Fiscal 2016 Registration Document

including the Annual Financial Report

sodexo
QUALITY OF LIFE SERVICES

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The French version of this Registration document was fi led with the French Financial Markets Authority on November 21, 2016, in accordance with article 212-13 of its General Regulations. It may be used in support of a financial transaction if it is supplemented by a prospectus approved by the French Financial Markets Authority. This document has been prepared by the issuer under the liability of the signatories

This document is a free translation from French into English and has no other value than an informative one.Should there be any difference between the French and the English version, only the text in the French version shall be deemed authentic and considered as expressing the exact information published by Sodexo.

This document is available on Sodexo's website, www.sodexo.com or on the website of the Autorité des marchés financiers, www.amf-france.org.

Fiscal 2016 Registration Document

Including the Annual Financial Report

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, which contribute to the performance of its clients, the fulfillment of its teams and the economic, social and environmental development of its host communities.

As of August 31, 2016

425,000
employees

80
countries

20.2 BILLION EURO
in consolidated revenues

75 MILLION
consumers served daily

+100
professions

#1
French-based 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 2016 Sustainability Yearbook[4]

Source: Sodexo.

(1) ***2016 Fortune 500 ranking.***

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

(3) ***Dow Jones Sustainability Indices (DJSI):*** *Launched in 1999, the Dow Jones Sustainability Indices provide a global ranking of the companies most advanced in the areas of economic, social and environmental responsibility. The indices are jointly determined by S&P Dow Jones Indices and RobecoSAM.*

(4) ***The RobecoSAM Sustainability Yearbook*** *is regarded as the world's most comprehensive publication on corporate sustainability performance. More than 3,000 companies in 59 industries are considered for inclusion, with up to 120 financial, environmental, social and economic indicators used to evaluate companies.*

MESSAGE FROM THE CHAIRWOMAN OF THE BOARD OF DIRECTORS OF SODEXO

SOPHIE BELLON

"Just under a year ago I became chairwoman of Sodexo.

Serving as chairwoman is not a job you inherit. It is a job you choose.

It is a choice I made because of what I believe."

I believe we have some genuine advantages.

We are a company that reaches millions of people on a daily basis.

We assist **75 million end-users of our services around the world, at every stage of their life, at every moment of their day.** From their first day at school to their university studies. At their jobs, during their leisure time, at the stadium, for example. Or when they find themselves in difficult circumstances, in the hospital or, after they retire, in a senior-care facility. We take care of them. We know their first names and what they like, and we know how to provide what they need. The consumers themselves, by the way they live their lives and express their particular needs, help us to achieve an ever more precise understanding of how to improve their Quality of Life.

We are a company of women and men fully dedicated to serving others.

Every day Sodexo's site managers and others in the field work closely with our clients, always serving our consumers attentively, creatively and in a spirit of innovation. These are the people, all 425,000 of them, who are Sodexo. 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 first and foremost to our high level of employee engagement, which reached 68 percent in 2016, an increase of 20 percent compared to eight years ago.

We are a company that believes people's well-being is a key driver of performance.

From corporate offices and to the seat of government to oil platforms in the North Sea; from mining operations in the desert to hospitals in Southeast Asia; from university campuses in the United States to grammar schools in London, **we partner with our clients to meet strategic challenges:** we help them open new markets, boost competitiveness and recruit new employees. **They rely on us because they know that the well-being of women and men is more important than technology when it comes to individual and organizational performance.**

We are a company committed to economic, social and environmental progress.

Entering into partnerships with our suppliers and local communities, we play a pivotal role in the economic development of the areas where we operate.

Employing women and men of all nationalities, cultures and ages, we play a pivotal role in social inclusion and advancement.

Lastly, thanks largely to advocating healthy eating and the implementation of supply chains that respect the environment, we are playing an important societal role, as well as working to contribute to a hunger-free world.

Since the company began 50 years ago, we have been driven by the belief that **our success must constantly be measured against our contribution to economic, social and environmental progress.** For the 12th year in a row, we are ranked first on the Dow Jones Sustainability Index.

We are a company with a solid foundation and a valuable legacy.

At Sodexo our history and culture are grounded in a living legacy: sound corporate values, and an ambitious mission undertaken by intrapreneurs constantly on the lookout for new sources of growth. This legacy is sustained by our financial independence, and by the commitment made with my family, to allow the company to thrive over the next 50 years.

Our goals are ambitious, and more relevant than ever.

Sodexo has become what it is today for the reasons I have mentioned, but also and particularly because we have always 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**

"We want to be the reference for innovation to improve quality of life for our consumers"

and environmental development of the cities, regions and countries in which we operate. This mission is especially timely today.

