulting findings. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes an assessment of the risks of material misstatements that we deem to have been most significant for the audit of the consolidated financial statements and which constitute key audit matters. We describe these matters in this report.

We also provide the Audit Committee with the declaration referred to in article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in articles L.822-10 to L.822-14 to the French Commercial Code and in the Code of ethics for Statutory Auditors in France. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, November 15, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit
Department of KPMG SA
Hervé Chopin

Appendix

Detailed description of the Statutory Auditors' responsibilities

As part of an audit performed in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the

audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This conclusion is made on the basis of audit evidence obtained up to the date of the Audit Report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in their Audit Report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for directing, supervising and performing the audit of the consolidated financial statements as well as for the opinion expressed thereon.

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4.5 SUPPLEMENTAL INFORMATION AND CONDENSED GROUP ORGANISATION CHART

4.5.1 Financial ratios

		FISCAL 2017	FISCAL 2016
Gearing ratio	Borrowings ⁽¹⁾ – operating cash ⁽²⁾		
	Shareholders' equity and non-controlling interests	17.1%	11%
Net debt ratio	Borrowings ⁽¹⁾ – operating cash ⁽²⁾		
	Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) ⁽³⁾	0.4	0.3
Debt coverage	Borrowings		
	Operating cash flow	3.3 years	2.5 years
Financial independence	Non-current borrowings		
	Shareholders' equity and non-controlling interests	84.3%	67.9%
Return on equity	Profit attributable to equity holders of the parent		
	Equity attributable to equity holders of the parent (before profit for the period)	25.7%	21%
Return on capital employed (ROCE)	Operating profit after tax ⁽⁴⁾		
	Capital employed ⁽⁵⁾	20.6%	18.6%
Interest cover	Operating profit		
	Net borrowing cost	15	12.6

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

		FISCAL 2017	FISCAL 2016
(1) Borrowings	Non-current borrowings	3,012	2,515
	+ current borrowings excluding overdrafts	499	43
	- derivative financial instruments recognized as assets	(11)	(5)
		3,500	2,553
(2) Operating cash	Cash and cash equivalents	2,018	1,375
	+ financial assets related to the Benefits and Rewards Services activity	909	799
	- bank overdrafts	(38)	(28)
		2,889	2,146
(3) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Operating profit	1,189	1,095
	+ depreciation and amortization	281	308
		1,470	1,403
(4) Operating profit after tax	Operating profit	1,189	1,095
	Effective tax rate	31.7%	33.7%
		812	726
(5) Capital employed	Property, plant and equipment	590	604
	+ goodwill	5,308	5,328
	+ other intangible assets	511	467
	+ client investments	547	562
	+ working capital excluding restricted cash and financial assets of the Benefits and Rewards Services activity	(3,009)	(3,057)
		3,947	3,904

4.5.2 Two-year financial summary

	FISCAL 2017	FISCAL 2016
Total shareholders' equity	3,570	3,702
Equity attributable to equity holders of the parent	3,536	3,668
Non-controlling interests	34	34
Borrowings⁽¹⁾	3,500	2,553
Non-current borrowings	3,008	2,510
Current borrowings	492	43
Cash and equivalent, net of bank overdrafts	1,980	1,347
Restricted cash and financial assets of the Benefits and Rewards Services activity	909	799
Net borrowings⁽²⁾	611	407
Revenue	20,698	20,245
Operating profit	1,189	1,095
Profit for the period	745	661
Profit attributable to non-controlling interests	22	24
Profit attributable to equity holders of the parent	723	637
Weighted average number of shares	148,998,961	151,277,059
Earnings per share (in euro)	4.85	4.21
Dividend per share paid during the fiscal year (in euro)	2.40	2.20
Share price at August 31 (in euro)	98,03	103.85
Highest share price in the fiscal year (in euro)	123.6	106.7
Lowest share price in the fiscal year (in euro)	96.02	70.45

(1) Including financial instruments, excluding bank overdrafts.

(2) Borrowings cash and cash equivalents – restricted cash and financial assets of the Benefits and Rewards Services activity.

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4.5.3 Exchange rates

ISO CODES	COUNTRIES	CURRENCY	CLOSING EXCHANGE RATE AT AUGUST 31, 2017	AVERAGE EXCHANGE RATE FISCAL 2017
			1 EURO =	1 EURO =
CFA	Africa	CFA (thousands)	0.655957	0.655957
ZAR	South Africa	Rand	15.456800	14.769260
DZD	Algeria	Dinar (thousands)	0.131425	0.120139
SAR	Saudi Arabia	Riyal	4.455800	4.121153
ARS	Argentina	Peso	20.662800	17.399080
AUD	Australia	Dollar	1.501600	1.449307
BRL	Brazil	Real	3.741000	3.526485
BGN	Bulgaria	Lev	1.955800	1.955800
CAD	Canada	Dollar	1.497000	1.451090
CLP	Chile	Peso (thousands)	0.749840	0.725092
CNY	China	Yuan	7.805900	7.493964
COP	Colombia	Peso (thousands)	3.509000	3.255327
KRW	South Korea	Won (thousands)	1.331220	1.252385
CRC	Costa Rica	Colon (thousands)	0.678790	0.612468
DKK	Denmark	Krone	7.438400	7.438781
AED	United Arab Emirates	Dirham	4.363800	4.035653
USD	United States	Dollar	1.182500	1.099075
GNF	Guinea	Guinea Franc (thousands)	10.528790	10.019963
HKD	Hong Kong	Dollar	9.252600	8.543482
HUF	Hungary	Forint (thousands)	0.306630	0.309084
INR	India	Rupee (thousands)	0.075599	0.072566
IDR	Indonesia	Rupiah (thousands)	15.782100	14.628376
ILS	Israel	Shekel	4.255200	4.054628
JPY	Japan	Yen (thousands)	0.130810	0.121319
KZT	Kazakhstan	Tenge (thousands)	0.398430	0.357402
KWD	Kuwait	Dinar	0.358300	0.333490
LBP	Lebanon	Pound (thousands)	1.786450	1.656415
MGA	Madagascar	Ariary (thousands)	3.462000	3.417605
MYR	Malaysia	Ringgit	5.050600	4.757793
MAD	Morocco	Dirham	11.137500	10.833020
MXN	Mexico	Peso	21.084300	21.100504
MZN	Mozambique	Metical	72.240000	74.277561
NOK	Norway	Kroner	9.279000	9.159307
NZD	New Zealand	Dollar	1.657100	1.535021
OMR	Oman	Rial	0.457400	0.422741
PEN	Peru	Soi	3.837800	3.625281
PHP	Philippines	Peso	60.587000	54.578290
PLN	Poland	Zloty	4.258200	4.294439

ISO CODES	COUNTRIES	CURRENCY	CLOSING EXCHANGE RATE AT AUGUST 31, 2017	AVERAGE EXCHANGE RATE FISCAL 2017
			1 EURO =	1 EURO =
QAR	Qatar	Riyal	4.356300	4.008765
CZK	Czech Republic	Koruna (thousands)	0.026101	0.026780
RON	Romania	New Lei	4.592400	4.526000
GBP	United Kingdom	Pound	0.919730	0.867043
RUB	Russia	Ruble (thousands)	0.069123	0.065896
SGD	Singapore	Dollar	1.609400	1.531632
SEK	Sweden	Krona	9.481800	9.617250
CHF	Switzerland	Swiss Franc	1.144600	1.086871
TZS	Tanzania	Shilling (thousands)	2.656820	2.428569
THB	Thailand	Baht	39.247000	38.048929
TND	Tunisia	Dinar	2.922700	2.560679
TRY	Turkey	New Lira	4.106300	3.779389
UYU	Uruguay	Peso	34.089000	31.265552
VEF	Venezuela	Bolivar (thousands)	3.843125	3.843125
VND	Vietnam	Dong	27,008.970000	24,874.921773

4.5.4 Investment policy

(in millions of euro)	FISCAL 2017	FISCAL 2016
Acquisitions of property, plant equipment and intangible assets, plus client investments	308	398
Acquisitions of equity interests	268	42

Investments in progress as of August 31, 2017:

- post-balance sheet acquisitions of equity interests: the Group has invested 67 million euro to acquire equity interests since the closing date, with notably the acquisition of Morris Corporation in Australia and Kim Yew Electrical & Sanitary in Singapore;
- other firm commitments to acquire equity interests: on November 15, 2017 Sodexo has signed an agreement to acquire Centerplate, Inc. a provider of food and beverage, merchandise and hospitality services at sports facilities, convention centers and entertainment facilities in the United States, the United Kingdom, Canada and Spain, for 675 million US dollars. As of the date of this document Sodexo has not made any other significant firm commitment to acquire equity interests.

Because of the nature of the Group's activities, investments represent less than 2% of revenues and mainly relate to investments on the Group's sites, which are used to support operating activities and are financed by operating cash. None of these investments is individually significant in Fiscal 2017.

The main acquisitions made during Fiscal 2017 are indicated in note 4.6, "Goodwill", to the consolidated financial statements. A detailed description of changes in investments is provided in notes 4.5, 4.7 and 4.8 to the consolidated financial statements.



4.5.5 Condensed Group organization chart

SODEXO

Holds directly
or indirectly
100% of the
subsidiaries
indicated

UNITED KINGDOM	SODEXO LTD SODEXO MANAGEMENT SERVICES LTD SODEXO INVESTMENT SERVICES LTD PSL PURCHASING LTD
NORTH AMERICA	SODEXO, INC ROTH BROS CK FRANCHISING, INC SODEXO REMOTE SITES USA SODEXO CANADA
FRANCE	SOGERES SA SODEXO ENTREPRISES SAS SODEXO SANTE MEDICO SOCIAL SAS SODEXO EDUCATION LE NOTRE
EUROPE	SODEXO ITALIA SPA SODEXO BELGIUM SA SODEXO GERMANY SODEXO IBERIA SA SODEXO AB (SWEDEN) SODEXO NEDERLAND BV
SOUTH AMERICA	SODEXO CHILE SA SODEXO DO BRASIL COMERCIAL SA SODEXO COLOMBIA SA *
ASIA AUSTRALIA	SODEXO SHANGHAI MGT. SERVICES CO. LTD SODEXO MANAGEMENT COMPANY LTD SHANGHAI SODEXO AUSTRALIA PTY LTD SODEXO FOOD SOLUTIONS INDIA PRIVATE LTD KELVIN CATERING SERVICES (UNITED ARAB EMIRATES)*
BENEFITS AND REWARDS SERVICES	SODEXO PASS INTERNATIONAL SAS (FRANCE) SODEXO PASS FRANCE SA SODEXO PASS DO BRASIL SERV. E COMERCIO SA SODEXO PASS CIESKA REPUBLICA AS SODEXO PASS BELGIUM SA SODEXO SOLUCIONES DE MOTIVACION CHILE SA SODEXO PASS USA

* Third party non-controlling interest

NB: The operating subsidiaries indicated for each geographic area or activity are those with the highest revenues for Fiscal 2017.

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4.6 RISK MANAGEMENT

4.6.1 Risk factors

4.6.1.1 Risks related to the Group's activities

Commercial Risks related to On-site Services

On-site Services contracts can vary significantly depending on the size, the geographies and the complexity of the scope encompassed. They generally range from one to three years, renewable, for a single service on a single site, to five to ten years for a large integrated multi-regional contract covering a wide range of services.

Within the broad range of existing contracts, there are two main categories:

Profit and loss: in these contracts, Sodexo bills its client and/or sometimes, in the case of food services, the end consumer, a fixed price per unit and therefore bears both the volume risk and the risks related to the costs of providing the service. In some instances the price per unit may vary according to the volume, and as such the main risks are related to accurately pricing the unit rates per service and ensuring that all relevant variables are taken into consideration.

Cost plus, Management fee: in these contracts the client bears the costs of providing the service plus a fixed or variable management fee. In some cases, the costs are capped, guaranteeing a maximum price for the services, and there may be an agreement to increase or decrease that cap over time. In some contracts clients may also require multi-year, incremental savings, and part of the management fee may be dependent upon the achievement of certain pre-agreed metrics. The challenge in these contracts is to accurately establish a detailed scope of work and the corresponding baseline costs, implement productivity measures as well as changes in scope, and deliver the contractual annual savings.

In practice, Sodexo's contracts often combine features of both these contract types.

Benchmark exercises, site visits and full due diligence are all part of the process to establish unit costs, seasonality of the services and base-line estimates.

Contracts include periodic indexation clauses which allow for price increases (such as labor or food costs) to be passed on to clients.

The Group focuses on Contract Design and Operational Excellence guidelines to efficiently manage changes in scope, organization or service levels so that they are fully reflected in a new contract base-line or unit-cost

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 differentiating, competitive services. As of August 31, 2017, the client retention rate for On-site Services was 93.5%.

Competition risk

Given the number of countries in which the Group operates, and the wide range of services it provides, Sodexo has numerous competitors, at the local, national and international level. The operators competing against Sodexo in On-site Services may be companies offering a single type of service (such as food services, cleaning or technical maintenance) or a range of services. They may come from the food services 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 addition, competition may arise when existing or potential clients opt to self-operate their On-site Services rather than outsource them.

In the 35 countries where Sodexo offers Benefits and Rewards Services, there is generally one global competitor and several regional or local competitors. The key competitive advantage is the solid network of merchant affiliates in each country. In this activity, growth is reliant on geographic expansion, market penetration, the development of new service offerings, and brand recognition.

Dependency risk

Although business depends on Sodexo's ability to renew existing contracts and win new ones on favorable economic terms, and even though the Group may have contracts with different local authorities or departments of a given Government, no single contract 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.

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Food, services and workplace safety risk

Every day, Sodexo serves a vast number of consumers worldwide, and is committed to the safety of the food and services provided.

In addition, workplace accidents may occur in food services and in facilities management services.

In order to protect against shortcomings in this area, Sodexo has implemented control procedures designed to ensure strict compliance with applicable regulations, sector standards and client requirements. Global food and workplace safety policies are rolled out in all countries in which the Group operates and include appropriate training requirements for all employees.

However, if there were to be a significant incident at one or more Sodexo sites, there could be an impact on the Group's activities, profits and reputation.

Risks related to food cost inflation and access to food commodities

Sodexo can be exposed to fluctuations in food prices and difficulties in the supply of certain products. The price of food and its availability in the marketplace may vary in different regions of the world.

Moreover Sodexo's contracts include certain clauses allowing for price increases, but given the delays in implementing such measures, a temporary reduction in margins cannot be ruled out. Sodexo may therefore be affected during inflationary periods when the contractual price changes are delayed or less than the actual increase in the inflation rate.

Risks related to facilities management

Although facilities management services have long been a part of the business, Sodexo's strategy is to accelerate the development of these services, resulting in a larger contribution to revenue. These services require skilled personnel, particularly in the areas of building maintenance, electrical engineering, plumbing, heating systems and air conditioning. Consequently, the Group faces certain operational risks and has a need for qualified human resources. The Group's capacity to grow in this highly specialized environment depends on its knowledge of these markets and its ability to find, attract, recruit and train suitable employees.

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 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 targets 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 recoverable amount of these assets were to be less than their carrying amount, an impairment loss would be recognized with an adverse effect on the Group's operating results and financial condition.

4.6.1.2 Human resources management risks

Service quality is largely dependent on the ability to attract, develop, motivate and retain the best talent. Sodexo therefore is committed to improving quality of life for its employees, so that they, in turn, can improve quality of life for our clients and consumers. Employee satisfaction and involvement is measured through Sodexo's Worldwide Engagement Survey.

In addition, it is extremely important that Sodexo provides a sufficient level of training in order to raise standards continuously. For this reason, the Group 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 remain a genuine worldwide player, so that its people – at every level – reflect the diversity of the Group's clients and consumers.

Sodexo senior management is currently transforming the organizational structure of the On-site Services activity from a country-based organization to one that is based on global client segments. This reorganization is intended to improve alignment with the needs of our clients and consumers, to accelerate growth and to enhance efficiency. The design and subsequent progressive implementation of such a reorganization requires an important investment of management time and attention. Any significant diversion of management resources could be disruptive and impact the Group's ongoing business and operating results. Accordingly, Sodexo's Group Executive Committee and Board of Directors have put in place governance to closely monitor and mitigate this risk.

As far as it is aware Sodexo is not exposed to any specific labor-related risk other than those arising in the ordinary course of business for an international group of its size.

4.6.1.3 Environmental risks

Sodexo is aware of the potential environmental impact of its activities, even though most of the operations are on client sites. The Group makes every effort to manage and limit environmental risk.

The environmental impact of its activities arises mainly from:

- potential environmental incidents in the provision of client services;
- consumption of water and energy in the provision of services on client sites;
- production of organic waste from food preparation;
- consumer waste;
- climate change impacting commodity prices and therefore operating costs.

To constantly improve its role as a corporate citizen and to limit these environmental risks, Sodexo launched its revised Corporate Responsibility Roadmap, Better Tomorrow 2025 in July 2017. For more info, please refer to Chapter 1, page 28 and Chapter 3, pages 70 to 77.

4.6.1.4 Risks associated with technology

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, data security and 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 serve its clients, delay decision-making, and in general have a negative effect on the Group's activities.

4.6.1.5 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, anti-corruption law, data protection and privacy, 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.

Most services in the Benefits and Rewards Services activity benefit from favorable tax treatment in certain countries. These tax incentives may be adjusted to varying degrees by the governments concerned. A change in the related laws or regulations could have a direct impact on Sodexo's business, either by creating opportunities or by posing a threat to existing services. As such, if tax incentives were to be reduced or abolished, this could lead to a significant reduction in issue volume for the services concerned. However, Sodexo offers

more than 250 different services in 35 countries and therefore considers that this risk is largely dispersed.

4.6.1.6 Liquidity, interest rate, foreign exchange and counter-party risk

Sodexo has access to a wide variety of bank funding sources in addition to being able to raise funds directly from investors on the commercial paper and bond markets.

As Sodexo has operations in 80 countries, all components of the financial statements are subject to foreign currency translation effects. However, exchange rate fluctuations do not generate operational risk, because each subsidiary bills its revenues and incurs its expenses in the same currency.

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.

4.6.1.7 Risk arising from participation in Multiemployer Defined Benefit Pension Plans

We may incur significant liability as a result of our participation in multiemployer defined benefit pension plans.

We operate at several locations under collective bargaining agreements. Under some of these agreements, we are obligated to contribute to multiemployer defined benefit pension plans. As a contributing employer to such plans, should a "complete" or "partial withdrawal" be triggered, Sodexo would be subject to withdrawal liability (or partial withdrawal liability) for the proportionate share of any unfunded vested benefits. In addition, if a multiemployer defined benefit pension plan fails to satisfy the minimum funding standards, Sodexo could be liable to increase its contributions to meet minimum funding standards. Also, if a participating employer withdraws from the plan or experiences financial difficulty, including bankruptcy, Sodexo's obligation could increase. The financial status of some of the plans to which Sodexo contributes has deteriorated in the recent past and continues to deteriorate. In addition, any increased funding obligations for underfunded multiemployer defined benefit pension plans could have an adverse financial impact on the Group.

4.6.1.8 Economic downturn risk

Adverse economic conditions and weak commodity prices could affect the Group's operations and earnings, in particular in the Corporate and Energy & Resources segments.

The weight of national debt, government deficits and continued unemployment could lead to significant pressures on economic

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activity particularly in the public sector, leading to a decline in demand for the services Sodexo offers its clients and thus have a negative impact on operations in Education, Healthcare, Justice and Defense.

Lastly, unfavorable economic conditions could result in a lengthening of payment terms or impair the solvency of Sodexo's clients. Conversely, the economic situation could lead clients to increase outsourcing in order to achieve cost savings.

4.6.2 Risk coverage

4.6.2.1 Insurance cover

Sodexo's general policy is to transfer non-retained risks, especially intensity risks, to the insurance market. Insurance programs are contracted with reputable insurers.

The main insurance programs are as follows:

- liability insurance, which covers against personal injury, property damage or consequential loss caused to third parties. This category notably includes operational, product, after-delivery and professional liability insurance. Since June 1, 2016, Sodexo has implemented a worldwide liability insurance program benefiting all countries in which the Group operates, including the U.S.A and Canada;
- property insurance, which mainly covers the risk of fire and explosion, water damage, natural disasters, and (in some countries) acts of terrorism. As a general rule, the sum insured is equal to the value of the insured property; however, some insurance contracts cap the amount paid out under the policy;
- workers' compensation. In countries with no government-provided coverage (primarily the United States, Canada and Australia), Sodexo has contracted workers' compensation programs;
- crime insurance dedicated to Benefits and Rewards Services, to partially transfer to the insurance market the risks of fraud, falsification and theft;
- marine cargo insurance for covering loss or theft of goods during their shipment;
- employment practices liability which provides coverage for wrongful termination, sexual harassment, discrimination and workplace torts. This program was originally implemented in the U.S.A and Canada, but has been expanded globally from June 1st, 2017.

In addition, Sodexo maintains compulsory insurance as legally required in the countries where it operates.

4.6.1.9 Litigation risk

Refer to note 4.28 of the notes to the consolidated financial statements for information on these risks.

No additional risk was identified during Fiscal 2017.

4.6.2.2 Self-Insured Risks

Retained or self-insured risks correspond to the deductibles specified in the insurance programs contracted by Sodexo. They consist for the most part of frequency risks (*i.e.*, risks that recur regularly) but from time to time may also include intensity risks (*i.e.*, risks representing substantial amounts). In some countries, these retained risks correspond to deductibles under employer's liability, workers compensation, third-party automobile and property insurance. In North America, deductibles range from 5,000 U.S. dollars to 5,000,000 U.S. dollars per occurrence. Outside North America, deductibles generally range from 7,500 euro to 2,000,000 euro per occurrence. Sodexo also self-insures frequency risks and low amplitude risks through two captive insurance companies. The American company, incorporated in the State of Hawaii, manages the deductibles of the Workers' Compensation, Automobile Liability and General Liability insurance programs. The Irish company, based in Dublin, provides:

- direct insurance and re-insurance for motor own damage and third party liability risks up to 500,000 euro per claim and 2,500,000 euro in aggregate per year;
- reinsurance on the property insurance program up to 3,000,000 euro per claim and in aggregate per year.

4.6.2.3 Placing of risk and total cost

On the occasion of its most recent policy renewals, Sodexo maintained the scope and level of its coverage, as regards in particular, general liability insurance and professional liability insurance, especially for risks associated with facilities management activities.

The total cost of the main insurance programs and self-insured risks (excluding workers' compensation) of fully-consolidated Group companies, represents around 0.25% of consolidated revenue.

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5.1 SODEXO SA INDIVIDUAL COMPANY FINANCIAL STATEMENTS

5.1.1 Income statement

(in thousands of euro)	NOTES	FISCAL 2017	FISCAL 2016
Revenues	3	119,319	132,047
Other income		247,693	243,982
Purchases		(774)	(580)
Employee costs		(56,033)	(55,654)
Other external charges		(227,116)	(193,891)
Taxes other than income taxes		(9,173)	(10,269)
Depreciation, amortization and increase in provisions		(2,691)	(2,871)
Operating profit		71,225	112,764
Financial income/(expense), net	4	341,766	569,446
Exceptional income/(expense), net	5	(31,219)	(50,835)
Employee profit-sharing		(238)	(296)
Income taxes	6	14,373	(15,164)
Net income		395,907	615,915

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5.1.2 Balance sheet

Assets

(in thousands of euro)	NOTES	AUGUST 31, 2017	AUGUST 31, 2016
FIXED AND INTANGIBLE ASSETS, NET			
Intangible assets	7	4,110	15,424
Property, plant and equipment	7	1,154	1,249
Financial investments	7-9	5,814,658	4,982,097
TOTAL FIXED AND INTANGIBLE ASSETS	7	5,819,922	4,998,770
CURRENT AND OTHER ASSETS			
Accounts receivable	9	63,456	65,362
Prepaid expenses, other receivables and other assets	9	389,635	476,764
Marketable securities	11	177,423	216,576
Cash		408,477	143,637
TOTAL CURRENT AND OTHER ASSETS		1,038,991	902,339
TOTAL ASSETS		6,858,913	5,901,109

Liabilities and equity

(in thousands of euro)	NOTES	AUGUST 31, 2017	AUGUST 31, 2016
SHAREHOLDERS' EQUITY			
Share capital		603,322	614,965
Additional paid-in capital		534,103	822,460
Reserves and retained earnings		1,744,727	1,708,086
Restricted provisions		17,100	17,045
TOTAL SHAREHOLDERS' EQUITY	13	2,899,252	3,162,556
Provisions for contingencies and losses	10	342,769	323,047
LIABILITIES			
Borrowings	14-15	2,777,874	1,837,759
Accounts payable		32,503	29,631
Other liabilities		806,515	548,116
TOTAL LIABILITIES AND PROVISIONS		3,959,661	2,738,553
TOTAL LIABILITIES AND EQUITY		6,858,913	5,901,109

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1. SIGNIFICANT EVENTS

1.1 Capital transactions

As part of the share repurchase program launched by the Board of Directors, during Fiscal 2017 Sodexo SA purchased 2,910,690 of its own shares, representing 1.9% of its share capital, for 300 million euro. On June 14, 2017, the Company carried out a capital reduction by canceling these shares.

1.2 Borrowings

On September 29, 2016, Sodexo SA redeemed in advance 108 million U.S. dollars of its March 2011 U.S. private placement. On October 14, 2016, it carried out a new bond issue comprising 600 million euro worth of bonds redeemable in April 2027, and topped up this issue with an additional 200 million euro worth of bonds on August 1, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The individual company financial statements have been prepared in accordance with the *plan comptable général* of 2014 and regulation no. 2014-03 issued by the *Autorité des normes comptables* (ANC).

The accounting policies applied in preparing the individual company financial statements in Fiscal 2017 are the same as those applied in Fiscal 2016. The financial statements have been prepared using the historical cost convention.

In accordance with regulation no. 2015-06 issued by the ANC, merger deficits are now included in "Other financial assets" (see note 7, "Fixed and intangible assets").

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 metropolitan 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 and integrated management software packages are amortized over three to seven years, depending on their expected useful lives.

The difference between the accounting and tax amortization of intangible assets is recognized as exceptional amortization.

2.1.2 Property, plant and equipment

The principal straight-line depreciation rates used are:

Buildings	5%
General fixtures and fittings	10% to 33%
Plant and machinery	10% to 25%
Vehicles	25%
Office and computer equipment	10% to 33%
Other property, plant and equipment	10% to 20%

2.1.3 Financial investments

Equity investments and other financial investments are carried on the balance sheet at cost. At each balance sheet date, a provision for impairment is recorded if the value in use of these assets is less than their net carrying amount including any merger deficits allocated to the assets for accounting purposes. The value in use of investments is determined on the basis of net asset value, profitability and the future prospects of the investee.

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When the carrying amount of an investment is higher than the net book value of the share of net assets of the subsidiary, the valuation is also supported by comparing the carrying amount of the investment to its value in use based on discounted future cash flows, using the following parameters:

- after-tax cash flows derived from business plans and a terminal value calculated by extrapolating the data for the final year of the business plan using a long-term growth rate specific to the business activity and geographic region. Business plans generally cover one to five years;
- the cash flows are discounted using a rate based on the weighted average cost of capital.

Based on the estimated value in use, an investment may be maintained at a carrying amount in excess of the share of book net assets held.

Costs incurred to acquire shares in companies recognized at cost are recognized for tax purposes as exceptional amortization over a five-year period.

Receivables related to equity investments are recognized at face value. A provision for impairment is recorded where the recoverable amount is less than the carrying amount.

When an equity investment is sold or liquidated, any provision for impairment previously recognized against that investment is released and recorded as exceptional income.

2.2 Accounts receivable

Accounts receivable are recognized at face value. An allowance for doubtful accounts is recorded where the recoverable amount is less than the carrying amount.

2.3 Marketable securities (excluding treasury shares)

Marketable securities are recognized at acquisition cost, with any unrealized losses at the balance sheet date covered by a provision for impairment.

2.4 Treasury shares - free share and stock option plans

A provision is recorded when it is probable that stock option or free share plans will give rise to an outflow of resources. The amount of the provision is based on the cost of the treasury shares acquired (or to be acquired) for allocation to each plan. For stock option plans, the provision is net of the option exercise price.

Depending on the plan terms, the provision is recognized over the period in which the services are rendered by the beneficiaries, as applicable.

The provision is released upon delivery of the shares and recognition of a capital loss in an amount equal to the average cost of the delivered shares, less the option exercise price in the case of shares delivered upon exercise of stock options.

When treasury shares are neither allocated to a plan nor held for the purpose of being cancelled, they are valued at the lower of the average purchase price and the average market price for the last month of the fiscal year.

Treasury shares acquired for cancellation purposes are recognized in other financial assets and no provision for impairment is recorded.

2.5 Foreign currency transactions

Foreign currency revenues and expenses are translated using the exchange rate as of the transaction date. Foreign currency liabilities, receivables and cash are translated in the balance sheet at the rate prevailing as of the balance sheet date. Any difference arising from the retranslation of foreign currency liabilities and receivables at the closing exchange rate is recorded in the balance sheet. Unrealized foreign exchange losses at the balance sheet date are recognized to the extent the underlying balance is not hedged.

2.6 Debt issuance costs

Debt issuance costs are recognized as a deferred charge asset in the balance sheet and amortized straight-line over the term of the debt.

2.7 Retirement benefits

Retirement benefit obligations due to active employees by law or under collective agreements are included in off-balance sheet commitments. Commitments under supplementary retirement plans are estimated using the projected unit credit method based on final salary and are also included in off-balance sheet commitments, net of any plan assets.

2.8 French tax consolidation

Sodexo 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 French tax consolidation recognizes the income tax for which it would have been liable had there been no French tax consolidation. Any income tax gains or losses arising from the French tax consolidation are recognized in the Sodexo 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 French tax consolidation, 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 French tax consolidation and which will probably be reclaimed by the subsidiary. All tax losses incurred by operating subsidiaries are regarded as probable of being reclaimed by the subsidiary, given that the subsidiary will be able to offset such losses against income once it returns to profitability.

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3. ANALYSIS OF NET REVENUES

(in thousands of euro)	FISCAL 2017	FISCAL 2016
Revenues by business activity		
On-site Services	3,740	3,490
Holding company services	115,579	128,557
TOTAL	119,319	132,047
Revenues by geographic region		
France	115,579	128,660
French overseas departments and regions	3,740	3,387
TOTAL	119,319	132,047

4. FINANCIAL INCOME AND EXPENSE, NET

(in thousands of euro)	FISCAL 2017	FISCAL 2016
Dividends received from subsidiaries and equity investments	423,135	519,260
Interest income	18,839	74,913
Interest expense	(60,322)	(61,487)
Net foreign exchange gain/(loss)	7,492	(502)
Net change in provisions for financial items	(47,378)	37,262
TOTAL	341,766	569,446

Interest income includes a 2.6 million euro merger gain arising on the Group's reorganization of its legal structure.

The net change in provisions for financial items primarily corresponds to 25 million euro representing the net total of charges to and releases of provisions for impairment of equity investments.

5. EXCEPTIONAL ITEMS, NET

(in thousands of euro)	FISCAL 2017	FISCAL 2016
Net change in provision for negative net assets of subsidiaries and equity investments	2,078	3,193
Net expense on treasury shares and commitments under stock option plans	(25,553)	(18,861)
Net change in restricted provisions and exceptional depreciation	(55)	(299)
Net change in provisions for tax losses reclaimable by subsidiaries included in the French tax consolidation	(1,610)	(8,062)
Debt forgiveness/subsidies given		
Net gain/(loss) on asset disposals	4,473	(6,410)
Other	(10,552)	(20,396)
TOTAL	(31,219)	(50,835)

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The net loss on asset disposals includes gains and losses on equity investments sold in connection with the Group's reorganization of its legal structure.

The 25.6 million euro net expense on treasury shares and commitments under stock option plans comprises:

- a 59.9 million euro loss on the sale of treasury shares in connection with the exercise of stock options and delivery of free shares;

- a 30.4 million euro net decrease in the provision for free share grants;
- a 3.9 million euro release of the provision for stock option plans.

The "Other" line item includes 10.7 million euro in Fiscal 2017 compared with 20.5 million euro as of August 31, 2016 due as a result of the early redemption of 108 million U.S. dollars of its March 2011 U.S. private placement (see note 16.2, "Other borrowings").

6. ANALYSIS OF INCOME TAX EXPENSE

(in thousands of euro)	PRE-TAX INCOME	INCOME TAXES	AFTER-TAX INCOME
Operating income	71,225	(29,543)	41,682
Financial income/(expense), net	341,765	1,348	343,113
Exceptional income/(expense), net	(31,219)	42,488 ⁽¹⁾	11,269
Employee profit-sharing	(238)	80	(158)
TOTAL	381,533	14,373	395,906

(1) This amount includes the 16.4 million euro tax gain arising from the French tax consolidation.

7. FIXED AND INTANGIBLE ASSETS

(in thousands of euro)	GROSS VALUE AT AUGUST 31, 2016	ADDITIONS DURING THE PERIOD	DECREASES DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	GROSS VALUE AT AUGUST 31, 2017	NET VALUE AT AUGUST 31, 2017
Intangible assets	21,358	2,055	3,451	(10,913)	9,049	4,110
Property, plant and equipment	10,118	517	115		10,520	1,154
Financial investments						
• Equity investments	4,991,701	1,366,748	565,234	58,007	5,851,222	5,737,484
• Receivables related to equity investments	85,559	138,389	79,280	(72,796)	71,872	61,241
• Other financial assets	3,945	1,410	7	10,588	15,936	15,933
TOTAL FINANCIAL INVESTMENTS	5,081,205	1,506,547	644,521	(4,201)	5,939,030	5,814,658
TOTAL	5,112,681	1,509,119	648,087	(15,114)	5,958,599	5,819,922

In Fiscal 2016, financial investments included 10.9 million euro in merger deficits, which were allocated in full to equity investments. In accordance with ANC regulation no. 2015-06, these merger deficits are now included in "Other financial assets".

Sodexo SA participated in the refinancing, in particular through the capitalization of its U.S. and Brazilian subsidiaries, as well as the capitalization of its financing subsidiary Sodexo Finance Designed Activity Company.

In addition, Sodexo SA created and acquired new foreign subsidiaries in connection with the Group's international expansion during the fiscal year and took up shares issued for capital increases carried out by a number of its existing subsidiaries.

"Other movements during the period" were due to the Group's reorganization of its legal structure.

8. DEPRECIATION AND AMORTIZATION

(in thousands of euro)	ACCUMULATED DEPRECIATION AND AMORTIZATION AUGUST 31, 2016	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	ACCUMULATED DEPRECIATION AND AMORTIZATION AUGUST 31, 2017
Intangible assets	5,934	309	1,304		4,939
Property, plant and equipment	8,869	612	115		9,366
TOTAL	14,803	921	1,419		14,305

“Other movements during the period” were due to the Group’s reorganization of its legal structure.

9. AMOUNT AND MATURITY 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	5,851,223		5,851,223	113,739	5,737,484
Receivables related to equity investments	71,872	26,283	45,589	10,631	61,241
Other financial assets	15,936	3,575	12,204	3	15,933
TOTAL FINANCIAL INVESTMENTS	5,939,031	29,858	5,909,016	124,373	5,814,658
Accounts receivable	65,869	65,869		2,413	63,456
Prepaid expenses, other receivables and other assets	390,525	235,179	155,346	890	389,635
TOTAL ACCOUNTS AND OTHER RECEIVABLES⁽¹⁾	456,394	301,205	155,346	3,303	453,091
TOTAL	6,395,425	331,063	6,064,362	127,676	6,267,749

(1) After deducting sold receivables, notably 71 million euro worth of CICE tax credits that have been derecognized as their sale involved the transfer of substantially all of the risks and rewards related to ownership of the receivables.

There is no commercial paper included in accounts receivable.

10. PROVISIONS AND IMPAIRMENT

(in thousands of euro)	AUGUST 31, 2016	INCREASES AND CHARGES DURING THE PERIOD	DECREASES, RELEASES AND RECLASSIFICATIONS DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	AUGUST 31, 2017
Provisions for contingencies and losses	323,047	101,883	83,991	1,830	342,769
Impairment					
• financial investments	99,108	31,272	6,007		124,373
• current assets	1,856	1,456	9		3,303
TOTAL IMPAIRMENT	100,964	32,728	6,016		127,676
TOTAL	424,011	134,611	90,007	1,830	470,445
Increases and decreases					
• operating items		8,440	6,496		
• financial items		65,469	18,897		
• exceptional items		60,702	64,614		

"Other movements during the period" were due to the Group's reorganization of its legal structure.

As of August 31, 2017, the main provisions for contingencies and losses were for the following:

- stock options and free share grants for 202.7 million euro;
- losses reclaimable by subsidiaries included in the French tax consolidation for 92.5 million euro;
- subsidiaries in negative net equity positions for 11.9 million euro;
- foreign exchange losses for 34.2 million euro.

11. MARKETABLE SECURITIES

(in thousands of euro)	GROSS VALUE AUGUST 31, 2017	NET VALUE AUGUST 31, 2017	NET VALUE AUGUST 31, 2016
Treasury shares	177,423	177,423	216,576
TOTAL	177,423	177,423	216,576

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE FISCAL YEAR

	MARKETABLE SECURITIES	OTHER FINANCIAL ASSETS
Number of shares held		
September 1, 2016	3,074,444	
Acquisitions	1,325,844 ⁽¹⁾	2,910,690
Disposals	(2,195,278) ⁽¹⁾	
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital		(2,910,690)
Allocation as treasury shares held for cancellation		
August 31, 2017	2,205,010	
Gross value of shares held (in thousands of euro)		
September 1, 2016	216,577	
Acquisitions	145,231 ⁽¹⁾	300,000
Disposals	(184,385) ⁽¹⁾	
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital		(300,000)
Allocation as treasury shares held for cancellation		
August 31, 2017	177,423	

(1) Acquisitions and disposals include the implementation of the liquidity contract signed with an investment services provider, which complies with the Code of conduct drawn up by the French financial markets association (Association française des marchés financiers – AMAFI) and approved by the French securities regulator (Autorité des marchés financiers – AMF), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations. Disposals of treasury shares also include those resulted from the exercise of stock options and delivery of free shares granted to employees in prior years.

13. SHAREHOLDERS' EQUITY

13.1 Share capital

As of August 31, 2017, the Company's share capital totaled 603,321,796 euro and comprised 150,830,449 shares, including 64,504,744 with double voting rights.

Since Fiscal 2013, all shares held in registered form for at least four years and still held in that form when the dividend becomes payable for the related fiscal year, qualify for a 10% dividend premium, provided that they do not represent over 0.5% of the capital per shareholder.

13.2 Changes in shareholders' equity

(in thousands of euro)

Shareholders' equity at end of previous fiscal year	3,162,556
Dividends approved by Shareholders' Meeting and paid	(370,749)
Dividends on treasury shares	11,484
Net income for the fiscal year	395,907
Restricted provisions	55
Other – Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	(300,000)
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	2,899,253

As part of the share repurchase program launched by the Board of Directors, during Fiscal 2017 Sodexo SA purchased 2,910,690 of its own shares, representing 1.9% of its share capital, for 300 million euro. On June 14, 2017 the Company carried out a capital reduction by canceling these shares.

Sodexo is in compliance with article L.225-210 of the French Commercial Code because in addition to the legal reserve, it has other reserves at least equal to the value of treasury shares held.

14. AMOUNT AND MATURITY OF LIABILITIES

LIABILITIES (in thousands of euro)	GROSS AMOUNT	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Bond issues	1,910,476	10,476	600,000	1,300,000
Borrowings from related companies	235,754	71,060		164,694
Other borrowings	631,644	461,356	107,920	62,368
SUB-TOTAL BORROWINGS	2,777,874	542,892	707,920	1,527,062
Accounts payable ⁽¹⁾	32,503	32,503		
Other liabilities	806,515	805,249	1,266	
TOTAL	3,616,892	1,380,644	709,186	1,527,062

(1) Only accounts payable and accrued expenses are included in this line item.

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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⁾	13,871	13,320		551		
Group accounts payable	18,632	18,632				
TOTAL	32,503	31,952		551		

(2) Only accounts payable and accrued expenses are included in this line item.

15. SUPPLIER AND CLIENT DUES

INVOICES RECEIVED AND PAST DUE AS OF AUGUST 31, 2017

(in thousands of euro)	0 DAYS	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 91 DAYS	TOTAL (1 DAY AND OVER)
Classified as late payment						
Number of invoices	376					343
Amount (incl. VAT)	19,367	1,639	2,538	(75)	(3)	4,099
% of total purchases for the fiscal year	13.2%	1.1%	1.7%	(0.1)%		15.9%
Invoices related to disputed or unrecognized payables and not classified as late payment						
Number of invoices						
Amount (incl. VAT)						
Reference payment terms used						
	Contractual payment terms					

INVOICES ISSUED AND PAST DUE AS OF AUGUST 31, 2017

(in thousands of euro)	0 DAYS	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 91 DAYS	TOTAL (1 DAY AND OVER)
Classified as late payment						
Number of invoices	334					1,007
Amount (incl. VAT)	44,597	(7,221)	1,712	1,379	20,407	16,277
% of total purchases for the fiscal year	12.2%	(2.0)%	0.5%	0.4%	5.6%	4.5%
Invoices related to disputed or unrecognized receivables and not classified as late payment						
Number of invoices			19			
Amount (incl. VAT)			2,418			
Reference payment terms used						
	Contractual payment terms					

16. BOND ISSUES AND OTHER BORROWINGS

16.1 Bond issues

On June 24, 2014, Sodexo SA completed a bond issue structured in two tranches:

- a 600 million euro tranche redeemable at par on January 24, 2022 and bearing interest at an annual rate of 1.75%, with interest payable annually on January 24;
- a 500 million euro tranche redeemable at par on June 24, 2026 and bearing interest at an annual rate of 2.50%, with interest payable annually on June 24.

On October 14, 2016 Sodexo SA carried out a new bond issue comprising 600 million euro worth of bonds redeemable in April 2027 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 14. On August 1, 2017, the Company topped up this issue with an additional 200 million euro worth of bonds.

Accrued interest on these bonds amounted to 11 million euro as of August 31, 2017.

None of the three bonds described above are subject to financial covenants.