In a world that is undergoing such **a profound transformation,** attempting to predict exactly what Sodexo will be like in 30 or 50 years would be a mistake. While many would say we should proceed with caution in this climate of uncertainty, let us state our unwavering ambitions just the same:

- **To be the reference for innovating on behalf of improving quality of life for our consumers.**

We have developed unrivalled expertise across all sectors and services. We are capable of delivering effective solutions to meet the needs of our clients. At the same time, we are seeing major changes in consumer demand. It is these consumers who determine which services we offer and how much they are worth. We have become services experts, but we must also become **consumer experts.**

We must be positioned to satisfy their new demands, even when they themselves are not yet fully aware of them. **In our business, innovation is happening everywhere**: on our sites, among our employees and consumers, our suppliers, clients and partners. Our challenge is to harness this innovation and deploy it with skill, speed, and responsiveness across all of our sites in 80 countries.

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

As a company with 425,000 employees around the world, we need to become the **reference in our corporate culture and managerial model.** Because our teams are at the heart of our value proposition, innovation for us is also relational, managerial and human. It is a state of mind we must cultivate and encourage every day. **Let us renew our entrepreneurial culture,** to encourage ourselves to take the initiative, to give each one of us the possibility to dare and take risks. To make this happen, our leaders must question their certainties. They must set aside the demand for perfection, start encouraging curiosity and progress, and promote collective effort and production as well 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 register constantly higher employee engagement scores.
- To reach the highest levels of client and consumer satisfaction and loyalty across all our sectors of activity.
- To be a widely known and highly regarded global brand.
- To be the world leader in annual revenues, operating profit (EBIT) and cash flow in our three core businesses and in each of their respective segments, sub-segments, and client and consumer niches.
- To have average annual revenue growth of between 4% and 7%.
- To achieve annual growth, on a constant exchange rate basis, in operating profit of between 8% and 10%.

Our priorities for success

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

Developing our human resources

At Sodexo, women make up 54% of our workforce, and we employ more than 110,000 people under the age of 30. A profound shift is under way, as we will soon see three or maybe four generations working together in the company. The youngest, seeking autonomy and meaningful employment, often look disdainfully upon big companies.

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 working together, **to foster their personal development so they may go on contributing to the future success of Sodexo.**

Creating a more open and collaborative company

As it is sometimes it is difficult to anticipate or understand the developments affecting our markets, it is more than ever indispensable for us to look outward to understand the changes taking place, 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

As paradoxical as this may seem, it is precisely because it is difficult to know what tomorrow may hold that it is essential **to put a considerable amount of energy into forecasting and preparing for our future.** We must not let uncertainty paralyze us, prevent us from taking risks, or lead us to become obsessed with short-term concerns. Our mission to improve Quality of Life is ambitious and there remains much to do before it can become tangible in the eyes of our consumers, our teams and our clients. We will get there only if we stay focused on this vision, without diverting our attention, and if we make all the investments required of us.

The only certainty that we have for the future is that change is taking place faster than ever before.

So, yes, we are in a changing world. And that's not bad news for us.

At Sodexo, constant change has always been part of our daily reality. In 2016 we have all turned a new page in the history of the Group. And that's good news.

So, yes, for the next 50 years we are going to continue to serve our clients and our consumers, inventing ways for as many of them as possible to make each day better than the next.

BOARD OF DIRECTORS OF SODEXO
(AS OF AUGUST 31, 2016)

Following the Sodexo General Shareholders Meeting of January 26, 2016, the Board of Directors named Sophie Bellon Chairwoman of the Board of Directors. She succeeds Pierre Bellon, Chairman and Founder of Sodexo, who was appointed Chairman Emeritus.


01


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05


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COMPOSITION

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

02 EMMANUEL BABEAU
Deputy Chief Executive Officer of Schneider Electric, in charge of Finance and Legal Affairs

03 ROBERT BACONNIER
Company Director

04 PATRICIA BELLINGER
Executive Director, Executive Education, Harvard Kennedy School's Center for Public Leadership

05 ASTRID BELLON
Member of the Management Board of Bellon SA

06 BERNARD BELLON
Member of the Supervisory Board of Bellon SA

PIERRE BELLON
Chairman Emeritus

07 FRANÇOIS-XAVIER BELLON
Chief Executive Officer, Bright Yellow Group Plc
Chairman of the Management Board of Bellon SA

08 NATHALIE BELLON-SZABO
Chief Operating Officer, Sodexo Sports and Leisure worldwide
Member of the Management Board of Bellon SA

09 PHILIPPE BESSON
Employee representative on the Board of Directors

10 FRANÇOISE BROUGHER
Business Lead, Square

11 SOUMITRA DUTTA
Dean and Professor of Management at the Samuel Curtis Johnson Graduate School of Management, Cornell University

12 PAUL JEANBART
Chief Executive Officer, Rolaco

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

14 CATHY MARTIN
Employee representative on the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER OF SODEXO

MICHEL LANDEL

"I'm absolutely convinced that placing women and men at the heart of business strategy is the only way to create true lasting value."

In 50 years, Sodexo has gone from a food-services startup in Marseille to a global company capable of providing more than 100 quality of life services. Can you share some of the highlights of this 50th anniversary year?

For the past 50 years, our mission has been to improve the quality of life of our consumers in order to impact the performance of our clients. We have gone from a food-service provider to a strategic partner for our clients, providing integrated services that improve quality of life. We offer a wide range of solutions through our three activities: On-site Services, Benefits and Rewards Services and Personal and Home Services. Today, we are the only company in the world to offer quality of life services to 75 million consumers at every stage of their lives where ever they are in the world.

In a volatile and uncertain economic environment, revenues rose to 20.2 billion euro with an organic growth of 2.5 percent. Operating profit was up +8.2%, with a margin of 5.9% (+30 bps) compared to the previous fiscal year.[1]

Since March 2016, Sodexo is part of the CAC 40 index, confirming our Group's solid and consistent performance. During the last fiscal year, Sodexo's share price increased by 32.4% compared with a decrease of 4.6% for the CAC 40 index.

In order to adapt to today's globalized markets, since September 2015 we are gradually changing from a country-based organization to an organization structured around global client segments. This client-segment approach allows us to leverage more effectively the deep understanding we have of our clients' and consumers' needs. It enables us to better pool and optimize our expertise and investments (notably in research, innovation and human resources), as well as create greater value for both our clients and our consumers by providing them with the best that Sodexo has to offer. In the end, it will strengthen our competitiveness.

We have already started to see the fruit of this organizational change, with the March announcement of our 10-year, AUD 2.5 billion (1.8 billion euro) global agreement with Rio Tinto – the largest contract Sodexo has ever signed. Rio Tinto wanted a partner that was committed to enhancing the quality of life of the 10,000 people working across its entire operations in the Pilbara region of Australia. We mobilized an international team of around 100 experts to design the winning technically sophisticated, Integrated Facilities Management solution. This unprecedented contract illustrates how our transformation is fostering more collaboration across the Group and helping us provide a highly specialized offer that is better adapted to our clients' increasingly complex needs.

"Sodexo, at its heart, is a "people company," with 425,000 women and men serving 75 million consumers in 80 countries"

Global client segmentation has started enhancing business opportunities in other areas. For example, our Justice Services segment has just signed its first contract in Australia, for a women's prison in Perth. And our global expertise in health care has allowed us to leverage knowledge and develop business opportunities in Southeast Asia, China and South America.

These achievements have been possible thanks to the hard work of all our teams. I want to thank every one of the women and men of Sodexo for their dedication and engagement.

How do you see the role of corporations evolving in today's world?

Public trust in businesses today is at a tipping point. More and more people are choosing to work with and buy from socially responsible organizations. Maintaining the trust of both our clients and our consumers means taking a bolder stance in the call for more sustainable, humane growth. I'm absolutely convinced that placing women and men at the heart of business strategy is the only way to create true lasting value.

Since the creation of our company, Sodexo's mission has also been to contribute to the economic, social and environmental development of the communities in which we operate.

(1) Excluding currency effects and before exceptional expenses related to the adaptation and simplification program.

I would like to share a few highlights from this year regarding our leadership in sustainability. There is our work with the International Food Waste Coalition to reduce company and supply chain food waste. We were recognized by the WWF for our responsible use of palm oil. We also continued to work toward our 2020 target to reduce carbon emissions by 34% throughout our operations and our supply chain. We are very proud that, for these reasons and more, we lead our industry in the Dow Jones Sustainability Index for the 12th year in a row.

At the same time, we continued to support local communities through our commitment to work with small and diverse suppliers. Through our membership with the Clinton Global Initiative we have committed to purchasing 1 billion dollars in products and services per year from micro, small and medium-sized enterprises, especially those owned and operated by women. By 2017, this is expected to benefit as many as 5,000 small businesses in 40 countries, including 1,500 women-owned and -operated businesses.

How is this vision of a responsible company reflected in what you do as an employer?