16.2 Other borrowings

16.2.1 July 2011 multicurrency 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, with an original maturity date of July 18, 2016. In June 2017, this facility – whose maximum amount has totaled 531 million euro plus 709 million U.S. dollars since July 2015 – was extended until July 2022.

Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any financial covenants.

No amounts had been drawn down on the facility as of either August 31, 2017 or 2016.

16.2.2 U.S. private placements

On September 29, 2016, Sodexo redeemed in advance 108 million U.S. dollars of its March 2011 U.S. private placement.

The residual balance and the summary of this placement are detailed in the table below:

DATE OF THE PLACEMENT	PRINCIPAL OUTSTANDING (in millions of U.S. dollars)	FIXED INTEREST RATE	MATURITY
March 29, 2011	147	4.24%	March 2018
	133	4.85%	March 2021
	74	4.95%	March 2023
TOTAL	354⁽¹⁾		

(1) After deducting the 108 million U.S. dollars redeemed on September 29, 2016.

This private placement carries two financial covenants calculated with reference to the Group's consolidated financial statements:

- net debt (excluding restricted cash) no higher than 3.5 times EBITDA (operating profit plus amortization and depreciation) for the past 12 months;
- net assets adjusted for cumulative currency translation effects since August 31, 2007 not lower than 1.3 billion euro.

If the covenants are not respected, the lenders may, with a qualified majority, require early repayment of the outstanding borrowings.

The Group was in compliance with these covenants as of August 31, 2017, February 28, 2017 and August 31, 2016.

16.2.3 Commercial paper

In March 2016, Sodexo SA set up a commercial paper program representing a maximum of 1 billion euro. As of August 31, 2017, 100 million U.S. dollars and 246 million euro of this program had been used, representing a total of 331 million euro (as of August 31, 2016 none of the program had been used).

The bond issues and borrowings from financial institutions described above have customary early redemption clauses. These clauses include cross-default and change in control clauses which apply to all of the borrowings.

17. ACCRUED EXPENSES - DEFERRED REVENUES AND PREPAID EXPENSES

ACCRUED EXPENSES (in thousands of euro)

Borrowings	18,083
Accounts payable	6,566
Tax and employee-related liabilities	18,496
TOTAL	43,145

DEFERRED REVENUES AND PREPAID EXPENSES (in thousands of euro)

Deferred revenues	292
Prepaid expenses	6,935

18. RELATED-PARTY INFORMATION

(in thousands of euro)

	RELATED PARTIES	ASSOCIATED COMPANIES	OTHER	TOTAL
Assets - Gross values				
Equity investments	5,811,750	39,473		5,851,223
Receivables related to equity investments	60,857	11,015		71,872
Other investment securities	53		3	56
Advances to suppliers	153			153
Accounts receivable	55,292	400		55,692
Other operating receivables	201			201
Due from related companies	3,773	701		4,474
Non-operating receivables				
TOTAL	5,932,079	51,589	3	5,983,671
Liabilities				
Accounts payable	18,632			18,632
Due to related companies	721,670	1		721,671
TOTAL	740,302	1		740,303
Income statement				
Revenues	116,558			116,558
Other income	218,731	161		218,892
Other charges	(184,718)			(184,718)
Financial income	448,882			448,882
Financial expenses	(36,378)			(36,378)
Exceptional income	592,894			592,894
Exceptional expenses	(569,704)			(569,704)

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Related parties: fully consolidated companies.

Associated companies: companies accounted for under the equity method, and non-consolidated companies in which Sodexo SA has an equity interest of more than 10%.

Other: companies accounted for under the equity method, and non-consolidated companies in which Sodexo SA has an equity interest of less than 10%.

There has been no related-party transaction that is both material and falls outside the framework of normal business dealings.

19. FINANCIAL COMMITMENTS

19.1 Commitments made by Sodexo SA

(in thousands of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Performance bonds given to Sodexo Group clients	1,498,449	1,484,731
Financial guarantees to third parties	2,397,739	1,878,764
Retirement benefit commitments	11,553	12,132
Other commitments	144,436	158,736
TOTAL	4,052,177	3,534,363

The financial guarantees to third parties relate to, on one hand, loans to Sodexo SA subsidiaries and on the other hand, to several reverse factoring programs signed by Sodexo SA subsidiaries, capped at 580 million euro. As of August 31, 2017, the total amount used under these reverse factoring programs is 165 million euro.

Sodexo SA has issued a guarantee for the repayment of bonds for 1,100 million U.S. dollars issued in March 2014 by Sodexo, Inc. in a private placement with U.S. investors.

The leases for the Group's corporate headquarters in Issy-les-Moulineaux increased commitments for office leases by 33.3 million euro.

Other commitments notably include the guarantee issued by Sodexo SA in October 2012 to cover Sodexo UK's retirement plan obligation in the United Kingdom (*i.e.*, until October 2024). This guarantee was issued to the plan trustee for a maximum 100 million pounds sterling with a 12-year term.

19.2 Commitments received by Sodexo SA

(in thousands of euro)	AUGUST 31, 2017	AUGUST 31, 2016
Commitments received	2,399,699	1,715,353

Commitments received are mainly the counter-guarantee by Sodexo, Inc. of Sodexo SA's financial borrowings.

19.3 Financial instrument commitments

The ongoing commitments as of the end of the year were as follows:

DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	NOMINAL AMOUNT	MARKET VALUE AS OF AUGUST 31, 2017
Forward currency purchase	April 2011	April 2021	633 million USD	68 million EUR
Swap hedging the currency and interest rate risk on loans to Sodexo do Brasil	April 2017	October 2017 and 2018, April 2018, May 2019	170 million BRL	4 million EUR

Sodexo may use derivative financial instruments in order to hedge its exposure to volatility in interest and currency exchange rates.

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20. PRINCIPAL FUTURE ADJUSTMENTS TO THE TAX BASIS

INCREASES

(in thousands of euro)

Exceptional amortization	17,100
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DECREASES

(in thousands of euro)

Employee profit-sharing	290
Other non-deductible provisions	2,128

The future tax liability related to this unrealized tax difference was 5 million euro, calculated at a rate of 34.43%.

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, was estimated at 3.7 million euro as of August 31, 2017, compared with 3.3 million euro as of August 31, 2016.

21.2 Commitments related to a supplementary retirement plan

Commitments related to the supplementary retirement plan of 7.9 million euro were estimated using the projected unit credit method based on final salary and net of funding for the plan. They are not recognized in the financial statements.

22. DIRECTORS' FEES

Directors' fees paid to Board members during the fiscal year represented less than 1 million euro.

23. FRENCH TAX CONSOLIDATION

23.1 Benefit arising from French tax consolidation

Sodexo SA recognized a benefit of 16.4 million euro from the French tax consolidation for Fiscal 2017. This benefit represents the difference between the aggregate of the income tax benefits recognized by the French subsidiaries included in the French tax consolidation and the income tax liability of Sodexo SA as lead company in the French tax consolidation.

23.2 Tax losses reclaimable as of August 31, 2017

The amount of potentially reclaimable tax losses from subsidiaries included in the French tax consolidation as of August 31, 2017 was 269 million euro, resulting in a provision of 93 million euro (using a rate of 34.43%).



24. AVERAGE NUMBER OF EMPLOYEES

	AUGUST 31, 2017	AUGUST 31, 2016
Managers	279	265
Supervisors	33	30
Other	45	37
Apprentices	3	5
TOTAL	360	337

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.

25. CONSOLIDATION

Sodexo SA is consolidated in the financial statements of Bellon SA, which has its registered office at 17-19, place de la Résistance, Issy-Les-Moulineaux, France.

The consolidated financial statements of the Sodexo Group are presented in chapter 4 of this Registration Document.

26. POST-BALANCE SHEET EVENTS

On September 14, 2017, the Board of Directors decided to grant up to 14,000 shares to certain Group employees. The shares granted under this plan will only vest if the beneficiaries are still working for the Group on the vesting date, and some of the share grants are subject to a performance condition.

Regarding the claims filed with the tax authorities, some of which have been referred to the Administrative Court, Sodexo SA is disputing the application of the additional 3% tax on dividends

paid for Fiscal 2013 and Fiscal 2017. Following a recent decision of France's Constitutional Court on this matter (dated October 6, 2017), Sodexo SA will be able to recover the amounts paid, which total 43 million euro excluding late payment interest and reduced by the compensatory measures the government intends to apply, which are still in the progress of being estimated. This tax benefit was not recognized by Sodexo SA in the Fiscal 2017 financial statements, as the Constitutional Court's decision was handed down after the reporting date.

27. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(in thousands of euro)	CAPITAL	OTHER SHAREHOLDERS' EQUITY	PERCENTAGE INTEREST IN CAPITAL	BOOK VALUE OF INVESTMENT		LOANS AND ADVANCES GRANTED, NET	GUARANTEES GIVEN	REVENUES FOR MOST RECENT FISCAL YEAR	INCOME FOR MOST RECENT FISCAL YEAR	DIVIDENDS RECEIVED DURING THE FISCAL YEAR
				GROSS	NET					
Detailed information										
French subsidiaries										
Sodexo Pass International SAS	406,656	251,659	93.46%	380,057	380,057		152		175,165	65,192
Sodexo Entreprises	52,139	(1,530)	99.15%	201,669	201,669		44,925	663,769	19,099	20,679
Sofinsod SAS	82,683	18,700	100.00%	133,860	133,860				14,735	12,389
Holding Sogeres	6,098	29,225	100.00%	104,702	104,702				5,752	
Sodexo GC	15,095	(4,542)	100.00%	72,218	72,218				9,833	
Lenôtre SA	2,606	(9,007)	100.00%	62,394	31,696			100,169	(5,483)	
ONE SAS	143	(240)	100.00%	23,425	2,900				(590)	
Société Française de Restauration et Services	1,899	(4,588)	90.92%	21,782	21,782		2,140	264,905	(4,743)	
Sodexo Afrique SARL	1,624	(2,921)	99.80%	14,539	17				(2,972)	
SoTech Services	2,025	5,947	100.00%	12,500	7,972				5,377	
Ouest Catering	516	2,419	100.00%	7,900	7,900				1,588	7,234
French equity investments										
Sogeres	1,987	12,717	37.05%	72,570	72,570			401,431	10,333	3,397
Foreign subsidiaries										
Sodexo, Inc.	3	1,619,526		2,120,844	2,120,844		1,370,861	8,317,106	242,653	231,266
Sodexo Holdings Ltd	558,475	31,512		751,028	751,028				(2,513)	
Sodexo Finance Designed Activity Company		535,789		528,000	528,000				270	
Sodexo do Brasil Comercial SA	123,427	207,405	81.05%	301,983	301,983	45,443	11,113	656,778	14,999	
Sodexo Beteiligungs BV & Co. KG	193	157,378	100.00%	195,456	195,456				(5,354)	
Sodexo Food Solutions India Private Limited	12,698	(6,830)	100.00%	110,442	110,442			114,678	107	
Sodexo Services Asia	82,264	6,910	100.00%	89,462	89,462				9,108	
Sodexo Scandinavian Holding AB	55,897	13,075	100.00%	86,089	86,089					
Compagnie Financière Aurore International	58,010	208,100	100.00%	68,918	68,918				4,898	
Sodexo Remote Sites USA Inc.	8,457	3,668	100.00%	61,487	61,487				2,746	

◀ CONTENTS ▶

(in thousands of euro)	CAPITAL	OTHER SHAREHOLDERS' EQUITY	PERCENTAGE INTEREST IN CAPITAL	BOOK VALUE OF INVESTMENT		LOANS AND ADVANCES GRANTED, NET	GUARANTEES GIVEN	REVENUES FOR MOST RECENT FISCAL YEAR	INCOME FOR MOST RECENT FISCAL YEAR	DIVIDENDS RECEIVED DURING THE FISCAL YEAR
				GROSS	NET					
Sodexo Services Enterprises LLC	5,732	(663)	100.00%	38,720	38,720					
Sodexo Belgium SA	16,765	22,459	88.54%	38,560	38,560		3,958	306,833	1,716	1
Sodexo Australia Pty Ltd	31,809	(5,815)	100.00%	36,378	36,378		22,692	113,759	(5,642)	
Sodexo Iberia SA	3,467	13,140	98.86%	26,804	26,804			214,996	1,566	2,820
Sodexo Global Services UK Ltd	24,464	48,296	100.00%	24,391	24,391				43,259	
Sodexo Entegre Hizmet Yonetimi AS	8,327	(3,458)	100.00%	21,307	4,868			58,437	(470)	
Mentor Technical Group Corporation		17,159	100.00%	18,386	18,386				553	
Sodexo Mexico SA de CV	6,137	(737)	100.00%	17,434	7,492			58,594	(1,085)	
Sodexo Inversiones SA	15,065	17,125	100.00%	16,100	16,100		19,529		(1,261)	
Sodexo Facilities Management Services India Private Ltd	11,185	(1,851)	100.00%	14,191	14,191			86,055	232	
Sodexo Chile SA	12,278	(876)	99.61%	10,911	10,911		2,960	340,780	(5,623)	
Kalyx Limited	16	147,333	100.00%	9,430	9,430		206,511	168,069	23,794	
Sodexo Maroc SA	2,487	(1,148)	100.00%	7,667	3,793		2,604	20,415	(349)	
Sodexo OY	5,046	(1,441)	100.00%	7,054	7,054			122,361	1,261	
Sodexo Italia SpA	1,898	75,201	100.00%	7,029	7,029			401,607	12,141	
Sodexo Argentina SA	437	3,022	99.39%	6,832	6,832		1,900	97,731	1,230	
Sofinsod Insurance DAC	6,168	76	100.00%	6,168	6,168		5,500		76	
Foreign equity investments										
Sodexo GmbH	308	307,292	37.37%	38,702	38,702				(92)	
Eat Club	14,482	(16,298)	14.30%	18,369	18,369			36,647	(4,124)	
Aggregate information										
Other French subsidiaries				15,526	13,539		51,560			35,239
Other foreign subsidiaries				38,175	27,537	11,528	21,538			43,406
Other French equity investments				500	32		1,786			2,042
Other foreign equity investments				11,316	11,199	272	2,575			6,718
TOTAL				5,851,275	5,737,537	57,243	1,772,304			430,383

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5.3 SUPPLEMENTAL INFORMATION ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

5.3.1 Five-year financial summary

(in euro)	FISCAL 2017 ⁽¹⁾	FISCAL 2016	FISCAL 2015	FISCAL 2014	FISCAL 2013
Capital at end of period					
Share capital	603,321,796	614,964,556	628,528,100	628,528,100	628,528,100
Number of ordinary shares outstanding	150,830,449	153,741,139	157,132,025	157,132,025	157,132,025
Maximum number of potential new shares issuable by conversion of bonds					
Income statement data					
Revenues excluding taxes	119,319,027	132,047,019	86,220,958	84,594,216	77,175,406
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	427,668,724	586,620,650	369,855,443	363,475,307	397,787,059
Income tax	14,373,311	(15,163,785)	(13,808,673)	4,963,697	2,071,317
Employee profit-sharing	(237,735)	(296,105)	(45,596)	(7,200)	(6,400)
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	395,906,663	615,915,281	324,129,494	268,787,333	341,642,070
Dividend payout	416,795,937	370,749,327	347,069,897	283,403,569	255,192,660
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	2.93	3.72	2.27	2.34	2.54
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	2.62	4.01	2.06	1.71	2.17
Net dividend per share ⁽²⁾	2.75	2.40	2.20	1.80	1.62
Dividend premium per eligible share ⁽²⁾	0.275	0.24	0.22	0.18	0.16

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 23, 2018.

(2) The Board of Directors proposes that the Annual Shareholders' Meeting on January 23, 2018 approve the payment of a cash dividend of 2.75 euro per share. In addition, and in accordance with the system adopted by the Annual Shareholders' Meeting held on January 24, 2011, shares held in registered form since at least August 31, 2011 and still held in that form when the dividend becomes payable in February 2018, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.275 euro per share (provided that they do not represent over 0.5% of the capital per shareholder).

(in euro)	FISCAL 2017	FISCAL 2016	FISCAL 2015	FISCAL 2014	FISCAL 2013
Employee data					
Average number of employees during the fiscal year	360	337	301	293	285
Salary expense for the fiscal year	40,235,161	39,794,262	38,786,911	33,804,922	28,898,315
Social security and other employee benefits paid during the fiscal year	15,700,264	15,859,722	20,740,524	17,972,987	16,419,324

5.3.2 Appropriation of earnings

(in thousands of euro)	FISCAL 2017 ⁽¹⁾	FISCAL 2016	FISCAL 2015	FISCAL 2014	FISCAL 2013
Net income	395,907	615,915	324,129	268,787	341,642
Retained earnings	1,222,961	965,687	980,728	987,575	891,353
Retained earnings ⁽²⁾	11,404	12,099	7,905	7,637	9,773
Retained earnings ⁽³⁾	79	9	(5)	133	
Transfer to legal reserve					
Transfer from long-term capital gains reserve					
Distributable earnings	1,630,351	1,593,710	1,312,757	1,264,132	1,242,768
Net dividend	414,784	368,979	345,691	282,838	254,554
Dividend premium ⁽⁴⁾	2,012	1,770	1,379	566	639
Reserves					
Retained earnings	1,213,555	1,222,961	965,687	980,728	987,575
Number of shares outstanding	150,830,449	153,741,139	157,132,025	157,132,025	157,132,025
Number of shares entitled to a dividend	150,830,449	153,741,139	157,132,025	157,132,025	157,132,025
Earnings per share (in euro)	2.62	4.01	2.06	1.71	2.17

(1) Subject to approval by the Annual Shareholders' Meeting to be held on January 23, 2018.

(2) Corresponding to dividends not paid on treasury shares.

(3) Corresponding to the 10% dividend premium not paid.

(4) The Board of Directors proposes that the Annual Shareholders' Meeting on January 23, 2018 approve the payment of a cash dividend of 2.75 euro per share. In addition, shares held in registered form since at least August 31, 2011 and still held in that form when the dividend becomes payable in February 2018, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.275 euro per share (provided that they do not represent over 0.5% of the capital per shareholder).

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5.4 STATUTORY AUDITORS' REPORT

5.4.1 Statutory Auditors' Report on the financial statements

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulation or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended August 31, 2017

SODEXO

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

To the shareholders,

Opinion

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the accompanying financial statements of Sodexo for the year ended August 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at August 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The opinion expressed above is consistent with our report to the Audit Committee.

Basis of the audit opinion

Audit reference framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are described in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the financial statements".

Independence

We conducted our audit in compliance with the applicable independence rules for the period from September 1, 2016 to the date of issue of our report, and in particular we did not provide any services that are prohibited by article 5 (1) of Regulation (EU) No. 537/2014 or the Code of ethics for Statutory Auditors in France.

Justification of our assessments – key audit matters

In accordance with the provisions of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgment, were most significant in the audit of the financial statements, as well as how our audit addressed such risks.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not express an opinion on individual account captions or on information taken from the financial statements.

Valuation of equity investments

Description of risk

The balance of equity investments at August 31, 2017 represented 5,737 million euro, one of the largest assets on the balance sheet. Equity investments are carried at cost, and at each balance sheet date, impaired based on their value in use.

As described in note 2.1.3 to the financial statements, value in use is determined by management on the basis of the net asset value, profitability and the future prospects of the investee.

When the carrying amount of an investment is higher than the net book value of the share of net assets of the subsidiary, value in use is determined based on discounted future cash flows, using business plans prepared by management and covering one to five years.

Accordingly, we deemed the valuation of equity investments and any related receivables or provisions for contingencies and losses to be a key audit matter, due to the inherent uncertainty of certain components of the valuation, in particular the likelihood of achieving forecast results used to calculate value in use.

How our audit addressed this risk

In order to assess the reasonableness of the estimate of the value in use of equity investments, based on the information provided to us, our audit work consisted mainly in verifying that the estimated values determined by management were based on an appropriate measurement method and underlying data, and, depending on the investee concerned:

- for valuations based on historical data: verifying that the equity values used were consistent with the financial statements of the entities concerned, and that any adjustments to equity were based on documentary evidence;
- for valuations based on forecast data:
 - obtaining forecast future cash flows of the investees concerned, and assessing their consistency with the business plans drawn up by management,
 - assessing the consistency of the growth rates used for projected cash flows with available external analyses consistent with the economic environments in which the investees operate,
 - assessing the reasonableness of the discount rates applied to estimated future cash flows, verifying in particular that the various inputs used to calculate the weighted average cost of capital for each investee were sufficient to approximate the return demanded by market participants for similar activities.

Our audit work also consisted in:

- assessing the recoverability of receivables related to equity investments;
- verifying the recognition of provisions for contingencies where the Company is exposed to the losses of investees with negative equity.

Verification of the Management Report and of the other documents addressed to the shareholders

In accordance with professional standards applicable in France, we have also performed 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 other 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 relating to remuneration and benefits received by corporate officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the Management Report.

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Disclosures resulting from other legal and regulatory requirements

Appointment of Statutory Auditors

We were appointed Statutory Auditors of Sodexo by the Shareholders' Meetings of February 22, 1994 (PricewaterhouseCoopers Audit) and February 4, 2003 (KPMG Audit).

As of August 31, 2017, PricewaterhouseCoopers Audit was in the twenty-fourth consecutive year of its engagement and KPMG Audit was in the fifteenth consecutive year of its engagement.

Responsibilities of management and those charged with governance relating to the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, as well as for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the Company or cease its operations.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as any Internal Audit procedures relating to the preparation and processing of financial and accounting information.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit carried out in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with the provisions of article L.823-10-1 of the French Commercial Code, our audit of the financial statements does not constitute a guarantee of the longer-term viability or quality of the Company's management.

A more detailed description of our responsibilities as Statutory Auditors in the scope of the audit of the financial statements is set out in the appendix to this report, and is an integral part hereof.

Report to the Audit Committee

We submit a report to the Audit Committee that includes a description of the scope of our audit work and the audit program implemented, as well as the resulting findings. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes an assessment of the risks of material misstatements that we deem to have been most significant for the audit of the financial statements and which constitute key audit matters. We describe these matters in this report.

We also provide the Audit Committee with the declaration referred to in article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in articles L.822-10 to L.822-14 to the French Commercial Code and in the Code of ethics for Statutory Auditors in France. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, November 15, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Hervé Chopin

Appendix

Detailed description of the Statutory Auditors' responsibilities

As part of an audit performed in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement of the entity's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This conclusion is made on the basis of audit evidence obtained up to the date of the Audit Report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in their Audit Report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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5.4.2 Statutory Auditors' Report on related-party agreements and commitments

This is a free translation into English of the Statutory Auditors' Special Report on related party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Shareholders' Meeting held to approve the financial statements for the year ended August 31, 2017

SODEXO

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

To the shareholders,

In our capacity as Statutory Auditors of Sodexo, we hereby present our report on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already authorized during previous years.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements and commitments to be approved by the Shareholders' Meeting

Agreements and commitments authorized during the year

In accordance with article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments, which were approved in advance by the Board of Directors.

SERVICE AGREEMENT BETWEEN BELLON SA AND SODEXO

- Persons concerned:

Sophie Bellon, Nathalie Bellon-Szabo, Astrid Bellon, Bernard Bellon, François-Xavier Bellon, members of the Board of Directors of Sodexo and members of the Management Board or of the Supervisory Board of Bellon SA.

- Purpose and reasons given as to why they are beneficial for the Company:

A service agreement has been in place between the Company and Bellon SA, Sodexo's managing holding company, since 1991, under which Bellon SA provides assistance and advisory services to the Sodexo Group – both directly and through qualified specialists – in a number of different areas, including strategic planning, finance, and human resources. In particular, Bellon SA has assigned three of its employees to Sodexo to hold the posts of Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer. This service agreement was amended in April 2013, primarily to change its term.

At its meetings on November 15, 2016 and July 10, 2017, the Board of Directors, on the recommendation of the Audit Committee, approved a new change to this agreement, notably concerning the non-inclusion of the Chief Executive Officer's services, the secondment of three employees holding the posts mentioned above, and the cancellation of the 5% mark-up on the amounts rebilled to Sodexo by Bellon SA.

The new agreement came into effect on November 17, 2016 for a period of five years.

Under the terms of this agreement, Sodexo can call upon the professional experience and expertise of the three Bellon SA managers holding the positions of Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer.

- Terms and conditions:

Under the terms of this agreement, Bellon SA invoices Sodexo for the compensation of the Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer during the secondment period. Their compensation is rebilled for the exact amount and includes a fixed and variable portion, as well as any related payroll taxes.

The total fees rebilled under this agreement, and changes compared with the previous year, are reviewed by the Audit Committee annually. In addition, and in compliance with the law, the agreement is reviewed every year by the Board of Directors.

The annual rebilled fees payable to Bellon SA are approved each year by the Board of Directors of Sodexo, without directors who are members of the Bellon family taking part in the vote.

From November 17, 2016 (the date on which this agreement as amended took effect) to August 31, 2017, the fees billed by Bellon SA under this agreement amounted to 2,899,375 million euro excluding taxes, relating to the compensation (including payroll taxes) paid to the Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer.

Agreements and commitments authorized since the year-end

We have been informed of the following agreements and commitments, which were approved in advance by the Board of Directors after the year-end.

NON-COMPETE AGREEMENT ENTERED INTO WITH MICHEL LANDEL, GROUP CHIEF EXECUTIVE OFFICER

- Purpose and reasons given as to why they are beneficial for the Company:

On November 14, 2017, on the recommendation of the Compensation Committee, the Board of Directors approved in advance the conclusion of a non-compete agreement, the purpose of which is to restrict Michel Landel's freedom to carry out certain activities following the end of his term as Chief Executive Officer of the Company. The activities concerned are (i) holding any position as a corporate officer, employee or consultant, and (ii) carrying out any consulting work for certain of the Sodexo Group's competitors, as set out in the agreement, either directly or through another legal entity.

Because of his duties within the Group, Michel Landel has knowledge of Sodexo's business, strategy and customers in each of its activities, which justifies the need for a non-compete agreement.

This non-compete agreement entered into between the Company and Michel Landel on November 14, 2017 will apply for a period of 24 months as from the date on which his duties as Chief Executive Officer cease.

- Terms and conditions:

As consideration for this agreement, Michel Landel will receive an indemnity representing 24 months of the gross fixed compensation that he received during the 12 months preceding the entry into force of this agreement, *i.e.*, a maximum of one million, eight hundred and sixty-six thousand, eight hundred euro (1,866,800 euro), which will be paid in two equal installments, the first on January 23, 2018 when the non-compete agreement takes effect and the second on January 23, 2020 when the non-compete agreement expires.

If Michel Landel fails to fulfill his obligations, he will not receive the indemnity described above, and he will have to repay any amount that he has already received. In addition, he will be liable to pay a fixed penalty of nine hundred and thirty-three thousand, four hundred euro (933,400 euro), representing 12 months of his most recent gross annual compensation.

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Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments approved in previous years that remained in force during the year

In accordance with article R.225-30 of the French Commercial Code, we have been informed of the following agreements and commitments, which were already approved by the Shareholders' Meetings in previous years and which remained in force during the year.

SUPPLEMENTAL HEALTH AND BENEFIT PLANS FOR SOPHIE BELLON, CHAIRWOMAN OF THE BOARD OF DIRECTORS, AND MICHEL LANDEL, GROUP CHIEF EXECUTIVE OFFICER

- Purpose and reasons given as to why they are beneficial for the Company:

Sophie Bellon and Michel Landel are members of the national social welfare plans governed by the French general social security regime, as required by article 311-3, 12^o of the French Social Security Code (*Code de la Sécurité sociale*), which states that the Chairs of the Boards of Directors and the Chief Executive Officers of French joint stock corporations (*sociétés anonymes*) must be members of such plans.

At its meeting on November 17, 2015, on the recommendation of the Compensation Committee, the Board of Directors decided that, following the termination of the employment contracts of Sophie Bellon and Michel Landel as a result of their respective corporate officer positions, they would nevertheless continue to be members of (i) the supplemental health and benefit plans set up by Sodexo and (ii) the ARRCO/AGIRC supplemental retirement plan. Their membership of these plans will be subject to the same conditions as all of the Sodexo employees who are plan members. Sophie Bellon and Michel Landel did not take part in the votes concerning them at the Board of Directors' meeting during which these commitments were authorized.

These commitments are intended to help Sodexo retain its Chairwoman of the Board of Directors and Group Chief Executive Officer by allowing them to continue to be covered by supplemental health and benefit plans.

- Terms and conditions:

The Chairwoman of the Board of Directors and the Group Chief Executive Officer are members of the following plans and subject to the same conditions as all of the Sodexo employees who are plan members:

- an "incapacity, disability or death" benefit plan, financed in part by Sodexo, which, in the event of an employee's death, provides for the payment of a death benefit equal to 215% of their annual compensation, up to a maximum amount of eight times the French Social Security Code's annual ceiling, and which is increased for dependent children;
- an additional "incapacity, disability or death" benefit plan, financed in full by Sodexo, which is reserved for employees whose annual gross compensation is greater than eight times the French Social Security Code's annual ceiling and which, in the event of an employee's death, provides for the payment of a death benefit equal to 200% of the portion of their annual compensation that is greater than eight times the French Social Security Code's annual ceiling;
- a supplemental health insurance plan, which all Sodexo employees are entitled to, financed in part by Sodexo.

Transactions with Michel Landel, Group Chief Executive Officer

- Purpose and reasons given as to why they are beneficial for the Company:

Pursuant to a decision taken by the Board of Directors on November 6, 2008 and approved by the Shareholders' Meeting on January 19, 2009, in the event of the termination of his appointment as Group Chief Executive Officer (unless for reasons of resignation or retirement, and barring his removal from office for serious misconduct or gross negligence), Sodexo will pay Michel Landel an indemnity.

Michel Landel is also entitled to the Sodexo Group executive retirement benefit plan.

These commitments are intended to help Sodexo reward and retain its Group Chief Executive Officer.

- Terms and conditions:

For the indemnity paid out in the event of the termination of his appointment, the amount is equal to twice the gross annual compensation (fixed and variable) received during the 12 months preceding the termination. The payment of this indemnity is subject to the Sodexo Group achieving a minimum 5% year-on-year increase in consolidated operating income, at constant consolidation scope and exchange rates, in each of the three financial years preceding the termination of his appointment, it being specified that the indemnity will be not payable in the event that Michel Landel voluntarily resigns, retires or is removed from office for serious misconduct or gross negligence.

Concerning his supplemental pension plan, Michel Landel is a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code (*Code général des impôts*) and article 137-11-1 of the French Social Security Code, and which has been set up for the most senior executives employed by a French company of the Sodexo Group.

Michel Landel will be paid a pension under this supplemental pension plan if he has been a member of the plan for at least five years. The pension paid can represent up to 15% of his average fixed salary for the three years preceding his retirement if he has been a member of the plan for at least 15 years. This is in addition to the pensions due to him under compulsory retirement plans, provided that he is employed by, or is a corporate officer of, the Company at the time of his retirement.

As of January 1, 2016, the date on which Michel Landel's employment contract with Bellon SA, the company that controls Sodexo, was terminated, he is no longer accruing any additional entitlements under this plan. However, as a corporate officer, he retains the entitlements he had accrued up until the termination of his employment contract.

The cumulative liability for Michel Landel under the supplemental pension plan was 3,737,108 euro as of August 31, 2017 and the expense recognized by the Company for the year ended August 31, 2017 was 5,748 euro.



Continuing agreements and commitments entered into in previous years and not approved by the Shareholders' Meeting

We bring to your attention the following agreement, authorized during the year ended August 31, 2013, which was included in our special report on related-party agreements and commitments for the year ended August 31, 2013, and was not approved by the Shareholders' Meeting held to approve the financial statements for the year ended August 31, 2013.

Service agreement between Bellon SA and Sodexo

- Persons concerned:

Sophie Bellon, Nathalie Bellon-Szabo, Astrid Bellon, Bernard Bellon, François-Xavier Bellon, members of the Board of Directors of Sodexo and members of the Management Board or of the Supervisory Board of Bellon SA.

- Purpose and reasons given as to why they are beneficial for the Company:

A service agreement has been in place between Sodexo and Bellon SA since 1991, under which Bellon SA provides assistance and advisory services to Sodexo and other Group companies – both directly and through qualified specialists – in a number of different areas, including strategy, finance, accounting, human resources, and investment policies.

Under the terms of this agreement, Sodexo receives advice and assistance in defining general strategies in these different areas, and in their coordinated implementation across all Group businesses, in order to ensure they are developed in the best possible conditions.

- Terms and conditions:

As per the service agreement, invoices from Bellon SA to Sodexo are based on the expenses incurred by Bellon SA, plus a 5% mark-up for the following services:

- the salaries and related payroll taxes of Elisabeth Carpentier, Chief Human Resources Officer, Marc Rolland, Group Chief Financial Officer, and Damien Verdier, Group Chief Strategic Planning Officer, who are employed and paid directly by Bellon SA;
- studies and analyses of the Sodexo Group's strategic developments and their guiding principles, including the cost of consultants relating thereto;
- administrative expenses.

During the fiscal year ended August 31, 2013, Sodexo decided to change the terms and conditions of this service agreement and its duration, which is now set at five years and is automatically renewable. The scope of services and related compensation were not changed. The new contract, signed on April 16, 2013 with retroactive application from April 1, 2013, was authorized in advance by the Board of Directors at its meeting on April 16, 2013, with Michel Landel and the directors who are members of the Bellon family not taking part in the vote.

The annual rebilled fees payable to Bellon SA under this agreement are examined by the Audit Committee and approved annually by the Board of Directors of Sodexo, without directors who are members of the Bellon family taking part in the vote.

From September 1, 2016 to November 17, 2016 (the date on which this agreement expired), Bellon SA invoiced Sodexo under this agreement a total of 684,375 euro excluding taxes.

Neuilly-sur-Seine and Paris La Défense, November 15, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Hervé Chopin

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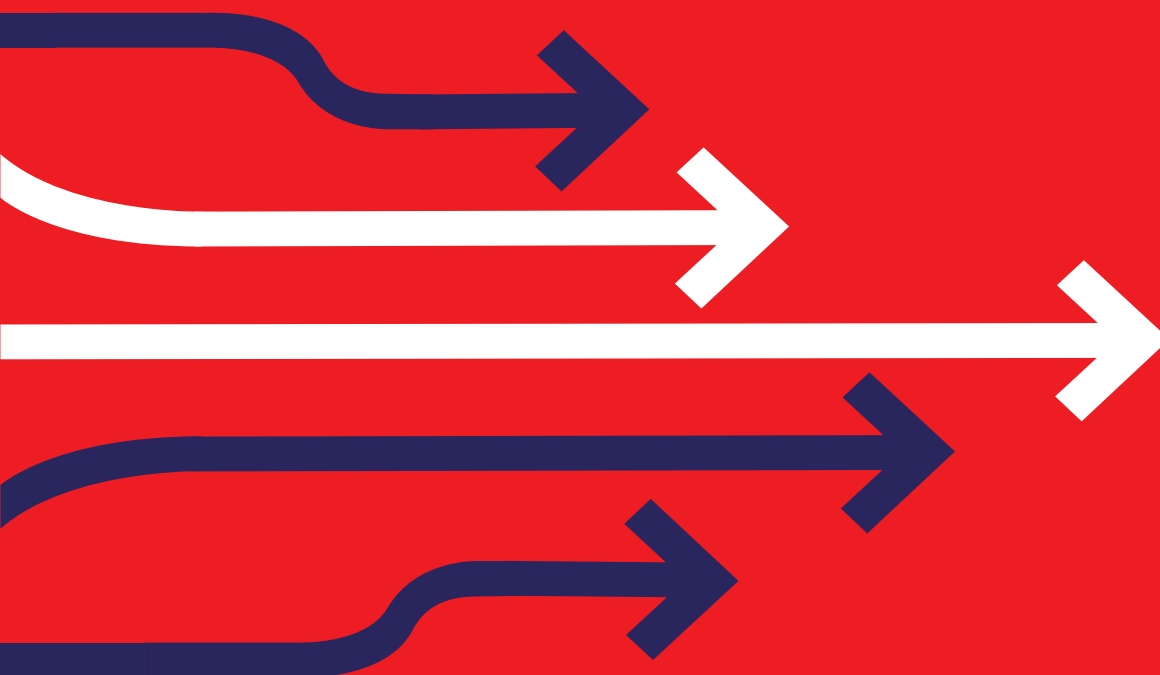
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6.1 CHAIRWOMAN'S REPORT ON THE OPERATING PROCEDURES OF THE BOARD OF DIRECTORS AND ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

In accordance with article L.225-37 of the French Commercial Code, the Chairwoman 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 Chairwoman 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 14, 2017 meeting. This report will be presented to the shareholders at the next Annual Shareholders' Meeting on January 23, 2018.

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6.1.1 Composition and operating procedures 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 sections of the Company's by-laws concerning directors are compliant with legal requirements. They include specific

provisions concerning the maximum term of office (three years) and the age limit (85 for the Chairwoman and the Chief Executive Officer). Further, the Internal Rules of the Board of Directors require each director to own at least 400 Sodexo shares, except for directors representing employees to whom no such requirement applies in accordance with French law.

6.1.1.1 Composition as of August 31, 2017

		FIRST ELECTED	TERM EXPIRES	INDEPENDENT DIRECTORS ⁽¹⁾
Sophie Bellon	Chairwoman of the Board of Directors, Sodexo Member of the Management Board, Bellon SA	Jul. 26, 1989	2018 ⁽²⁾	
Emmanuel Babeau	Deputy Chief Executive Officer in charge of Finance and Legal Affairs, Schneider Electric	Jan. 26, 2016	2019	X
Robert Baconnier	Director	Feb. 8, 2005	2019	X
Patricia Bellinger	Adjunct Lecturer and Senior Fellow, the Harvard Kennedy School's Center for Public Leadership	Feb. 8, 2005	2020	X
Astrid Bellon	Member of the Management Board, Bellon SA	Jul. 26, 1989	2019	
Bernard Bellon	Member of the Supervisory Board, Bellon SA	Feb. 26, 1975	2018 ⁽²⁾	
François-Xavier Bellon	Chairman of the Management Board, Bellon SA Chief Executive Officer, Bright Yellow Group Plc	Jul. 26, 1989	2019	
Nathalie Bellon-Szabo	Member of the Management Board, Bellon SA Chief Operating Officer Sports and Leisure Worldwide, On-site Services	Jul. 26, 1989	2018 ⁽²⁾	
Philippe Besson	Director representing employees	Jun. 18, 2014	2020	N/A ⁽³⁾
Françoise Brougher	Director	Jan. 23, 2012	2018 ⁽²⁾	X
Soumitra Dutta	Dean and Professor of Management, Cornell College of Business, Cornell University	Jan. 19, 2015	2018 ⁽²⁾	X
Michel Landel	Chief Executive Officer, Sodexo	Jan. 19, 2009	2020	
Cathy Martin	Director representing employees	Sept. 10, 2015	2018	N/A ⁽³⁾
Cécile Tandeau de Marsac	Chief Human Resources Officer, Solvay Group	Jan. 24, 2017	2020	X

(1) Independent director as defined by the AFEP-MEDEF Code of corporate governance for listed companies, except for the recommendation that a director should not serve on the Board for more than 12 years (in the case of Ms. Patricia Bellinger and Mr. Robert Baconnier).

(2) The Board of Directors will propose the renewal of these mandates at the Annual Shareholders' Meeting on January 23, 2018.

(3) In accordance with the law and the AFEP-MEDEF Code of corporate governance for listed companies, the directors representing employees are not included in the determination of the following: the minimum and maximum number of Board members, the representation of men/women on the Board, and the number of independent Board members.

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6.1.1.2 Chairman Emeritus

PIERRE BELLON



Born January 24, 1930.
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)

Number of Sodexo shares held: **12,900.**

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 of Sodexo (new name since January 2008) until the Shareholders' Meeting of January 26, 2016, when he was named Chairman Emeritus.

In 1988, Pierre Bellon was appointed Chairman and Chief Executive Officer of Bellon SA, the family holding company that controls Sodexo, before serving as

Chairman of the Management Board from 1996 to 2002 and Chairman of the Supervisory Board since February 2002.

Pierre Bellon has also served as:

- Vice President of CNPF (subsequently MEDEF), 1980-2005;
- President of the French National Center for Young Business Leaders (formerly the Center for Young Employers), 1968-1970;
- President of the French National Federation of Hotel and Restaurant Chains, 1972-1975;
- Member of the French Economic and Social Council, 1969-1979.

Other positions and corporate offices held

- **Chairman of the Supervisory Board:** Bellon SA;

- **Member of the Supervisory Board:** Sobelnat SCA;
- **Member of the Board of Directors:** *Association progrès du management (APM)*, created by Pierre Bellon in 1987;
- **Chairman and Founder:** the Pierre Bellon Foundation.

Past corporate offices

- **Chairman of the Board of Directors:** Sodexo;
- **Member of the Board of Directors:** Kering (formerly PPR)*; CMA-CGM; Air Liquide*; *Association nationale des sociétés par actions (ANSA)*.

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6.1.1.3 Board members as of August 31, 2017

SOPHIE BELLON - CHAIRWOMAN OF THE BOARD OF DIRECTORS



Born August 19, 1961.
4 children.
Nationality: French.
Graduate of the École des hautes études commerciales du Nord (EDHEC).

Number of Sodexo shares held: **7,964.**

Background

Sophie Bellon began her career in 1985 with Crédit Lyonnais in the United States as a mergers and acquisitions advisor for the bank's French clientele in New York. She joined Sodexo in 1994 as a senior analyst in the Group Finance Department. In 2001, she was appointed Project Manager – Strategic Financial Planning within the Group Strategic Planning Department to develop and implement key performance indicators for the Group. In September 2005, she was named Group Vice President of Client Retention and was responsible for the worldwide deployment of the initiative on client retention.

In September 2008, she was appointed Chief Executive Officer of Corporate Services for Sodexo France. In that capacity, she also took over responsibility for facilities management (FM) activities in France in September 2010.

In November 2013, Sophie Bellon was appointed Vice Chairwoman of the Sodexo Board of Directors (replacing Robert Baconnier), with specific responsibility for increasing the pace of Research, Development and Innovation, particularly in Quality of Life services.

On January 26, 2016, Sophie Bellon became Chairwoman of the Board of Directors of Sodexo.

Other positions and corporate offices held

- **Chairwoman:** PB Holding SAS;
- **Member of the Management Board:** Bellon SA;
- **Founding member:** the Pierre Bellon Foundation
- **Member of the Board of Directors:** L'Oréal*; *Association nationale des sociétés par actions (ANSA).*

Business address:

Sodexo
 255, quai de la Bataille-de-Stalingrad
 92130 Issy-les-Moulineaux (France)

Other corporate offices held within the past five years but no longer held

- **Chief Executive Officer:** Sodexo Entreprises SAS**;
- **Chairwoman of the Board of Directors:** Altyx Multiservices SA (renamed Sodexo Energie et Maintenance)**;
- **Chairwoman of the Management Board:** Bellon SA;
- **Legal Manager:** SORESCOM SARL**;
- **Member of the Management Board:** Société Française de Restauration et Services SAS**; Société Française de Propreté SAS**; Sodexo Santé Médico-Social**.

* Listed company.

** Sodexo Group company.



EMMANUEL BABEAU



Born February 13, 1967.
3 children.
Nationality: French.
Graduate of the École supérieure de commerce de Paris (ESCP, 1989); degree in accounting and finance (DESCF).

Business address:
 Schneider Electric
 35, rue Joseph-Monier
 92500 Rueil-Malmaison (France)

Number of Sodexo shares held: **400.**

Background

Emmanuel Babeau is Deputy Chief Executive Officer in charge of Finance and Legal Affairs at Schneider Electric SE (a listed company).

He began his career at Arthur Andersen in late 1990. In 1993, he joined the Pernod Ricard Group as Internal Auditor and was appointed Head of Internal Audit, Corporate Treasury and Consolidation in 1996. He subsequently held several executive positions at Pernod Ricard, notably outside France, before becoming Vice President, Development in 2001. In June 2003, he was appointed Chief Financial Officer and in 2006 he was named Group Deputy Managing Director of Finance. He joined Schneider Electric in 2009 as Executive Vice President, Finance and a member of

the Management Board, and in 2013 he became Deputy Chief Executive Officer in charge of Finance and Legal Affairs.

Other positions and corporate offices held

- **Member of the Board of Directors:** Schneider Electric Industries SAS***; Schneider Electric USA Inc.***; Schneider Electric (China) Co., Ltd.***; Samos Acquisition Company Ltd.***; Schneider Electric Holdings Inc.***; Invensys Ltd.***; InnoVista Sensors Topco Ltd.***;
- **Member of the Supervisory Board:** InnoVista Sensors SAS***; Aster Capital Partners SAS***; Schneider Electric Energy Access representing

Schneider Electric Industries SAS*** (corporate member);

- **Member of the Managing Board:** Schneider Electric Services International***.

Other corporate offices held within the past five years but no longer held

- **Chairman of the Managing Board:** Schneider Electric Services International***;
- **Member of the Management Board:** Schneider Electric SA***;
- **Member of the Board of Directors:** Schneider Electric Taiwan Co. Ltd.***; Telvent GIT SA***; Transformateurs SAS***.

ROBERT BACONNIER



Born April 15, 1940.
3 children.
Nationality: French.
Degree in Literature, graduate of the Institut d'études politiques de Paris and of the École nationale d'administration (1965-1967).

Address:
 11, avenue Théophile-Gautier
 75016 Paris (France)

Number of Sodexo shares held: **410.**

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. From 2010 to November 2013, he was Vice Chairman of the Board of Directors of Sodexo.

Other positions and corporate offices held

None.

Other corporate offices held within the past five years but no longer held

- **Chairman and Chief Executive Officer:** *Association nationale des sociétés par actions* (ANSA);
- **Member of the Board of Directors:** Lafarge Ciments*;
- **Member of the Supervisory Board:** ELS (Éditions Lefebvre Sarrut);
- **Non-voting Board member and member of the Audit Committee:** Siparex Associés;
- **Other position:** Member of the *Conseil des Prélèvements Obligatoires* (the French Tax and Social Charges Board).

* Listed company.

*** Schneider Electric Group company.



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PATRICIA BELLINGER

Born March 24, 1961.
4 children.
Nationality: dual American and British.
BA in Literature, Harvard University.

Number of Sodexo shares held: **400.**

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 the pharmaceutical company Bristol Myers Squibb (BMS), 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 BP 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 at Harvard

Business School. In August 2013, she was also appointed Executive Director and an Adjunct Lecturer at the Harvard Kennedy School's Center for Public Leadership (CPL). Since 2017 she has held the positions of Adjunct Lecturer and Senior Fellow at the Harvard Kennedy School's Center for Public Leadership.

Other positions and corporate offices held

- **Member of the Board of Trustees:** U Aspire;
- **Member of the Board of Directors:** Pattern Energy Inc.; L Brands Inc.*; Sonepar Group;

Business address:

Sodexo
 255, quai de la Bataille-de-Stalingrad
 92130 Issy-les-Moulineaux (France)

- **Other:** Member of the Advisory Board of the Program in Education, Afterschool and Resiliency (PEAR) at McLean Hospital (Harvard Medical School); member of the Diversity and Inclusion Advisory Board of Barilla SA.

Other corporate offices held within the past five years but no longer held

- **Chairwoman of the Board of Directors:** Nordic Windpower, Ltd. (UK);
- **Member of the Board of Directors:** YMCA of Greater Boston (USA).

ASTRID BELLON

Born April 16, 1969.
Graduate of ESLSA.
Nationality: French.
Master of Arts in Cinema Studies, New York.

Number of Sodexo shares held: **38,000.**

Background

Astrid Bellon is a member of the Management Board of Bellon SA.

Other positions and corporate offices held

- **Chairwoman:** Sofrane SAS;
- **Member of the Management Board:** Bellon SA;
- **Legal Manager:** Sobelnat SCA (permanent representative of Sofrane SAS);
- **Founding member:** the Pierre Bellon Foundation.

Business address:

Bellon SA
 17, place de la Résistance
 92130 Issy-les-Moulineaux (France)

Other corporate offices held within the past five years but no longer held

None.

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BERNARD BELLON



Born August 11, 1935.
5 children.
Nationality: French.
Degree in French Literature from IAE Aix-Marseille.

Business address:
 14, rue Saint Jean
 1260 Nyon (Switzerland)

Number of Sodexo shares held: **200,114.**

Background

Bernard Bellon was director of Compagnie Hôtelière du Midi (part of the Compagnie de Navigation Mixte Group) from 1962 to 1970 and then held various managerial positions in banking at CIC-Banque de l'Union européenne Group from 1970 to 1988. He founded Finadvance SA, a venture capital company of which he

was Chairman from its creation in 1988 until 2013.

Other positions and corporate offices held

- **Member of the Supervisory Board:** Bellon SA;
- **Founding member:** the Pierre Bellon Foundation.

Other corporate offices held within the past five years but no longer held

- **Member of the Board of Directors:** Finadvance SA;
- **Member of the Board of Directors:** Copelia.

FRANÇOIS-XAVIER BELLON



Born September 10, 1965.
4 children.
Nationality: French.
Graduate of the European Business School.

Business address:
 LifeCarers Limited
 2 East Throp House, 1 Paddock Road
 Reading RG4 5BY (United Kingdom)

Number of Sodexo shares held: **36,383.**

Background

François-Xavier Bellon joined the Adecco Group in 1993 as agency head in Orsay-les-Ulis (France). In 1992 he was appointed agency head in Barcelona, before becoming Catalonia Regional Director.

In 1995, François-Xavier Bellon joined the Sodexo Group as Head of Sector and became Healthcare Head of Development in France. He was appointed Regional Director in Mexico and became Chief Executive Officer of the Mexican subsidiary until 2004.

In January 2004, he was appointed Chief Executive Officer of Sodexo UK and Ireland but he subsequently left the Group due to health problems.

From 2004 to 2006, he rejoined the Adecco Group and was Sales and Marketing Director of the Global Temporary Work Division of the Adecco Group, based in Zurich and London.

Since 2007, François-Xavier Bellon is the Founder and CEO of LifeCarers, a company based in the United Kingdom, which provides home care services to dependent people (people living in social isolation, people in recovery or people living with dementia).

Other positions and corporate offices held

- **Chairman of the Management Board:** Bellon SA;

- **Chief Executive Officer:** PB Holding SAS; Bright Yellow Group Plc;
- **Member of the Board of Directors:** LifeCarers Ltd;
- **Advisor:** French Foreign Trade Commission; U1st Sports SA; The Home of HR.

Other corporate offices held within the past five years but no longer held

- **Advisor:** Dr Clic Sociedad Limitada.

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NATHALIE BELLON-SZABO

Born January 26, 1964.
3 children.
Nationality: French.
Graduate of the European Business School.

Number of Sodexo shares held: **1,147.**

Background

Nathalie Bellon-Szabo began her career in the foodservices industry in 1987. From 1989, she was an account manager for Scott Traiteur, and then Sales Manager of Le Pavillon Royal.

She joined Sodexo in March 1996 as Sales Director for Sodexo Prestige in France, becoming a Regional Manager in 1999. In September 2003, she was appointed Managing Director of Sodexo Prestige, and Managing Director of L'Affiche in January 2006. She was named Chairwoman of the Management Board of the Lido in 2009. She became Chief Executive Officer of Sodexo Prestige Sports and Leisure in France on September 1, 2010 and Chairwoman of the Management Board of Lenôtre in 2012.

On September 1, 2015, she was appointed Chief Executive Officer Sports and Leisure

France, On-site Services and Chief Operating Officer Sports and Leisure worldwide, On-site Services.

Other positions and corporate offices held

- **Chairwoman:** Yachts de Paris SAS**; Compagnie d'Armateur Fluvial et Maritime SAS**; Société d'Exploitation des Vedettes Paris Tour Eiffel (SEVPTE) SAS**; Sodexo Sports et Loisirs**; Gedex**;
- **Chairwoman of the Board of Directors:** L'Affiche SA**; Millenia SA**;
- **Chairwoman of the Management Board:** Société du Lido (SEGSHMI)**; Lenôtre SA**;

Business address:

Sodexo Prestige Sports and Leisure/Sodexo Prestige Sites and Brands
 Tour Horizons
 CP H 200
 30, cours de l'Île Seguin
 92777 Boulogne Billancourt (France)

- **Member of the Board of Directors:** Altima SA**;
- **Member of the Management Board:** Bellon SA;
- **Chief Executive Officer:** Sodexo Prestige Sports and Leisure in France**.

Other corporate offices held within the past five years but no longer held

- **Chairwoman:** SAS Lenôtre Cote d'Azur**;
- **Chief Executive Officer:** Millenia SA**; L'Affiche SA**;
- **Chairwoman:** Holding Bungener et Compagnie SAS**;
- **Chairwoman of the Supervisory Board:** Lenôtre SA**.

PHILIPPE BESSON

Born September 21, 1956.
4 children.
Nationality: French.

Background

Philippe Besson joined the Sodexo Healthcare Division in 1981, as foodservices manager for the Paris Ile de France region. He took part in the World Youth Days in Paris, Rome and Cologne, was responsible for the Tour de France

departure villages for Sodexo and managed athlete foodservices for the Pacific Games.

He has been Head of Projects and Sponsorship and has served as a director representing employees since June 2014.

Business address:

Sodexo
 255, quai de la Bataille-de-Stalingrad
 92130 Issy-les-Moulineaux (France)

Other positions and corporate offices held

None.

Other corporate offices held within the past five years but no longer held

None.

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**FRANÇOISE BROUGHER**

Born September 2, 1965.
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:

Sodexo SA
 255, quai de la Bataille-de-Stalingrad
 92130 Issy-les-Moulineaux (France)

Number of Sodexo shares held: **400.**

Background

Françoise Brougher began her career in 1989 in a production unit of L'Oréal in Japan. After receiving her MBA in 1994, she joined the strategy consulting firm Booz Allen & Hamilton, dividing her time between Europe and the United States. In 1998, she joined the San Francisco-based Ocean Gem Pearl Corporation, an importer of black Tahitian pearls, as Chief

Executive Officer. From 2000 to 2005, she was Vice President of Strategy at California-based brokerage firm Charles Schwab Corporation. In March 2005, she joined Google, where she managed the Business Operations Group for four years, becoming Vice President, Global SMB Sales & Operations in 2009. In April 2013, she joined San Francisco-based Square as Business Lead.

Other positions and corporate offices held

None.

Other corporate offices held within the past five years but no longer held

None.

SOUMITRA DUTTA

Born August 27, 1963.
1 child.
Nationality: Indian.
Doctorate in Computer Science, Artificial Intelligence,
University of California, Berkeley, USA.

Business address:

Cornell SC Johnson
 College of Business
 Cornell University
 Ithaca, New York (USA)

Number of Sodexo shares held: **400.**

Background

Soumitra Dutta began his career in 1985 as a research assistant at University of California, Berkeley, USA. Between 1988 and 1990, he gained further research experience at General Electric. He then joined Insead, the international management school based in Fontainebleau (France), where he served as lecturer then dean of technology and e-learning. In 1999, he set up eLab@Insead, the school's research and analytics center focused on big data analytics for businesses, which he headed until

2012. In 2002, he was named dean of Executive Education at Insead. During his tenure at Insead, Soumitra Dutta also participated in setting up and managing three strategy consultancies specialized in new technologies and innovation, which he developed before selling them. Since 2012, he has been dean and professor of Management at Cornell SC Johnson College of Business at Cornell University, Ithaca, New York.

Other positions and corporate offices held

- **Member of the Board of Directors:**
 The Association to Advance Collegiate Schools of Business (AACSB), USA;
 Dassault Systèmes, France.

Other corporate offices held within the past five years but no longer held

- **Chairman of the Board of Directors:** Fisheye Analytics Ltd, Singapore.

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MICHEL LANDEL

Born November 7, 1951.
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)

Number of Sodexo shares held: **254,358.**

Background

Michel Landel began his career in 1977 with Chase Manhattan Bank, then in 1980 became manager of a building materials plant belonging to the Poliet Group.

He was recruited by Sodexo 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, where he notably worked on the 1998 merger with Marriott Management Services and creation of Sodexo Marriott Services. In 1999, he became Chief Executive Officer of Sodexo 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.

Since September 1, 2005 he has been Chief Executive Officer of Sodexo and Chairman of the Executive Committee.

Michel Landel announced his intention to retire as CEO of Sodexo and will step down as of the Annual General Shareholders' Meeting on January 23, 2018. After that date, he will continue to sit on the Company's Board of Directors until his directorship expires at the close of the Annual Shareholders' Meeting to be called in 2020 to approve the financial statements for the fiscal year ending August 31, 2019.

Other positions and corporate offices held

- **Chief Executive Officer:** Sodexo**;

- **Chairman of the Group Executive Committee:** Sodexo**;
- **Member of the Board of Directors:** Sodexo, Inc.**; Catalyst in the United States; Louis Delhaize, a Franco-Belgian food company;
- **Member of the Management Board:** Sodexo Pass International SAS**; One SAS**;
- Permanent representative of Sodexo SA, corporate member of the Supervisory Board of One SCA**;
- Permanent representative of Sodexo SA, corporate Chairman of the Board of Directors of Stop Hunger.

Other corporate offices held within the past five years but no longer held

- **Chairman:** Stop Hunger;
- **Chairman:** Executive For Excellence.

CATHY MARTIN

Born June 5, 1972.
3 children.
Nationality: Canadian.

Business address:
 Sodexo Canada
 740 Rue Saint-Maurice, bureau 106
 Montreal, Quebec
 Canada H3C 1L5

Background

After completing her studies in nutrition, Cathy Martin began her career in the foodservices industry in 1998. In January 2000, she joined Sodexo as an on-site foodservices manager. Over the past 15 years, she has held various operating and project management positions. In

December 2014, she was named Regional Manager, On-site Services in the Education segment in Quebec, Canada.

Other positions and corporate offices held

None.

Other corporate offices held within the past five years but no longer held

None.

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CÉCILE TANDEAU DE MARSAC

Born April 17, 1963.
2 children.
Nationality: French.
Graduate of the École supérieure de commerce de Rouen.

Business address:
 Solvay
 Rue de Ransbeek, 310
 B-1120 Brussels, Belgium

Number of Sodexo shares held: **400**

Background

Cécile Tandeau de Marsac began her career with Nestlé in 1987, holding various positions in Marketing and Communications before joining the Human Resources Department in 2002, where she was in charge of career development in France. In 2005, she became Human Resources Director for certain businesses and corporate functions at Nestlé France.

In 2007, she joined Rhodia as HR Director of a business unit in France, responsible for talent development for the Group. She subsequently took part in two major projects to transform Rhodia's organizational structure and to integrate Rhodia's teams following its acquisition by Solvay. In September 2012, she was appointed Human Resources Director at Solvay.

Other positions and corporate offices held

None.

Other corporate offices held within the past five years but no longer held

- None.

6.1.1.4 Internal Rules of the Board of Directors

The Internal Rules of the Board of Directors are available on the Group's website at www.sodexo.com, under "Corporate governance" in the "Finance" section. A summary of the key elements of these Rules is provided below.

6.1.1.4.1 Principles governing the composition of the Board of Directors

As of August 31, 2017, the Board of Directors had 14 members, of which seven (50% of all Board members⁽¹⁾) are women, including one woman director representing employees. The number of women directors demonstrates that women are well represented on the Board of Directors and it also exceeds the requirements of the Copé-Zimmerman Act passed in France on gender-balanced representation on Boards, which states that 40% of all corporate Board members must be women. Ten Board members are French nationals and the others are nationals of the United States, the United Kingdom, Canada and India.

The Board of Directors takes particular care in the selection of its members. Directors are chosen for their ability to act in the interests of all shareholders and for their expertise, experience and understanding of the strategic challenges in markets where Sodexo operates. The composition of the Board of Directors is intended to adhere closely to the principles of diversity and to reflect the geographic mix of the business (insofar as possible), to provide a range of technical skills, and to include individuals with in-depth knowledge of Sodexo's activities. To this end, each year the Board of Directors discusses the Company's policy on equal opportunities and pay.

During Fiscal 2017, six⁽¹⁾ Board members were deemed independent directors (see section 6.1.1.1). No independent director has any business ties with the Company or any other Group entity. When the Board of Directors examined the

independent status of its directors, it paid particular attention to any business relations existing between the Sodexo Group and the group or entity of which each independent director (as qualified based on the other independence criteria) is a member. Based on this analysis, apart from Ms. Cécile Tandeau de Marsac and Mr. Emmanuel Babeau, no other independent director or the entity or group of which he or she is a member and in which they exercise executive powers, has any business relations with the Company, its group or its management. The Board carried out a quantitative and qualitative analysis of the situations of Ms. Cécile Tandeau de Marsac, Human Resources Director at the Solvay Group, and Mr. Emmanuel Babeau, Deputy Chief Executive Officer of Schneider Electric, as well as the business relations between Sodexo and the Solvay and Schneider Electric groups. All of the worldwide business conducted between Sodexo and these groups represents less than 0.1% of the Company's consolidated revenues, which is well below the 1% materiality threshold used by the Board of Directors. Consequently, the Board of Directors considers that Ms. Cécile Tandeau de Marsac and Mr. Emmanuel Babeau are independent directors and that it should continue to benefit from their valuable experience in their respective fields.

Directors hold office for a term of three years and may be re-elected. Exceptionally, the Shareholders' Meeting may, on the recommendation of the Board of Directors, appoint or re-elect one or several directors for a period of one or two years.

On January 21, 2014, the Shareholders' Meeting decided on the conditions of appointment to the Board of Directors of one or more directors representing employees. Directors representing employees are appointed for three-year terms. A first director representing employees – Mr. Philippe Besson – was appointed by the trade union that obtained the most votes in the first round of the most recent elections in France of union representatives and took his seat on the Board at its meeting on June 18, 2014. Philippe Besson was reappointed by this trade union for a three-

¹ In accordance with the law and the AFEP-MEDEF Code of corporate governance for listed companies, the two directors representing employees are not included in the determination of the following: the minimum and maximum number of Board members, the representation of men and women on the Board, and the number of independent Board members.


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year term effective from the Annual Shareholders' Meeting held on January 24, 2017. A second director representing employees – Ms. Cathy Martin – was appointed by the European Works Council and became a member of the Board at its meeting on September 10, 2015.

6.1.1.4.2 Preparation and organization of the work of the Board of Directors

Sodexo is governed by a Board of Directors which has been chaired by Ms. Sophie Bellon since January 26, 2016.

ROLE OF THE CHAIRWOMAN OF THE BOARD OF DIRECTORS

The Chairwoman of the Board of Directors represents the Board and organizes and directs its work, and reports to the shareholders at the Annual Shareholders' Meeting. The Chairwoman also represents the Board of Directors in matters concerning third parties such as employee representatives, external auditors and shareholders. The Chairwoman oversees the functioning of all of the Company's Corporate Governance structures and, in particular, ensures that the Board members are able to fulfill their mission.

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 set forth the Board's mission, the required number of Board members, the Directors' charter, the minimum number of Board meetings and the rules for allocating directors' fees. The Internal Rules also set the criteria for assessing the performance of the Board, organize the delegation of powers to the Chief Executive Officer, and define the policy for issuing guarantees. The principal elements of the Board's Internal Rules are described in this section. The Internal Rules are available in full on the Company's website.

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 (particularly progress made on metrics it has identified) and it appoints corporate officers to manage Group policies.

The Board of Directors ensures the existence and effectiveness of the management of commitments, risks and internal control procedures, and oversees the quality of the information provided to shareholders and the financial markets in the financial statements and in connection with major financial transactions.

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 of Directors, in particular at the beginning of September, when the budget and the five-year plans are discussed:

- the Chief Executive Officer and the other operational executives in each area of responsibility discuss the potential

for growth, competitive positions, the ambition, the strategy for achieving it and the principal elements of their action plans;

- Group executives in each functional area (Human Resources, Finance, Brand and Communication, Strategy, Organization, and Research & Development and Innovation) present their recommendations regarding strategy and policy developments, progress achieved and to be achieved, and action plans for implementation in the Group.

The Board of Directors performs periodic in-depth reviews of the financial statements at meetings attended as necessary by members of the Group's operational and functional management teams as well as by the external auditors.

The Board of Directors holds at least one meeting a year that executive and internal directors do not attend.

The Board of Directors is also kept regularly informed of questions, comments or criticism from shareholders, whether at meetings with shareholders or by mail, e-mail or telephone.

THE DIRECTORS' CHARTER

The main elements of the Directors' Charter are described below.

Each director should constantly be mindful of the corporate interest, exercise good judgment (particularly of situations, strategies and people), and look to the future in order to identify the risks and strategic challenges that lie ahead. Each director should also be focused, active and engaged, and act with integrity.

Each director must personally own at least 400 Sodexo shares by the end of their first year of office (except for directors representing employees to whom no such requirement applies in accordance with French law).

Except in cases of *force majeure*, all directors of Sodexo must attend Shareholders' Meetings.

Directors are required to disclose to the Board all actual or potential conflicts of interest and must abstain from voting on those matters.

Any director of Sodexo who obtains undisclosed information during the course of his or her duties is bound by the insider legislation.

Directors are also prohibited from trading in Sodexo securities as follows:

- during the period commencing 30 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 15 calendar days prior to the date of publication of the consolidated financial information for the first and third quarters up to and including the date of their publication.

Transactions effected by directors in the Company's shares must be disclosed to the public. Consequently, directors are required to inform the Group Legal Department of all transactions in Sodexo shares.

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INDUCTION AND TRAINING OF DIRECTORS

Upon joining the Board, all directors receive training aligned with their specific needs. They meet the Chairwoman of the Board of Directors, the Chief Executive Officer and the Group's senior executives. Meetings are also organized with certain executives and external advisors. Site visits are arranged to provide an overview of the Group's businesses and a better understanding of each one. Board members continue to receive training for as long as they remain on the Board on a continuous basis.

In addition, in accordance with decree no. 2015-606 of June 3, 2015 intended to ensure that directors representing employees are given the necessary time and training to enable them to fulfill their duties, the Board of Directors has decided that directors representing employees will be allowed the time necessary to prepare their participation in each Board meeting and will also be given at least twenty hours' training per year during their mandate. Since joining Sodexo's Board of Directors, Mr. Philippe Besson and Ms. Cathy Martin have participated in several training seminars organized by the French Institute of Directors (IFA) as well as in-house training delivered by several of the Company's corporate functions.

BOARD COMMITTEES

To support its decision-making process, the Board of Directors has created three committees, each with its own charter approved by the Board of Directors which sets out their roles, responsibilities and operating procedures. Broadly, the role of these committees is to examine specific issues ahead of Board meetings and to submit opinions, proposals and recommendations to the Board of Directors.

Audit Committee

Composition as of August 31, 2017:

- Mr. Emmanuel Babeau, who chairs the Committee in his capacity as a "financial expert";
- Mr. Robert Baconnier;
- Mr. François-Xavier Bellon;
- Mr. Soumitra Dutta;
- Ms. Cathy Martin, Director representing employees.

The Nominating Committee's proposed appointment of Mr. Emmanuel Babeau to replace Mr. Robert Baconnier as Chairman of the Audit Committee was specifically reviewed by the Board of Directors at its March 7, 2017 meeting.

In addition, when Ms. Cathy Martin was appointed as a member of the Audit Committee, she was given specific in-house training on the Company's accounting, financial and operating procedures.

All Audit Committee members have recognized expertise in finance and accounting, as confirmed by their professional background (see section 6.1.1.3).

The Audit Committee is responsible for ensuring that the Group's accounting policies are appropriate and consistently applied, particularly with respect to material transactions.

It examines the Company's fraud detection procedures and its whistleblowing system. It is notably in charge of ensuring that

a procedure is in place for dealing with complaints from third parties or employees (which may be anonymous) about any irregularities concerning accounting or internal control practices or any other area.

It issues observations and recommendations to the Company's senior management team about risk management governance, particularly the structure, scope and organization of risk management.

It periodically reviews senior management reports on risk exposure and prevention, and ensures that effective internal controls are applied.

The Committee assesses proposals from external auditor firms and submits candidate firms for approval by the Shareholders' Meeting.

It also performs an annual review of the fees paid to the external auditors of Sodexo and its subsidiaries and assesses auditor independence. In addition, it reviews the annual payment due under the service contract signed between Sodexo and Bellon SA (detailed in section 5.4.2), as well as any changes in its amount from one year to the next.

To perform its role, the Audit Committee is assisted by the Chief Executive Officer, the Group Chief Financial Officer, the Group Internal Audit Director and the external auditors. It may also make inquiries of any Group employee, without any Company executives being present, and seek advice from outside experts.

During Fiscal 2017, the Chief Executive Officer of Sodexo, the Group Chief Financial Officer and the Group Internal Audit Director were regularly invited to attend Audit Committee meetings to discuss their activities and answer questions.

The Audit Committee met five times during the fiscal year, with an 88% attendance rate.

Issues addressed by the Committee included:

- review of the main risks and the risk management process;
- the new segment reporting structure and allocation of goodwill;
- progress report on the evaluation of internal control;
- approval of the internal audit plan for Fiscal 2017;
- reports issued by the Internal Audit Department and progress reports on the implementation of its recommendations;
- supervision of the independence, terms of engagement and fees of the external auditors of Sodexo and its subsidiaries in connection with the audit of the consolidated financial statements for Fiscal 2017. The Audit Committee also approved in advance all other engagements performed by the Group's external auditors and by member firms of their networks;
- review of the impact of French Act 2016-1691 dated December 9, 2016 (the "Sapin II Act") on transparency, anti-corruption and modernization of the economy;
- the new reforms for statutory audits;
- new accounting standards on revenue and leases;
- a new presentation of the income statement;

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- review of the annual payment due under the service contract signed between Sodexo and Bellon SA for Fiscal 2018;
- review of the scope of consolidation;
- review of the consolidated financial statements and notes, including note 4.24 on off-balance sheet commitments.

The Audit Committee also reviewed the annual consolidated financial statements for Fiscal 2016 and the interim consolidated financial statements for the first half of Fiscal 2017. In addition to five formal meetings, the Chairman of the Audit Committee also had periodic meetings during the fiscal year with the Chief Executive Officer, the Group Internal Audit Director, the Group Chief Financial Officer and the external auditors.

Nominating Committee

Composition as of August 31, 2017:

- Ms. Françoise Brougher, who chairs the Committee;
- Ms. Nathalie Bellon-Szabo;
- Ms. Sophie Bellon;
- Ms. Cécile Tandeau de Marsac.

This Committee:

- examines proposals made by the Chairwoman of the Board of Directors in relation to director nominations. The Nominating Committee assesses the knowledge and experience represented on the Board of Directors, as well as directors' level of independence, and prepares a description of the skills that should be sought in new candidates for election to the Board. The Group may retain the services of external executive search firms to identify a certain number of candidates, while ensuring that the backgrounds of short-listed candidates are sufficiently diversified;
- provides an opinion to the Board on the director nominations. The Committee reviews nominees prior to their election as directors, and where it sees fit assesses the situation of directors in relation to the criteria concerning the composition of the Board of Directors specified in the relevant legislation and in the Board's Internal Rules. For compliance reasons, the Committee also provides the Board of Directors from time to time with a list of directors qualifying as independent;
- provides an opinion to the Board of Directors on the nomination of the Chief Executive Officer and, as appropriate, one or more Deputy Chief Executive Officers;
- examines proposals made by the Chief Executive Officer on nominations and succession plans for members of the Executive Committee and other key executives, and advises the Board of Directors on these proposals;
- ensures that the Chief Executive Officer is able to propose potential replacements at any time if a position suddenly becomes vacant, while maintaining confidentiality;
- regularly reviews the training plans for directors as well as the welcome and induction process for new directors.

The Nominating Committee met five times in Fiscal 2017, notably to review the nomination of an independent director, the succession plan for the Chief Executive Officer, the succession plans for the members of the Group Executive Committee, the training of directors representing employees, the composition of the Board Committees (notably the appointment of independent directors to chair the Committees), and the nomination proposals for the new director. The attendance rate at these meetings was 100%.

Compensation Committee

Composition as of August 31, 2017:

- Ms. Cécile Tandeau de Marsac, who chairs the Committee;
- Mr. Emmanuel Babeau;
- Ms. Patricia Bellinger;
- Mr. Philippe Besson, Director representing employees;
- Ms. Françoise Brougher.

This Committee makes proposals relating to compensation packages for corporate officers, executive compensation policy, performance-based incentives, and in particular, performance share grants (including the related performance conditions), as well as employee share ownership plans. The principles and rules applied by the Board of Directors in determining the compensation and benefits of any nature provided to the corporate officers are described in section 6.3 of this document.

In connection with its work, the Compensation Committee may commission reports from external specialists, which it did in Fiscal 2017 when it used the services of Mercer.

The Compensation Committee met five times during the fiscal year and the attendance rate was 95%.

The Compensation Committee made recommendations to the Board of Directors on issues such as the compensation packages for the Company's corporate officers, a review of executive incentive programs, and performance share grants and the related performance conditions. Accordingly, the Committee proposed to the Board of Directors that 884,895 shares should be granted to 1,357 people on April 20, 2017 (with some of the shares subject to performance conditions) and expressed its opinion on individual grants and the performance conditions proposed for the Chief Executive Officer.

BOARD MEETINGS DURING THE FISCAL YEAR**Board meetings**

The Board of Directors met twelve times during Fiscal 2017, fulfilling the minimum requirement of six meetings per year as stated in the Board of Directors Internal Rules. Before the Board's annual September meeting, a full day is devoted to presentations given by the Group's operations and corporate teams on strategic issues. Plans not reviewed during the September meeting are examined at subsequent Board meetings held during the fiscal year.

The average attendance rate at Board meetings during Fiscal 2017 was 96%.

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DATE	MAIN ITEMS ON THE AGENDA	ATTENDANCE RATE
September 14, 2016	Human resources Benefits and Rewards business Corporate sub-segment (On-site Services) Fiscal 2017 budget Policy for equal opportunities and equal pay Organizational transformation Update on acquisitions Financing	100%
November 15, 2016	Approval of the Fiscal 2016 financial statements for publication Finalization of the Board Report Review of the annual earnings press release Re-examination of regulated related-party agreements and commitments Convening and preparation of the Annual Shareholders' Meeting Proposal for a new independent director Approval of the share repurchase program	93%
November 30, 2016	Adoption of a free share plan	100%
January 24, 2017 Pre-Annual Shareholders' Meeting	Business review for the opening months of Fiscal 2017 The Board of Directors' Internal Rules	100%
January 24, 2017 Post-Annual Shareholders' Meeting	Share repurchase program	100%
March 7, 2017	Chief Executive Officer's succession plan Seniors sub-segment (On-site Services) U.S. Healthcare sub-segment (On-site Services) Approval of the fee payable under the service contract between Bellon SA and Sodexo for the period April 2017 to March 2018 Composition of the Board Committees and appointment of their chairs Update on acquisition	100%
April 11, 2017	Universities <i>sub-segment</i> (On-site Services) Approval of the interim consolidated financial statements for the first half of Fiscal 2017 for publication Update on acquisitions Approval of the Interim Report for the first half of Fiscal 2017 Review of the first-half earnings press release Audit Committee charter	86%
April 20, 2017	Adoption of the 2017 free share plan	100%
May 30, 2017	Appointment of the new Chief Executive Officer, effective January 23, 2018	86%
June 14, 2017	Business review for the first nine months of Fiscal 2017 Financing Sports and Leisure sub-segment (On-site Services) Justice sub-segment (On-site Services) Assessment of the Board's operating procedures Dissolution of certain entities Bond issue Directors' fees Capital reduction following the cancellation of shares Meeting outside the presence of executive and internal directors	93%
July 10, 2017	Service agreement between Bellon SA and Sodexo	100%
August 1, 2017	Acquisition project	100%


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Directors' attendance rates

	ATTENDANCE RATE
Sophie Bellon	100%
Emmanuel Babeau	100%
Robert Baconnier	100%
Patricia Bellinger	92%
Astrid Bellon	83%
Bernard Bellon	100%
François-Xavier Bellon	100%
Nathalie Bellon-Szabo	100%
Philippe Besson	100%
Françoise Brougher	100%
Soumitra Dutta	100%
Paul Jeanbart*	75%
Michel Landel	100%
Cathy Martin	83%
Cécile Tandeau de Marsac*	100%

* The directorship of Paul Jeanbart expired at the close of the Annual Shareholders' Meeting on January 24, 2017.
The directorship of Cécile Tandeau de Marsac began at the close of the Annual Shareholders' Meeting on January 24, 2017.

Assessment of Board operating procedures

At least once a year, the Board of Directors devotes an agenda item to discussing its operating procedures, and every three years it organizes a formal external assessment.

The most recent formal assessment took place between April and May 2017 and its findings were presented and discussed at the Board meeting on June 14, 2017.

The general view of the Board's operating procedures was very positive, with the directors emphasizing that the atmosphere on the Board of Directors is constructive with members free to express their opinions. The assessment also showed that there is a high degree of involvement in Board meetings and how over the past few years there has been a marked improvement in terms of performance and team spirit. The Board's membership structure has recently been strengthened with the arrival of new independent directors with significant expertise in finance, human resources and operations.

The directors were generally satisfied with the Audit Committee's operating procedures although it was felt that more time should be devoted to the Group's risk mapping. The directors also expressed their confidence in the work performed by the Nominating Committee and the Compensation Committee and the general view was that these Committees' new membership structure and more frequent meetings will lead to further improvements.

The directors all considered that their fellow members participate actively in the work of the Board of Directors. They appreciate the atmosphere at meetings of the Board of Directors and the climate of trust that prevails among its members. They indicated that they are willing to become even more involved and suggested certain areas for improvement, including discussing strategic issues in more detail, enhancing the talent management process and continuing to make progress in relation to the Compensation Committee.

The directors were unanimous in their appreciation of the strategic review held in September with the presentation to the Board of business segments and they welcomed this unique opportunity to meet and discuss with the members of the Group's senior management team.

ROLE OF THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

On September 1, 2005, the roles of the Chairman of the Board of Directors and the Chief Executive Officer were separated and Mr. Michel Landel became the Chief Executive Officer of Sodexo, succeeding Mr. Pierre Bellon. This governance structure creates a clear separation between the strategic planning and oversight functions that are the responsibility of the Board of Directors, and the operational and executive functions that are the responsibility of senior management.

The Chief Executive Officer has the authority to manage the operations and functions of the Group. Limits are placed on the powers of the Chief Executive Officer. These limits are set by the Board of Directors based on the recommendations of the Chairwoman of the Board.

As of September 14, 2016, when the powers of the Chief Executive Officer were changed, the Chief Executive Officer is required to obtain the prior consent of the Board to pledge corporate assets as collateral as follows:

- term greater than 15 years, regardless of the amount (except in cases where the term is less than 25 years and the amount is less than 100 million euro, subject to prior approval of the Chairman of the Audit Committee);
- term between 10 and 15 years and amount greater than or equal to 15 million euro;
- term between 5 and 10 years and amount greater than or equal to 30 million euro;
- term less than 5 years and amount greater than or equal to 50 million euro.

The total amount for which the Chief Executive Officer may issue guaranties between Board meetings is limited to 150 million euro.

The Chief Executive Officer must also obtain prior consent from the Board of Directors to commit the Company beyond certain amounts related notably to acquisitions of shares in companies greater than 50 million euro per transaction (100 million euro with the approval of the Chairwoman of the Board), to disposals of shares in companies greater than 20 million euro per transaction, and for medium- and long-term borrowing greater than 100 million euro. The Chief Executive Officer must also obtain the prior consent of the Board for decisions relating to the startup of new activities. These limits are not enforceable against third parties, as the Chief Executive Officer has the broadest powers to bind the Company in its dealings with third parties.

Mr. Landel announced his intention to retire as CEO of Sodexo and will step down as of the Annual General Shareholders' Meeting on January 23, 2018. He will be replaced in his role as Chief Executive Officer and Chairman of the Executive Committee, as of January 2018, by Mr. Denis Machuel, who is currently CEO of Benefits and Rewards Services and Personal and Home Services, as well as Group Chief Digital Officer. To ensure a smooth transition, Mr. Machuel became Deputy CEO of Sodexo on September 1, 2017 and is working alongside Mr. Landel, who will retain full executive responsibility for Sodexo's strategy and management during the period leading up to January 23, 2018. After that date, Mr. Landel will remain on the Board of Directors until his directorship expires in January 2020.

The Chief Executive Officer is supported by an Executive Committee.

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The Executive Committee had thirteen members as of August 31, 2017 (including Mr. 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 the implementation of these strategies once the Board of Directors has approved them. The Executive Committee tracks the implementation of action plans, monitors business unit performance, and assesses the potential benefits of growth opportunities and the risks inherent in its business operations.

Members of the Group Executive Committee as of September 1, 2017:

- **Michel Landel**, Chief Executive Officer and member of the Board of Directors of Sodexo, Chairman of the Executive Committee;
- **Denis Machuel**, Deputy CEO; Group Chief Digital Officer;
- **Pierre Henry**, Vice Chairman of the Group Executive Committee, CEO Sports & Leisure Worldwide, On-site Services;
- **Patrick Connolly**, CEO, Schools and Universities Worldwide, On-site Services;
- **Lorna Donatone**, CEO, Geographic Regions and Region Chair for North America;
- **Nicolas Japy**, CEO, Energy & Resources Worldwide, On-site Services;
- **Satya-Christophe Menard**, CEO, Service Operations Worldwide;
- **Sylvia Métayer**, CEO, Corporate Services Worldwide, On-site Services;
- **Marc Plumart**, CEO, Health Care and Seniors Worldwide, On-site Services;
- **Marc Rolland**, Group Chief Financial Officer;
- **Dianne Salt**, Group Chief Brand and Communications Officer;
- **Aurélien Sonet**, CEO, Benefits and Rewards Services Worldwide;
- **Juan Pablo Urruticoechea**, Group Chief Human Resources Officer;
- **Damien Verdier**, Group Chief Strategy, Organization, Development, Research & Innovation Officer.

The Executive Committee is supported by a **Group Investment Committee** whose members comprise the Group Chief Executive Officer, the Group Chief Financial Officer and one or more CEOs depending on the investment projects concerned. This Committee considers and approves:

- significant new contracts for the Group;
- any plan to invest in property, plant and equipment or intangible assets as well as cumulative overruns of any investment budget approved at the beginning of the fiscal year;
- any plan to invest in or acquire companies;
- disposals of shareholdings.

In Fiscal 2017, the Group Investment Committee formally met 41 times, including 30 meetings held to review time-sensitive matters.

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 Sodexo and all shareholders.

However, to comply with the criteria for 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 (see section 6.1.1.1).