Sodexo, at its heart, is a "people company", with 425,000 women and men serving 75 million consumers in 80 countries.

With 95% of employees in daily contact with clients and consumers, the best way for us to ensure a team of talented and committed professionals is through our strong commitment to personal development. Every year, we invest around 10% of our operating profit in the training and development of our people. Moreover, our focus on diversity and inclusion is another demonstration of our commitment to our people. In 2016, for the eighth consecutive year Sodexo was recognized in the Top 10 by Diversity Inc. Also this year, Sodexo was recognized for championing gender equality at the U.N. Women Empowerment Principles (WEPs) annual event.

Furthermore, we are continuing our efforts to improve employee engagement – we consider this to be the most important driver of progress and client and consumer satisfaction. Our 2016 survey yielded a record-high number of participants (more than 211,000 employees), with a 68% overall engagement rate, an increase of 9 percentage points since 2014, 20 percentage points since 2008. Our medium-term objective is to become one of the most admired companies by its employees.

How is the service sector responding to global trends, and how is Sodexo preparing for this evolution?

The world has now entered its Fourth Industrial Revolution – artificial intelligence, robotics and digitalization are radically changing our world across all business sectors. In the services industry it is driving us to revamp our business model and reconsider the way we deal with our clients and consumers.

Digitization is transforming how people experience quality of life. Consumers are already accustomed to using on-demand, personalized services, with a constant stream of information and service comparisons in real time. Consumers are setting new standards of service for us to follow.

Sodexo is tapping into digital technology to get even closer to our consumers, as we continue to refine our services to best meet their needs. For example, we're designing digital platforms to help families maintain close ties in our daycare centers and with our senior populations. Digital technology is also allowing us to incorporate more and more flexibility and personalization in our integrated Quality of Life services offers.

This evolution is also pushing us to rethink the traditional models of employee engagement, employee motivation, and performance evaluation. It's pushing us to rethink everything we know about work-life balance – in other words, to rethink the way we work.

What is your outlook for the future?

We have significant market potential, notably our On-site Services activity, which is today estimated at 700 billion euro. We are confident about the future and we maintain our medium-term objectives of average annual growth in revenue between 4 percent and 7 percent (excluding currency effects) and average annual growth in operating profit between 8 percent and 10 percent (excluding currency effects).

In the short-term, the global economic environment remains volatile, and particularly for the oil and mining sectors, and at the same time Europe is seeing only modest growth. In this context, the Executive Committee and all Sodexo teams around the world remain fully mobilized in accelerating our revenue and operating profit growth. Thus, for Fiscal 2017 we have an objective of organic revenue growth of around 3 percent and an increase in operating profit between 8 percent and 9 percent (excluding currency effects and exceptional expenses related to the Adaptation and Simplification program).

For the past 50 years, Sodexo has advocated and will continue to advocate a business model that puts human beings and quality of life at the center of progress. Moving forward, I am confident in our ability to constantly innovate while staying true to our mission and values to contribute to building a better world.

EXECUTIVE COMMITTEE OF SODEXO
(AS OF SEPTEMBER 1, 2016)

This Executive Committee comprises five women and eight men from five different countries, reflecting all of Sodexo's activities and client segments, as well as its truly international dimension.

COMPOSITION

01 MICHEL LANDEL
Group Chief Executive Officer
Chairman of the Executive Committee

02 PIERRE HENRY
Group Executive Committee Vice President
Chairman Benefits and Rewards Services
Chief Executive Officer Sports and Leisure, On-site Services

03 ANA BUSTO
Group Chief Brand and Communication Officer

04 ÉLISABETH CARPENTIER
Group Chief Human Resources Officer

05 PATRICK CONNOLLY
Chief Executive Officer Schools and Universities, On-site Services

06 LORNA DONATONE
Chief Executive Officer of Geographic Regions and Region Chair for North America, On-site Services

07 NICOLAS JAPY
Chief Executive Officer Energy and Resources, On-site Services

08 **DENIS MACHUEL**

Chief Executive Officer Benefits and Rewards Services and Personal and Home Services
Group Chief Digital Officer

09 **SATYA-CHRISTOPHE MENARD**

Chief Executive Officer of Service Operations

10 **SYLVIA MÉTAYER**

Chief Executive Officer Corporate Services, On-site Services

11 **MARC ROLLAND**

Group Chief Financial Officer

12 **DAMIEN VERDIER**

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

13 **DEBBIE WHITE**

Chief Executive Officer Health Care, On-site Services
Chief Executive Officer Government, On-site Services


sodexo

1

THE GROUP AND ITS ENVIRONMENT

THE FUNDAMENTAL PRINCIPLES OF OUR DEVELOPMENT

OUR MISSION

Sodexo's mission reflects the conception of service that inspired Pierre Bellon in founding the company: **improve the Quality of Life** of Sodexo 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.