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Sodexo complies with the AFEP-MEDEF Code of corporate governance for listed companies, except for the following recommendations:

AFEP-MEDEF RECOMMENDATIONS	SODEXO PRACTICE/EXPLANATIONS
<p>Independence criteria for Board members (section 8.5.6 of the Code) – Among the criteria to be evaluated in considering whether a Board member is independent is not having been a Board member for more than 12 years.</p>	<p>On February 9, 2017, Ms. Patricia Bellinger and Mr. Robert Baconnier had been directors of Sodexo for more than 12 years.</p> <p>Ms. Bellinger is an acknowledged expert in diversity and other human resources areas and has contributed significantly to the Board's discussions on these matters. She has chaired the Nominating Committee and the Compensation Committee for the past several years, backed by her extensive knowledge of the Group. In addition, Ms. Bellinger has dual American and British citizenship.</p> <p>Mr. Baconnier is a financial expert and has contributed significantly to the Board's discussions on a range of topics, notably concerning the Group's finances, acquisitions, tax issues, risk analysis and internal control. As a result of his in-depth knowledge of the Group, he has chaired the Audit Committee for the past several years.</p> <p>The Board of Directors took into account the objectivity that Ms. Bellinger and Mr. Baconnier have always shown during the Board's debates and discussions as well as their ability to convey their opinions and beliefs and make balanced judgments in all circumstances. It considered that their personalities, leadership qualities and underlying commitment were all evidence of their independent mindset.</p> <p>Taking all of these elements into consideration, the Board of Directors believes that Ms. Bellinger and Mr. Baconnier make significant and constructive contributions to the Board of Directors and that their freedom of judgment constitutes the essential criterion for a director's independence. Their experience is essential to the Group in view of the recent large-scale changes in independent directors and the decision to include directors representing employees on the Board of Directors. These qualities, along with their deep understanding of the Group's challenges and goals, mean that Ms. Bellinger and Mr. Baconnier play a key role in stimulating the Board's discussions and ensuring that its members can make fully-informed decisions.</p> <p>In view of the above, the Board of Directors has decided not to apply the independence criterion limiting Board members' terms of office to 12 years and to continue to qualify Ms. Bellinger and Mr. Baconnier as independent directors.</p> <p>Consequently, the Board of Directors considers that the Audit Committee – which is chaired by an independent director – meets the criterion of comprising at least two-thirds independent directors, because independent members (including Mr. Baconnier) make up 75% of the Committee.</p>
<p>Proportion of independent members on the Nominating Committee (section 16.1 of the Code) – The Code recommends that the majority of the members of Nominating Committees be independent directors.</p>	<p>Sodexo's Nominating Committee is chaired by an independent director, and currently 50% of its members are independent directors.</p> <p>However, in its 2016 Activity Report the French national corporate governance agency (Haut Comité de Gouvernement d'Entreprise) specified that having a proportion of 50% independent directors on this Committee was not a serious shortcoming.</p>
<p>Performance shares⁽¹⁾ (section 23.2.4 of the Code) – The Code recommends that corporate officers be required to purchase a defined quantity of shares when the performance shares become available.</p>	<p>The Chief Executive Officer is already subject to presence and performance conditions in relation to stock options and performance shares as well as being required to hold in registered form, for the duration of his term of office, a certain number of the shares he receives when he exercises his options or when his performance shares vest. Consequently, the Board of Directors did not wish to add an additional requirement for the Chief Executive Officer to acquire additional shares on the market when the performance shares become available.</p>

(1) See glossary.

ATTENDANCE OF SHAREHOLDERS AT THE ANNUAL SHAREHOLDERS' MEETING

Specific procedures pertaining to the participation of shareholders at the Annual Shareholders' Meeting are indicated in article 16 of Sodexo's bylaws (see section 7.5.12 of this document).

INFORMATION THAT COULD HAVE AN IMPACT IN THE EVENT OF A PUBLIC TENDER OFFER

The Company considers that its ownership structure and voting rights, which are set out in section 7.2.2 of this document, are the items that it is required to disclose pursuant to article L.225-100-3, which provides a list of items that require disclosure if they could have an impact in the event of a public tender offer.

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6.1.2 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, the Group has established an organization and policies intended to identify, evaluate, prevent and manage these risks in order to limit any adverse impacts.

Internal control procedures are established by the Company and implemented under its responsibility, and are intended to ensure:

- compliance with laws and regulations and application of Group policies;
- the effectiveness of the Company's internal processes, notably those concerning the safeguarding of its assets;
- the reliability and integrity of financial and non-financial information.

Internal control procedures play a major role in the conduct of the Group's business, by contributing to the prevention and management of risks.

6.1.2.1 Strategy, long-term objectives and general policies of the Group

The Group's strategy, long-term objectives and general policies, as defined initially by Mr. Pierre Bellon and subsequently adjusted over the years by the Board of Directors, the Chief Executive Officer and the Executive Committee, are set out in the first chapter of this Registration Document and are presented at the start of each shareholders' meeting.

The Group's internal control procedures rely on these principles and on the related policies.

6.1.2.2 General policies of the Group

Group policies cover such areas as strategic planning, human resources development, finance, procurement, consumer and customer focus, food safety and hygiene, sustainable development and internal audit. They comprise four parts: goals, procedures, improvement metrics, and research and innovation. The Group continues to develop its policies to make them easier to understand and apply. The Group is also continuing to work on adding new policies on internal and brand communication, research and innovation and the development of digital technologies.

In light of the Group's changing environment and its expanding portfolio of services and solutions, these policies are regularly updated and approved by the Board of Directors.

Strategic planning process

The Board of Directors and senior management work together to constantly improve the strategic planning process and promote buy-in at all levels of the organization.

The Group's fundamental principles demonstrate how Sodexo was able to start from nothing in 1966 and then become a major international group with 425,000 employees, in 80 different countries, and the world leader in Quality of Life services. In a profoundly changing world, Sodexo has defined five priorities to enable it to continue to grow its operating profit and revenues in the future.

Periodically, and particularly during the September Board meeting, the Group Chief Executive Officer, the heads of the Group corporate functions and the Chief Executive Officers of the main segments and activities present their five-year plans. Through this process, directors and senior executives all contribute to evolving the strategy and policies of the Group.

The process leads to the preparation of a five-year strategic plan and a consolidated annual budget. All of these documents are submitted to the Board of Directors for approval.

Human resources development policy

The Group's three overriding human resources priorities are:

- to meet staffing requirements in terms of numbers, quality and competencies;
- to rank among the world's employers most appreciated by its employees;
- to promote the emergence of a growing number of internal entrepreneurs by giving priority to internal promotions.

The main human resources policies are focused on: the profile of a Sodexo leader and senior manager, Group organizational rules, succession planning for senior managers, international mobility, senior managers' training and skills enhancement, employee engagement, senior managers' compensation, and innovation and research in the area of human resources administration.

Finally, annual tracking of improvement metrics by the Executive Committee and Board of Directors should serve to validate action plans aimed at advancing these policies, including engagement surveys, employee retention, internal promotion, and the representation of women in senior management.

Sodexo is also making significant advances in the area of diversity, particularly in relation to gender balance at all levels of the organization, and is establishing partnerships with organizations for people with disabilities.

Financial policies

The Group's financial objectives are twofold, namely:

To preserve the Group's financial independence.

Financial independence is a fundamental principle, because it enables the Group to hold firm to its values, pursue a long-term strategic vision, ensure management continuity and guarantee the business's lasting success.

Sodexo's financial independence is guaranteed by the family shareholder. As of August 31, 2017, Sodexo's holding company,

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Bellon SA, held 40.4% of the shares and 55.8% of the exercisable voting rights. It is based on three simple principles:

- choosing low capital intensive activities;
- continuously maintaining sufficient liquidity to fund growth, reimburse medium-term debt, and pay dividends to shareholders;
- preserving a strong balance sheet and sound financial ratios.

Enhancing the attractiveness of Sodexo shares to loyal, long-term shareholders.

Financial policies establish rules applicable to areas such as investment approvals, and the management of working capital, cash and debt.

Group financial policies require all decisions involving external financing to be made by the Group Chief Financial Officer, the Chief Executive Officer or the Board of Directors, depending on the amount and type of the transaction.

The Group Finance Department prepares a ten-year financing plan for the Group each year.

Group financial policies are designed to prevent any speculative positions being taken and to avoid risk in connection with financing and cash management activities.

Procurement policy

The objectives of the procurement function are documented in the Group's procurement policies and processes. The performance of Sodexo's procurement teams in the main countries where it does business is measured through savings metrics, which enables the Group to gauge the impacts of procurement initiatives and demonstrate the savings achieved.

The Group's priority is to ensure that suppliers and subcontractors that deliver Sodexo products and services have the right skills, capabilities and potential to carry out the tasks assigned to them. Our risk management guidelines set out the procurement procedures that our teams are required to follow in terms of working with and managing suppliers and subcontractors. The level of initial evaluation process and type of on-going management procedures for suppliers and subcontractors directly depend on the product supplied or service rendered, and include verifying issues such as food safety and traceability.

In line with the Group's procurement policy, suppliers and subcontractors must sign the Sodexo Supplier Code of conduct which sets out Sodexo's requirements for adopting responsible best practices concerning ethical, social and environmental issues.

Statement of Business Integrity

The Statement of Business Integrity sets forth the Group's standards for achieving business integrity. Adherence to these uncompromising standards is part of what it means to be an employee of an industry-leading, best-in-class company. Sodexo employees must never compromise adherence to this Statement for financial or other business objectives or personal gain. The

company does not tolerate any practice that is not born of honesty, integrity and fairness, anywhere in the world where it does business.

Corporate Responsibility

Since its creation in 1966, Sodexo's vocation has been to improve the Quality of Life for its employees and all whom we serve and contribute to the economic, social and environmental development of the communities, regions and countries in which we operate. In 2009, the Group formalized its Corporate Responsibility roadmap, the Better Tomorrow Plan. A revised version of this roadmap, Better Tomorrow 2025 was released in 2016.

The roadmap focuses on Sodexo's roles as an employer, as a service provider and as a corporate citizen as well as on the impacts that it has on individuals, on communities and on the environment. It has 9 measurable commitments to action by 2025 with interim targets.

Sodexo's **commitment to the environment** as a service provider is to source responsibly and provide management services that reduce carbon emissions. Since 2009, Sodexo has implemented a low carbon strategy which is motivated by our desire to improve Quality of Life. Our strategy takes into account the business opportunities, risks and their financial implications.

In particular, these commitments are demonstrated through the following actions:

- renewal of the technical partnership agreement with World Wildlife Fund (WWF) to work on carbon reduction throughout Sodexo's supply chain;
- membership of the Better Buying Lab initiative led by the World Resources Institute (WRI) to promote the consumption of more plant-based food;
- combined management focus on achievement of the 34% carbon emissions target.

In the **area of nutrition** for the health and wellness of consumers, Sodexo is committed to food safety and the promotion of a balanced diet for its consumers. Sodexo plays a critical role in the fight against obesity and malnutrition and provides solutions to make health and wellness a priority.

In the area of **social, economic and environmental development in the cities, regions or countries where Sodexo is present**, we continue to focus on the following actions:

- for the past 20 years, Sodexo has been supporting the fight against hunger and malnutrition through Stop Hunger;
- the Partner Inclusion program allows thousands of SMEs to integrate Sodexo's value chain;
- protect the environment: implement a responsible procurement policy, reduce energy and water consumption, cut food waste and reduce waste materials.

Sodexo is committed to respect human rights wherever it does business. This commitment and implementing practices and

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procedures are informed by international instruments, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration of Fundamental Principles and Rights at Work, and by the guidance set forth in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In September 2017, Sodexo, world leader in Quality of Life services, was named Global Sustainability Industry Leader in its sector for the 13th year in a row by the Dow Jones Sustainability Index (DJSI).

Health and safety policy

A world-class HSE performance is essential to our future commercial success and our reputation as a responsible global business. More importantly, at the heart of our HSE commitment is our care for people, for our community of employees as well as for all the tens of millions of consumers we serve every day. Health and safety, is the founding pillar on which we base our mission to improve the Quality of Life.

Sodexo's global Health and Safety policy sets out the Company's expectations and guides its actions in this area. Sodexo's global Health and Safety management system which defines the Group's minimal standards, is based on the OHSAS 18001 standard ⁽¹⁾ and includes 18 mandatory core processes.

Information systems policies

The Group Information Systems and Technologies Department (Global IS&T) has defined three core objectives:

- improve the productivity of the Group's teams and bring them closer to their customers and consumers by leveraging new information and communication technologies;
- resolutely focus on serving users and keep pace with their changing needs and expectations;
- standardize information systems in order to continue partnering the Sodexo Group's growth, while also developing more robust performance measurement systems and control environments for our activities.

To meet these three core objectives, the Information Systems and Technologies Department has deployed numerous procedures, notably in the following areas:

- Group Information Systems Governance;
- Systems Security;
- Mobile Terminal Allocation and Security;
- IS&T Capital Expenditure Programs.

Internal Audit policy

Internal Audit activities include reviewing and assessing the adequacy and effectiveness of governance, risk management

and internal control systems and processes. This includes assessing:

- the reliability of financial and non-financial information;
- compliance with existing policies, procedures, laws and regulations;
- the methods used to safeguard assets;
- the effectiveness of operations and the resources used.

The Internal Audit team is also responsible for alerting the Chairwoman of the Board of Directors, the Audit Committee and the Executive Committee to any material risks and informing them of the causes of identified weaknesses.

The Internal Audit team has defined several procedures, primarily covering the identification of internal audit priorities for the coming fiscal year, the planning and execution of internal audits, the drafting of internal audit reports and the follow up of action plans to implement the team's recommendations.

A series of internal audit performance indicators has been developed, covering such issues as the percentage of internal audit recommendations that have been implemented, the average time required to issue Internal audit reports, the annual audit plan completion rate, internal auditor training and rotation rates, the satisfaction rate among audited units.

6.1.2.3 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 authority to the members of the Group Executive Committee, who themselves delegate to members of their executive teams.

Delegations of authority cover business development, human resources, procurement, investments and finance.

Delegations of authority must comply with the Group's policies.

6.1.2.4 Improvement metrics

All progress can be measured. Accordingly, Sodexo has developed improvement metrics allowing for progress to be measured in five main areas: Business Development, Management, Procurement, Human Resources and Corporate Responsibility.

The Group Finance Department coordinates the process and monitors operational improvement metrics for activities and entities using a Group scorecard.

Making progress in these areas is critical for future growth in operating profit, operating cash flow and revenue.

The improvement metrics are presented each year to the Board of Directors and the Group Executive Committee in order to track progress in the areas concerned.

1 See glossary.


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Development metrics:

- total growth potential for the Group over the next ten years, separated into potential by activity, by country and by client segment;
- client retention rate;
- client and consumer satisfaction rates;
- comparable unit growth;
- new business development rate compared to competitors;
- return on investments in development (particularly non tangible investments).

Management metrics:

- contract profitability;
- profitability of the different activities and client segments;
- gross operating margin and on-site costs;
- reduction in general and administrative expenses by subsidiary, by client segment and by function.

Procurement metrics:

- percentage of purchases made from referenced suppliers;
- reduction in the number of referenced products, reduction in the number of deliveries on a site, etc.

Corporate Responsibility metrics**Employer metrics, including:**

- employee engagement rate for which the Group has targeted a level comparable to that of firms ranked as the best employers worldwide. This indicator is measured every two years by an engagement survey. The rate was 68% in the most recent engagement survey in April 2016;
- employee retention for all personnel and for site managers. This rate was 74% overall in Fiscal 2017 and 86% for on-site managers;
- internal promotion, which is measured by the number of employees promoted to site manager, to a middle manager or a senior management position;
- representation of women in senior management. This proportion reached 33% in Fiscal 2017. In addition, it should be noted that 50% of the Board of Directors and 25% of the Executive Committee members are women.
- percentage reduction in LTIR;
- percentage of workforce working in countries implementing action plans to integrate people with disabilities into the workplace.

Nutrition, health and wellness metrics, including:

- percentage of client sites implementing actions that proactively address the Sodexo 10 Golden Rules of Nutrition, Health and Wellness.

Economic, social and environmental development metrics, including:

- percentage of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct;
- business value benefiting SMEs (Euro).

Environmental protection metrics, including:

- measure of the consumption of products, identified as having an impact on the environment (for example palm oil);
- percentage of sustainable fish and seafood;
- percentage reduction in carbon emissions (compared to 2011 baseline) intensity.

In accordance with the April 24, 2012 decree on implementing the provisions of the January 12, 2010 "Grenelle II" act, Sodexo selected an independent firm to audit a representative selection of social, environmental and societal data demonstrating the progress made in the area of Corporate Social Responsibility. The conclusions of this audit are presented in chapter 3, page 110 of this document.

6.1.2.5 Description of the integrated risk management and internal control process

Sodexo has put in place a robust procedure for the identification and assessment of major risks, designed to ensure that risks are evaluated and managed at the appropriate level within the organization. Measures to manage risks are implemented either at the local or the Group level, depending on their nature.

The Group's internal control procedures rely on the fundamental principles defined by the Board of Directors.

Approach to Risk Assessment

The risk identification process is carried out in parallel locally, and at the central level for the Group:

- the Chief Executive Officers of the main Group entities assess their main risks by potential impact and likelihood of occurrence and describe the controls in place in order to manage them and evaluate the effectiveness of those controls.
- These self-assessments are aggregated at Group level and presented annually to the Audit Committee;
- an additional risk assessment exercise is done by senior leaders within Sodexo, before combining these perspectives to create a consolidated risk profile for the Group. In compiling this complete risk profile, consideration is given to risks that are external to our business, core to our day-to-day operations, related to business changes and any other that may impact the achievement of our objectives. The consolidated risk profile is shared with the Chief Executive Officer and Group Chief Financial Officer, prior to being submitted to the Audit Committee and the Board of Directors.

The main risk factors to which the Group is exposed are described in section 4.6.1 of this Registration Document.

Internal control procedures are part of an ongoing process of identifying, evaluating and managing the Group's risk exposures.

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The risk management and internal control process is based on the internal control reference framework recommended by the *Autorité des marchés financiers* (AMF). The five components of the reference framework are the control environment (integrity, ethics, competencies, etc.), evaluation of risks (identification, analysis and management of risks), control activities (methods and procedures), information and communication (collection and sharing of information) and monitoring (follow-up and eventual updating of processes).

The Group Executive Committee and the Board of Directors strongly endorses the risk management and internal control process.

The risk management and internal control approach applied within the Group consists of:

- the identification and assessment of risks;
- the description of the control environment, both at Group and subsidiary levels;
- documentation and self-assessment of these control points, both at local and Group level;
- independent testing of the effectiveness of these control points, by independent persons.

A very large number of Group entities representing almost 98% of Sodexo's revenues, prepare a detailed report (Company Level Control Report) on their control environment based on the five components of the reference framework and which includes an evaluation of the subsidiary's principal risks, a description of risk management measures and an assessment of their effectiveness.

The most significant Group entities together representing more than 93% of Group revenues, go beyond this initial phase, and evaluate the effectiveness of additional controls determined by their own risk assessment (Process Level Controls). Some of these controls are also subject to effectiveness tests performed by independent persons (Group internal auditors).

An executive summary of the status of internal controls and the progress achieved is submitted to the Audit Committee at the end of the fiscal year. For Fiscal 2017 1,344 controls were independently tested by Group Internal Audit in different entities. 27% of the recommendations made by Internal Audit in Fiscal 2017 have already been satisfactorily implemented and confirm actual progress, while action plans are underway to implement the other recommendations.

Description of internal controls relating to the preparation of accounting and financial disclosure

The **Group Finance Department** is responsible for ensuring the reliability of financial and accounting information.

A process is in place to produce and analyse financial information at both operational sites and in the Group and entities' Finance Departments.

The entities' Finance Departments produce monthly a cumulative income statement since the beginning of the fiscal year, a balance sheet, and a statement of cash flows. They also regularly produce projections for the full year. Financial statements are consolidated on a monthly basis by the Group Finance Department.

At the half-year, the external auditors conduct a limited review of the interim financial statements.

At the end of the fiscal year, the Chief Executive Officers and Chief Financial Officers of the segments and regions certify the reliability of their financial statements, prepared in accordance with the IFRS standards adopted by the European Union. The external auditors of the main entities express a view on these financial statements in accordance with the mandate given to them by Sodexo's shareholders. The Group Finance Department monitors changes to IFRS standards and interpretations and ensures that the accounting treatments applied by all entities are compliant with Group rules.

Twice a year, the Group Finance Department identifies the events that may have led to one or several assets being impaired, notably goodwill and intangible assets (in accordance with IFRS). Where appropriate, the carrying amount of the asset concerned is written down in the financial statements.

Segment Chief Executive Officers and their Executive Committees, as well as Regional Chairs and Regional Chief Financial Officers review operational and financial reporting (comprising improvement metrics for client retention, sales development and revenue growth on existing comparable sites) before presenting it to the Group Executive Committee, and then to the Chairwoman of the Board of Directors. In addition, quarterly reviews with each of the Group's segments and regions give the Group Chief Executive Officer and Group Chief Financial Officer insight into performance trends for the segments and regions based on the financial reporting and operational information.

Procedures are in place to identify off-balance sheet commitments. This term covers all rights and obligations that may have an immediate or future impact on Sodexo's financial position but are not recognized (or are only partially recognized) in the balance sheet or income statement. These include items such as assets pledged as security; guarantees relating to operating contracts (for example bid bonds or performance bonds), to borrowings, or to claims and litigation; lease obligations not recognized in the balance sheet; commitments under call or put options, etc. Off-balance sheet commitments are presented regularly to the Board of Directors.

The Group Insurance Department works closely with the relevant executives in the entities to:

- implement global insurance programs, negotiated at the Group level, available for all entities and supported by insurance companies recognised for financial strengths by the Insurance Industry;
- put in place insurance coverage to protect the interests of our employees, clients, shareholders and the Group;

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- identify and evaluate the key insurable risks faced by Sodexo, with particular attention to the emergence of new risk factors associated with changes in our activities, especially in facilities management;
- reduce contractual risk, in particular by means of limitation of liability clauses or hold-harmless agreements;
- achieve the appropriate balance between risk retention (self-insurance) and the insurance market in covering the potential financial consequences of Sodexo's risk exposure; and
- achieve optimization by financing some of our risks through the use of captive insurance companies.

The Sodexo legal function (comprised of a Group team and regional and local teams) works pro-actively with business development and operational teams to ensure legal compliance and support contract negotiations, so that risks pertain solely to contractual obligations for services and are limited in value and duration.

Lastly, using the financial information reported and consolidated, the Chief Executive Officer, assisted by the Group Finance Department, prepares the Group's financial communication. The Chief Executive Officer also relies on the operating data required to prepare the Registration Document. The interim and annual results press releases are submitted to the Board of Directors for approval.

To enable the Chief Executive Officer to provide reliable information on the Group's financial situation, a Disclosure Committee comprising representatives from the Group's corporate functions reviews all financial information prior to publication. Members represent the following functions: Financial Control, Financial Communications, Legal, Human Resources, Sustainable Development, Communications and Corporate Governance.

6.1.2.6 Group Internal Audit Department

The Senior Vice President Group Internal Audit reports directly to the Chairwoman of the Board, thus ensuring the independence of the Group Internal Audit Department within the organization. The Senior Vice President Group Internal Audit meets the Chairwoman of the Board on a monthly basis and works closely with the Chairman of the Audit Committee, holding informal meetings (approximately four times per year).

Since 2015, Sodexo's Group Internal Audit activities have been certified by the French Internal Audit and Internal Control Institute (IFACI). This internationally recognized certification attests to Sodexo's compliance with and application of 30 general requirements of the Professional Internal Audit Standards (independence, objectiveness, competence, methodology, communication, supervision and continuous assurance program).

IFACI certification is a high-level confirmation of quality and performance that:

- powerfully conveys Sodexo's rigorous approach to evaluating its risk management and internal control processes;
- benchmarks Sodexo's processes against best market practices;
- enables the Group to sustainably strengthen its Internal Audit practices;
- unites employees around a challenging project.

The Internal Audit Department performs internal audits of Group entities based on an Internal Audit Plan established annually.

The audit plan is based on a risk assessment performed by Group Internal Audit, relying on the Group risk assessment process and input from the Chairwoman of the Board of Directors, the Group Chief Executive Officer, the Group Chief Financial Officer and other key stakeholders from Sodexo. The Audit Committee reviews and approves this annual audit plan.

The responsibilities of the Internal Audit Department include:

- ensuring, with the related functional teams, that employees throughout the organization are aware of and diligently apply Group policies;
- ensuring that delegations of authority and procedures have been established and communicated to the appropriate levels of management, and checking that they are properly implemented;
- helping to assess entities' internal controls, issuing action plans designed to remedy identified control weaknesses, and monitoring implementation of these action plans.

The Internal Audit Department may also conduct special assignments at the request of the Chairwoman of the Board, the Audit Committee, the Chief Executive Officer or the Executive Committee.

Most (83%) of the Group Internal Audit Plan approved by the Audit Committee at the start of Fiscal 2017 was completed during the year. The Group Internal Audit Department, with an average of 25 staff, conducted 66 audits in 30 countries. In addition, a network is in place of some 90 internal control coordinators (many of whom report to the Finance Directors). This network is coordinated by a central internal control team and enables specific support to be given to internal audit engagements and to rectifying weaknesses identified by the Internal Audit team.

The Internal Audit Department regularly tracks implementation of post-audit action plans by Group entities. An overall progress report is updated regularly and submitted on a semi-annual basis to the Chief Executive Officer, the Group Chief Financial Officer, the Chairwoman of the Board and the Audit Committee. Further progress was achieved in following up recommendations in Fiscal 2017. All audits are followed up on the ground within a maximum of 12 months.

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Around 88% of recommendations made in years prior to Fiscal 2017 have been implemented by the entities' management. For Fiscal 2017, 27% of the 1,677 recommendations made by the Group Internal Audit Department have already been implemented and the other recommendations are addressed in action plans. In Fiscal 2017, the Internal Audit Department carried out a survey of a sample of entities. The vast majority (96%) of them considered that the quality of audits was satisfactory; Every year, the Group Internal Audit Department measures the savings achieved and the losses avoided through its audits. In Fiscal 2017, investigations, assistance engagements and process efficiency audits generated added value of 1.7 million euro.

The Group Internal Audit Department also conducts an independent evaluation of internal control.

Finally, the Internal Audit Department assesses the external auditors' independence and reviews the annual budgets for external auditors' fees (for both statutory audit work and other engagements) prior to their approval by the Audit Committee.

Risk management and the reinforcement of internal control are a permanent strategic priority for the Group.

However, internal controls cannot provide an absolute guarantee that all risks have been eliminated. Sodexo nevertheless endeavors to ensure that the most effective internal control procedures feasible are in place in each of its entities.

In the preparation of this report, and in compliance with the recommendation issued by the French securities regulator, the 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.

Sophie Bellon

Chairwoman of the Board of Directors



6.1.3 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 Chairwoman of the Board of Directors of Sodexo

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

To the shareholders,

For the year ended August 31, 2017

In our capacity as Statutory Auditors of Sodexo SA, 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 Chairwoman of your Company in accordance with article L.225-37 of the French Commercial Code for the year ended August 31, 2017.

It is the Chairwoman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures 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 Chairwoman's Report on internal control and risk management procedures relating to the preparation and processing of the financial and accounting information; and
- to attest that this report contains the other disclosures required by article L.225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

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 Chairwoman's Report. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the financial and accounting information on which the information presented in the Chairwoman'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 the financial and accounting information that we may have identified in the course of our work are properly described in the Chairwoman'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 Chairwoman of the Board's Report, prepared in accordance with article L.225-37 of the French Commercial Code.

Other disclosures

We attest that the Chairwoman's Report sets out the other disclosures required by article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris La Défense, November 15, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Hervé Chopin

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6.2 OTHER INFORMATION CONCERNING THE CORPORATE OFFICERS AND SENIOR MANAGEMENT OF THE COMPANY

Family relationships within the Board of Directors are as follows:

- Ms. Astrid Bellon, Ms. Nathalie Bellon-Szabo and Mr. François-Xavier Bellon (Directors) are the sisters and brother of Ms. Sophie Bellon, Chairwoman of the Board of Directors;
- Mr. Bernard Bellon (Director) is the uncle of Ms. Sophie 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:

- Mr. Pierre Bellon and his four children control 72.6% of Bellon SA, which in turn holds 40.4% of the share capital of Sodexo and 55.8% of the exercisable voting rights.

Agreements prevent them from selling their Bellon SA shares to third parties; Mr. Pierre Bellon and his children entered into an agreement in June 2015 to prevent direct descendants of Pierre Bellon from freely disposing of their Bellon SA shares for 50 years. Bellon SA's only asset is its holding in Sodexo; Bellon SA has no intention of selling this holding to a third party;

- other members of the Bellon family hold 7.8% of the shares of Bellon SA;

As far as the Company is aware, no member of the Board of Directors or of the senior management has during the past five years been:

- convicted of fraud;
- associated with a bankruptcy, receivership or liquidation;
- officially incriminated and/or subject to any official public sanction issued by a statutory or regulatory authority;
- prohibited by a court from acting as a Board member, a Supervisory Board member, or a member of senior management of an issuer, or from participating in the management or business affairs of an issuer.



Transactions in Sodexo shares carried out by executives, members of their family and related persons

As required under article 223-26 of the AMF's General Regulation, transactions in Company shares by executives, related persons and persons with close ties to these executives declared to the AMF pursuant to article L.621-18-2 of the French Monetary and Financial Code were as follows during Fiscal 2017:

	TRANSACTION TYPE	TRANSACTION DATE	AVERAGE PRICE
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 21,148 shares	September 19, 2016	€103.90
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 12,500 shares	September 27, 2016	€103.90
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 10,000 shares	October 7, 2016	€102.20
Mr. Michel Landel, Group Chief Executive Officer	Exercise of 100,000 stock options	December 2, 2016	€39.88
Mr. Michel Landel, Group Chief Executive Officer	Sale of 88,002 shares	December 2, 2016	€101.82
Mr. Soumitra Dutta (Director of Sodexo)	Purchase of 500 American Depositary Receipts (ADR)	January 25, 2017	USD 22.21
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Sale of 149,266 shares	March 10, 2017	€105.29
Ms. Cécile Tandeau de Marsac (Director of Sodexo)	Purchase of 80 shares	July 7, 2017	€104.55
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 40,000 shares	July 7, 2017	€106.33
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 20,000 shares	July 11, 2017	€102.93
Ms. Cécile Tandeau de Marsac (Director of Sodexo)	Purchase of 320 shares	July 14, 2017	€101.55
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 10,000 shares	July 24, 2017	€100.40
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 10,000 shares	August 9, 2017	€98.00
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 3,586 shares	August 18, 2017	€97.50
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 6,414 shares	August 21, 2017	€97.50
Mr. Bernard Bellon (Director of Sodexo) and persons with close ties to him	Purchase of 10,000 shares	August 29, 2017	€97.00

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Controlling shareholder measures

Sodexo has put in place a series of measures in order to ensure that the control over the Company is not exercised in an abusive manner. Examples of these measures include:

- (a) the presence of six independent directors among the fourteen members of the Board of Directors as of August 31, 2017;
- (b) the existence of three Board Committees that include independent directors among their members;
- (c) the separation of the roles of Chairman of the Board and Group Chief Executive Officer. Effective September 1, 2005, Mr. Michel Landel – neither a member of Sophie Bellon's family, nor a corporate officer of Bellon SA – succeeded Mr. Pierre Bellon as Group Chief Executive Officer of Sodexo. Ms. Sophie Bellon became the Chairwoman of the Board of Directors on January 26, 2016; Mr. Pierre Bellon became Chairman Emeritus on the same date;
- (d) the disclosures within this document of the relationship between Sodexo and Bellon SA:
 - these include the ownership interest of Bellon SA in Sodexo (changes in which are disclosed in section 7.2.2 of this document),
 - the Sodexo shares are the only assets held by Bellon SA; consequently, the interests of Sodexo's shareholders are aligned with those of Bellon SA's shareholders and the capital ties between the two companies do not generate any conflicts of interest,
 - since 1991 a service agreement between Bellon SA and Sodexo has been in operation (described below in the paragraph concerning related-party agreements). The fees payable under this agreement and changes in these fees are reviewed annually by the Audit Committee.

Related-party agreement entered into in Fiscal 2017

- **Service agreement between Bellon SA and Sodexo, in which Ms. Sophie Bellon, Ms. Nathalie Bellon-Szabo, Ms. Astrid Bellon, Mr. Bernard Bellon and Mr. François-Xavier Bellon are corporate officers and exercise control as defined in article L.233-3 of the French Commercial Code**

A service agreement has been in place between the Company and Bellon SA, Sodexo's managing holding company, since 1991,

under which Bellon SA provides assistance and advisory services to the Sodexo Group – both directly and through qualified specialists – in a number of different areas, including: finance, human resources, and strategic planning. In particular, Bellon SA has assigned three of its employees to hold the posts of Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer.

This service agreement was amended in April 2013 primarily to change its term.

At its meetings on November 15, 2016 and July 10, 2017, the Board of Directors, on the recommendation of the Audit Committee, approved another change to this agreement, notably concerning the non-inclusion of the Chief Executive Officer's services, the secondment of three employees holding the posts mentioned above, and the cancellation of the 5% mark-up on the amounts billed to Sodexo by Bellon SA. The new agreement came into effect on November 17, 2016.

Benefits of the agreement for Sodexo

Under the terms of this agreement, Sodexo can call upon the professional experience and expertise of the three Bellon SA managers holding the positions of Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer.

Financial terms of the agreement

Under the terms of the agreement, Bellon SA invoices Sodexo for the compensation of the Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer during the secondment period. In compliance with the law, their compensation is fully rebilled, including the fixed and variable portions, as well as any related payroll taxes.

The total fees billed under this agreement, and changes compared with the prior year, are annually reviewed by the Audit Committee. In addition, and in compliance with the law, the agreement will be reviewed every year by the Board of Directors.

The annual billed fees payable to Bellon SA are approved each year by the Board of Directors of Sodexo (without directors who are members of the Bellon family taking part in the vote).

From November 17, 2016 to August 31, 2017, the fees billed by Bellon SA under this agreement amounted to 2,899,375 euro excluding taxes, relating to the compensation (including payroll taxes) paid to the Chief Financial Officer, Chief Human Resources Officer, and Chief Strategic Planning Officer.

Other related-party agreements and commitments are presented in the Special Report of the Statutory Auditors included in section 5.4.2 of this document.

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6.3 COMPENSATION

The disclosures within this document comply with the recommendations contained in the AFEP-MEDEF Code of corporate governance for listed companies as revised in November 2016, and the recommendations of the French securities regulator (*Autorité des marchés financiers* – AMF) on corporate governance and corporate officers' compensation in listed companies.

The compensation policy applicable to Sodexo's corporate officers is decided by the Board of Directors, pursuant to the Compensation Committee's recommendations. The Compensation Committee may use the services of external advisors specialized in corporate officers' compensation. It also considers feedback received from institutional shareholders.

6.3.1 Compensation policy applicable to corporate officers

This section constitutes the report required under article L.225-37-2 of the French Commercial Code on the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the total compensation and benefits payable to the Company's corporate officers for the duties performed under the terms of their corporate office. At the Annual Shareholders Meeting to be held on January 23, 2018, the shareholders will be asked to approve, on the basis of this report, the compensation principles set by the Board of Directors under the guidance of the Compensation Committee.

The principles and criteria described in this report are applicable for Fiscal 2018, with effect from September 1, 2017, and are intended to remain stable for subsequent fiscal years.

In all cases, these principles and criteria apply to any person who holds a corporate officer's position.

6.3.1.1 General principles for corporate officers' compensation

The compensation applicable to corporate officers is determined by the Board of Directors on the basis of recommendations made by the Compensation Committee and is reviewed annually. The Compensation Committee is entirely comprised of independent directors (including its Chairman), except for one director representing employees.

The Board of Directors ensures that the compensation policy is adapted to the Company's strategy and operating context and that its purpose is to enhance Sodexo's medium and long-term performance and competitiveness. The policy is based on the following principles.

Compliance

The compensation policy for the Company's corporate officers is determined in compliance with the recommendations of the AFEP-MEDEF Code of corporate governance for listed companies.

Competitiveness

Research is regularly conducted – including with the assistance of external consulting firms – in order to benchmark the Company's compensation packages against panels of its peers (comparable companies in terms of size and international scope), both in the French market (CAC 40 companies excluding banks and insurance companies) and in international markets (main competitors).

Completeness – Balance

A comprehensive analysis of all of the components of corporate officers' compensation and benefits is conducted using a component-by-component approach. An overall consistency analysis is also performed to ensure that the best balance is achieved between fixed and variable, individual and collective, and short and long-term compensation.

Alignment of interests

Aligning interests involves taking into consideration two main objectives: first, ensuring that the Company has the ability to attract, motivate and retain the talent that it needs, and second, meeting the expectations of the Company's shareholders and other stakeholders, notably in terms of transparency and associating compensation with performance.

Performance

The performance conditions applicable to corporate officers' compensation are rigorous and are based on the key factors that contribute to the Company's profitable and sustainable growth. They are also in line with the Company's published short, medium and long-term targets.

Transparency

The corporate officers' compensation policy is governed by clear, straightforward and transparent rules.

The Compensation Committee ensures that all of these principles are appropriately applied in the work it performs and the recommendations it issues to the Board of Directors, both in relation to determining the compensation policy as well as when the policy is implemented and the actual amounts of the compensation packages are determined.

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6.3.1.2 Compensation policy for the Chairwoman of the Board of Directors (non-executive director)

Compensation package

The compensation package of the Chairwoman of the Board of Directors includes an annual fixed compensation payment and the benefit of collective health and benefit plans.

As the Chairwoman is a non-executive director, in line with market practices in France, she does not receive any short-term annual variable compensation or any multi-year variable compensation, and she does not benefit from any long-term incentive plan.

Annual fixed compensation

The annual fixed compensation of the Chairwoman of the Board of Directors is determined in line with benchmark studies and is awarded as payment for duties and responsibilities inherent to such a position.

Accordingly, the following factors are taken into account:

- the duties specific to the role of chairing the Board of Directors, as provided for by Law and the Board of Directors' Internal Rules, which notably involve ensuring that the Company is properly governed and that its governance bodies (Board of Directors, Board Committees and Shareholders' Meeting) function effectively;
- the skills, experience, expertise and professional profile of the holder of the position;
- market analyses and benchmark studies on the compensation awarded for comparable positions in peer companies.

However, the compensation policy may be modified during the term of the corporate office and prior to its renewal if there is a significant evolution in the scope of responsibility, which may be related to Compagny's evolution, or if there is a major disparity with the market. In such specific situations, the nature of any adjustment to the fixed compensation and the related motives would be publicly disclosed.

As a reminder, the fixed annual compensation of the Chairwoman of the Board of Directors of 550,000 euro was decided by the Board of Directors on November 15, 2016, pursuant to the recommendation of the Compensation Committee.

In connection with the replacement of Michel Landel by Denis Machual as Chief Executive Officer, effective January 23, 2018, Sophie Bellon's role with respect to the Group Chief Executive Officer will be strengthened. In particular, she will directly assist Denis Machuel – acting in a support and challenge role – both to help him with assuming his new position while allowing the company to benefit from the complementary skills of the Chairwoman and the Group Chief Executive Officer. In addition to these duties, Sophie Bellon plays an important role as Sodexo's "ambassador", both within and outside the Group. Having analyzed these internal factors as well as external practices, the Compensation Committee has proposed to the Board of Directors that Sophie Bellon's fixed compensation be raised to 675,000 euro. This revised amount will apply, subject to the decision of the Board of Directors, for the entire three-

year period of Sophie Bellon's new term of office. Since her appointment as Chairwoman, Sophie Bellon has only received fixed compensation and benefits from the use of a company car. She does not receive any other form of compensation (short or long term variable compensation, directors' fees, etc.).

Company car

In her capacity as a representative of Sodexo, the Chairwoman of the Board of Directors has the use of a company car, the insurance, maintenance and fuel costs (related to her professional use) of which are covered by Sodexo.

Collective health and benefit plans

The Chairwoman of the Board of Directors is a member of the Company's collective health and benefit plans, subject to the same terms and conditions as those applicable to the category of employees to which she has been assigned for the purpose of determining these benefits.

Accordingly, the Chairwoman of the Board of Directors is a beneficiary under the following plans, subject to the same terms and conditions as all of the Group's employees:

- an "incapacity, disability or death" benefit plan, financed in part by Sodexo, which, in the event of an employee's death, provides for the payment of a death benefit equal to 215% of their annual compensation, up to a maximum amount of eight times the French Social Security Code's annual ceiling, and which is increased for dependent children;
- an additional "incapacity, disability or death" benefit plan, financed in full by Sodexo, which is reserved for employees whose annual gross compensation is greater than eight times the French Social Security Code's annual ceiling and which, in the event of an employee's death, provides for the payment of a death benefit equal to 200% of the portion of their annual compensation that is greater than eight times the French Social Security Code's annual ceiling;
- a supplemental health insurance plan, which all Sodexo employees are entitled to, financed in part by Sodexo.

Other components of compensation

The Chairwoman of the Board of Directors does not receive any directors' fees for attending Board or Board Committee meetings. In addition, she will not receive a termination benefit if her corporate office is terminated.

6.3.1.3 Compensation policy for the Group Chief Executive Officer (executive director)

Compensation package

The competitiveness of the Group Chief Executive Officer's compensation package is assessed primarily by comparing it with those of CAC 40 companies, notably companies whose size is comparable to Sodexo's (in terms of market capitalization and revenues).

Based on the Compensation Committee's recommendations, each year the Board of Directors ensures that the Group Chief Executive Officer's variable compensation – which is based


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on specific performance criteria – constitutes a sufficiently significant portion of his fixed annual compensation.

The aim of the compensation policy for the Group Chief Executive Officer is to achieve a balance between long- and short-term performance in order to promote the Group's development for the benefit of all of its stakeholders.

To this end, and with a view to keeping stakeholders' interests in mind, the Company strives to ensure consistency between the Group Chief Executive Officer's compensation package and Sodexo's performance trends.

Annual fixed compensation

The annual fixed compensation of the Group Chief Executive Officer is awarded as payment for the duties and responsibilities inherent to such a position.

Consequently, the following factors are considered:

- the level and complexity of the roles and responsibilities attributed to the Group Chief Executive Officer, who has the broadest powers to act on behalf of the Company in all circumstances and to represent the Company in its dealings with third parties;
- the skills, experience, expertise and professional profile of the holder of the position;
- market analyses and benchmark studies on the compensation awarded for comparable positions in peer companies.

The Group Chief Executive Officer's annual fixed compensation is used as the reference for determining his annual variable compensation and long-term compensation.

Directors' fees

In the case where the Group Chief Executive Officer is also a member of the Board of Directors of the Company, he does not receive any directors' fees.

Annual variable compensation

CALCULATION METHODS

The Group Chief Executive Officer's annual variable compensation is intended to encourage the attainment of the annual performance targets determined by the Board of Directors in line with Sodexo's strategy.

The variable component is based mainly on financial criteria.

For Fiscal 2018, the applicable criteria and weightings are as follows:

- 70% of the variable compensation is contingent on targets based on the Group's financial performance for the fiscal year, including revenues, operating profit, Group net income and free cash flow;
- 30% is contingent on non-financial targets, primarily including quantitative targets (occupational health and safety, employee engagement survey, individual targets, etc.).

The bonus is calculated and paid following the close of the fiscal year to which it applies and after the Board of Directors has approved the financial statements.

In the first quarter of each year, the Board of Directors, based on the Compensation Committee's recommendations, confirms or

determines the applicable criteria and their weightings and the expected performance levels, including:

- a trigger threshold under which no compensation is paid;
- a target level, corresponding to the amount due when a target is reached; and
- a quantitative performance measurement, which also applies to non-financial criteria.

For Fiscal 2018, the Group Chief Executive Officer's performance bonus may represent up to:

- 100% of the annual variable compensation amount if the objectives are attained;
- 150% of the annual variable compensation amount if the objectives are exceeded;
- 200% of the annual variable compensation amount if all of the objectives are attained and an even higher level of operating income is achieved.

The financial performance targets that are based on financial indicators are determined precisely by reference to the budget approved in advance by the Board of Directors and are subject to the above-mentioned performance thresholds.

The achievement levels will be disclosed on a criterion-by-criterion basis once the Board of Directors has assessed whether the performance targets have been reached.

PAYMENT CONDITION

In accordance with French law, payment of the annual variable compensation, as from the amount awarded for Fiscal 2018 which will be paid in Fiscal 2019, will be subject to the shareholders approval during the annual Shareholders Meeting.

APPOINTMENT TO OR TERMINATION OF OFFICE

If a new Group Chief Executive Officer is appointed or the existing Group Chief Executive Officer's term of office is terminated during the course of a fiscal year, the same principles as above will apply, on a proportional basis by reference to the period during which the Group Chief Executive Officer concerned actually holds office. However, if a Group Chief Executive Officer is appointed during the second half of the fiscal year, the performance appraisal will be carried out on a discretionary basis by the Board of Directors, taking into account the recommendations of the Compensation Committee.

Long-term compensation

OBJECTIVE

The Board of Directors considers that the long-term compensation system – which also applies to other key positions within the Company – is particularly suited to the position of Group Chief Executive Officer in view of the direct contribution that he is expected to make to Sodexo's long-term performance. It is based on (i) the Group achieving its published target growth rate for operating profit over a period of several years and (ii) Sodexo's share performance compared with its reference market. The system therefore helps to increase the Group Chief Executive Officer's motivation and loyalty while aligning his interests with those of Sodexo and its shareholders.

LONG-TERM COMPENSATION SYSTEM

Sodexo's long-term compensation system currently consists solely of free performance share grants. This performance share grant system is stricter than general market practices in France,

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as all of the free shares granted to the Group Chief Executive Officer can only vest if he remains with the Group over a four-year period and if during that period certain pre-defined targets, relating to his presence within the Group and the Group's performance, are met.

Effective for Fiscal 2018, the Board of Directors has capped the value of the performance shares granted to the Group Chief Executive Officer at 150% of his total annual compensation (including his fixed compensation and annual variable compensation at objectives attained). In addition, the performance shares granted to him may not represent more than 5% of the total number of free shares granted by the Board of Directors in any given fiscal year.

PERFORMANCE CONDITIONS

The proportion of the performance shares that will vest will depend on the achievement of both internal and external performance conditions as measured over a four-year period. The achievement levels will be disclosed on a criterion-by-

criterion basis once the Board of Directors has assessed whether the performance targets have been reached.

The aim of the criteria used is to measure the Group's overall performance and they are directly related to the Group's main strategic goals, *i.e.*:

- financial performance;
- stock market performance; and
- Corporate Responsibility performance.

For the performance shares to be granted in 2018, the following performance conditions will apply:

- 50% of the shares will vest only if the average annual growth in consolidated underlying EBIT (before non-recurring items and excluding currency effects) is in line with Sodexo's announced guidance, *i.e.*, at least 8% to 10% on average *per annum* for the four fiscal years covered by the plan. A breakdown of the vesting rate based on operating profit performance is provided in the table below:

**GROWTH IN CONSOLIDATED OPERATING PROFIT
(ANNUAL AVERAGE, CALCULATED ON THE BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR FISCAL 2017, FISCAL 2018, FISCAL 2019 AND FISCAL 2020)**

**NUMBER OF VESTED SHARES*
(AS A % OF THE NUMBER OF SHARES SUBJECT
TO THE OPERATING PROFIT PERFORMANCE CONDITION)**

Less than 8%	0%
Between 8% and 9%	30%-60%
Between 9% and 10%	60%-100%
10% or higher	100%

* Rounded down to the nearest whole number; within the ranges provided above, the number of vested shares will be calculated on a linear proportional basis.

- 30% of the shares will be subject to a Total Shareholder Return (TSR) vesting condition as described below.

For the 2018 performance share grant, Sodexo's TSR will be compared with two peer groups.

The first peer group, comprising 12 companies (ABM Industries, Aramark, CBRE, Compass, Edenred, Elior, Elis/Berendsen, GYS, ISS, Jones Lang Lasalle, Rentokil, Securitas) selected based on their size, the similarity of their operations and their classification in the outsourcing and shared services industry, accounts for 15% of all shares granted.

The second peer group, comprising CAC 40 companies, also accounts for 15% of the shares granted.

In both cases, shares will be granted depending on Sodexo's ranking within the peer group.

- If Sodexo ranks in the top quartile, 100% of the shares will be granted.
- If it ranks between the top quartile and the median, 100% to 50% of the shares will be granted.
- If it ranks at the median of the peer group, 50% of the shares will be granted.
- If it ranks in the third quartile, 15% of the shares will be granted.
- Below the third quartile, no shares will be granted.

The remaining 20% of the performance shares will be subject to Corporate Responsibility-based vesting conditions.

The conditions now reflect a good balance between the Company's performance, investor confidence in the Group and Corporate Responsibility performance.

For information, the most recent stock option grant was in December 2011.

CONTINUED PRESENCE CONDITION

In order for his performance shares to vest, the Group Chief Executive Officer must still be working with the Group at the vesting date. However, in accordance with article 24.5.1 of the AFEP-MEDEF Code of corporate governance for listed companies and the plan rules applicable to all of the other beneficiaries of the Group's stock option and performance share plans, the Board of Directors may authorize the Group Chief Executive Officer to retain his rights to any non-vested shares at the date of his departure, on a proportional basis. In such a case, the Board must disclose its decision and the underlying reasons why it was made. Any rights to performance shares thus retained by the Group Chief Executive Officer will remain subject to all of the rules of the applicable plans, particularly in terms of vesting dates and performance conditions.

LOCK-UP CONDITION

In accordance with article L.225-197-1 of the French Commercial Code, the Group Chief Executive Officer is required to hold in registered form, for the duration of his term of office, a number of vested shares equal in value to 30% of his annual fixed compensation at the date the shares are delivered.

In addition, as long as he remains in office, the Group Chief Executive Officer may not use hedging instruments on any performance shares granted to him.

Multi-year compensation

The Board of Directors has decided not to create any multi-year compensation system, preferring instead to use a long-term


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compensation system based on the use of equity instruments which it considers to be more closely aligned with the interests of the Company's shareholders.

However, the Board may envisage putting in place such a system if any regulatory changes or other changes in circumstances were to render it difficult or impossible to use equity instruments. If a multi-year compensation plan were to be set up, it would be based on the same principles and criteria as those used for determining and allocating performance shares and the same grant cap would apply. The system would be structured based on very similar terms and conditions to those applicable to performance share plans.

Indemnity in the event of termination of office

If the Group Chief Executive Officer's term of office is terminated for any reason (other than resignation, retirement or gross or willful misconduct) then he will be entitled, subject to certain performance conditions, to an indemnity representing up to twice the amount of his gross annual compensation (fixed and variable) received over the 12 months preceding his departure.

This indemnity will only be paid if the annual increase in the Sodexo Group's consolidated operating profit (based on a constant scope of consolidation and exchange rates) is equal to or higher than 5% for each of the three fiscal years ended prior to the termination of the Group Chief Executive Officer's term of office.

Non-compete agreement

The Company has entered into a non-compete agreement with a maximum term of 24 months in order to protect the Group by restricting the Group Chief Executive Officer's freedom to carry out certain activities following the end of his term as Chief Executive Officer. The activities concerned include holding any position as an employee, executive officer, or carrying out any consulting work, for any of Sodexo's competitors, either directly or through another legal entity. As consideration for these restrictions, the Group Chief Executive Officer will be paid an indemnity representing up to 24 months of his fixed compensation paid during the fiscal year preceding his departure.

However, the Board of Directors may decide to waive the Company's right to enforce this agreement when the Group Chief Executive Officer leaves the Group. In addition, the maximum aggregate amount paid to the Group Chief Executive Officer under (i) the non-compete agreement and/or (ii) his indemnity on termination of office may not exceed 24 months' worth of his fixed compensation.

Supplemental pension plan

The Group Chief Executive Officer is a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code and article 137-11-1 of the French Social Security Code, and which has been set up for the most senior executives employed by a French company of the Group. Under this supplemental pension plan (subject to a minimum of five years of presence in the plan), as a member of the plan for at least 15 years, the pension paid can represent up to 15% of the average of his last three years' fixed salary preceding his retirement, to which are added the pensions due to him under compulsory pension plans, provided that he is employed by, or is a corporate officer of, the Company at the time of his retirement. The rights are financed and provisioned through annual charges which are revalued each year depending on new commitments and the balance of the account held by the insurer.

Company car

In his capacity as a representative of Sodexo, the Group Chief Executive Officer has the use of a company car, the insurance, maintenance and fuel (related to his professional use), the costs of which are covered by Sodexo.

Collective health and benefit plans

The Group Chief Executive Officer is a member of the collective health and benefit plans set up within the Company, subject to the same terms and conditions as those applicable to the category of employees to which he has been assigned for the purpose of determining these benefits.

Unemployment insurance

As the Group Chief Executive Officer does not have an employment contract, the Company has taken out a private unemployment insurance policy with the French association in charge of unemployment insurance for corporate officers (*Association pour la garantie sociale des chefs et dirigeants d'entreprises* – GSC). Under this policy, if the Group Chief Executive Officer were to lose his office, he would receive benefits for a maximum period of 24 months.

Potential change of governance

If one or more Deputy Chief Executive Officers were appointed, the components of compensation and the principles and criteria provided for in the Group Chief Executive Officer's compensation policy would also apply to the Deputy Chief Executive Officer(s). In such a case, the Board of Directors, acting on the recommendation of the Compensation Committee, would adapt the principles and criteria to the person(s) concerned in order to determine the applicable targets, performance levels, conditions, compensation structure and maximum percentages of the annual fixed compensation that their variable compensation may represent (which may not be higher than those of the Group Chief Executive Officer).

Exceptional compensation

In accordance with article 24.3.4 of the AFEP-MEDEF Code of corporate governance for listed companies, the Board of Directors has decided that the Group Chief Executive Officer may receive exceptional compensation in certain circumstances (notably in the event of structural transactions) which must be precisely disclosed and explained.

In addition, pursuant to article 24.4 of the AFEP-MEDEF Code of corporate governance for listed companies, if a new Group Chief Executive Officer is recruited from outside the Group, the Board of Directors may decide to grant him or her a sum (in cash or shares) in order to compensate the new Group Chief Executive Officer for any loss of remuneration (excluding pension benefits) related to their departure from their previous position.

In accordance with article L.225-37-2 of the French Commercial Code, the payment of any such compensation would be subject to shareholder approval.

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6.3.2 Information on the components of compensation due or awarded to corporate officers for Fiscal 2017

6.3.2.1 Compensation of Sophie Bellon, Chairwoman of the Board of Directors

The amounts paid in Fiscal 2017 for the various components of Sophie Bellon's compensation are presented in the tables below.

SUMMARY OF COMPENSATION AWARDED TO THE CHAIRWOMAN OF THE BOARD OF DIRECTORS FOR FISCAL 2017

SOPHIE BELLON CHAIRWOMAN OF THE BOARD OF DIRECTORS SINCE JANUARY 26, 2016 (in euro)	FISCAL 2017		FISCAL 2016 (PRO RATA)	
	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)
Fixed compensation	550,000	550,000	320,833	320,833
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees paid by Sodexo SA in her capacity as Chairwoman of the Board of Directors				
Fringe benefits	1,829	1,829	1,183	1,183
For information, amounts paid by Bellon SA in her capacity as a member of the Management Board:				
• Fixed compensation	173,333	173,333	93,333	93,333
• Directors' fees				
TOTAL	725,162	725,162	415,349	415,349

SUMMARY OF COMMITMENTS GIVEN TO THE CHAIRWOMAN OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2017

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		ACTUAL OR POTENTIAL LIABILITY FOR COMPENSATION OR BENEFITS RESULTING FROM TERMINATION OR CHANGE OF POSITION		COMPENSATION IN CONNECTION WITH A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Sophie Bellon								
Date appointed: January 26, 2016		X		X		X		X
Expiration of current term: 2018 Annual Shareholders' Meeting								



6.3.2.2 Compensation of Michel Landel, Group Chief Executive Officer

The amounts paid in Fiscal 2017 for the various components of Michel Landel's compensation, including measurement of the value of performance shares granted, are presented in the tables below.

For fiscal 2017, Michel Landel's target variable compensation was 120% of the fixed compensation.

SUMMARY OF COMPENSATION AWARDED TO THE GROUP CHIEF EXECUTIVE OFFICER

MICHEL LANDEL GROUP CHIEF EXECUTIVE OFFICER (in euro)	FISCAL 2017		FISCAL 2016	
	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)	GROSS AMOUNTS DUE (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)
Fixed compensation	933,400	933,400	933,400	933,400
Variable compensation ⁽¹⁾	1,090,118	825,714	819,774	1,435,461
Exceptional compensation	-	-	-	-
Directors' fees ⁽²⁾	-	-	-	-
Fringe benefits ⁽³⁾	1,916	1,916	2,150	2,150
TOTAL	2,025,434	1,808,902	1,755,324	2,371,011

(1) Variable compensation corresponds to Michel Landel's bonus for the year, to be paid the following year, and to travel allowances paid during the year (see table below for details).

(2) Michel Landel is not paid a director's fee for his role as a director of Sodexo.

(3) Michel Landel has the use of a company car.

BREAKDOWN OF VARIABLE COMPENSATION DUE FOR FISCAL 2017

		WEIGHTING OF OBJECTIVES	MAXIMUM IN % OF OBJECTIVE	ACHIEVEMENT LEVEL	CORRESPONDING AMOUNT IN EURO
65% based on financial targets	Revenue growth	15%	177%	0%	0
	Growth in operating profit	15%	177%	40%	67,205
	Growth in Group net income	20%	177%	177%	396,508
	Free cash flow	15%	177%	177%	297,381
	Total financial targets	65%	177%	104%	761,094
10%	Health and safety target	10%	100%	0%	0
10%	Diversity target	10%	100%	100%	112,008
15% based on non-financial objectives	Dow Jones Sustainability Index and employee engagement rate	15%	100%	100%	168,012
SUBTOTAL BEFORE HIGH-END OPERATING PROFIT GROWTH TARGET		100%	150%	93%	1,041,114
ACHIEVEMENT OF HIGH-END OPERATING PROFIT GROWTH TARGET		50%	50%	0%	0
TOTAL PERFORMANCE BONUS FOR FISCAL 2017		150%	200%	93%	1,041,114
TRAVEL ALLOWANCE PAID IN DECEMBER 2016					49,004
TOTAL VARIABLE COMPENSATION FOR FISCAL 2017					1,090,118

Percentages for achievement levels have been rounded.

The weighting of financial objectives was reduced from 70% in Fiscal 2016 to 65% in Fiscal 2017 in order to widen the scope of the non-financial objectives and add a target related to diversity.

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BREAKDOWN OF VARIABLE COMPENSATION DUE FOR FISCAL 2016

		WEIGHTING OF OBJECTIVES	MAXIMUM IN % OF OBJECTIVE	ACHIEVEMENT LEVEL	CORRESPONDING AMOUNT IN EURO
70% based on financial targets	Revenue growth	10%	175%	0%	0
	Growth in operating profit	30%	175%	70%	196,014
	Growth in Group net income	15%	175%	175%	245,018
	Free cash flow	15%	175%	101%	141,960
	Total financial targets	70%	175%	89%	582,992
10%	Health and safety target	10%	100%	100%	93,340
20% based on other non-financial objectives	Dow Jones Sustainability Index and employee engagement rate	20%	100%	100%	186,680
SUBTOTAL BEFORE HIGH-END OPERATING PROFIT GROWTH TARGET		100%	150%	92%	863,012
ACHIEVEMENT OF HIGH-END OPERATING PROFIT GROWTH TARGET		50%	50%	0%	0
TOTAL PERFORMANCE BONUS FOR FISCAL 2016		150%	200%	92%	863,012
ADJUSTMENT RELATED TO NON-ACHIEVEMENT OF CLIENT RETENTION TARGET: 90% OF CALCULATED BONUS				-10%	776,710
TRAVEL ALLOWANCE PAID IN DECEMBER 2015					43,064
TOTAL VARIABLE COMPENSATION FOR FISCAL 2016					819,774

Percentages for achievement levels have been rounded.

PERFORMANCE SHARES GRANTED TO THE GROUP CHIEF EXECUTIVE OFFICER IN FISCAL 2017

	DATE OF PLAN	NUMBER OF SHARES GRANTED DURING THE FISCAL YEAR	VALUE OF SHARES ⁽¹⁾ (in euro)	VESTING DATE	END OF LOCK-UP PERIOD ⁽²⁾	PERFORMANCE CONDITION
Michel Landel	April 20, 2017	44,000 ⁽³⁾	3,258,860	April 20, 2021	April 20, 2021	Yes ⁽⁴⁾

(1) Performance shares are measured at the estimated fair value at the grant date, taking into account the terms and conditions of grant (see note 4.22 to the consolidated financial statements). An accounting charge for the share grants is recognized over a period of four years.

(2) In light of the extension of the vesting period and in order to align the Group's French and international plans, the shares are no longer subject to a lock-up period after the vesting date as was previously the case.

(3) Representing 0.03% of the Company's share capital as of August 31, 2017 and 4.85% of all free shares granted during the fiscal year by the Board of Directors (within the limits defined in the 14th resolution of the January 2016 Annual Shareholders' Meeting). The grants have no dilutive impact as only existing shares have been allocated to the plan.

(4) 50% of the shares are subject to a vesting condition based on growth in consolidated operating profit over a four-year period and the other 50% is subject to a vesting condition based on four-year growth in TSR*

* 50% of these shares will vest only if the average annual growth in consolidated operating profit (before exceptional items and excluding currency effects) is in line with Sodexo's announced guidance, *i.e.*, at least 8% to 10% on average *per annum* for the four fiscal years covered by the plan. A breakdown of the vesting rate based on operating profit performance is provided in the table below:

GROWTH IN CONSOLIDATED OPERATING PROFIT (ANNUAL AVERAGE, CALCULATED ON THE BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL 2017, FISCAL 2018, FISCAL 2019 AND FISCAL 2020)	NUMBER OF VESTED SHARES* (AS A % OF THE NUMBER OF SHARES SUBJECT TO THE OPERATING PROFIT PERFORMANCE CONDITION)
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Less than 8%	0%
Between 8% and 9%	30%-60%
Between 9% and 10%	60%-100%
10% or higher	100%

* Rounded down to the nearest whole number;
within the ranges provided above, the number of vested shares will be calculated on a linear proportional basis.


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* the other 50% of the shares will be subject to the TSR vesting condition as described below.

SODEXO'S TSR (BETWEEN JANUARY 25, 2017 AND THE DATE OF THE SHAREHOLDERS' MEETING CALLED TO APPROVE THE FISCAL 2020 FINANCIAL STATEMENTS)	NUMBER OF VESTED SHARES* (AS A % OF THE NUMBER OF SHARES SUBJECT TO THE TSR PERFORMANCE CONDITION)
negative and/or underperformance relative to the CAC 40 GR Index	0%
outperformance relative to the CAC 40 GR Index of between 0% and +8%	10%-50%
outperformance relative to the CAC 40 GR Index of between + 8% and +12%	50%-100%
outperformance relative to the CAC 40 GR Index of more than + 12%	100%

* Rounded down to the closest whole number; within the ranges provided above, the number of vested shares will be calculated on a linear proportional basis.

TSR is a measure of the performance of the share over a given time period. It combines share price appreciation and dividends paid and reinvested.

The TSR-based performance condition was added in 2015 and changed in 2016, on the recommendation of the Compensation Committee, so that it is calculated by reference to the CAC 40 GR index. The Board of Directors felt that it was appropriate to make this change, whereby Sodexo's stock market and dividend performance are compared with a benchmark stock market index over a four-year period, aligning senior management's interests with those of shareholders' interests over the long term.

STOCK OPTIONS EXERCISED BY THE GROUP CHIEF EXECUTIVE OFFICER IN FISCAL 2017

	DATE OF PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FISCAL YEAR ⁽¹⁾	EXERCISE PRICE ⁽¹⁾
Michel Landel Group Chief Executive Officer	January 11, 2010	100,000	39.88

(1) Number of options and exercise price adjusted for capital transactions carried out since the grant date.

SUMMARY OF COMPENSATION AND STOCK OPTIONS AND PERFORMANCE SHARES GRANTED TO THE GROUP CHIEF EXECUTIVE OFFICER DURING THE FISCAL YEAR

MICHEL LANDEL GROUP CHIEF EXECUTIVE OFFICER (in euro)	FISCAL 2017	FISCAL 2016
Compensation due (gross, before tax)	2,025,434	1,755,324
Value of stock options granted	N/A	N/A
Value of performance shares granted	3,258,860	2,313,300
TOTAL	5,284,294	4,068,624

SUMMARY OF COMMITMENTS GIVEN TO THE GROUP CHIEF EXECUTIVE OFFICER AS OF AUGUST 31, 2017

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		ACTUAL OR POTENTIAL LIABILITY FOR COMPENSATION OR BENEFITS RESULTING FROM TERMINATION OR CHANGE OF POSITION		COMPENSATION IN CONNECTION WITH A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
	Michel Landel Group Chief Executive Officer							
Date appointed: September 1, 2005		X*	X		X			X
No fixed term								

* Employment contract rescinded effective January 1, 2016.

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6.3.3 Compensation of non-executive directors

Apart from the Chairwoman of the Board and the Group Chief Executive Officer, the members of the Board of Directors of Sodexo are non-executive directors.

6.3.3.1 Directors' fees paid to non-executive-directors

The total annual amount of directors' fees available for payment to the directors of Sodexo was set at 735,000 euro at the Annual Shareholders' Meeting of January 24, 2017. The total amount of directors' fees actually paid to all directors (both executive and non-executive) for Fiscal 2017 was 732,750 euro, compared to 617,500 euro for Fiscal 2016.

Directors' fees were calculated and paid in accordance with the Board of Directors' Internal Rules, based on the following criteria established for Fiscal 2017:

- **3,500 euro** per attendance at Board meetings;
 - **3,500 euro** fixed fee to each member of a Board Committee;
 - **2,400 euro** per attendance at Committee meetings;
 - **1,250 euro** travel allowance per Board meeting attended for directors traveling from the United States;
 - **20,000 euro** fee for directors who chair the Board Committees (Audit, Compensation and Nominating Committees) in addition to their fee as a Committee member.
- **14,500 euro** fixed fee to each director;

Directors' fees paid to non-executive directors in office as of August 31, 2017 for Fiscal 2017 and Fiscal 2016 were as follows:

MEMBERS OF THE BOARD OF DIRECTORS	FISCAL 2017 (in euro)	FISCAL 2016 (in euro)
Sophie Bellon ⁽¹⁾	N/A	35,000
Emmanuel Babeau	80,400	15,500
Robert Baconnier	84,400	79,500
Patricia Bellinger	91,950	95,000
Astrid Bellon	35,500	31,000
Bernard Bellon ⁽²⁾	39,000	36,000
François-Xavier Bellon	54,500	34,000
Nathalie Bellon-Szabo	52,100	45,000
Philippe Besson ⁽³⁾	56,900	47,000
Françoise Brougher	75,050	45,000
Soumitra Dutta	63,250	46,000
Paul Jeanbart ⁽⁴⁾	18,400	43,000
Cathy Martin	39,300	31,000
Cécile Tandeau de Marsac ⁽⁵⁾	42,000	N/A

(1) Directors' fees paid by Sodexo for her role as a director until her appointment as Chairwoman of the Board of Directors.

(2) This total includes 2,000 euro in directors' fees paid by Bellon SA in Fiscal 2017 and Fiscal 2016 for his role as a member of Bellon SA's Supervisory Board.

(3) Out of the directors' fees due to Philippe Besson for his role as director representing employees, 23,600 euro were paid to him directly and 33,300 euro were paid to his trade union.

(4) Directors' fees received up until the end of his term on January 24, 2017.

(5) Cécile Tandeau de Marsac was elected as a director on January 24, 2017.

6.3.3.2 Compensation paid to non-executive directors by Bellon SA and Sodexo

No stock options or free shares have been granted to non-executive directors and they are not eligible for any supplemental pension plan or compensation or benefits potentially resulting from the assumption, termination or change of position.

	FISCAL 2017 (in euro)			FISCAL 2016 (in euro)		
	TOTAL ANNUAL COMPENSATION			TOTAL ANNUAL COMPENSATION		
	FIXED	VARIABLE ⁽¹⁾	FRINGE BENEFITS	FIXED	VARIABLE ⁽¹⁾	FRINGE BENEFITS
Astrid Bellon ⁽²⁾	206,667	-	-	160,000	-	-
François-Xavier Bellon ⁽³⁾	275,667	-	-	187,000	-	-
Sophie Bellon until January 26, 2016 ⁽⁴⁾	-	-	-	209,455	39,079	845
Nathalie Bellon-Szabo ⁽⁵⁾	459,490	-	3,583	428,595	4,884	3,456

(1) Variable compensation is contingent upon meeting quantitative and qualitative targets.

(2) Compensation paid for her role as a member of the Management Board of Bellon SA.

(3) Compensation paid for his role as Chairman of the Management Board of Bellon SA.

(4) Compensation paid up until January 26, 2016 for her role as Chairwoman of the Management Board of Bellon SA (104,165 euro for Fiscal 2016) and 144,369 euro for her role as Group Special Advisor – Research, Development and Innovation. Sophie Bellon has the use of a company car.

(5) Compensation paid for her role as a member of the Management Board of Bellon SA (263,333 euro for Fiscal 2017) and for her role as Chief Executive Officer of Sodexo Sports et Loisirs France and Chief Operating Officer of Sodexo Sports and Leisure worldwide (On-site Services) (196,157 euro for Fiscal 2017). Nathalie Bellon-Szabo has the use of a company car.

6.3.4 Compensation policy for members of the Executive Committee

The compensation of the members of the Executive Committee comprises a fixed salary, a variable annual bonus, a long-term incentive (free share) plan and a travel allowance, the amount of which varies depending on the countries visited and the length of stay.

The compensation policy applicable to members of the Executive Committee was changed in 2016 by decision of the Board of Directors, pursuant to the Compensation Committee's recommendations. These modifications aimed to:

- weight the compensation package more heavily towards rewarding long-term performance;
- raise the various qualification thresholds in order to increase the level required to attain the maximum annual bonus;
- extend from three years to four years the assessment period for the performance conditions applicable to the performance share plans;
- introduce a stock market performance indicator – a Total Shareholder Return (TSR)⁽¹⁾ target – into the performance share plan's performance conditions. This condition has been reinforced since the 2016 plan and now provides for Sodexo's TSR performance to be compared with the CAC 40 GR index.

These changes were made in order to more effectively respond to shareholders' expectations.

The compensation of members of the Executive Committee for Fiscal 2017 comprises the following:

- **a fixed salary;**
- **an annual performance bonus.**

Depending on the Executive Committee member, the annual performance-based bonus represents between 60% and 80% of their fixed salary. It may represent:

- 100% of the basic bonus if the targets are met,
- 150% of the basic bonus if the quantitative targets are exceeded,
- 200% of the basic bonus if all the targets are exceeded and a high-end growth target for operating profit is also exceeded.

The bonus breaks down as follows:

- 70% of the bonus depends on quantitative targets based on the Group's financial performance for the fiscal year,
- 10% of the bonus depends on an occupational health and safety target,
- 20% of the bonus depends on individual non-financial objectives.

The bonus is calculated and paid following the close of the fiscal year to which it applies and after the Board of Directors has approved the financial statements;

- **a long-term incentive plan**, consisting of free and performance share grants. 40% of the shares vest if the beneficiary is still working with the Group at the vesting date, and the vesting of the other 60% is also subject to the following performance conditions over a four-year vesting period:
 - 30% of the shares granted will vest only if the average annual growth in consolidated operating profit (before non-recurring items and excluding currency effects) is in line with Sodexo's announced guidance, *i.e.*, at least 8% to 10% on average *per annum* for the four fiscal years covered by the plan,
 - the other 30% of the shares will be subject to the TSR vesting condition based on Sodexo's TSR compared with that of CAC 40 companies.

1 Total Shareholder Return (TSR) is a measure of the performance of different companies' stocks and shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder.

In addition to this compensation, Executive Committee members receive fringe benefits (primarily a car) and pension plan contributions are paid under the following plans:

- a defined contribution plan for holders of an employment contract with one of the Group's foreign companies;
- a defined benefit plan for holders of a French employment contract.

Total compensation paid during Fiscal 2017 by the Group to members of the Executive Committee in office as of August 31,

2017 (including the Group Chief Executive Officer, details of whose compensation are provided in section 6.3.1.3 of this document), amounted to 11,151,306 euro.

This amount comprises:

- a fixed portion of 6,885,669 euro, including 80,470 euro of contributions to the above-mentioned pension plans;
- a variable portion of 4,265,637 euro (comprising the Fiscal 2016 performance-based bonus and the travel allowances of 107,224 euro paid in Fiscal 2017).

6.3.5 Description of the long-term incentive plan for managers

The Group's incentive compensation policy for managers has two objectives:

- linking the financial interests of managers to those of the shareholders;
- attracting and retaining the entrepreneurs needed to expand and strengthen Sodexo's market leadership.

Stock option plans

Until Fiscal 2012, as part of this policy stock options were granted at regular intervals in accordance with resolutions adopted at Annual Shareholders' Meetings. The plans met the following requirements:

- options were generally granted at the same time of the year and their exercise price was not discounted;
- option lives were six to seven years;
- vesting of options was contingent upon the beneficiary's continued employment with the Sodexo Group and, for plans subsequent to 2007, to the achievement of an annual increase in Group net income at constant currency exchange rates of at least 6% over three years. However, this latter condition applied only to a certain portion of the stock options granted to each beneficiary (between 0% and 50%, except for the Group Chief Executive Officer, whose grant was wholly subject to the performance condition), the remainder of the options vesting in equal increments over four years.

The number of unexercised stock options issued by the Company to managers in the Group in connection with various plans still

in effect as of August 31, 2017 was 529,443 (around 0.35% of the capital at that date), representing a total amount of 26,725,279 euro. All options were exercisable as of August 31, 2017 and each option entitles the holder to one Sodexo share if exercised.

Free share plans

Since Fiscal 2013, long-term incentive plans have consisted exclusively of free share plans.

The rules governing free share plans within the Group are as follows:

- all free share grants are made in the same period of the year;
- vesting of shares granted under this long-term incentive program is contingent upon the beneficiary's **employment with the Group through the vesting date;**
- **performance conditions apply to a certain proportion of the grant, as follows:**
 - 100% of the free shares granted to the Group Chief Executive Officer, as explained above,
 - 60% of the free shares granted to members of the Executive Committee (excluding the Group Chief Executive Officer), as explained above (for the shares granted in April 2017),
 - tranches of the free shares granted to other beneficiaries, as explained below (for the shares granted in April 2017):

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NUMBER OF SHARES GRANTED PER BENEFICIARY	% OF SHARES SUBJECT TO A PERFORMANCE CONDITION
Up to 250 shares	The vesting of 100% of these shares is only contingent upon continued employment
Between 251 and 1,000 shares	The vesting of all of these shares is contingent upon continued employment; 30% of these shares are also subject to a performance condition
More than 1,001 shares	The vesting of all of these shares is contingent upon continued employment; 50% of these shares are also subject to a performance condition

The performance conditions have changed gradually since Fiscal 2013, with a TSR target introduced in Fiscal 2015 and a comparative TSR target in Fiscal 2016. Also in Fiscal 2016, the indicator for the financial performance condition was changed from Group net income to consolidated operating profit in order to align this condition with the market guidance issued in relation to the Group's medium-term targets.

In Fiscal 2016 the vesting period was extended to four years in order to align it with the four-year performance condition assessment period. This four-year vesting period applies to all free shares granted, irrespective of whether or not they are subject to performance conditions.

The financial performance condition for the 2017 plan is based on average annual growth in consolidated operating profit (before non-recurring items and excluding currency effects) being in line with Sodexo's announced guidance, *i.e.*, from 8% to 10% for each of the four fiscal years from Fiscal 2017 through Fiscal 2020. Further details of the 2017 plan are provided in section 6.3.1.3.

For the performance shares granted to the Group Chief Executive Officer, the members of the Executive Committee and beneficiaries receiving more than 1,000 shares under the 2017

plan, a second performance condition based on the Company's TSR compared with the CAC 40 GR index also applies, as explained in the sections above on the compensation of the Group Chief Executive Officer and the members of the Executive Committee.

Consequently, the shares granted by the Board of Directors on April 20, 2017 will be delivered on April 20, 2021, provided that the beneficiary is still working with the Group and that the performance conditions, if any, have been met.

In 2016 the vesting period for all plans was harmonized to four years and the lock-up period for French plans was removed in order to simplify the plans and align their durations. Previously, the shares granted under French plans were subject to a vesting period of two or three years followed by a two-year lock-up period.

The performance condition for the March 11, 2014 plan was met, *i.e.*, the cumulative annual growth in Group net income was at least 15% for Fiscal 2016 compared with the Group net income figure for Fiscal 2013, excluding non-recurring expenses, and at constant currency exchange rates. Consequently, the shares granted under the French plans were delivered to their beneficiaries on March 11, 2017.

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6.3.5.1 Stock options granted to Group managers

DATE OF SHAREHOLDERS' MEETING	DATE OF BOARD MEETING GRANTING STOCK OPTION PLAN ⁽¹⁾	TOTAL NUMBER OF OPTIONS GRANTED ⁽²⁾	TOTAL NUMBER OF OPTIONS GRANTED TO CORPORATE OFFICERS (MICHEL LANDEL)	START DATE OF VESTING PERIOD
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 (A3)	100,000	100,000*	100% 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⁾
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 (A3)	120,000	120,000*	100% of the options: December 13, 2013 ⁽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, 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⁾

(1) Beneficiaries of plans:

- (A) plan reserved for non-U.S. employees;
 (A1) plan reserved for employees resident in France;
 (A2) plan reserved for employees non-resident in France;
 (A3) plan reserved for corporate officers;

(B) plan reserved for employees resident in North America;

(C) plan reserved for U.S. employees non-resident in the United States.

(2) Total number of options granted by the Board of Directors at grant date.

(3) Exercise price adjusted after capital transactions carried out since grant date.

(4) Subject to achieving an annual increase in Group net income of at least 6% over three years at constant currency exchange rates.

(5) Total number of options cancelled as a result of departure of beneficiaries.

* Under article L.225-185 of the French Commercial Code, the Board of Directors 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 in value to 30% of his base salary as of the date of exercise of these options for the duration of his term.

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EXPIRATION DATE	EXERCISE PRICE ⁽³⁾ (in euro)	TERMS OF EXERCISE	CUMULATIVE NUMBER OF SHARES PURCHASED AS OF AUG. 31, 2017	CUMULATIVE NUMBER OF OPTIONS CANCELLED ⁽⁵⁾	OPTIONS OUTSTANDING AS OF AUG. 31, 2017
January 10, 2017	39.88	12.5% at each anniversary date 50% at the 3 rd anniversary date ⁽⁴⁾	496,790	56,660	0
January 10, 2017	39.88	100% at the 3 rd anniversary date ⁽⁴⁾	100,000	0	0
December 12, 2017	48.37	25% at each anniversary date	45,387	11,563	6,700
December 12, 2017	48.37	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	219,187	35,113	28,350
December 12, 2017	48.37	12.5% at each anniversary date 50% at the 3 rd anniversary date ⁽⁴⁾	197,000	0	22,000
December 12, 2016	48.37	25% at each anniversary date	42,387	8,463	0
December 12, 2016	48.37	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	326,119	62,731	0
December 12, 2017	48.37	100% at the 3 rd anniversary date ⁽⁴⁾	0	0	120,000
December 12, 2016	48.37	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	430,542	23,158	0
December 12, 2018	51.40	25% at each anniversary date	39,288	8,747	9,115
December 12, 2018	51.40	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	216,780	48,470	93,250

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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 (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
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 (A3)	135,000	135,000*	100% of the options: December 13, 2014 ⁽⁴⁾
January 19, 2009	December 13, 2011 (Bb)	483,500		70% of the options: December 13, 2012 30% 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 United States.

(2) Total number of options granted by the Board of Directors at grant date.

(3) Exercise price adjusted after capital transactions carried out since grant date.

(4) Subject to achieving an annual increase in Group net income of at least 6% over three years at constant currency exchange rates.

(5) Total number of options cancelled as a result of departure of beneficiaries.

* Under article L.225-185 of the French Commercial Code, the Board of Directors 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 in value to 30% of his base salary as of the date of exercise of these options for the duration of his term.

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EXPIRATION DATE	EXERCISE PRICE ⁽³⁾ (in euro)	TERMS OF EXERCISE	CUMULATIVE NUMBER OF SHARES PURCHASED AS OF AUG. 31, 2017	CUMULATIVE NUMBER OF OPTIONS CANCELLED ⁽⁵⁾	OPTIONS OUTSTANDING AS OF AUG. 31, 2017
December 12, 2018	51.40	12.5% at each anniversary date 50% at the 3 rd anniversary date ⁽⁴⁾	225,000	50,000	55,000
December 12, 2017	51.40	25% at each anniversary date	57,987	11,713	4,800
December 12, 2017	51.40	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	372,186	39,201	18,913
December 12, 2018	51.40	100% at the 3 rd anniversary date ⁽⁴⁾	0	0	135,000
December 12, 2017	51.40	17.5% at each anniversary date 30% at the 3 rd anniversary date ⁽⁴⁾	420,467	26,718	36,315

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Stock options granted to or exercised by members of the Group Executive Committee as of August 31, 2017

Options granted to or exercised by members of the Group Executive Committee under plans still in effect in Fiscal 2017 are detailed below:

NAME	DATE OF BOARD MEETING GRANTING STOCK OPTION PLAN	NUMBER OF OPTIONS GRANTED ⁽¹⁾	EXERCISE PRICE (in euro)	EXPIRATION DATE	OPTIONS EXERCISED AS OF AUG. 31, 2017	OPTIONS EXERCISED DURING THE FISCAL YEAR	OPTIONS UNEXERCISED AS OF AUG. 31, 2017
Michel Landel	January 11, 2010 (A3)*	100,000	39.88	January 10, 2017	100,000	100,000	0
	December 13, 2010 (A3)*	120,000	48.37	December 12, 2017	0	0	120,000
	December 13, 2011 (A3)*	135,000	51.40	December 12, 2018	0	0	135,000
Denis Machuel	December 13, 2011 (A1b)	20,000	51.40	December 12, 2018	20,000	5,000	0
Sylvia Métayer	December 13, 2010 (A1b)	17,000	48.37	December 12, 2017	0	0	17,000
	December 13, 2011 (A2b)	20,000	51.40	December 12, 2018	11,500	11,500	8,500

(1) Total number of options granted by the Board of Directors at grant date.

* Under article L.225-185 of the French Commercial Code, the Board of Directors has decided that Mr. 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 in value to 30% of his base salary as of the date of exercise of these options for the duration of his term.

Stock options granted to and exercised by the ten Group employees receiving or exercising the largest number of options (other than corporate officers) during Fiscal 2017

	TOTAL NUMBER	WEIGHTED AVERAGE PRICE (in euro)
Options granted during the fiscal year to the ten Group employees receiving the largest number of options	N/A	N/A
Options exercised during the fiscal year by the ten Group employees exercising the largest number of options ⁽¹⁾	287,513	46.22

(1) Including 168,000 options granted on January 11, 2010, 47,000 options granted on December 13, 2010 and 72,513 options granted on December 13, 2011.

6.3.5.2 Free shares granted to Group managers

A total of 4,317,650 free shares had been granted to Group managers as of August 31, 2017 (cumulatively representing approximately 2.86% of the capital since the adoption of the resolution at the January 2013 Annual Shareholders' Meeting) for an amount of 321,241,700 euro (based on estimated fair value at the grant date, taking into account the related terms and conditions).

Starting in 2016, the French and international plans were harmonized.

These grants concerned 1,123 beneficiaries in 2013, 1,200 in 2014, 1,307 in 2015, 1,282 in 2016 and 1,357 in 2017.