OUR CONCEPT OF A COMPANY

Sodexo is the community of its consumers, clients, employees and shareholders. To meet their expectations, we have placed a priority on organic growth in revenues and results.

A CULTURE FOCUSED ON THE CONSUMER AND CLIENT

Our strategy is simple:

- **retain existing clients;**
- **find new clients** through:
  - client segmentation and sub-segmentation,
  - geographic development;
- **expand our range of Quality of Life Services.**

DEVELOPING OUR HUMAN RESOURCES

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 their engagement, professionalism and work.

As one of the world's largest employers and a company of "people at the service of other people", we are committed to being an employer of choice by providing jobs for our people, training and opportunities for internal promotion to help them move up the career ladder.

FOCUS

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

Our values

- Service spirit
- Team spirit
- Spirit of progress

Our ethical principles

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

CHOOSING TO BECOME GLOBAL

Today, **Sodexo generates 87% of its revenues outside France.**

INDEPENDENCE

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

Sodexo's financial independence is ensured through the founding family shareholding: Pierre Bellon's children control 68.5% of the Bellon SA holding company.

As of August 31, 2016, our controlling holding company, Bellon SA, held 39.6% of Sodexo's capital and 54.8% of the exercisable voting rights.

In 2008, Pierre Bellon and his children implemented an ownership structure 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.

KEY FIGURE

Employee engagement rate

68%

+9 points in 2 years(1)

OUR STRATEGIC POSITIONING

We chose the **Quality of Life Services** that contribute to our mission and differentiate us from our competitors through three activities: On-site Services, Benefits and Rewards Services, and Personal and Home Services

(1) **2016 Employee engagement survey** *sent to 371,761 Sodexo employees to which 211,501 responded.*

50 YEARS SERVING QUALITY OF LIFE

Born in 1966 from the visionary concept of founder Pierre Bellon, Sodexo, over five decades, has become the world leader in Quality of Life Services. Convinced that better quality of life contributes to organizational performance and societal progress, Sodexo works to improve the well-being of people across the globe through its unique range of expert services and the talent of its teams.

1966

FOUNDING OF SODEXO
AIMED AT A NOVEL SPECIALIZATION: FOODSERVICES AND QUALITY OF LIFE SERVICES

- Creation of "Sodexho[1]", a name combining the French words for company, operations and hospitality.
- First major contracts including the first multi-services contract for the management of the CNES[2] remote site in Guyana.
- From the beginning, corporate responsibility is inscribed in the company's fundamental values.

70s

A GLOBAL VISION:
SEEKING NEW MARKETS

- Diversification with the launch in 1976 of another lunch solution: the restaurant voucher.
- International development, first in Europe, then breaking through in the Middle East and Africa.
- Thinking globally while building a foodservices offer tailored to local eating habits.

80s

CONTINUED
DEVELOPMENT AND INTERNATIONALIZATION

- Rapid growth driven through innovation by teams in the 40 countries where the Company operates.
- Winning contracts in new regions, including in North America, South America, Russia and South Africa.

(1) Sodexho (*Société d'exploitation hôtelière*) became Sodexo in 2008.
(2) CNES: The Centre National d'Études Spatiales is the French space agency.

50 years
Imagine Quality of Life

90s

GLOBAL LEADER
IN QUALITY
OF LIFE SERVICES

- With three major acquisitions – Gardner Merchant in the UK, Partena in Sweden and Marriott Management Services in the U.S. – Sodexo becomes the world leader in Quality of Life Services.
- The Company continues its corporate responsibility actions, implements an active policy to prevent discrimination and commits to an extensive program to combat hunger and malnutrition around the world.
- The Company creates a place of multicultural learning and exchange with the Sodexo Management Institute.

2000s

DEPLOYMENT
OF A **SUSTAINABLE DEVELOPMENT**
ROADMAP

- Sodexo reinforces its leadership in integrated services by developing a wide range of specialized expertise and through acquisitions, including Universal in the U.S. and RKHS(1) in India.
- In adding the Personal and Home Services activity alongside its On-site Services and Benefits and Rewards Services, Sodexo becomes the world's only company to propose a complete offer of Quality of Life Services.
- Launch of the Better Tomorrow Plan, a continuous improvement approach with specific Corporate Responsability commitments that are evaluated annually. Sodexo is ranked among the world's most responsible companies.