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	2013 PLAN	2014 PLAN	2015 PLAN	2015-2 PLAN	2016 PLAN	2016-2 PLAN	2016-3 PLAN	2017 PLAN
Date of Annual Shareholders' Meeting	January 21, 2013	January 21, 2013	January 21, 2013	January 21, 2013	January 26, 2016	January 26, 2016	January 26, 2016	January 26, 2016
Date of grant by the Board of Directors	April 25, 2013	March 11, 2014	April 27, 2015	December 1, 2015	April 27, 2016	September 30, 2016	November 30, 2016	April 20, 2017
Total number of shares granted	840,755	840,000	848,875	15,100	866,075	11,950	10,000	884,895
Total number of beneficiaries	1,123	1,200	1,299	8	1,264	16	2	1,357
% of share capital	0.54%	0.53%	0.54%	0.01%	0.56%	0.01%	0.01%	0.58%
Performance conditions								
for grants of more than 250 shares								
Growth in Group net income	X	X	X	X				
Growth in consolidated operating profit					X	X	X	X
TSR			X	X	X	X	X	X
FRENCH PLAN								
Vesting date for shares subject to the condition of the beneficiary still working with the Group	April 25, 2015	March 11, 2016	April 27, 2017	December 1, 2017				
Vesting date for shares subject to performance conditions	April 24, 2016	March 11, 2017	April 27, 2018	December 1, 2018				
End of lock-up period	April 24, 2018	March 11, 2019	April 27, 2020	December 1, 2020				
Total number of shares granted	288,975	280,825	276,140	6,750				
Number of shares granted to the corporate officer	37,000	40,000	40,000					
% of share capital	0.02%	0.03%	0.03%					
Cumulative number of shares cancelled	-19,775	-10,313	-21,603					
Transferred shares (beneficiaries participating in the international mobility program)	-31,700	-21,555	0					
Vested shares	237,500	248,957	144,167		0	0	0	0
SITUATION OF THE FRENCH PLAN AT AUGUST 31, 2017	0	0	110,370	6,750	0	0	0	0
INTERNATIONAL PLANS								
Vesting date	April 24, 2017	March 11, 2018	April 27, 2019	December 1, 2019	April 27, 2020	September 30, 2020	November 30, 2020	April 20, 2021
End of lock-up period/date available	April 24, 2017	March 11, 2018	April 27, 2019	December 1, 2019	April 27, 2020	September 30, 2020	November 30, 2020	April 20, 2021
Total number of shares granted	551,780	559,175	572,735	8,350	866,075	11,950	10,000	884,895
Number of shares granted to the corporate officer					44,000			44,000
% of share capital					0.03%			0.03%
Cumulative number of shares cancelled	-102,390	-105,695	-73,655	-5,000	-62,710			-5,000
Transferred shares (beneficiaries participating in the international mobility program)	31,700	21,555	0		0	0	0	0
Vested shares	476,690	1,000	1,000		1,000			
SITUATION OF THE INTERNATIONAL PLAN AT AUGUST 31, 2017	4,400	474,035	498,080	3,350	802,365	11,950	10,000	879,895
TOTAL OF THE PLANS AT AUGUST 31, 2017	4,400	474,035	608,450	10,100	802,365	11,950	10,000	879,895

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Free shares granted to members of the Group Executive Committee as of August 31, 2017

Free shares granted to members of the Executive Committee under plans approved by the Board of Directors since Fiscal 2015 are listed below:

NAME	GRANT DATE	NUMBER OF SHARES GRANTED	VESTING DATE ⁽²⁾	END OF LOCK-UP PERIOD/DATE AVAILABLE ⁽³⁾	SHARES DELIVERED AS OF AUGUST 31, 2017	SHARES DELIVERED DURING THE FISCAL YEAR	SHARES OUTSTANDING
Pierre Henry	April 25, 2013	17,000	April 25, 2017	April 25, 2017	17,000	17,000	-
	March 11, 2014	16,800	March 11, 2018	March 11, 2018			16,800
	April 27, 2015	17,000	April 27, 2019	April 27, 2019			17,000
	April 27, 2016	19,500	April 27, 2020	April 27, 2020			19,500
	April 20, 2017	12,000	April 20, 2021	April 20, 2021			12,000
Nicolas Japy	April 25, 2013	13,000	April 25, 2017	April 25, 2017	13,000	13,000	-
	March 11, 2014	12,800	March 11, 2018	March 11, 2018			12,800
	July 27, 2015	13,000	April 27, 2019	April 27, 2019			13,000
	April 27, 2016	13,000	April 27, 2020	April 27, 2020			13,000
	April 20, 2017	13,000	April 20, 2021	April 20, 2021			13,000
Michel Landel⁽¹⁾	March 11, 2014	40,000	March 11, 2017	March 11, 2019	40,000	40,000	-
	April 27, 2015	40,000	April 27, 2018	April 27, 2020			40,000
	April 27, 2016	44,000	April 27, 2020	April 27, 2020			44,000
	April 20, 2017	44,000	April 20, 2021	April 20, 2021			44,000
Damien Verdier	March 11, 2014	12,800	March 11, 2016 or March 11, 2017	March 11, 2018 or March 11, 2019	12,800	6,400	-
	April 27, 2015	13,000	April 27, 2017 or April 27, 2018	April 27, 2019 or April 27, 2020	6,500	6,500	6,500
	April 27, 2016	15,000	April 27, 2020	April 27, 2020			15,000
	April 20, 2017	15,000	April 20, 2021	April 20, 2021			15,000
Dianne Salt	April 20, 2017	6,000	April 20, 2021	April 20, 2021			6,000
Denis Machuel	March 11, 2014	9,000	March 11, 2016 or March 11, 2017	March 11, 2018 or March 11, 2019	9,000	4,500	-
	April 27, 2015	12,000	April 27, 2017 or April 27, 2018	April 27, 2019 or April 27, 2020	6,000	6,000	6,000
	April 27, 2016	13,500	April 27, 2020	April 27, 2020			13,500
	April 20, 2017	14,000	April 20, 2021	April 20, 2021			14,000
Satya Menard	April 25, 2013	10,000	April 25, 2017	April 25, 2017	10,000	10,000	-
	March 11, 2014	9,000	March 11, 2018	March 11, 2018			9,000
	April 27, 2015	10,000	April 27, 2019	April 27, 2019			10,000
	April 27, 2016	11,500	April 27, 2020	April 27, 2020			11,500
	April 20, 2017	12,000	April 20, 2021	April 20, 2021			12,000
Sylvia Metayer	March 11, 2014	9,000	March 11, 2016 or March 11, 2017	March 11, 2018 or March 11, 2019	9,000	4,500	-
	April 27, 2015	10,000	April 27, 2017 or April 27, 2018	April 27, 2019 or April 27, 2020			10,000
	April 27, 2016	13,500	April 27, 2020	April 27, 2020			13,500
	April 20, 2017	14,500	April 20, 2021	April 20, 2021			14,500


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NAME	GRANT DATE	NUMBER OF SHARES GRANTED	VESTING DATE ⁽²⁾	END OF LOCK-UP PERIOD/DATE AVAILABLE ⁽³⁾	SHARES DELIVERED AS OF AUGUST 31, 2017	SHARES DELIVERED DURING THE FISCAL YEAR	SHARES OUTSTANDING
Lorna Donatone	April 25, 2013	5,150	April 25, 2017	April 25, 2017	5,150	5,150	-
	March 11, 2014	9,000	March 11, 2018	March 11, 2018			9,000
	April 27, 2015	10,000	April 27, 2019	April 27, 2019			10,000
	April 27, 2016	12,000	April 27, 2020	April 27, 2020			12,000
	April 20, 2017	12,500	April 20, 2021	April 20, 2021			12,500
Patrick Connolly	April 25, 2013	5,150	April 25, 2017	April 25, 2017	5,150	5,150	-
	March 11, 2014	9,000	March 11, 2018	March 11, 2018			9,000
	April 27, 2015	6,000	April 27, 2019	April 27, 2019			6,000
	April 27, 2016	11,500	April 27, 2020	April 27, 2020			11,500
	April 20, 2017	12,000	April 20, 2021	April 20, 2021			12,000
Marc Plumart	April 25, 2013	7,200	April 25, 2017	April 25, 2017	7,200	7,200	-
	March 11, 2014	7,255	March 11, 2018	March 11, 2018			7,255
	April 27, 2015	7,500	April 27, 2019	April 27, 2019			7,500
	April 27, 2016	4,000	April 27, 2020	April 27, 2020			4,000
	April 20, 2017	9,000	April 20, 2021	April 20, 2021			9,000
Marc Rolland	April 25, 2013	2,300	April 25, 2017	April 25, 2017	2,300	2,300	-
	March 11, 2014	2,350	March 11, 2018	March 11, 2018			2,350
	April 27, 2015	2,350	April 27, 2019	April 27, 2019			2,350
	December 1, 2015	5,000	December 1, 2017 or December 1, 2018	December 1, 2019 or December 1, 2020			5,000
	April 27, 2016	12,000	April 27, 2020	April 27, 2020			12,000
	April 20, 2020	13,000	April 20, 2021	April 20, 2021			13,000
	April 20, 2020	13,000	April 20, 2021	April 20, 2021			13,000
Juan Pablo Urruticoechea	April 25, 2013	2,700	April 25, 2017	April 25, 2017	2,700	2,700	-
	March 11, 2014	3,200	March 11, 2018	March 11, 2018			3,200
	April 27, 2015	3,200	April 27, 2019	April 27, 2019			3,200
	April 27, 2016	3,500	April 27, 2020	April 27, 2020			3,500
	September 30, 2016	4,000	September 30, 2020	September 30, 2020			4,000
	April 20, 2017	11,000	April 20, 2021	April 20, 2021			11,000

(1) 100% of the free shares granted to Michel Landel, Group Chief Executive Officer, and 50% of the free shares granted to other beneficiaries are performance shares. See section 6.3.5 for more information on the requirement for beneficiaries to still be working with the Group, the performance conditions, the vesting dates and the lock-up periods/availability dates under the French and International plans.

(2) The vesting date of shares varies for the plan reserved for employees in France, depending on whether or not they are subject to performance conditions.

(3) Shares not subject to performance conditions for employees in France are subject to a two-year lock-up period after the vesting date.

* Under article L.225-197-1 of the French Commercial Code, the Board of Directors has decided that Michel Landel, the only corporate officer (mandataire social) granted performance shares, is required to hold in registered form a number of shares received under these plans, equivalent to 30% of his base salary as of the date of delivery of these shares for the duration of his term.

Free shares granted during Fiscal 2017 to the ten Group employees (other than corporate officers) receiving the largest number of shares

	TOTAL NUMBER	VALUE OF SHARES (IN EURO)*
Free shares granted during Fiscal 2017 to the ten Group employees receiving the largest number of shares	129,000	10,957,647

* Based on estimated fair value at the grant date, taking into account performance terms and conditions (see note 4.22 to the consolidated financial statements).

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Financial communications calendar

First quarter revenues, Fiscal 2018	January 11, 2018
Annual Shareholders' Meeting 2018	January 23, 2018
Ex-date	February 1, 2018
Record date	February 2, 2018
Dividend payment	February 5, 2018
Half-year interim results, Fiscal 2018	April 12, 2018
Nine month revenues, Fiscal 2018	July 5, 2018
Annual results, Fiscal 2018	November 8, 2018
Annual Shareholders' Meeting 2019	January 22, 2019

These dates are purely indicative, and are subject to change without notice. Regular updates to the calendar are available on our website www.sodexo.com.

How to obtain information

By phone

Investor Relations – Tel.: +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

On the Sodexo website

www.sodexo.com (“Finance” section)

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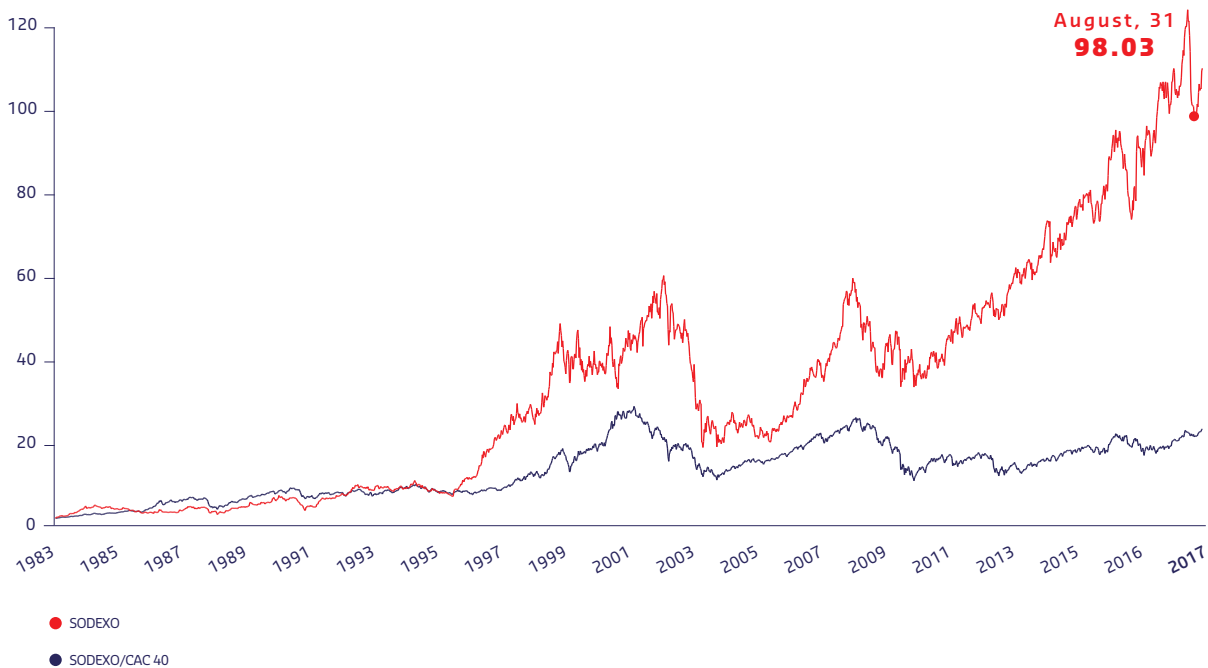
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7.1 SODEXO SHARE PERFORMANCE

- Sodexo shares are listed on Euronext Paris (Euroclear code: FR0000121220) and have been included in the CAC 40 index since March 21, 2016. In addition, Sodexo offers securities listed in U.S. dollars, in the form of American Depositary Receipts (ADRs) that are traded on the over-the-counter (OTC) market, ticker SDXAY, with five ADRs representing one Sodexo share.
- As of August 31, 2017, Sodexo had a Standard & Poor's rating of A- long-term and A-1 short-term.

7.1.1 Stock market performance

■ ADJUSTED SODEXO SHARE PRICE TRENDS FROM INITIAL LISTING THROUGH AUGUST 31, 2017 (in euro)



The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2017 (the last trading day of Fiscal 2017), the closing share price was 98.03 euro.

Since its first listing, the value of the Sodexo share has multiplied by 63, whereas the CAC 40 index has multiplied by only 13.7

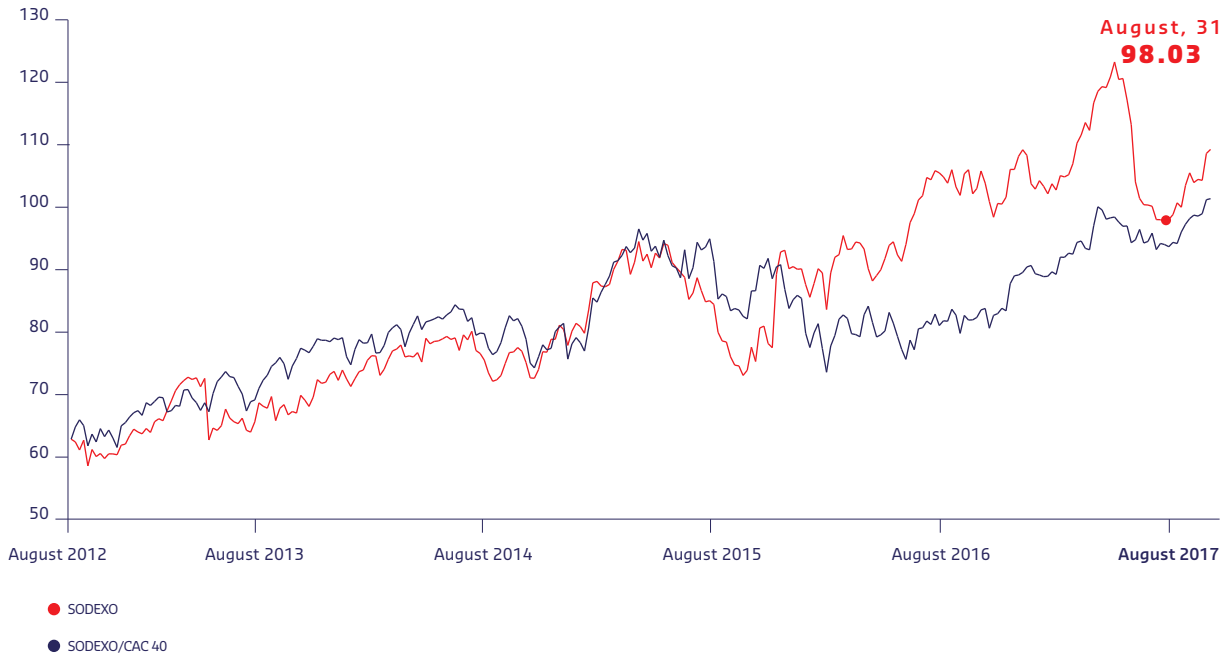
over the same period, which means that Sodexo's shares have outperformed the CAC 40 by a wide margin.

Since its listing on the stock exchange in 1983, Sodexo's share value has appreciated by an average of 12.8% *per annum*, excluding dividends.

1 CAC 40 index reconstituted from 1983 to 1987.

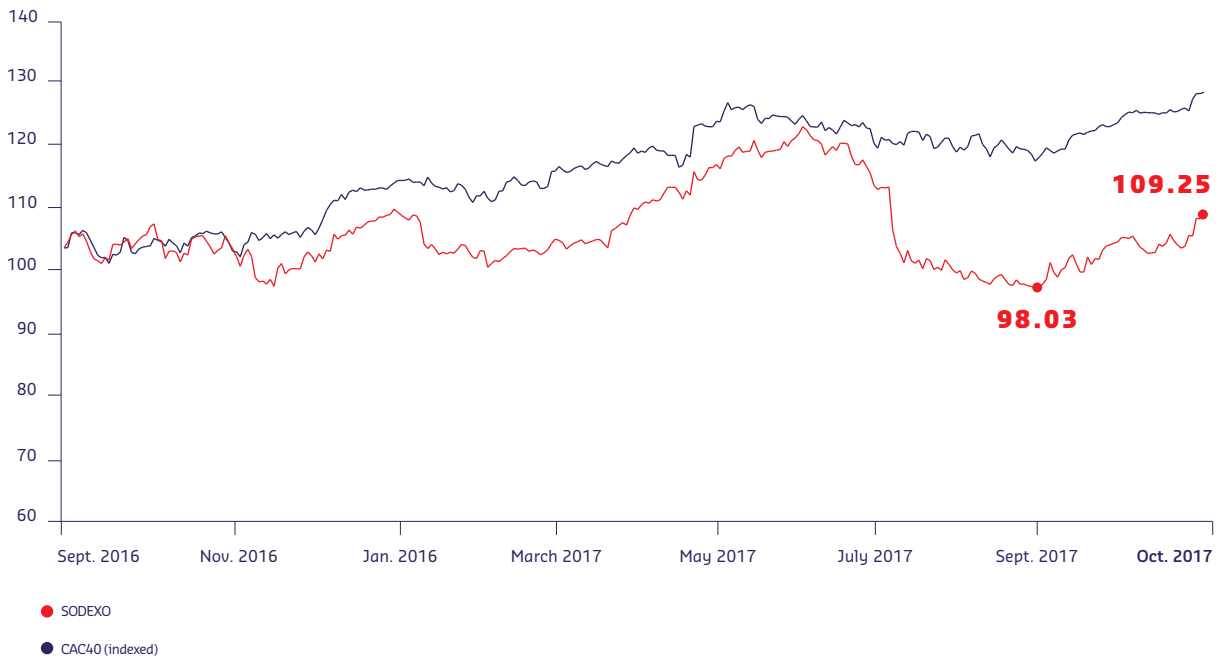
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■ SODEXO SHARE PRICE FROM SEPTEMBER 1, 2012 THROUGH AUGUST 31, 2017 (in euro)



Over the last five fiscal years, Sodexo's share price increased by 55.9%, whereas the CAC 40 index increased by 49.0% during the same period.

■ SODEXO SHARE PRICE FROM SEPTEMBER 1, 2016 THROUGH AUGUST 31, 2017 (in euro)



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During Fiscal 2017, the share price decreased by 5.6% whereas the CAC 40 index rose by 14.6%. This underperformance follows an exceptional performance in Fiscal 2016 when Sodexo's share price outperformed the CAC 40 by 37%. Sodexo's share price performed well at the beginning of the fiscal year, reaching a high of 123.25 euro in early June, despite the slight downward revision of the Group's revenue growth guidance (from 3% to 2.5%) in April 2017. Following another downward revision of

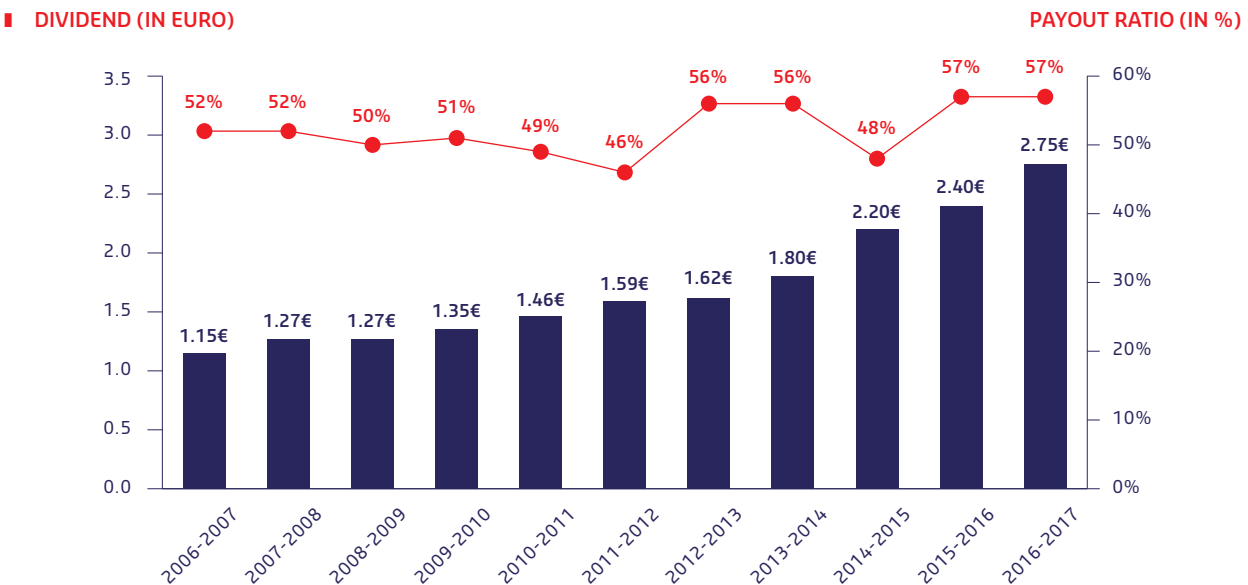
revenue growth guidance (to between 1.5% and 2%), the share price dropped sharply even though the operating profit growth guidance was maintained. Since September, the share price has begun to improve gradually.

As of August 31, 2017, the market capitalization of Sodexo was 14.8 billion euro.

7.1.2 Share and dividend performance

Dividend policy

The Group's dividend policy is aimed at securing long-term shareholder loyalty by a regularly increasing the dividend, a dividend payout ratio of around 50% and a dividend premium for shareholders who have held their shares in registered form for an unbroken period of at least four years.



At the Annual Shareholders' Meeting on January 23, 2018, the Board of Directors will propose that shareholders approve the payment of a cash dividend of 2.75 euro per share for Fiscal 2017, representing an increase of 14.6% compared with Fiscal 2016.

In addition, shares held in registered form for the past four years or more (i.e., since at least August 31, 2013) and which are still held in such form when the dividend becomes payable in February 2018 will be entitled to a 10% dividend premium, representing an additional 0.275 euro per share. The number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder.

The distribution of dividends and the 10% dividend premium represent a payout ratio of 57%.

The dividend and dividend premium (for eligible shares) will become payable on February 5, 2018, with a Euronext Paris ex-dividend date of February 1, 2018. The record date – i.e., the date before which an investor must own shares in order to receive the dividend – will be February 2, 2018.

Dividends not claimed within five years of the date on which they were payable to shareholders are forfeited.

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	FISCAL 2017	FISCAL 2016	FISCAL 2015	FISCAL 2014	FISCAL 2013
SHARE PRICE (in euro)					
Opening price as of September 1	104.75	77.71	75.03	67.30	63.12
Closing price as of August 31	98.03	103.85	78.43	74.97	66.77
Market capitalization as of August 31 (in billions of euro)					
12-month low	96.02	70.45	69.49	66.69	58.50
12-month high	123.60	106.7	95.76	80.58	74.91
DAILY AVERAGE VOLUME OF SHARE TRADING					
In number of shares	241,150	275,923	232,550	178,656	233,258
In value (in thousands of euro)	25,607	24,551	19,800	13,333	15,207
DIVIDEND AND SHARE PERFORMANCE					
Total payout ⁽²⁾ (in millions of euro)	417 ⁽¹⁾	371	335	276	247
Payout ratio including dividend premium (Total payout/Group net profit)	57%	58.2%	47.9%	56.3%	56.5%
Dividend per share (DPS) (in euro)	2.75 ⁽¹⁾	2.40	2.20	1.80	1.62
10% dividend premium (in euro)	0.275 ⁽¹⁾	0.24	0.22	0.18	0.16
Earnings per share (EPS) ⁽³⁾ (in euro)	4.85	4.21	4.60	3.23	2.91
Payout ratio (DPS/EPS)	57%	57%	47.8%	55.7%	55.7%
TOTAL SHAREHOLDER RETURN (TSR)⁽⁴⁾	-41%	36.5%	6.9%	13.8%	8.3%

(1) Subject to approval at the Annual Shareholders' Meeting on January 23, 2018.

(2) Theoretical payout for current fiscal year and actual figures for previous years. Includes dividend premium.

(3) Based on an average number of shares (quarterly average).

(4) Calculation of the Total Shareholder Return over a given period and calculated as follows: (market price at the end of the period – market price at the beginning of the period + dividends paid over the period, excluding the dividend premium)/market price at the beginning of the period.

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7.1.3 Benefits of being a registered shareholder

Registered Sodexo shareholders are entitled to:

- double voting rights for registered shares held for at least four years;
- a dividend premium of 10%⁽¹⁾ for registered shares held for at least four years (the number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder);
- automatic invitation to Shareholders' Meetings and personalized information on all financial transactions (capital increases, bond issues, etc.);

- an exemption from administration costs (for directly-registered shares only).

Sodexo share codes

Sodexo bearer shares are traded under the code FR0000121220. The code for registered shares already eligible for the dividend premium is FR0011532431. Different share codes have been introduced for registered shares in order to reflect the period in which the shares were acquired and to determine eligibility for the dividend premium.

1 Sodexo's fiscal year starts on September 1 of each year. The dividend premium payment will be made on February 5, 2018 for the fiscal year ended August 31, 2017 for shareholders holding registered shares (directly or indirectly) since August 31, 2013 and up until the payment of the dividend.

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The use of different codes does not affect the tradability of the shares. When selling shares, it is advisable to sell the most recently acquired first in order to maintain the dividend premium rights on the highest number of remaining shares.

REFERENCE DATE FOR REGISTRATION OF SHARES TO QUALIFY FOR THE DIVIDEND PREMIUM	RIGHT TO DIVIDEND PREMIUM FOR FISCAL:	DIVIDEND PREMIUM FOR THE DIVIDEND PAID IN*:	ISIN CODES FOR REGISTERED SHARES
Before August 31, 2013	2017	February 2018	FR0011532431**
August 31, 2014	2018	February 2019	FR0012033199
August 31, 2015	2019	February 2020	FR0012891414
August 31, 2016	2020	February 2021	FR0013193125
August 31, 2017	2021	February 2022	FR0013270261
August 31, 2018	2022	February 2023	FR0000121220

* Dates provided for indicative purposes only and subject to the approval of a dividend payment by the Annual Shareholders' Meeting.
** On September 1, 2017, Euroclear merged the shares held under the code SODEXO ACTIONS PRIME DE FIDÉLITE 2018 - FR0011532415 into the code FR0011532431 (which will be eligible for the 10% dividend premium for the February 2018 dividend payment).

Contacts for registered shareholders

Directly-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 (0)2 51 85 67 89

or visit the Société Générale website: www.sharinbox.societegenerale.com

7.1.4 ADR program

Since Sodexo's voluntary delisting from the New York Stock Exchange in 2007, Sodexo American Depositary Receipts (ADRs) are traded on the over-the-counter (OTC) market, ticker SDXAY, with five ADRs representing one Sodexo share.

Advantages for U.S. investors:

- U.S. brokers purchase, sell and settle the ADRs in the same way as they would for the shares of a U.S. company;
- the prices of the ADRs are quoted in U.S. dollars and the dividends are paid in U.S. dollars;
- ADRs are a straightforward and effective way of enabling U.S. investors to invest in international companies.

KEY INFORMATION ON THE SODEXO ADRs:

ADR ticker symbol	SDXAY
Platform	OTC
CUSIP	833792104
DR ISIN	US8337921048
ISIN code	FR0000121220
SEDOL	7062713
Custodian bank	Citi
ADR ratio	5 ADRs for 1 ordinary share

CONTACTS AT CITI FOR ANY QUESTIONS CONCERNING THE ADRs:

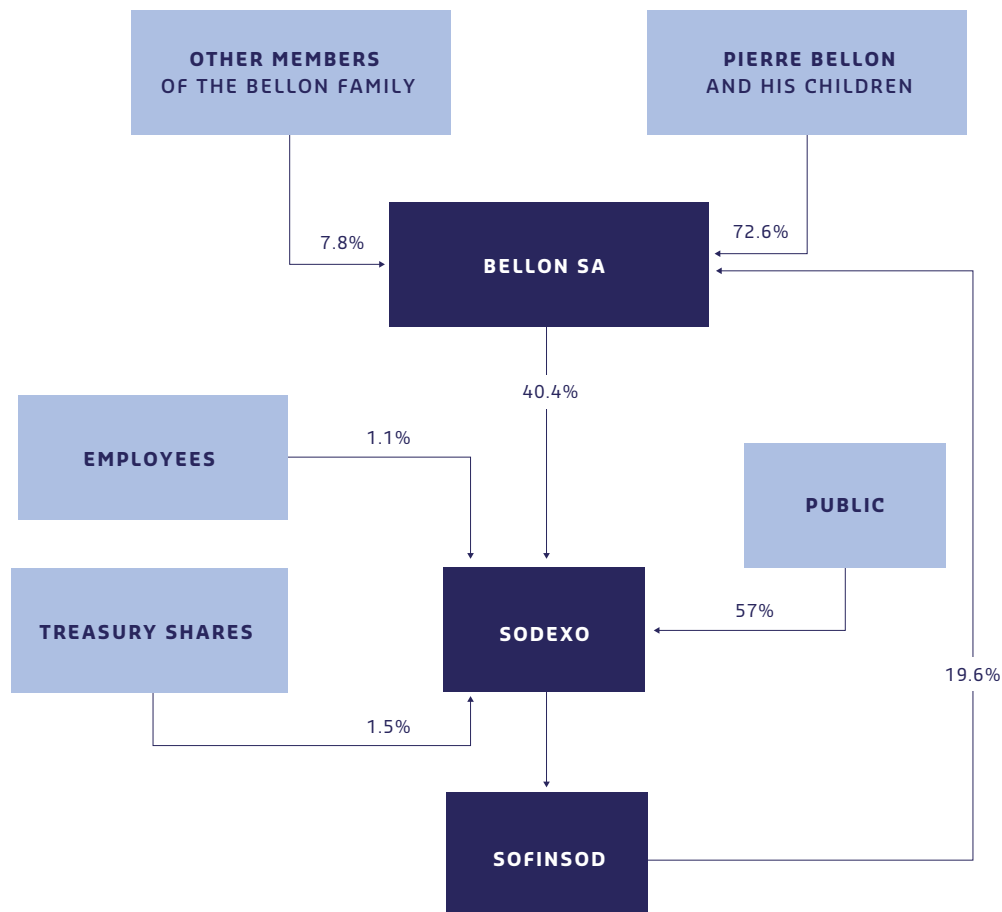
New York	London
Michael O'Leary	Michael Woods
michael.oleary@citi.com	michael.woods@citi.com
Tel.: +1 212 723 4483	Tel.: +44 20 7500 2030

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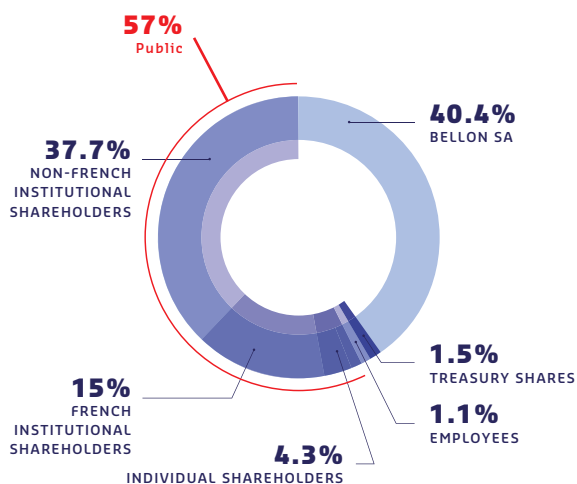


7.2 OWNERSHIP STRUCTURE

7.2.1 Ownership structure as of August 31, 2017

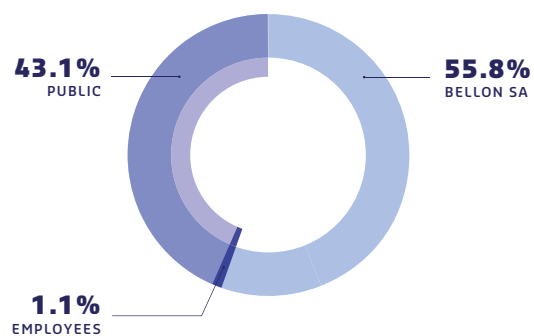


■ OWNERSHIP STRUCTURE AS OF AUGUST 31, 2017 :



Source: Nasdaq.

■ BREAKDOWN OF VOTING RIGHTS AS OF AUGUST 31, 2017:



Source: Nasdaq.

7.2.2 Changes in share ownership during the last three fiscal years

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 discloses to the AMF and publishes –on its website www.sodexo.com – the total number of voting rights and the number of shares comprising Sodexo’s share capital, if these have changed relative to the previously published information.

SHAREHOLDER	AUGUST 31, 2017				AUGUST 31, 2016				AUGUST 31, 2015			
	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS	% OF ACTUAL VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS	% OF ACTUAL VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS	% OF ACTUAL VOTING RIGHTS
Bellon SA	60,900,485	40.4	55.2	55.8	60,900,485	39.6	54.0	54.8	59,252,063	37.7	51.8	53.0
First Eagle Investment Management ⁽¹⁾	4,218,962	2.8	1.9	1.9	4,143,755	2.7	1.9	1.9	3,874,173	2.5	1.8	1.9
Allianz Global Investors ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,451,664	2.8	2.1	2.1
Employees ⁽²⁾	1,599,407	1.1	1.1	1.1	1,383,773	0.9	1.0	1.0	1,174,979	0.7	0.9	0.9
Treasury shares	2,205,010	1.5	1.0	0	3,074,444	2.0	1.4	0	4,862,456	3.1	2.3	0
Public	81,906,585	54.2	40.8	41.2	84,238,682	54.8	41.7	42.3	83,516,690	53.2	41.1	42.1
TOTAL	150,830,449	100%	100%	100%	153,741,139	100%	100%	100%	157,132,025	100%	100%	100%

(1) Acting on behalf of its managed funds.

(2) This figure includes the shares held by employees in an account with Société Générale as a result of free share awards, in accordance with French Act no. 2015-990 of August 6, 2015 on growth, business and equal economic opportunities.

As of August 31, 2017, the members of the Board of Directors, including the Group Chief Executive Officer, together directly held less than 0.5% of the Company’s share capital.

Bellon SA

The number of Sodexo shares held by Bellon SA remained stable in Fiscal 2017. However, Bellon SA’s interest in Sodexo has increased following the Group’s share repurchase and cancellation program carried out during the year, involving 2.9 million shares (1.9% of the Company’s capital). Consequently, as of August 31, 2017, Bellon SA held 40.4% of the Company’s share capital and 55.8% of the actual voting rights.

Bellon SA’s stake in Sodexo had already increased in Fiscal 2016 due to the combination of the Group’s repurchase and cancellation of 3.4 million shares, and Bellon SA’s purchase of 1.6 million Sodexo shares. As Bellon SA already held the majority of Sodexo’s voting rights and had increased its stake in the Company by more than 1% in a period of 12 consecutive months, under French stock market regulations it should have been required to file a public tender offer if. However, Bellon SA applied to the French securities regulator (*Autorité des marchés financiers* – AMF) for an exemption from this requirement, which it obtained on March 1, 2016.

Mr. Pierre Bellon and his four children control 72.6% of Bellon SA and agreements are in place preventing them from selling their Bellon SA shares to third parties. In 2015, Mr. Pierre Bellon and his children signed a family agreement to prevent direct descendants from selling their Bellon SA shares. The only asset of Bellon SA is its holding in Sodexo and Bellon SA has no intention of selling this holding to a third party.

Disclosure thresholds

The Company is not aware of any shareholder that increased or decreased its shareholding to above or below any disclosure threshold (provided for by law or the Company’s bylaws) in Fiscal 2017.

As of the date of this document, to the best of Sodexo’s knowledge:

- only Bellon SA and First Eagle Investment Management hold 2.50% or more of the share capital or voting rights of Sodexo, directly or indirectly, individually, or in concert;
- there are no shareholder agreements in place and no agreements that, if implemented, could result in a change of control of Sodexo.

Repurchases and disposals of Sodexo shares

During Fiscal 2017:

- at its meeting on January 24, 2017, the Board of Directors decided to implement a new share repurchase program as authorized by the Annual Shareholders' Meeting held on the same date;
- Sodexo repurchased 3,245,041 shares (representing 2.15% of the share capital) at an average price of 104.40 euro per share plus trading fees of 135,512 euro excluding VAT;
- at its meeting on June 14, 2017, the Board of Directors decided to reduce the Company's share capital by cancelling a total of 2,910,690 shares (representing 1.89% of the share capital) pursuant to authorizations granted by the Annual Shareholders' Meetings of January 26, 2016 and January 24, 2017 to cancel shares acquired under repurchase programs;
- Sodexo transferred 1,203,785 shares on the exercise of stock options and for delivery under free share plans;
- on October 1, 2016, Sodexo and Kepler-Chevroux entered into a liquidity contract which complies with the Code of conduct issued by the French financial markets association (*Association française des marchés financiers* - AMAFI) on March 8, 2011 and approved by the AMF on March 21, 2011. A total of 25 million euro was allocated to a liquidity account for the purpose of implementing the contract.

During Fiscal 2017 the share purchases and sales carried out under the liquidity contract were as follows:

- purchase of 991,493 shares for an aggregate 106,451,506 euro (average purchase price of 107.36 euro);
- sale of 991,493 shares for an aggregate 103,558,208 euro (average purchase price of 104.45 euro).

Consequently, as of August 31, 2017 no shares were held in the liquidity account.

- As of August 31, 2017, Sodexo directly held 2,205,010 treasury shares (representing 1.5% of the share capital),

which have been allocated to cover the various stock option and free share plans set up for Group employees.

- The total carrying amount of the treasury shares portfolio was 177 million euro as of August 31, 2017.

Since August 31, 2017, the Company has not purchased any Sodexo shares other than through the liquidity contract.

Description of the new share repurchase program (pursuant to article 241-2 of the General Regulation of the AMF) subject to authorization by the Annual Shareholders' Meeting of January 23, 2018

- In its seventeenth resolution, the Board of Directors will propose that the Annual Shareholders' Meeting of January 23, 2018 renew the authorization given to the Board for the Company to repurchase Sodexo shares pursuant to articles L.225-209 *et seq.* of the French Commercial Code. This authorization would be valid for an 18-month period, replacing the authorization given for the same purpose by the Annual Shareholders' Meeting of January 24, 2017.
- The treasury shares held as of August 31, 2017 in connection with the share repurchase program are intended to cover the various stock option and free share plans set up for Group employees (for further details concerning stock options and free shares, please refer to section 6.3.5 of this document).
- The objectives of the new repurchase plan are the same as in previous years, i.e. the shares repurchased may be held to cover stock option and free share plans or the Company's share capital may be reduced by cancelling the repurchased shares. 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 23, 2018 Annual Shareholders' Meeting in section 8.2 of this document.

7.2.3 Employee share ownership

As of August 31, 2017, employees held 1.1% of the Company's share capital (approximately 57% of which was held in an employees' mutual fund (FCPE)).

As of August 31, 2017, an estimated 27,699 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 security treatment, amounts due to employees are subject to a five-year lock-up period.

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7.3 FINANCIAL COMMUNICATIONS POLICY

— To respond more effectively to the expectations of its shareholders, Sodexo continuously works to improve its investor relations programs by developing new information channels and in the quality of the relations during the different meetings with the financial community.

7.3.1 Listening to our shareholders and the financial community

In order to comply with all applicable regulations in connection with its listing on Euronext Paris (the French stock exchange), Sodexo and all those involved in preparing financial communications have committed to a set of transparency principles designed to ensure equal treatment of all shareholders.

Sodexo's investor relations policy is based on four core principles:

- **equal treatment when disclosing quarterly financial information:** all financial press releases are issued simultaneously in real time to all our stakeholders, both in French and English. These press releases are published on the Group's website (www.sodexo.com) and relayed through the press, e-mail and via an authorized provider;
- **regular reporting:** the financial community is informed of the financial publication schedule a year in advance, and updates are always available on the Group's website;
- **ease of access to financial meetings:** Annual Shareholders' Meeting and revenue and results presentations are broadcast via a live webcast and subsequently available on the Sodexo website. In addition, all financial communication is available and archived on the website;
- **transparency:** all information about the Group, including the bylaws, Registration Document, Interim Report, press releases, presentations and share price trends, is also available on the website: www.sodexo.com.

7.3.1.1 Group spokesperson

Only the Chairwoman, the Group Chief Executive Officer and members of the Executive Committee are authorized to provide financial communications. The Group Chief Executive Officer appoints the Director of Financial Communication to act as spokesperson for the Group, within specific delegated powers.

7.3.1.2 Preparation and publication 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.

Barring exceptional circumstances, all information with the potential to influence the share price is published before Euronext Paris opens for trading.

After approval of this information by the Group Chief Executive Officer, the Group Chief Financial Officer or the Board of Directors (depending on its nature), it is communicated to the markets via a press release issued simultaneously to the entire financial community and to the stock market authorities.

Sodexo does not communicate financial information during the following periods:

- **thirty calendar days preceding** the Board of Directors' meeting to approve the annual and half-year financial statements up to the release of its consolidated annual and interim results;
- **fifteen calendar days before** the release of its first and third quarters' consolidated revenue figures up to **the release of** these quarterly publications.

7.3.1.3 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. Since that date, the Group's Executive Committee members and key finance executives must systematically and formally sign up to this Code and abide by its principles.

This Code of conduct sets out a core set of behaviors:

- to avoid actual or apparent conflicts of interest;
- to comply with all laws, rules and regulations;
- to protect the Group's confidential information;
- to conduct all business fairly;
- to hold managers accountable for their behavior, and create an environment of trust where concerns can be reported without fear of retaliation or retribution.

The Group's ethical principle of transparency means efficient communication with the Group's shareholders, so that they are provided with full and accurate information about the Group's financial condition and profits. The Group is committed to timely communication and to complete, accurate, reliable and clear reporting.



7.3.2 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.amffrance.org). It is also available, along with the English-

language Registration Document, at www.sodexo.com (“Finance” section, “Presentations and publications” tab).

An interactive version of the Registration Document in French and English is also available on the Group’s website to facilitate reading.

7.3.3 Annual Shareholders’ Meeting

The Annual Shareholders’ Meeting is announced in official notices published in the press, in the BALO (*Bulletin des annonces légales obligatoires*) in France and on the Group’s website, at www.sodexo.com.

The agenda is available in French and English at least 15 days before the meeting. It is sent to all registered shareholders, and to other shareholders upon request. It is also available at www.sodexo.com.

A live webcast of the Sodexo Annual Shareholders’ Meeting is broadcast on our website, enabling shareholders who cannot attend in person to ask questions and observe the voting on resolutions. The webcast of the last Annual Shareholders’ Meeting has been archived and is available on the Sodexo website.

7.3.4 Regular meetings and ongoing dialogue

Sodexo is committed to genuine dialogue with its shareholders and with the broader financial community.

In order to ensure that the figures it releases each quarter are fully understood, the Group organizes conference calls led by the Group Chief Executive Officer and Group Chief Financial Officer. In addition, a program of regular meetings with investors and analysts is put in place each year, with the Group Chief Executive Officer and Group Chief Financial Officer holding sessions in Europe (in particular in Paris, London and Frankfurt) and also in

the United States and Canada. These events create opportunities for more informal dialogue.

Themed briefings are also held periodically to give investors and analysts insight into front-line operations.

Sodexo also regularly participates in industry presentations and conferences organized by brokerage firms in France and abroad.

Lastly, the Financial Communications Department is always available to answer questions from analysts and investors.

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7.4 ADDITIONAL INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

7.4.1 Five-year summary of changes in share capital

The 300 million euro share repurchase and cancellation program announced in November 2016 was completed and closed by the cancellation of 2,910,690 shares, corresponding to an aggregate value of 300 million euro and approved at the Board meeting of June 14, 2017.

The Company's share capital, which as of August 31, 2016 was composed of 153,741,139 shares with an aggregate nominal value of 614,964,556 euro, is now composed of 150,830,449 shares with an aggregate nominal value of 603,321,796 euro.

7.4.2 Potential share capital

As of the date of this Registration Document, there are no securities outstanding, other than existing equity securities and the remaining employee stock options, which carry immediate or future rights to Sodexo's share capital.

7.4.3 Capital authorized but not issued

The Extraordinary Shareholders' Meeting of January 26, 2016 authorized the Board of Directors to increase the Company's share capital on one or more occasions by issuing ordinary shares and/or any other securities carrying immediate or future

rights to Sodexo shares, or by capitalizing profit, reserves or premiums, subject to the following limits:

CURRENTLY VALID AUTHORIZATIONS	MAXIMUM AGGREGATE NOMINAL VALUE OF CAPITAL INCREASE(S) ⁽²⁾ (in millions of euro)	MAXIMUM AMOUNT OF CAPITAL INCREASE(S) ⁽²⁾ (% of share capital)	DATE OF AUTHORIZATION	DATE OF EXPIRATION
Authorizations with preferential rights				
• Issuance of ordinary shares and/or any other securities carrying rights to Sodexo shares	100	16.6%	January 26, 2016	March 26, 2018
• Issuance of debt securities carrying rights to Sodexo shares	1,000		January 26, 2016	March 26, 2018
Authorizations to issue shares to employees and managers				
• Issuance of ordinary shares and/or any other securities reserved for members of Employee Savings Plans	Approx. 9	1.5%	January 26, 2016	March 26, 2018
• Grant of free shares and performance shares ⁽¹⁾	Approx. 15	2.5%	January 26, 2016	March 26, 2019
Issuance of shares by capitalizing profit, reserves or premiums	100	16.6%	January 26, 2016	March 26, 2018

(1) The use of this authorization by the Board of Directors in Fiscal 2016 is explained in section 6.3.4.2 of this document. The other authorizations have not been used.

(2) Adjusted amounts of share capital as of August 31, 2017.

7.5 GENERAL INFORMATION ABOUT SODEXO

7.5.1 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.

7.5.2 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.

7.5.3 Nationality

French.

7.5.4 Date of incorporation and expiration (article 5 of the bylaws)

"The Company has a life of 99 years from December 31, 1974, save earlier termination or winding up."

The date of expiration of the Company is December 30, 2073.

7.5.5 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."*



7.5.6 Registration

Sodexo is registered in the Nanterre Register of Commerce and Companies under no. 301 940 219.

7.5.7 Business identifier code (APE code)

5629B.

7.5.8 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 office at 255, quai de la Bataille-de-Stalingrad – 92130 Issy-les-Moulineaux, France, preferably by appointment.

7.5.9 Material contracts

During the last two years, the Company has not entered into any material contract, other than those signed in the ordinary course of business, that create a material obligation or commitment for the entire Group.

7.5.10 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.”

7.5.11 Appropriation of earnings and dividend premium (excerpt from article 18 of the bylaws)

“(…) 2. The first appropriation of net income, net of any accumulated losses from prior periods, must be an amount of at least 5% of net income to establish the reserve fund required by law. This appropriation ceases to be obligatory once this reserve fund is equal to one-tenth of the issued capital, but must be resumed if for any reason the reserve falls below one-tenth of the issued capital.

3. Distributable earnings comprise net income for the fiscal year, minus any accumulated losses brought forward and any transfer to the legal reserve, plus any retained earnings brought forward.

Distributable earnings are appropriated in the following order:

- a) any sum that the Ordinary Shareholders' Meeting, on the proposal of the Board of Directors, decides to carry forward as retained earnings or to appropriate to the creation of an extraordinary reserve fund, contingency fund or other fund, whether or not created for a specific purpose;
- b) the surplus is distributed among all of the shareholders, each share entitling its holder to an equal share of the profit. However, shareholders able to show that they have been a registered shareholder for at least four years as of the end of a given fiscal year, and who remain registered at the dividend

date related to the said fiscal year, are entitled to a dividend premium on the shares so registered, equal to 10% of the dividend paid on the other shares, the resulting dividend premium being rounded down to the nearest euro cent where appropriate.

Similarly, shareholders able to show that they have been a registered shareholder for at least four years as of the end of a given fiscal year, and who remain registered at the date of a capital increase by capitalization of reserves, income or share premiums, by distribution of bonus shares, are entitled to supplementary bonus shares equal to 10% of those to be distributed. In the case of odd lots, the number of supplementary shares will be rounded down to the nearest unit. The resulting new shares will qualify for the same treatment as the old shares from which they are derived for the purposes of calculating rights to the dividend premium and to receive supplementary bonus shares.

The number of shares upon which a single shareholder shall be eligible for these dividend premiums or supplementary bonus shares may not exceed 0.5% of the share capital.”

The above-mentioned 0.5% ceiling has been applicable since the payment of the dividend for the fiscal year ended August 31, 2013.

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7.5.12 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 General Shareholders' Meetings, shareholders taking part in said meetings via video-conferencing or electronic links allowing them to be identified in accordance with the definitions and conditions relating to such links as stipulated in the relevant laws or regulations are deemed to have attended the meeting.

2. General Shareholders' Meetings are made up of all shareholders whose shares are paid up to the extent called and whose right to participate in the Shareholders' Meeting is evidenced by an entry recorded, by the date and according to the procedure required by the applicable laws and regulations, in a share register or securities account in the name of the shareholder or, for shareholders who are not resident in France, the shareholder's accredited financial intermediary, showing the number of shares held.

Shares must be registered within the above-stipulated deadline either in share accounts in the shareholder's name held by the Company or via the approved intermediary, or in bearer share accounts held by the approved intermediary.

Members are entitled to attend General Shareholders' Meetings upon simple proof of identity and entitlement. The Board of Directors may, at its discretion, issue personal admission cards to shareholders in their names and demand presentation thereof.

All shareholders may vote remotely as provided by law and the regulations.

Equally, all shareholders may take part in discussions when meetings are in session and vote via electronic data.

3. General Shareholders' Meetings are chaired by the Chairman of the Board of Directors, or in his absence by the Vice Chairman if one has been appointed, or failing that by the longest-serving director present.

If there is no director present, the meeting elects its own Chairman."

7.5.13 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 for the existing shares held by that shareholder that carry double voting rights, in the event of a bonus share issue carried out by capitalizing profit, reserves or premiums."

7.5.14 Share ownership disclosure thresholds (excerpt from article 9 of the bylaws)

"Any shareholder whose direct or indirect shareholding reaches 2.50% of the Company's issued capital or any multiple thereof is required to inform the Company by registered letter with acknowledgment of receipt within fifteen days. Failure to make

such disclosure may result in the shares exceeding the threshold being stripped of voting rights on the terms stipulated by law. This disclosure requirement applies equally when a shareholding passes below any of the disclosure thresholds."

7.5.15 Identification of shareholders (excerpt from article 9 of the bylaws)

"The Company can make use of the legal framework available for identifying the holders of shares which have, either immediately or in the future, voting rights at General Shareholders' Meetings."

7.5.16 Modification of shareholders' rights

All modifications to share capital or voting rights attached to the shares therein are subject to legal requirements, as the bylaws do not contain specific provisions.

A full version of the Company's bylaws is available in the Finance section of the Group's website at www.sodexo.com.

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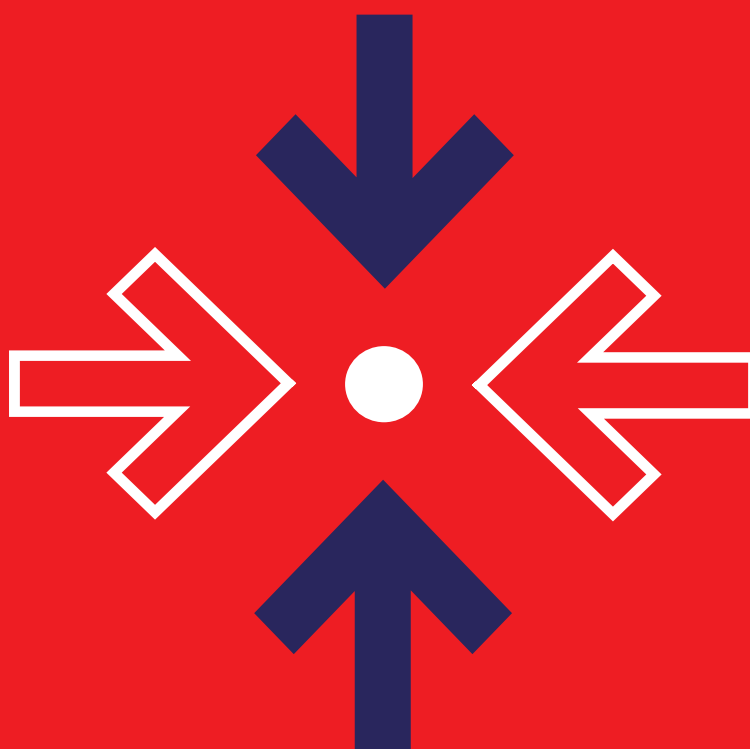
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COMBINED ANNUAL SHAREHOLDERS' MEETING, JANUARY 23, 2018

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8.1 REPORT OF THE BOARD OF DIRECTORS PRESENTATION OF RESOLUTIONS SUBMITTED TO THE COMBINED ANNUAL SHAREHOLDERS' MEETING, JANUARY 23, 2018

8.1.1 Ordinary business

Adoption of the individual company and consolidated financial statements (first and second resolutions)

The Board of Directors is requesting the Shareholders' Meeting to adopt the individual company financial statements of Sodexo for Fiscal 2017 presenting net income of 396 million euro and the consolidated financial statements of the Group presenting profit attributable to equity holders of the parent of 723 million euro.

Appropriation of net income for the fiscal year and dividend (third resolution)

This resolution relates to appropriation of net income for Fiscal 2017 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 2,75 euro per share, an increase of 14,6% over the prior year.

In addition and in accordance with the bylaws of the Company, shares held in registered form since at least August 31, 2013 and still held when the Fiscal 2017 dividend becomes payable, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0,275 euro per share. The number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder (corresponding to a maximum of 754,152 shares per shareholder based on the Company's capital as of August 31, 2017).

The dividend and dividend premium (for eligible shares) will become payable on February 5, 2018, with a Euronext Paris ex-dividend date of February 1, 2018. The record date will be February 2, 2018.

Approval of Mr. Michel Landel's non-compete agreement and indemnity (fourth resolution)

In accordance with articles L.225-38 and L.225-42-1 of the French Commercial Code, in the fourth resolution shareholders are invited to approve the non-compete agreement entered into between the Company and Mr. Michel Landel applicable for 24 months from the date on which Mr. Landel's duties as Chief Executive Officer cease (scheduled for the close of the Annual Shareholders' Meeting of January 23, 2018).

On November 14, 2017, on the recommendation of the Compensation Committee, the Board of Directors approved in advance the non-compete agreement, the purpose of which

is to protect the Group by restricting Mr. Landel's freedom to carry out certain activities following the end of his term as Chief Executive Officer of the Company. The activities concerned are (i) holding any position as an employee, or corporate officer, and (ii) carrying out any consulting work for any of Sodexo's competitors, either directly or through another legal entity.

As consideration for these restrictions, Mr. Landel will be paid an indemnity representing 24 months of his fixed salary paid during the fiscal year preceding the year in which his duties as Chief Executive Officer cease.

This new agreement is described in the Statutory Auditors' Special Report on related-party agreements and commitments in section 5.4.2 of this Registration Document.

Approval of a related-party agreement concerning services provided by Bellon SA to Sodexo (fifth resolution)

In the fifth resolution shareholders are invited to approve the new service agreement entered into between Sodexo and Bellon SA, which falls within the scope of articles L.225-38 *et seq.* of the French Commercial Code.

A service agreement has been in place between the Company and Bellon SA, Sodexo's managing holding company, since 1991, under which Bellon SA provides assistance and advisory services to the Sodexo Group - both directly and through qualified specialists - in a number of different areas, including: finance, human resources and strategic planning. In particular, Bellon SA has seconded to Sodexo the Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer.

At its meetings on November 15, 2016 and July 10, 2017, the Board of Directors, on the recommendation of the Audit Committee, approved the changes to this agreement, notably concerning the non-inclusion of the Chief Executive Officer's services, the secondment of three employees holding the posts mentioned above and the cancellation of the 5% mark-up on the amount billed to Sodexo by Bellon SA. The new agreement came into effect on November 17, 2016.

Under the terms of the new agreement, Bellon SA invoices Sodexo for the compensation of the Chief Financial Officer, Chief Human Resources Officer, and Chief Strategy Officer during the secondment period. Their compensation is rebilled in euros euros and includes a fixed and variable portion, as well as any related payroll taxes. From November 17, 2016 to August 31, 2017, this compensation amounted to 2,899,375 euro excluding VAT.

This new agreement is described in the Statutory Auditors' Special Report on related-party agreements and commitments in section 5.4.2 of this Registration Document.



Re-election of directors (sixth to tenth resolutions)

The directorships of Ms. Sophie Bellon, Mr. Bernard Bellon, Ms. Nathalie Bellon-Szabo, Ms. Françoise Brougher and Mr. Soumitra Dutta expire at the close of the Annual Shareholders' Meeting of January 23, 2018.

The Board of Directors is proposing, on the recommendation of the Nominating Committee, that the shareholders re-elect Ms. Sophie Bellon, Ms. Nathalie Bellon-Szabo, Ms. Françoise Brougher and Mr. Soumitra Dutta to the Board for a three-year period ending at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending August 31, 2020 and re-elect Mr. Bernard Bellon for a one-year period ending at the close of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending August 31, 2018.

Biographical information on these directors is provided in section 6.1.1.3 of this Registration Document.

Annual directors' fees (eleventh resolution)

The preparation for and participation in Board and Committee meetings requires an increasing amount of time and personal commitment from Board members. A process was begun in 2017 to bring directors' fees closer into line with those paid by peer companies and to respond to the observation made by the directors during the Board's most recent formal assessment that an increase is necessary in order to be able to continue to attract high-level directors.

Compensation and benefits due or awarded for Fiscal 2017 to Sophie Bellon, Chairwoman of the Board of Directors

TYPE OF COMPENSATION OR BENEFITS	AMOUNT	COMMENTS
Fixed salary	€550,000	Pre-tax gross amount due for the fiscal year.
Fringe benefits	€1,829	Sophie Bellon has the use of a company car.

Ms. Sophie Bellon does not receive any of the following types of compensation or benefits: directors' fees, annual bonus, multiyear bonus, exceptional bonus, stock options, performance shares, compensation for loss of office or supplemental retirement benefits.

To this end, shareholders are invited to increase the maximum aggregate amount of directors' fees by 22.4% to 900,000 euro compared to the maximum aggregate amount of directors' fees set at 735,000 euro per fiscal year at the Annual Shareholders' Meeting of January 24, 2017.

Consequently, the Shareholders' Meeting is requested to set at 900,000 euro the maximum total annual amount of directors' fees payable for the current fiscal year and each subsequent fiscal year. This new amount will remain in effect until such time as the Shareholders' Meeting makes a new decision.

These fees will be allocated to each individual director in compliance with the Board of Directors' Internal Rules.

Opinion on the compensation and benefits due or awarded for Fiscal 2017 to each corporate officer (twelfth and thirteenth resolutions)

Pursuant to the recommendations in the AFEP-MEDEF Code of corporate governance for listed companies, as revised in November 2016 (section 26.2) – to which the Company refers for Corporate Governance matters in application of article L.225-37 of the French Commercial Code – shareholders are invited in the twelfth and thirteenth resolutions to give their opinion on the compensation and benefits due or awarded for Fiscal 2017 to each corporate officer, namely Ms. Sophie Bellon, Chairwoman of the Board of Directors, and Mr. Michel Landel, Chief Executive Officer. Further information on these corporate officers' compensation and benefits is provided in section 6.3.2 of this Registration Document.

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Compensation and benefits due or awarded for Fiscal 2017 to Michel Landel, Chief Executive Officer

TYPE OF COMPENSATION OR BENEFITS	AMOUNT	COMMENTS
Fixed salary	€933,400	Pre-tax gross amount due for the fiscal year. The Chief Executive Officer's salary has been unchanged since January 1, 2011.
Annual bonus	€1,090,118	Variable compensation comprised of the bonus due for Fiscal 2017 (which will be paid during Fiscal 2018) corresponding to 112% of the fixed compensation due for the same fiscal year and travel allowances paid during Fiscal 2017 for which the amount varies depending on the countries visited and the duration of the stay. The bonus is based for 65% on quantitative targets based on the financial performance achieved by the Group for the year, 10% on an occupational health and safety objective, 10% on diversity objectives and for 15% on other non-financial objectives. These criteria and their achievement level are detailed in section 6.3.2.2 of this Registration Document.
Stock options and performance shares	44,000 performance shares valued at €3,258,860 based on the method used for the preparation of the consolidated financial statements	On April 20, 2017, the Board of Directors used the authorization granted in the fourteenth resolution of the January 26, 2016 Shareholders' Meeting to grant Michel Landel 44,000 performance shares (representing 5% of the total number of free shares and performance shares allocated by the Board during the fiscal year). These shares will vest only under the following circumstances: (i) for 50% of the shares, if the average annual growth in operating profit (before exceptional items and excluding currency effects) is on average at least 8% to 10% per year for four fiscal years, and (ii) for the other 50% of the shares, if Sodexo's TSR (<i>Total Shareholder Return</i>) outperforms the CAC 40 GR (Gross Total Return) index, as published by Euronext, between January 25, 2017 and the date of the Shareholders' Meeting called to approve the Fiscal 2020 financial statements. This performance condition is described in detail in section 6.3.2.2 of this Registration Document. No stock options were granted to Michel Landel during Fiscal 2017.
Compensation for loss of office	No amounts due or paid	As decided by the Board of Directors on November 6, 2008 and approved by the Shareholders' Meeting of January 19, 2009 (fifth resolution), Michel Landel is entitled to compensation subject to performance conditions 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. This indemnity will only be paid if, at constant consolidation scope and currency exchange rates, the annual increase in the Sodexo Group's consolidated operating profit is equal to or higher than 5% for each of the three fiscal years ended prior to the termination of the appointment.
Supplemental retirement plan	No amounts due or paid	Michel Landel's supplemental defined benefit retirement plan governed by article 39 of the French General Tax Code and article 137-11-1 of the French Social Security Code provides, subject to a minimum seniority of five years in this plan, for payment of a pension amounting to, for seniority in the plan of 15 years, up to 15% of his average fixed annual salary paid to him during the last three years of employment preceding his retirement, to which are added the pensions due to him under compulsory retirement plans, provided that he is employed by, or is a Corporate Officer of, the Company at the time of his retirement. The rights are financed and provisioned through annual charges which are revalued each year depending on new commitments and the balance of the account held by the insurer. Michel Landel does not acquire additional benefits with respect to this regime, but retains, as a Corporate Officer, the rights acquired prior to the dissolution of his employment contract. The cumulative liability under the plan as of August 31, 2017 was 3,737,108 euro and the charge recognized for Fiscal 2017 was 5,748 euro. Based on Michel Landel's compensation when his employment contract was rescinded, this would represent an annual pension of 140,010 euro. Consequently, on the basis of current data, the total aggregate amount of the pensions to be paid to Michel Landel – gross amounts before tax and also taking into account the pensions due to him under compulsory retirement plans – would amount to approximately 272,618 euro per year.
Other benefits	€1,916	Michel Landel has the use of a company car.

Mr. Michel Landel does not receive any of the following types of compensation or benefits: multi-year bonus, exceptional bonus, or director's fees in his capacity as a member of the Company's Board of Directors.



Approval of the compensation policy applicable to corporate officers (fourteenth to sixteenth resolutions)

In accordance with article L.225-37-2 of the French Commercial Code introduced by the French "Sapin II" Act passed on December 9, 2016 on transparency, anti-corruption and modernization of the French economy, the Board of Directors invites shareholders to approve the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits payable to Ms. Sophie Bellon, Chairwoman of the Board of Directors, Mr. Michel Landel, Chief Executive Officer until January 23, 2018, and Mr. Denis Machuel, Chief Executive Officer as from January 23, 2018 (as described in section 6.3.1 of this Registration Document).

Share repurchases (seventeenth 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 an 18-month period and would replace the previous authorization granted by the Shareholders' Meeting on January 24, 2017.

It would allow the implementation of a share repurchase program capped by law at 10% of the Company's issued capital as of the date of the Shareholders' Meeting. However, shareholders are invited to reduce this cap to 5% of the Company's issued capital as of the date of the Shareholders' Meeting, with the following characteristics:

- maximum purchase price per share: 150 euro;

8.1.2 Extraordinary business

Authorization to reduce the Company's issued capital through the cancellation of treasury shares (eighteenth resolution)

The Board of Directors is proposing that the Annual Shareholders' Meeting renew the authorization to reduce the share capital through the cancellation of some or all of the shares purchased under the Company's share repurchase program, up to a maximum (per 24-month period) of 5% of the total number of shares of the Company's capital as of the date of the Annual Shareholders' Meeting.

This authorization would be valid for a twenty-six-month period, replacing the authorization given for the same purpose by the Shareholders' Meeting of January 26, 2016.

2,910,690 shares were canceled by the Board of Directors during Fiscal 2017.

- total maximum amount: 1.15 billion euro;
- the program can be implemented 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, including through the use of derivatives.

The objectives of the share repurchase program are provided in the resolutions submitted to the Shareholders' Meeting and notably include cancelling the shares by reducing the issued capital, the granting or selling of shares to employees or corporate officers in connection with any stock option plans, free share grants or employee share purchase plans, market-making in Sodexo shares in connection with a liquidity contract, transferring shares in connection with acquisition transactions or in connection with the exercise of rights on shares issued by the Company. The shares purchased pursuant to this delegation of powers may be allocated by the Board of Directors to program objectives other than the ones initially followed, in accordance with applicable laws and regulations.

As in prior years, the resolution stipulates that the authorization may not be used while a public tender offer is underway. For information, following the rules introduced in the Act of March 29, 2014 ("Florange Act"), the Board of Directors decided to maintain the shareholders' right to decide whether share repurchases should be allowed in the event of a public tender offer.

As of August 31, 2017, the Company held 1.5% of its capital as treasury shares (refer to section 7.2.2 of this Registration Document for additional information on the use of the share repurchase program during Fiscal 2017).

Increase in the Company's issued capital, with preferential subscription rights, and increase in the Company's issued capital by capitalizing premiums, reserves or profit (nineteenth and twentieth resolutions)

The Board of Directors is proposing that the Annual Shareholders' Meeting renew the delegations of powers given to it to act in the best interests of the Company, to decide when appropriate and on the most appropriate terms and conditions (in light of opportunities arising on the financial markets) to increase the permanent capital of the Company.

The authorization given under the nineteenth resolution will enable the Board of Directors to decide to increase the issued capital on one or more occasions, maintaining

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shareholders' preferential subscription rights, via the issuance of ordinary shares (therefore excluding preferential shares) and/or any other securities carrying rights, immediately and/or at a later date, to the ordinary shares of the Company, within the following limits:

- the maximum nominal amount of the capital increases that may be carried out may not exceed 100 million euro (representing approximately 17% of the capital) to which will be added, as appropriate, the additional amount representing shares to be issued in order to safeguard the rights of holders of securities carrying rights to the Company's capital, as required by law. The amount of 100 million euro represents a global ceiling from which will be deducted the amount of any capital increases carried out pursuant to the twentieth resolution (Increase in the Company's issued capital by capitalizing premiums, reserves or profit) and twenty-first resolution (Capital increase(s) reserved for members of employee share purchase plans);
- the total nominal amount of debt securities that may be issued may not exceed 1 billion euro.

The authorization given under the twentieth resolution will allow the Board of Directors to proceed with capital increases by capitalizing, on one or more occasions, all or part of the premiums, reserves or profit permitted to be capitalized under law and the bylaws, by means of allocation of new bonus shares for no consideration or by increasing the par value of existing shares, or both; the maximum nominal amount of capital increases that may be carried out in this manner may not exceed 100 million euro.

The Act of March 29, 2014 ("Florange Act") gives the Board of Directors full powers to make any decisions that would be likely to cause an unsolicited public tender offer to fail, without seeking the prior authorization of the Shareholders' Meeting. However, the Shareholders' Meeting remains free to restrict the Board of Directors' use of financial delegations of power while a public tender offer is underway. To enable shareholders to decide whether the Board of Directors should be authorized to carry out the issues covered by the twentieth and twenty-first resolutions while a public tender offer is underway, the Board proposes to stipulate in the related resolutions that these

financial delegations would be suspended while any such offer is in progress.

These delegations of power would be valid for a 26-month period and would replace the previous delegations given by the Annual Shareholders' Meeting of January 26, 2016.

Capital increase(s) reserved for members of employee share purchase plans (twenty-first 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 nineteenth resolution) 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 delegation of powers 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 with waiver of preferential subscription rights.

The maximum total number of new shares potentially issuable pursuant to this delegation would not exceed 1.5% of the issued capital as of the date of the decision made by the Board of Directors (this ceiling will be deducted from the global ceiling of a maximum total nominal amount of 100 million euro set forth in the nineteenth resolution); 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 days preceding the day on which the decision is made setting the opening date of the plan. The Board of Directors could, at its discretion, reduce or cancel the discount, for compliance with local legal, accounting and tax regimes and labor laws.

This delegation would be valid for a twenty-six-month period and would replace the previous delegation given by the Shareholders' Meeting of January 26, 2016.

As of August 31, 2017, shares held by employees represented 1.1% of the Company's capital.

8.1.3 Ordinary business

Powers to perform formalities (twenty-second resolution)

This standard resolution concerns the conferring of powers to perform all formalities and filings relating to the resolutions approved by the Shareholders' Meeting.

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8.2 RESOLUTIONS SUBMITTED TO THE COMBINED ANNUAL SHAREHOLDERS' MEETING OF JANUARY 23, 2018

Ordinary resolutions

First and second resolutions: Adoption of the individual company and consolidated financial statements, Fiscal 2017

Purpose

In the first and second resolutions, the Board is requesting the Shareholders' Meeting to adopt the individual company financial statements of Sodexo for Fiscal 2017 presenting net income of 396 million euro and the consolidated financial statements of the Group presenting profit attributable to equity holders of the parent of 723 million euro.

First resolution

(ADOPTION OF THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS, FISCAL 2017)

The Shareholders' Meeting, having knowledge of the Report of the Board of Directors and the related Chairwoman's Report attached thereto, and the Statutory Auditors' Reports on the individual company financial statements and on the Chairwoman's Report, adopts the individual company financial statements for the year ended August 31, 2017 as presented, with net income of 396 million euro.

The Shareholders' Meeting also approves the transactions reflected in these financial statements and/or described in these reports.

Second resolution

(ADOPTION OF THE CONSOLIDATED FINANCIAL STATEMENTS, FISCAL 2017)

The Shareholders' Meeting, having knowledge of the Report of the Board of Directors and the related Chairwoman's Report attached thereto, and the Statutory Auditors' Reports on the consolidated financial statements and on the Chairwoman's Report, adopts the consolidated financial statements for the year ended August 31, 2017 as presented, with profit attributable to equity holders of the parent of 723 million euro.

The Shareholders' Meeting also approves the transactions reflected in these financial statements and/or described in these reports.

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Third resolution: Appropriation of net income and declaration of dividend

Purpose

In the third resolution, the Board of Directors is requesting the Shareholders' Meeting's approval of the Board's recommended appropriation of net income and its proposal to distribute a dividend of 2.75 euro per share, representing an increase of 14.6% compared to Fiscal 2016.

Shares held in registered form since at least August 31, 2013 and which are still held in such form as of February 5, 2018, when the dividend for Fiscal 2017 becomes payable, will automatically be entitled to a 10% dividend premium, representing an additional 0.275 euro per share.

The distribution of the dividend and the 10% dividend premium represents a payout ratio of 57%, in line with Sodexo's policy of giving shareholders a return on their investment over the long term.

Third resolution

(APPROPRIATION OF NET INCOME - DECLARATION OF DIVIDEND)

In accordance with the proposal made by the Board of Directors, the Shareholders' Meeting resolves:

to allocate net income for Fiscal 2017 of	€395,906,663
plus retained earnings as of the close of Fiscal 2017 of	€1,234,444,778
Making a total available for distribution of	€1,630,351,441
In the following manner:	
• dividend (on the basis of 150,830,449 shares comprising the share capital as of August 31, 2017)	€414,783,735
• a 10% dividend premium (on the basis of 7,317,098 shares held in registered form as of August 31, 2017 that are eligible for the dividend premium after application of the limitation of 0.5% of capital per shareholder)	€2,012,202
• retained earnings	€1,213,555,504
TOTAL	€1,630,351,441

Accordingly, the Shareholders' Meeting resolves that a dividend of 2.75 euro will be paid on each share having a right to receive a dividend.

In accordance with the Company's bylaws, shares held in registered form since at least August 31, 2013 and which are still held in such form when the dividend for Fiscal 2017 becomes payable, will automatically be entitled to a 10% dividend premium, representing an additional 0.275 euro. The number of shares eligible for this dividend premium may not represent over 0.5% of the share capital for any single shareholder (corresponding to a maximum of 754,152 shares per shareholder based on the Company's capital as of August 31, 2017).

The dividend and dividend premium (for eligible shares) will become payable on February 5, 2018, with a Euronext Paris ex-dividend date of February 1, 2018. The record date will be February 2, 2018.

In the event that the Company holds any of its own shares as of the payment date, the dividend due on these shares will not be paid and will be transferred to retained earnings. Similarly, if any of the 7,317,098 shares held in registered form that are eligible for the dividend premium as of August 31, 2017 cease to be recorded in registered form between September 1, 2017 and the date on which the dividend becomes payable, the amount of the dividend premium due on such shares will not be paid and instead will be transferred to retained earnings.

Pursuant to article 243 bis of the French General Tax Code, the full amount of the proposed dividend (including the dividend premium) qualifies for the allowance available to individuals domiciled in France for tax purposes, as provided for in article 158-3 2° 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 2016 (PAID IN 2017)	FISCAL 2015 (PAID IN 2016)	FISCAL 2014 (PAID IN 2015)
Dividend per share*	€2.40	€2.20	€1.80
Total payout	€359,265,450	€334,962,161	€275,504,402

* Dividend fully eligible for the 40% allowance applicable to individuals domiciled for tax purposes in France, as provided for in article 158-3 2° of the French General Tax Code.

Fourth and fifth resolutions: Related-party agreement and commitment

Purpose

Under French company law, certain agreements and commitments are subject to specific approval requirements. These requirements apply to agreements and commitments entered into between the Company and (i) any of its corporate officers, or (ii) a shareholder holding more than 10% of the Company's voting rights, or (iii) another company in which an executive officer of the Company holds an executive position.

The agreement referred to in the fourth resolution – which was approved in advance by the Board of Directors at its meeting on November 15, 2017 – relates to the non-compete agreement entered into between the Company and Mr. Michel Landel that applies for 24 months, as of the termination of his duties as CEO. The purpose of this agreement is to protect the Group by limiting Mr. Landel's capacity to carry out certain specific activities upon termination of his office as CEO. The activities concerned are (i) holding any position as an employee or executive officer, and (ii) carrying out any consulting work for any of Sodexo's competitors, either directly or through another legal entity. As consideration for these restrictions, Mr. Landel will be paid an indemnity representing 24 months of his fixed salary, paid during the previous fiscal year, *i.e.* an amount of 1,866,800 euro.

Furthermore, as part of the Company's measures to improve its corporate governance principles, Sodexo's Board of Directors has decided to review the terms and conditions of the Service Agreement existing between Sodexo and Bellon SA, so as to simplify and clarify the agreement.

Therefore, in the fifth resolution shareholders are invited to approve a new Service Agreement between Sodexo and Bellon SA which was authorized by the Board of Directors on November 15, 2016 and July 10, 2017. Pursuant to this new Service Agreement, Bellon SA assigns three of its employees to Sodexo to serve as of Chief Financial Officer (Mr. Marc Rolland), Chief Human Resources Officer (Mr. Juan-Pablo Urruticoechea), and Chief Strategic Planning Officer (Mr. Damien Verdier). In consideration for these services, Bellon SA shall invoice Sodexo for the costs corresponding to the compensation paid to these three employees. Bellon SA shall not charge any margin on these assignments. The new Service Agreement came into force on November 17, 2016. The total invoiced to Sodexo between November 17, 2016 and August 31, 2017 is 2,899,375 euro.

The employment contract between Sodexo's Chief Executive Officer and Bellon SA was terminated on January 1, 2016. Consequently, there is no longer any relation between Mr. Michel Landel and Bellon SA.

Fourth resolution

(APPROVAL OF MR. MICHEL LANDEL'S NON-COMPETE AGREEMENT AND INDEMNITY)

The Shareholders' Meeting, having knowledge of the Report of the Board of Directors and the Statutory Auditors' Special Report on related-party agreements governed by articles L.225-38 and L.225-42-1 of the French Commercial Code, approves Mr. Michel Landel's Non-Compete Agreement and related consideration, as authorized by the Board of Directors on November 14, 2017 and described in the Statutory Auditors' Report.

Fifth resolution

(APPROVAL OF A RELATED-PARTY AGREEMENT REGARDING SERVICE AGREEMENT BETWEEN BELLON SA AND SODEXO)

The Shareholders' Meeting, having heard the Report of the Board of Directors and the Statutory Auditors' Special Report on related-party agreements governed by articles L.225-38 *et seq.* of the French Commercial Code, approves the Service Agreement between Sodexo and Bellon SA as authorized by the Board of Directors on November 15, 2016 and July 10, 2017 and described in the Statutory Auditors' Report.

Sixth to eleventh resolutions: Renewal of five directors

Purpose

The Board of Directors currently encounters fourteen members, including two directors representing employees, six independent directors; among them seven women and four non-French nationals.

The directorship of Ms. Sophie Bellon, Mr. Bernard Bellon, Ms. Nathalie Bellon-Szabo, Ms. Françoise Brougher and Mr. Soumitra Dutta come to their term at the end of this Shareholders' Meeting. Therefore, in the sixth to tenth resolutions shareholders are invited to renew the directorships of Ms. Sophie Bellon, Ms. Nathalie Bellon-Szabo, Ms. Françoise Brougher and Mr. Soumitra Dutta for a three-year period and of Mr. Bernard Bellon for a one-year period.

Sixth resolution

(RE-ELECTION OF MS. SOPHIE BELLON AS DIRECTOR)

The Shareholders' Meeting, having knowledge of the Report of the Board of Directors and noting that the directorship of Ms. Sophie Bellon terminates at the end of this meeting, decides to renew her directorship for a three-year period, ending at the end of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending August 31, 2020.

Seventh resolution

(RE-ELECTION OF MR. BERNARD BELLON AS A DIRECTOR)

The Shareholders' Meeting, having heard the Report of the Board of Directors and noting that the directorship of Mr. Bernard Bellon expires at the end of this meeting, decides to renew her directorship for a one-year period ending at the end of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending August 31, 2018.

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Eighth resolution**(RE-ELECTION OF MS. NATHALIE BELLON-SZABO AS A DIRECTOR)**

The Shareholders' Meeting, having heard the Report of the Board of Directors and noting that the directorship of Ms. Nathalie Bellon-Szabo expires at the end of this meeting, decides to renew her directorship for a three-year period ending at the end of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending August 31, 2020.

Ninth resolution**(RE-ELECTION OF MS. FRANÇOISE BROUGHER AS A DIRECTOR)**

The Shareholders' Meeting, having heard the Report of the Board of Directors and noting that the directorship of Ms. Françoise

Brougher expires at the end of this meeting, decides to renew her directorship for a three-year period ending at the end of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending August 31, 2020.

Tenth resolution**(RE-ELECTION OF MR. SOUMITRA DUTTA AS A DIRECTOR)**

The Shareholders' Meeting, having heard the Report of the Board of Directors and noting that the directorship of Mr. Soumitra Dutta expires at the end of this meeting, decides to renew his directorship for a three-year period ending at the end of the Annual Shareholders' Meeting called to approve the financial statements for the fiscal year ending August 31, 2020.

Eleventh resolution: Annual directors' fees**Purpose**

The Shareholders' Meeting held on January 24, 2017, decided that the maximum aggregate amount of directors' fees was 735,000 euro per fiscal year.

The purpose of the eleventh resolution is to increase the maximum annual amount of directors' fees to 900,000 euro, effective from Fiscal 2018 and until such time as the Shareholders' Meeting makes a new decision. This authorization shall replace the one given on January 24, 2017 by the Shareholders.

The reasons for this 22.4% increase are (i) to continue the process begun in 2017 in order to bring directors' fees in line with those paid by comparable companies, and (ii) to respond to the observation made by the Directors during the Board's most recent formal assessment that a rise is necessary in order to be able to continue to attract quality directors. In addition, the preparation for and participation in Board and Committee meetings requires an increasing amount of time and personal commitment from Board members.

Eleventh resolution**(ANNUAL DIRECTORS' FEES)**

The Shareholders' Meeting, having knowledge of the Report of the Board of Directors, sets at 900,000 euro the maximum aggregate amount of annual directors' fees to be paid for the current and future fiscal years, with this amount remaining in effect until such time as the Shareholders' Meeting makes a new decision.

The Shareholders' Meeting resolves that the Board of Directors shall determine the allocation and date of payment of directors' fees at its discretion.

Twelfth and thirteenth resolutions: Opinion on the compensation and benefits of corporate officers for Fiscal 2017 ("say on pay")**Purpose**

The AFEP-MEDEF Code of corporate governance for listed companies – to which the Company refers for corporate governance matters – recommends that shareholders should be given a say-on-pay vote in relation to corporate officers' compensation for the most recent fiscal year ended.

In the twelfth and thirteenth resolutions, shareholders are invited to vote in favor of the compensation and benefits due or awarded for Fiscal 2017 to Ms. Sophie Bellon, Chairwoman of the Board of Directors, and Mr. Michel Landel, Chief Executive Officer, as described in sections 6.3.2 and 8.1.1 of the Fiscal 2017 Registration Document.

Twelfth resolution**(OPINION ON THE COMPENSATION AND BENEFITS DUE OR AWARDED FOR THE FISCAL YEAR ENDED AUGUST 31, 2017 TO MS. SOPHIE BELLON, CHAIRWOMAN OF THE BOARD OF DIRECTORS)**

The Shareholders' Meeting, having knowledge of the Report of the Board of Directors, decides to vote in favor of the compensation and benefits due or awarded for the fiscal year ended August 31, 2017 to Ms. Sophie Bellon, Chairwoman of the Board of Directors, as described in section 6.3.2 of the Fiscal 2017 Registration Document and also included in the Board's Report.

Thirteenth resolution**(OPINION ON THE COMPENSATION AND BENEFITS DUE OR AWARDED FOR THE FISCAL YEAR ENDED AUGUST 31, 2017 TO MR. MICHEL LANDEL, CHIEF EXECUTIVE OFFICER)**

The Shareholders' Meeting, having heard the Report of the Board of Directors, decides to vote in favor of the compensation and benefits due or awarded for the fiscal year ended August 31, 2017 to Mr. Michel Landel, Chief Executive Officer, as described in section 6.3.2 of the Fiscal 2017 Registration Document and also included in the Board's Report.

Fourteenth to sixteenth resolutions: Approval of the compensation and benefits policy applicable to corporate officers

Purpose

Pursuant to the new provisions of article L.225-37-2 of the French Commercial Code, introduced by the French "Sapin II" Act passed on December 9, 2016 on transparency, anti-corruption and modernization of the French economy, companies are now required to seek approval of the shareholders on the compensation and benefits policy applicable to corporate officers.

Therefore, the purpose of the fourteen to sixteenth resolutions is to seek shareholders' approval on the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits payable for Fiscal 2018 to Ms. Sophie Bellon, Chairwoman of the Board of Directors, Mr. Michel Landel, Chief Executive Officer until January 23, 2018 and Mr. Denis Machuel, Chief Executive Officer as from January 23, 2018.