2010s

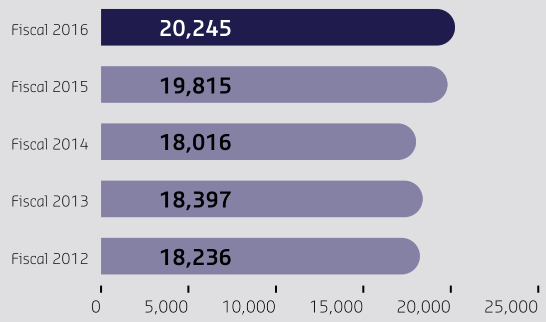
A WORLD LEADER
ATTUNED TO MAJOR
SOCIETAL CHANGES

- Anticipating needs, investing in research and digital technologies, Sodexo offers its clients an integrated services offering, personalized to their specific needs.
- Generational change at the head of the Company with financial independence and shareholder stability reaffirmed.
- With quality of life at the heart of its business, Sodexo remains the sector leader for sustainable development.

*(1) **RKHS**: Radhakrishna Hospitality Services Group.*

KEY FIGURES

EVOLUTION OF CONSOLIDATED REVENUES *(IN MILLIONS OF EURO)*



€20.2 billion

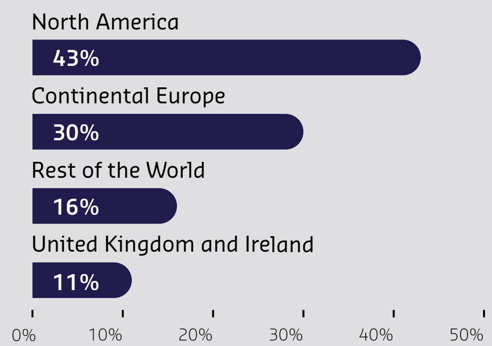
Consolidated revenues

5.9%

Margin before exceptional expenses

REVENUES BY ACTIVITY AND CLIENT SEGMENT (FISCAL 2016)

CONSOLIDATED REVENUES BY REGION (FISCAL 2016)



FACILITIES MANAGEMENT SERVICES' SHARE OF REVENUES

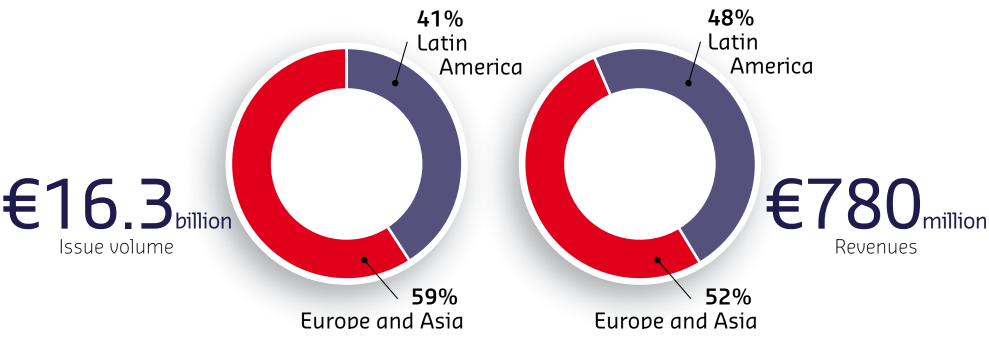
18%

Fiscal 2005

29%

Fiscal 2016

REVENUES AND ISSUE VOLUME, BENEFITS AND REWARDS SERVICES (FISCAL 2016)



RATING

Standard & Poor's

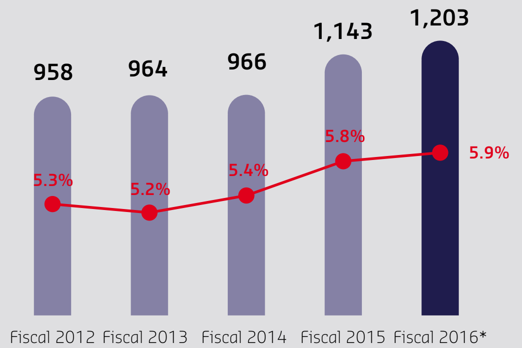
A-

(long-term)