The compensation package of the Chairwoman of the Board consists of fixed annual compensation the amount of which may be revised at the end of each term of office.

The compensation package of the Group Chief Executive Officer (Mr. Michel Landel, and subsequently Mr. Denis Machuel) consists of fixed compensation and an additional variable remuneration based on both long- and short-term performance and is determined by reference to criteria including organic revenue growth, increases in operating profit, net income and free cash flow, and occupational accident frequency rates.

The compensation policy applicable to the Group's corporate officers is described in further detail in section 6.3.1 of the Fiscal 2017 Registration Document.

Fourteenth resolution

(APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE COMPENSATION AND BENEFITS PAYABLE TO MS. SOPHIE BELLON FOR HER DUTIES AS CHAIRWOMAN OF THE BOARD OF DIRECTORS)

The Shareholders' Meeting approves the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits payable to Ms. Sophie Bellon for her duties as Chairwoman of the Board of Directors, as described in section 6.3.1 of the Fiscal 2017 Registration Document.

Fifteenth resolution

(APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE COMPENSATION AND BENEFITS PAYABLE TO MR. MICHEL LANDEL FOR HIS DUTIES AS CHIEF EXECUTIVE OFFICER UNTIL JANUARY 23, 2018)

The Shareholders' Meeting approves the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits payable to Mr. Michel Landel for his duties as Chief Executive Officer, as described in section 6.3.1 of the Fiscal 2017 Registration Document.

Sixteenth resolution

(APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE FIXED, VARIABLE AND EXCEPTIONAL COMPONENTS OF THE COMPENSATION AND BENEFITS PAYABLE TO MR. DENIS MACHUEL FOR HIS DUTIES AS CHIEF EXECUTIVE OFFICER AS FROM JANUARY 23, 2018)

The Shareholders' Meeting approves the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits payable to Mr. Denis Machuel for his duties as Chief Executive Officer, as described in section 6.3.1 of the Fiscal 2017 Registration Document.

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Seventeenth resolution: Authorization for the company to purchase treasury shares

Purpose

In the seventeenth resolution shareholders are requested to renew the 18-month authorization granted to the Board of Directors concerning the purchase of treasury shares (other than during public tender offers). This authorization would supersede the authorization granted at the January 24, 2017 Annual Shareholders' Meeting. The threshold under French law for such authorizations is 10% of a company's issued capital but the threshold proposed by the Board in the seventeenth resolution is 5%.

The shares purchased pursuant to this resolution would be used, *inter alia*, to cover free share plans. As of August 31, 2017, the Company held 1.5% of its capital in treasury, corresponding to 2,205,010 shares, allocated to cover commitments to beneficiaries in connection with any stock option plans, free share grants or employee share purchase plans.

Seventeenth 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 acquire or arrange for the Company to acquire treasury shares in accordance with articles L.225-209 *et seq.* of the French Commercial Code, in particular for the following purposes:

- to implement a stock option plan enabling beneficiaries to acquire – for consideration and by all authorized means – shares of the Company in accordance with articles L.225-177 *et seq.* of the French Commercial Code or any similar plan, with the beneficiaries notably including (i) employees and/or corporate officers of the Company or of companies or groupings affiliated to it, under the conditions provided for in article L.225-180 of said Code, and/or (ii) any other beneficiary authorized by law to receive such stock options; or
- to grant free shares in the Company in accordance with articles L.225-197-1 *et seq.* of the French Commercial Code, notably to (i) employees of the Company or of companies or groupings affiliated with it, under the conditions provided for in article L.225-197-2 of said Code, and/or (ii) corporate officers of the Company or of companies or groupings affiliated to it, under the conditions provided for in article L.225-197-1-II of said Code, and/or (iii) any other beneficiary authorized by law to receive such share grants; or
- to allocate or sell shares to employees in connection with an employee profit sharing plan or a company or group share purchase plan (or equivalent plan) under the conditions provided for by law including articles L.3332-1 *et seq.* of the French Labor Code; or
- to transfer shares upon exercise of rights attached to securities issued by the Company or, as authorized by law, by entities affiliated with it, which give access to Company shares through reimbursement, conversion, exchange, presentation of a warrant or any other method; or
- to cancel shares by reducing the issued capital, pursuant to the eighteenth resolution of this Annual Shareholders' Meeting (provided said resolution is adopted) or to any future resolution to the same effect that may be adopted during the period in which this resolution remains valid; or
- to transfer shares as a means of exchange, payment or otherwise in connection with mergers and acquisitions; or
- to carry out market-making in Sodexo shares under a liquidity contract with an investment services provider, prepared in accordance with the Code of conduct recognized by the *Autorité des marchés financiers*; or

- generally, to fulfill the obligations related to stock option plans or other share grants to employees or corporate officers of the Company or an affiliated company.

The program is also intended to permit the implementation of any market practices that may be authorized at a future date by the *Autorité des marchés financiers* and, generally, the execution of any other transaction that complies with the applicable regulations. In this case, shareholders will be notified by means of a press release.

These transactions may be effected by any method, in particular on the stock market or over-the-counter, including through the use of any financial instruments, options or derivatives and by means of block purchases or sales or in any other way. The transactions may take place at any time, outside of periods of public tender offers, subject to the limits imposed by the laws and regulations in force at the time.

The Shareholders' Meeting resolves that the maximum number of shares acquired under the present resolution may not exceed 5% of the Company's issued capital as of the date of this Annual Shareholders' Meeting (*i.e.*, as an indication, as of August 31, 2017, a maximum of 7,541,522 shares), it being stipulated that for the purposes of the present authorization, the existing number of treasury shares must be taken into account such that the Company does not at any time have more treasury shares than the legally permitted maximum of 10% of shares.

The Shareholders' Meeting resolves that the maximum price paid for shares purchased under this resolution may not exceed 150 euro per share. However, the Shareholders' Meeting authorizes the Board of Directors to adjust this maximum purchase price in the event of a change in the par value of the Company's shares, a capital increase carried out by capitalizing reserves, a bonus share plan, a stock split or reverse stock split, the distribution of reserves or any other assets, a redemption of capital, or any other transaction affecting the Company's capital or equity, in order to take into account the effect of the transaction on the share price.

The Shareholders' Meeting resolves that the total amount allocated to the share repurchase program may not exceed 1.15 billion euro.

The Shareholders' Meeting acknowledges that this authorization is granted for a period of eighteen (18) months as from the date of this meeting and cancels with effect from this day any unused portion of any prior authorization granted to the Board of Directors for the same purpose.

Full powers are given to the Board of Directors and any duly authorized representative of the Board to decide on and act on the present authorization, to clarify its terms if necessary and determine its specific details, to carry out share purchases and to place stock market orders and enter into agreements, in

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particular for the keeping of share purchase and sale registers, to allocate or reallocate purchased shares to the desired objectives in accordance with applicable laws or regulations, to establish the procedures necessary to safeguard, should the need arise,

the rights of holders of securities or options, in accordance with applicable laws, regulations or contracts, and to make filings and carry out other formalities, and generally do all that is necessary.

Extraordinary resolutions

Eighteenth resolution: Authorization to reduce the company's issued capital through cancellation of treasury shares

Purpose

In the eighteen resolution shareholders are invited to authorize the Board of Directors to cancel some or all of the shares purchased under the Company's share repurchase program in order to reduce the Company's issued capital through cancellation of treasury shares.

Eighteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO REDUCE THE COMPANY'S ISSUED CAPITAL THROUGH CANCELLATION OF TREASURY SHARES)

Having knowledge of the Report of the Board of Directors and the Statutory Auditors' Special Report, pursuant to article L.225-209 *et seq.* of the French Commercial Code, the Shareholders' Meeting authorizes the Board of Directors to cancel, on one or more occasions, some or all of the shares purchased by the Company under the shareholder-approved share repurchase program and to reduce the issued capital accordingly. The canceled shares may not represent more than 5% of the total number of shares making up the Company's issued capital as of the date of this Shareholders' Meeting (*i.e.*, a maximum of 7,541,522 shares) in any period of twenty-four (24) months.

The Shareholders' Meeting gives full powers to the Board of Directors and any duly authorized representative of the Board to perform such transactions relating to the cancellation

and reduction of capital as may be required pursuant to this authorization, and in particular to charge the difference between the purchase price of the canceled shares and their par value against the related premiums or available reserves, including the legal reserve up to the equivalent of 5% of the canceled capital, to amend the bylaws accordingly, to make filings and carry out other formalities, and generally do all that is necessary.

The Shareholders' Meeting acknowledges that this authorization is granted for a period of twenty-six (26) months from the date of this meeting and cancels with effect from this day any unused portion of the authorization given for the same purpose in the eleventh resolution of the Annual Shareholders' Meeting of January 26, 2016.

Nineteenth and twentieth resolutions: Increase in the Company's issued capital, with preferential subscription rights, and increase in the Company's issued capital by capitalizing premiums, reserves or profit

Purpose

In order to ensure the financing of the investments required for the Group's growth, in the nineteenth resolution shareholders are invited to renew the authorization for the Board of Directors to increase the Company's issued capital by a maximum nominal amount of 100 million euro (*i.e.*, approximately 17% of the issued capital), by carrying out, on one or more occasions, issue(s) of ordinary shares or dilutive share equivalents. Shareholders would have a preferential right to subscribe for the issued shares or share equivalents in proportion to their existing shareholdings.

This authorization would be valid for a 26-month period. The above-mentioned 100 million euro ceiling includes the aggregate amount of capital increases carried out pursuant to the twentieth resolution by capitalizing premiums, reserves or profit.

Nineteenth resolution

(DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S ISSUED CAPITAL THROUGH THE ISSUANCE - WITH PREFERENTIAL SUBSCRIPTION RIGHTS FOR SHAREHOLDERS - OF ORDINARY SHARES AND/OR OTHER SECURITIES CARRYING IMMEDIATE OR DEFERRED RIGHTS TO THE COMPANY'S CAPITAL)

Having heard the Report of the Board of Directors and the Statutory Auditors' Special Report and having noted that the issued capital is fully paid, in accordance with articles L.225-129

et seq. of the French Commercial Code - notably articles L.225-129, L.225-129-2, L.225-132 to L.225-134 and L.228-91 to L. 228-93 - the Shareholders' Meeting:

1. delegates to the Board of Directors, and any duly authorized representative, the power to increase the Company's capital on one or more occasions, with preferential subscription rights for existing shareholders, via the issuance, in France or elsewhere and in the amounts and on the dates it deems fit, in euro or in any other currency or monetary

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unit established by reference to a basket of currencies, ordinary shares (therefore excluding preferred shares) and/or any other securities carrying immediate or deferred rights to ordinary shares of the Company, payable in cash or by capitalizing debt or by capitalizing reserves, profit or premiums;

2. sets the duration of the validity of this delegation of powers at twenty-six (26) months, except that it may not be used by the Board of Directors while a public tender offer is in progress;
3. decides that if the Board of Directors uses this delegation:
 - the maximum total nominal amount of capital increases that may be carried out pursuant to (i) this delegation and (ii) the twentieth and twenty-first resolutions (provided said resolutions are adopted) is 100 million euro (or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies). This ceiling will not include any additional amount representing shares to be issued in order to safeguard the rights of holders of securities carrying rights to the Company's capital, as required by the laws and regulations in force and/or any applicable contractual provisions,
 - the total nominal amount of debt securities carrying immediate or deferred rights to the Company's capital that may be issued may not exceed 1 billion euro or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies,
 - existing shareholders will have a preferential right to subscribe for the shares and/or other securities issued pursuant to this resolution, *pro rata* to their existing holdings. In addition, in accordance with article L. 225-133 of the French Commercial Code, the Board of Directors may grant shareholders a further preferential right to subscribe for any shares and/or other securities not taken up by other shareholders. If the issue is oversubscribed, such additional preferential rights will also be exercisable *pro rata* to the existing interests in the Company's capital of the shareholders concerned,
 - if an issue is not fully taken up by shareholders using the above-mentioned rights, in accordance with article L.225-134 of the French Commercial Code, the Board of Directors may offer all or some of the unsubscribed shares or other securities for subscription on the open market,
 - any decision to issue securities carrying rights to the Company's capital will entail the explicit waiver by shareholders, in favor of holders of the securities issued, of their preferential rights to the equity instruments to which the securities issued will entitle them;
4. acknowledges that this delegation of powers implies that the Board of Directors or its duly authorized representative will have full powers to implement this resolution and in particular, at its sole discretion, to set the terms of issue, the nature, number and characteristics of securities carrying rights to the Company's capital, the procedures for the

allocation of the equity instruments to which these securities entitle their holders, and the dates on which allocation rights may be exercised, to charge the costs related to the capital increase(s) against the premiums pertaining thereto and transfer from this amount the necessary sums to the legal reserve, make any and all adjustments required in order to take into account the impact of any transactions affecting the Company's capital or equity and to determine any other procedures necessary to safeguard the rights of holders of securities carrying rights to the Company's capital (including through cash adjustments), note the completion of capital increases and amend the bylaws accordingly, perform the necessary formalities, enter into all agreements – notably in order to complete the planned issues – take all appropriate measures and carry out all formalities necessary for the issue, listing and service of the securities issued in accordance with this delegation of powers, and generally do all that is necessary;

5. acknowledges that this delegation of powers cancels with effect from this day the delegation granted for the same purpose in the twelfth resolution of the Annual Shareholders' Meeting of January 26, 2016;
6. acknowledges that if the Board of Directors uses the powers given to it herein, the Board of Directors will report on this utilization to the next Ordinary Shareholders' Meeting, as prescribed by the applicable law and regulations.

Twentieth resolution

(DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S ISSUED CAPITAL BY CAPITALIZING PREMIUMS, RESERVES OR PROFIT)

The Shareholders' Meeting, deciding in accordance with the requisite quorum and majority voting conditions for Ordinary Meetings, having heard the Report of the Board of Directors, and pursuant to articles L.225-129 to L.225-129-2 and L.225-130 of the French Commercial Code:

1. delegates to the Board of Directors, and any duly authorized representative, the power to decide to increase the Company's issued capital on one or more occasions, in the amounts and on the dates it deems fit, by capitalizing all or part of the premiums, reserves or profit whose capitalization is permitted under law and the bylaws, in the form of the allocation of new bonus shares or by increasing the par value of existing shares, or by a combination of the two procedures;
2. sets the duration of the validity of this delegation of powers at twenty-six (26) months, except that it may not be used by the Board of Directors while a public tender offer is in progress;
3. decides that if the Board of Directors uses this delegation of powers, the maximum total nominal amount of capital increases that may be carried out pursuant to this delegation is 100 million euro (or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies). This ceiling (i) will be included in the global ceiling set in the nineteenth resolution (provided said resolution is adopted) or any other global ceiling set in a future resolution adopted while this delegation of powers remains in force, and (ii) will not include any

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additional amount representing shares to be issued in order to safeguard the rights of holders of securities carrying rights to the Company's capital, as required by the laws and regulations in force and/or any applicable contractual provisions;

- acknowledges that this delegation of powers implies that the Board of Directors or its duly authorized representative will have full powers to implement this resolution and in particular to:
 - determine the amount and nature of the sums to be capitalized; set the number of new shares to be issued and/or the amount by which the par value of existing shares is to be increased; set the date (which may be retroactive) from which the new shares will carry rights and the date on which the increase in the par value of existing shares will take effect,
 - in the case of the issuance of new shares, decide that (i) rights attaching to odd-lots will not be tradable, and that the corresponding shares will be sold, and that the proceeds of the sale will be allocated to holders of said rights as prescribed by law and regulations, and (ii) any

bonus shares allocated pursuant to this delegation on the basis of existing shares that carry double voting rights and/or the right to a dividend premium will also be eligible for these rights as from their issue date,

- make any and all adjustments required in order to take into account the impact of any transactions affecting the Company's capital or equity and to determine any other procedures required in order to safeguard the rights of holders of securities carrying rights to the Company's capital,
 - note the completion of each capital increase and amend the bylaws accordingly,
 - generally enter into all agreements, take all measures and perform all filings pertaining to the issue, listing and administration of securities issued under the powers conferred herein, and to the exercise of the rights attached thereto;
- acknowledges that this delegation of powers cancels, with effect from this day, the delegation granted for the same purpose in the thirteenth resolution of the Annual Shareholders' Meeting of January 26, 2016.

Twenty-first resolution: Capital increase(s) reserved for members of employee share purchase plans

Purpose

In the twenty-first resolution, as required by French law, shareholders are invited to renew the delegation of powers granted at the January 26, 2016 Annual Shareholders' Meeting to increase the Company's capital through the issuance of shares and/or other securities to employees who are members of an Employee Share Purchase Plan. The maximum aggregate amount of the capital increases that could be carried out pursuant to this resolution would be set at 9 million euro, which would be included in the 100 million euro global ceiling for capital increases provided for in the nineteenth resolution.

The objective of Sodexo's Employee Share Purchase Plans is to strengthen employees' motivation and their sense of belonging within the Group.

Twenty-first resolution

(DELEGATION OF POWERS FOR THE BOARD OF DIRECTORS TO INCREASE THE COMPANY'S ISSUED CAPITAL VIA THE ISSUANCE OF ORDINARY SHARES AND/OR SECURITIES CARRYING IMMEDIATE OR DEFERRED RIGHTS TO CAPITAL, WITH SUCH ISSUE(S) RESERVED FOR MEMBERS OF EMPLOYEE SHARE PURCHASE PLANS, WITHOUT PREFERENTIAL RIGHTS FOR EXISTING SHAREHOLDERS)

The Shareholders' Meeting, having heard the Report of the Board of Directors and the Statutory Auditors' Special Report, and in accordance with articles L.225-129 *et seq.* and L.225-138-1 of the French Commercial Code and articles L.3332-18 to L.3332-24 of the French Labor Code:

- delegates to the Board of Directors and any duly authorized representative the power to increase the Company's issued capital, on one or more occasions, by issuing ordinary shares and/or securities carrying immediate or deferred rights to the Company's capital, to members of one or more Employee Share Purchase Plans (or any other plan permitted under articles L.3332-1 *et seq.* of the French Labor Code or any other similar laws or regulations providing for employee rights issues) set up by the Group (comprising the Company and the French or foreign companies included in the Company's consolidated or combined financial statements), in accordance with article L.3344-1 of the French Labor Code.

Such issue(s) may be carried out in France or elsewhere and in the amounts and on the dates the Board deems fit, in euro or in any other currency or monetary unit established by reference to a basket of currencies;

- sets at twenty-six (26) months from the date of this meeting the validity of this delegation of powers and decides that it cancels with effect from this day the delegation granted for the same purpose in the fifteenth resolution of the Annual Shareholders' Meeting of January 26, 2016;
- 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 (i) will be included in the global ceiling set in the nineteenth resolution (provided said resolution is adopted), *i.e.*, a maximum total nominal amount of 100 million euro, or any other global ceiling set in a future resolution adopted while this delegation of powers remains in force, and (ii) will not include any additional amount representing shares to be issued in order to safeguard the rights of holders of securities carrying rights to the Company's capital, as required by the laws and regulations in force and/or any applicable contractual provisions;

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4. decides that the issue price of the new shares or securities carrying rights to the Company's capital that may be issued pursuant to this delegation will be determined as prescribed in articles L.3332-18 *et seq.* of the French Labor Code and will be equal to at least 80% of the average of the opening prices of the Company's shares on Euronext Paris over the twenty trading days preceding the day on which the decision is made setting the opening date for subscription by the members of an Employee Share Purchase Plan (or similar plan). The Board of Directors may, at its discretion, reduce or cancel the aforementioned discount, within the limits prescribed by the applicable law and regulations, in order to allow, *inter alia*, for compliance with local legal, accounting and tax regimes and labor laws;
5. decides that in addition to the shares and/or other securities offered for purchase in cash, the Board of Directors may replace all or part of any discount and/or employer contribution by granting to the above-mentioned beneficiaries, free of consideration, existing or newly-issued shares and/or securities carrying rights to the Company's capital. However, the benefit resulting from this grant may not exceed the legal or regulatory limits applicable under articles L.3332-10 *et seq.* of the French Labor Code;
6. decides to waive, in favor of the above-mentioned grantees, the preferential rights of shareholders to subscribe for (i) the shares or other securities carrying rights to the Company's capital and whose issuance is referred to in the delegation described herein, and (ii) the shares to which the holders of securities carrying rights to the Company's capital will be entitled on exercise of those rights;
7. authorizes the Board of Directors, under the conditions set out in this delegation, to sell shares to the above-mentioned beneficiaries as provided for in article L.3332-24 of the French Labor Code, it being stipulated that the par value of shares sold at a discount to members of one or several Employee Share Purchase Plans referred to above will be deducted from the ceilings referred to in paragraph 3 above;
8. decides that the Board of Directors or its duly appointed representative will have full powers to implement this resolution, and in particular to establish, in accordance with legal requirements, the list of companies in which the above-mentioned beneficiaries will be able to subscribe for the shares and/or other securities issued and to benefit from any shares or other securities granted free of consideration, to set the terms and conditions of the transactions, and to determine the dates and procedures for the issues to be carried out under this delegation, to determine the opening and closing dates for subscriptions, the dividend-rights dates and the procedures for the payment of shares, to grant extensions to the period for payment of shares, to apply to list the shares thus created on the stock exchanges of its choice, to note the completion of the capital increases based on the value of the shares effectively purchased, to perform, directly or through its appointed agents, all transactions and filings pertaining to the capital increases, including subsequent amendments to the bylaws, and, at its sole discretion, if it deems fit, to charge the costs arising on the capital increases against the related premiums, and to transfer from this amount the requisite sums to increase the legal reserve to one-tenth of the new capital resulting from the capital increases;
9. acknowledges that if the Board of Directors uses the powers given to it herein, it will report on this utilization to the next Ordinary Shareholders' Meeting, as prescribed by the applicable law and regulations.

Ordinary resolution

Twenty-second resolution: Powers

Purpose

The twenty-second resolution is a standard resolution conferring powers to perform all legal formalities and filings relating to the resolutions approved at the Annual Shareholders' Meeting.

Twenty-second 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.

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8.3 STATUTORY AUDITORS' REPORTS

8.3.1 Statutory Auditors' Report on the capital reduction

(Combined Shareholders' Meeting of January 23, 2018 – 18th resolution)

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

To the Shareholders,

SODEXO

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

In our capacity as Statutory Auditors of Sodexo, and in accordance with article L.225-209 of the French Commercial Code (*Code de commerce*), in the event of a capital reduction by canceling shares, we hereby report to you on our assessment of the reasons for and the terms and conditions pertaining to the proposed capital reduction.

Shareholders are asked to grant the Board of Directors full powers, with the right to sub-delegate, for a period of 24 months as of the date of this Shareholders' Meeting, to cancel the shares purchased under the Company's share repurchase program, pursuant to an authorization granted within the framework of the abovementioned article, up to a maximum of 5% of the share capital, as of the date of this Shareholder's Meeting, by 24-month period.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the reasons for and terms and conditions of the proposed capital reduction, which is not considered to affect shareholder equality, comply with the applicable legal provisions.

We have no matters to report on the reasons for and terms and conditions of the proposed capital reduction.

Neuilly-sur-Seine and Paris La Défense, November 15, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA

Hervé Chopin

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8.3.2 Statutory Auditors' Report on the issuance of ordinary shares and/or any other securities with preferential subscription rights

(Combined Shareholders' Meeting of January 23, 2018 – 19th resolution)

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

To the Shareholders,

SODEXO

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

In our capacity as Statutory Auditors of Sodexo, and in compliance with article L.228-92 of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of powers to the Board of Directors to carry out one or more issues of ordinary shares (excluding preferred shares) and/or of any other securities carrying rights to ordinary shares of the Company, which is submitted to you for approval.

The maximum nominal amount of capital increases that may be carried out, immediately or in the future, pursuant to this delegation may not exceed 100 million euro [or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies]. The capital increases that may be carried out under the 20th and 21st resolutions will be deducted from this amount. The maximum nominal amount of debt securities carrying rights to the Company's capital that may be issued may not exceed 1 billion euro [or the equivalent of this amount in any other currency or monetary unit established by reference to a basket of currencies].

On the basis of its report, shareholders are asked to grant the Board of Directors full powers, with the right to sub-delegate, for a period of 26 months, to carry out an issuance of shares. The Board of Directors cannot use this delegation during a public tender offer. The Board of Directors will set, if necessary, the final terms and conditions of the issue.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R.225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements and on the proposed issue, as well as certain other information relating to the issue provided in the report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' Report relating to this transaction and the methods used to set the issue price of the shares to be issued.

We inform you that the Board of Directors' Report does not include the terms and conditions for setting the issue price provided for by regulatory texts.

In addition, we do not express an opinion on the final terms and conditions of the issue, as they have not yet been set.

In accordance with article R.225-116 of the French Commercial Code, we will prepare an additional report in the event that the Board of Directors uses this delegation of powers.

Neuilly-sur-Seine and Paris La Défense, November 15, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA
Hervé Chopin



8.3.3 Statutory Auditors' Report on the issuance of ordinary shares and/or other securities of the Company reserved for members of an employee share purchase plan

(Combined Shareholders' Meeting of January 23, 2018 – (21st resolution))

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

To the Shareholders,

SODEXO

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

In our capacity as Statutory Auditors of Sodexo, and in compliance with articles L.228-92 and L.225135 *et seq.* of the French Commercial Code (*Code de commerce*), we hereby report to you on the proposed delegation of powers to the Board of Directors to increase the capital by issuing ordinary shares and/or securities carrying rights to the Company's capital, with waiver of preferential subscription rights, reserved for members of one or more employee share purchase plans set up within the Group formed by the Company and the French or international companies included in the scope of consolidation or combined financial statements of the Company as defined in article L.3344-1 of the French Labor Code (*Code du travail*), which is submitted to you for approval.

The maximum total number of new shares that could be issued may not exceed 1.5% of the issued capital as of the date of the Board of Directors' decision. This ceiling will be deducted from the global ceiling set forth in the 19th resolution.

This transaction is submitted to the shareholders for approval in accordance with the provisions of article L.225-129-6 of the French Commercial Code and article L.3332-18 *et seq.* of the French Labor Code.

On the basis of its report, shareholders are asked to grant the Board of Directors full powers, for a period of 26 months as of the date of this Shareholders' Meeting and with the right to sub-delegate, to issue shares and cancel their preferential subscription rights for the ordinary shares and/or securities to be issued. The Board of Directors will set, if necessary, the final terms and conditions of the issue.

It is the Board of Directors' responsibility to prepare a report in accordance with articles R.225-113 *et seq.* of the French Commercial Code. It is our responsibility to express an opinion on the fairness of the information taken from the financial statements, on the proposed cancellation of the shareholders' preferential subscription rights, and on certain other information relating to the issue provided in the report.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying the information provided in the Board of Directors' Report relating to this transaction and the methods used to set the issue price of the shares to be issued.

Subject to a subsequent examination of the terms and conditions of the proposed issue once it has been decided, we have no matters to report as regards the methods used to set the issue price as provided in the Board of Directors' Report.

We do not express an opinion on the final terms and conditions of the issue, as they have not been set, or consequently on the proposed cancellation of the shareholders' preferential subscription rights.

In accordance with article R.225-116 of the French Commercial Code, we will prepare an additional report in the event that the Board of Directors uses this delegation of power.

Neuilly-sur-Seine and Paris La Défense, November 15, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Christophe Georghiou

KPMG Audit

Department of KPMG SA
Hervé Chopin

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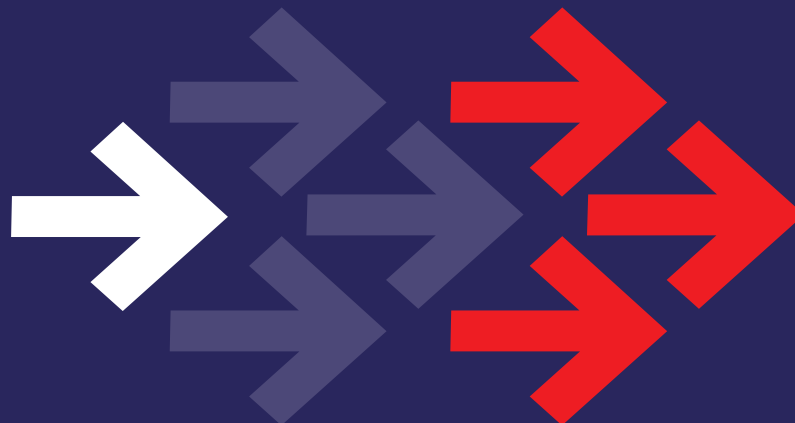
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9.1 GLOSSARY

ADR (American Depositary Receipts)

An ADR is a registered certificate issued by a U.S. bank to represent ownership of a share or bond issued by a publicly-traded non-U.S. company. ADRs are quoted in U.S. dollars, but the underlying shares or bonds are denominated in their original currency and are held in deposit by a bank, known as the custodian, in the country of issue. ADRs enable a non-U.S. company, subject to certain conditions, to be quoted in the United States. One Sodexo share is represented by five Sodexo ADR. Dividends and voting rights belong to the ADR holder.

Bearer shares

Shares held in a share account maintained by the shareholder's bank or broker. Sodexo is not informed of the shareholder's identity. The share purchase and administration of the shares are handled by the shareholder's bank or broker.

Benefits and Rewards Services

Sodexo's Benefits and Rewards Services – which are provided through vouchers, cards or digitally – cover five service categories: Employee Benefits, Incentive and Recognition Programs, Employee mobility and Expense Management Public Benefits and Gift boxes and cards.

Client retention rate

The client retention rate corresponds to the total amount of revenue generated from business with existing clients in the prior fiscal year compared with total revenue for that year.

It is expressed as a percentage and is calculated in a comprehensive way by deducting the revenue generated in the prior fiscal year that corresponds to (i) contracts lost to a competitor or self-operation, (ii) contracts terminated by Sodexo and (iii) site closures. Other companies may calculate their retention rates on a different basis.

Comparable site growth rate

The comparable site growth rate is the increase in revenues from sites that have contributed to consolidated revenue over two complete consecutive fiscal years (sites with activity from September 1, 2014 to August 31, 2016).

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 Organizations)

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.

Dividend premium

Any shareholder that has held registered shares for at least four years as of the end of the fiscal year including as of the dividend payment date will be eligible for a 10% dividend premium on those shares. The number of shares eligible for the dividend premium cannot exceed 0.5% of Sodexo's share capital per shareholder.

Earnings per share (EPS)

Group net income divided by the weighted average number of shares outstanding.

Employee engagement rate

Engagement is defined as a level of commitment in a group or business, and refers to employees' commitment to the success of the business, their loyalty and their pride in being part of the organization. As such the engagement rate is the percentage of employees having responded to the six engagement questions with an average rating of 4.5 or higher on an increasing scale of from 1 to 6 (methodology developed by Aon Hewitt).

Additional information is available in chapter 2 of this document.

Employee retention rate

The employee retention rate corresponds to the proportion of employees who remain with the Group during the year out of the overall average number of employees for the year.

Note that for purposes of this calculation employees leaving the Group do not include departures related to legal requirements or regulations concerning lost contracts, transfers between Group subsidiaries or the expiration of fixed-term contracts.

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GRI

The Global Reporting Initiative (GRI) was created in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP). The GRI's vocation is to lift sustainable development methods to a level equivalent to those of financial reporting, in the interests of comparability, credibility, rigor, frequency and verifiability of the communicated information.

Group net income

Group net income corresponds to the line "Profit attributable to equity holders of the parent" in the consolidated income statement. It is the Group's total consolidated net income (*i.e.*, the net income generated by all Group companies) less the portion of net income attributable to interests held by third party shareholders in subsidiaries not wholly owned by Sodexo.

Intensity risk

Risks whose frequency and severity require transfer to the insurance market.

ISO

ISO (International Organization for Standardization) is the world's largest developer of voluntary International Standards. International Standards give state of the art specifications for products, services and good practice, helping to make industry more efficient and effective. They include ISO 9001 for Quality management, ISO 14001 for Environmental management, ISO 22000 for Food Safety management, ISO 27000 (security IT standard) and ISO 55000 for asset management.

Issue volume

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

Net debt

Net debt corresponds to the Group's borrowings at the balance sheet date less operating cash. More details in section 3.5.1 Financial Ratios.

OHSAS 18001

A standard developed in the United Kingdom (Occupational Health and Safety Assessment Series) used as a model for occupational health and safety management systems. Its objective is to provide companies with assessment and certification of their health and safety management systems, consistent with international management system standards.

On-site Services

Sodexo On-site Services respond to the needs of Sodexo's eight client segments: Corporate, Remote Sites, Defense, Justice Services, Sports and Leisure, Health Care, Seniors and Education.

Organic growth

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

- for businesses acquired (or gain of control) during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- for businesses acquired (or gain of control) during the prior fiscal year, revenue generated during the current period up until the first anniversary date of the acquisition is excluded;
- for businesses divested (or loss of control) during the prior fiscal year, revenue generated in the comparative period of the prior fiscal year until the divestment date is excluded;
- for businesses divested (or loss of control) during the current fiscal year, revenue generated in the period commencing 12 months before the divestment date up to the end of the comparative period of the prior fiscal year is excluded.

For countries with hyperinflationary economies all figures are converted at the latest closing rate for both periods. As a result, for the calculation of organic growth, Benefits & Rewards figures for Fiscal 2016 and Fiscal 2017 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = 3,250 (vs. VEF 645 for Fiscal 2016).

Performance shares

Sodexo shares granted free of consideration by the Board of Directors to the Chief Executive Officer and Group managers in order to reward individual performance and whose vesting is subject to the beneficiary still forming part of the Group at the end of the vesting period as well as the achievement of performance conditions (for grants representing over 250 shares). The proportion of performance shares within the overall number of shares granted can vary between 0% and 100% depending on the number of shares making granted and the responsibilities of the beneficiaries concerned.

Personal and Home Services

Sodexo Services provided in three main areas: childcare, concierge services and in-home care for dependent persons.

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Registered shares

Registered shares are shares that are registered in the holder's name in Sodexo's share register (unlike bearer shares). They may be directly or indirectly registered. Registered Sodexo shareholders are entitled to:

- double voting rights for registered shares held for at least four years;
- a dividend premium of 10% for registered shares held for at least four years, limited to 0.5% of Sodexo's issued capital per shareholder;
- automatic invitation to Shareholders' Meetings and personalized information on all financial transactions (capital increases, bond issues, etc.);
- reduced administration costs (for directly registered shares only).

1. Directly registered shares (French *nominatif pur*)

The shares are recorded in the holder's name in a share account kept by the Company's registrar, Société Générale, allowing direct communications between the shareholder and Sodexo.

2. Indirectly registered shares (French *nominatif administré*)

In this case, the shares are registered in the holder's name in a share account managed by his or her bank or broker, which is responsible for the related custodial and administration services. The shares are administered in the same way as for bearer shares.

TSR

Total Shareholder Return (TSR) is a measure of the performance of a company's shares over time. The total return to the shareholder combines share price appreciation and dividends paid.

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9.2 RESPONSIBILITY FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

9.2.1 Responsibility for the Registration Document

Responsibility for the *Document de référence* (French-language equivalent of the Registration Document)

“Having taken all reasonable precautions, I hereby declare that the information contained in the *Document de référence* is to the best of my knowledge in accordance with reality and that nothing has been omitted that would alter its impact.

I declare that to the best of my knowledge the financial statements comply with the applicable accounting standards and present a true statement of the net worth, the financial position, and of the income of the Company, and of the consolidated entities.

The Management Report described on page 307 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.”

Michel Landel

Chief Executive Officer

November 20, 2017

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9.2.2 Responsibility for the audit of the financial statements

AUDITORS	FIRST APPOINTED	TERM OF OFFICE	TERM OF OFFICE EXPIRES
STATUTORY AUDITORS			
PricewaterhouseCoopers Audit Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France Registered no. RCS Nanterre 672 006 483 Represented by Jean-Christophe Georghiou	February 22, 1994	6 fiscal years	Shareholders' Meeting to be held in 2023 to adopt the financial statements for Fiscal 2022
KPMG Audit Département de KPMG SA Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles Tour Eqho – 2 avenue Gambetta 92066 Paris La Défense Cedex, France Represented by Hervé Chopin	February 4, 2003	6 fiscal years	Shareholders' Meeting to be held in 2021 to adopt the financial statements for Fiscal 2020
DEPUTY STATUTORY AUDITORS			
M. Jean-Baptiste Deschryver Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France	January 21, 2017	6 fiscal years	Shareholders' Meeting to be held in 2023 to adopt the financial statements for Fiscal 2022
Salustro Reydel Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles Tour Eqho – 2, avenue Gambetta 92066 Paris La Défense Cedex, France	January 19, 2015	6 fiscal years	Shareholders' Meeting to be held in 2021 to adopt the financial statements for Fiscal 2020

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9.3 RECONCILIATION TABLES

To facilitate the reading of this document, the reconciliation tables below identify:

- the main headings required by Appendix I of European Regulation no. 809/2004. Disclosures not applicable to Sodexo are marked "N/A";
- the information that constitutes the Annual Financial Report provided for under articles L.451-1-2 of the Monetary and Financial Code and 222-3 of the General Regulation of the AMF (*Autorité des marchés financiers*);
- the disclosures constituting the Management Report of the Board of Directors defined by the French Commercial Code;
- the information required by article R.225-105-1 of the French Commercial Code ("Grenelle II");
- the GRI, ISO 26000 and UN Global Compact Indicators.

9.3.1 Appendix I of European Regulation no. 809/2004

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22. Material contracts**297****23. Information coming from third parties, expert declarations and interest declarations****N/A****24. Information available to the public****284, 297****25. Information relating to subsidiaries****159-160, 182-184, 218-219**

* Pursuant to article 28 of Rule (CE) n° 809/2004 of the European Commission of April 29, 2004, the following information is incorporated by reference into this Registration Document:

- Group Management Report, Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 2015, as presented on pages 356 and 122-202 of the Registration Document filed with Autorité des marchés financiers (French financial markets authority) on November 20, 2015, under number D. 15-1039;
- Group Management Report, Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 2014, as presented on pages 356 and 132-217 of the Registration Document filed with Autorité des marchés financiers (French financial markets authority) on November 17, 2014, under number D. 14-1057.



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9.3.2 Annual Financial Report

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9.3.3 Management Report

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9.3.5 Global Reporting Initiative (GRI) guideline

GRI SUSTAINABILITY REPORTING STANDARDS	SUSTAINABLE DEVELOPMENT GOALS AND PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT		PAGE
	ISO 26000		
GRI 101: Foundation 2016			
1. Reporting Principles	1.1 The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests. 1.2 The report shall present the reporting organization's performance in the wider context of sustainability. 1.3 The report shall cover topics that: <ul style="list-style-type: none"> • 1.3.1 reflect the reporting organization's significant economic, environmental, and social impacts; or • 1.3.2 substantively influence the assessments and decisions of stakeholders. 1.4 The report shall include coverage of material topics and their Boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess the reporting organization's performance in the reporting period. 1.5 The reported information shall be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance. 1.6 The reported information shall reflect positive and negative aspects of the reporting organization's performance to enable a reasoned assessment of overall performance. 1.7 The reporting organization shall make information available in a manner that is understandable and accessible to stakeholders using that information. 1.8 The reporting organization shall select, compile, and report information consistently. The reported information shall be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations. 1.9 The reporting organization shall gather, record, compile, analyze, and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information. 1.10 The reporting organization shall report on a regular schedule so that information is available in time for stakeholders to make informed decisions.		

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GRI SUSTAINABILITY REPORTING STANDARDS

		ISO 26000	NATIONS GLOBAL	PAGE
2. Using the GRI Standards for sustainability reporting	<p>2.1 The reporting organization shall apply all Reporting Principles from Section 1 to define report content and quality.</p> <p>2.2 The reporting organization shall report the required disclosures from GRI 102: General Disclosures.</p> <p>2.3 The reporting organization shall identify its material topics using <i>the</i> Reporting Principles for defining report content.</p> <ul style="list-style-type: none"> • 2.3.1 The reporting organization should consult the GRI Sector Disclosures that relate to its sector, if available, to assist with identifying its material topics. <p>2.4 The reporting organization shall identify the Boundary for each material topic.</p> <p>2.5 For each material topic, the reporting organization:</p> <ul style="list-style-type: none"> • 2.5.1 shall report the management approach disclosures for that topic, using GRI 103: Management Approach; and either; • 2.5.2 shall report the topic-specific disclosures in the corresponding GRI Standard, if the material topic is covered by an existing GRI Standard (series 200, 300, and 400); or • 2.5.3 should report other appropriate disclosures, if the material topic is not covered by an existing GRI Standard. <p>2.6 If the reporting organization reports a required disclosure using a reference to another source where the information is located, the organization shall ensure:</p> <ul style="list-style-type: none"> • 2.6.1 the reference includes the specific location of the required disclosure; • 2.6.2 the referenced information is publicly available and readily accessible. <p>2.7 When preparing a sustainability report, the reporting organization should:</p> <ul style="list-style-type: none"> • 2.7.1 present information for the current reporting period <i>and</i> at least two previous periods, as well as future short and medium-term targets if they have been established; • 2.7.2 compile and report information using generally accepted international metrics (such as kilograms or liters) and standard conversion factors, and explain the basis of measurement/calculation where not otherwise apparent; • 2.7.3 provide absolute data and explanatory notes when using ratios or normalized data; • 2.7.4 define a consistent reporting period for issuing a report. 			
3. Making claims related to the use of the GRI Standards	<p>There are two basic approaches for using the GRI Standards:</p> <ol style="list-style-type: none"> 1. Using the GRI Standards as a set to prepare a sustainability report in accordance with the Standards. 2. Using selected Standards, or parts of their content, to report specific information. 			

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GRI 203: INDIRECT ECONOMIC IMPACTS 2016

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GRI 204: PROCUREMENT PRACTICES 2016

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2. Topic-specific disclosures	204-1. Proportion of spending on local suppliers.	6.4.3 6.6.6 6.8.1 6.8.2 6.8.7			92

GRI 205: ANTI-CORRUPTION 2016

1. Management approach disclosures	Management approach disclosures are a narrative explanation of how an organization manages a material topic, the associated impacts, and stakeholders' reasonable expectations and interests.				
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