1

RESULTS AND RATIOS

OPERATING PROFIT BEFORE EXCEPTIONAL EXPENSES*



+5.9%

Evolution of the operating profit over **5 years**

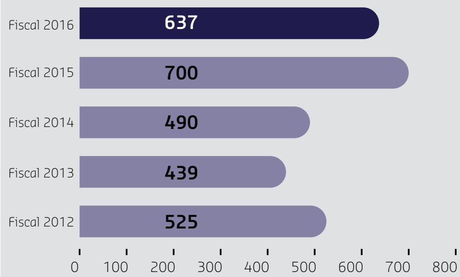
Operating Profit *in millions of euro*

Margin in %

* *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.*

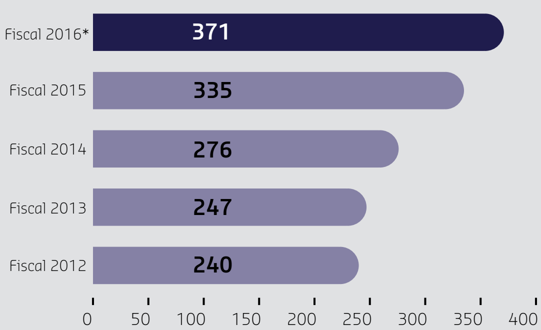
GROUP NET INCOME

(IN MILLIONS OF EURO)



DISTRIBUTED EARNINGS

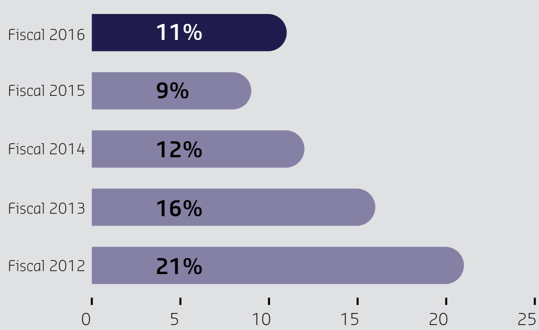
(IN MILLIONS OF EURO)



* *Subject to approval at the Annual Shareholders' Meeting of January 24, 2017.*

NET DEBT AS A PERCENTAGE OF SHAREHOLDERS' EQUITY*

(INCLUDING NON-CONTROLLING INTERESTS)



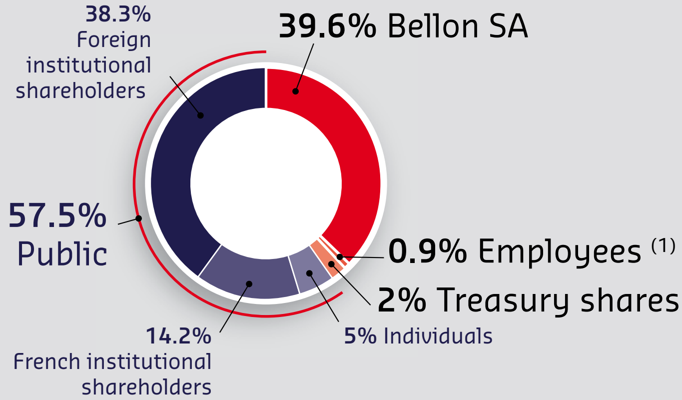
* *Debt net of cash and cash equivalents, restricted cash and financial assets related to Benefits and Rewards Services activity, less bank overdrafts.*

SODEXO SHARE

SHAREHOLDERS AS OF AUGUST 31, 2016

A controlling family shareholding:

Bellon SA held 39.6% of the Sodexo's shares and 54.8% of the exercisable voting rights, as of August 31, 2016.

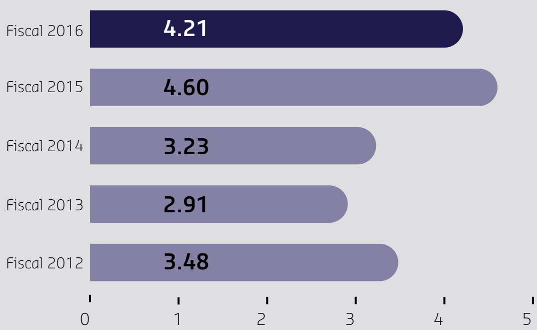


(1) Including the shares held in registered form by employees and still subject to a lock-up period.

Source: Orient Capital.

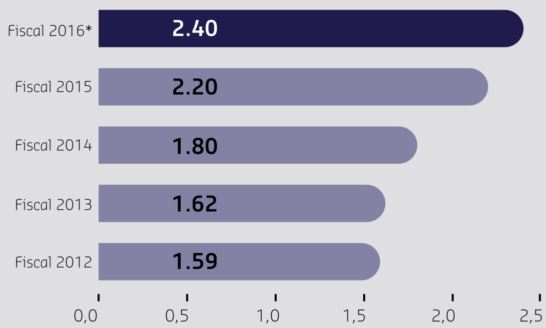
EARNINGS PER SHARE

(IN EURO)



DIVIDEND PER SHARE

(IN EURO)



** Dividend subject to approval at the January 24, 2017 Shareholders' Meeting.*

ADJUSTED SODEXO SODEXO SHARE PRICE TRENDS FROM SEPTEMBER 1, 2015 THROUGH AUGUST 31, 2016

Sodexo +32.4%

Cac 40 -4.6%

TSR (TOTAL SHAREHOLDER RETURN)

Fiscal 2016: 36.5%

Over the past five fiscal years: 23.2% per year

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

FISCAL 2016

425,000
employees

88%
of employees rate Sodexo as the best employer in its sector[(1)]

93.1%
client retention rate

68%
Employee engagement rate[(1)]

12.5
hours of training per employee trained on average

42%
of women on the Board of Directors

92.4%
of purchasing spend with suppliers that have signed Sodexo's Supplier Code of Conduct.

34%
target for reducing CO_2 emissions by 2020[(2)]

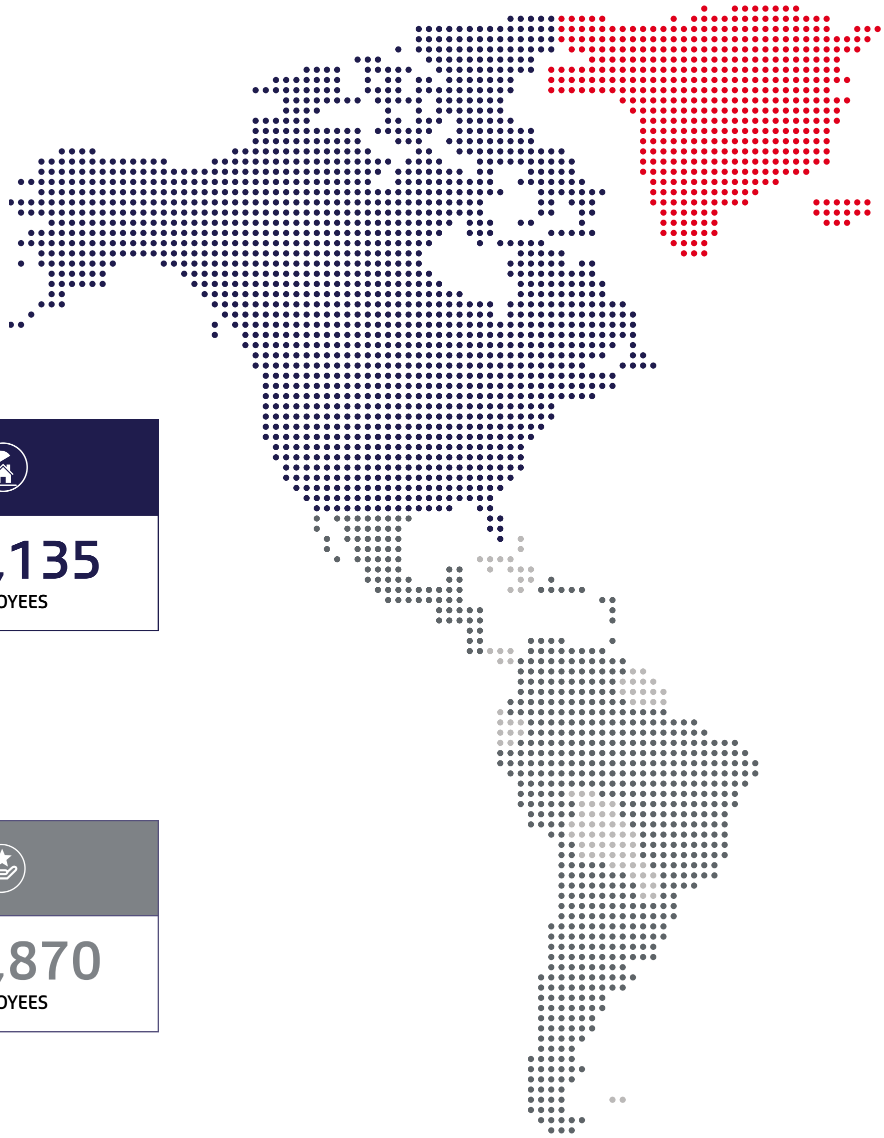
38%
of women on the Executive Committee

Source: Sodexo.

*(1) **2016 employee engagement survey** sent to 371,761 Sodexo employees to which 211,501 responded.*
*(2) **An objective set in 2015** compared to a benchmark defined in 2011.*

SODEXO TODAY

A GLOBAL PRESENCE



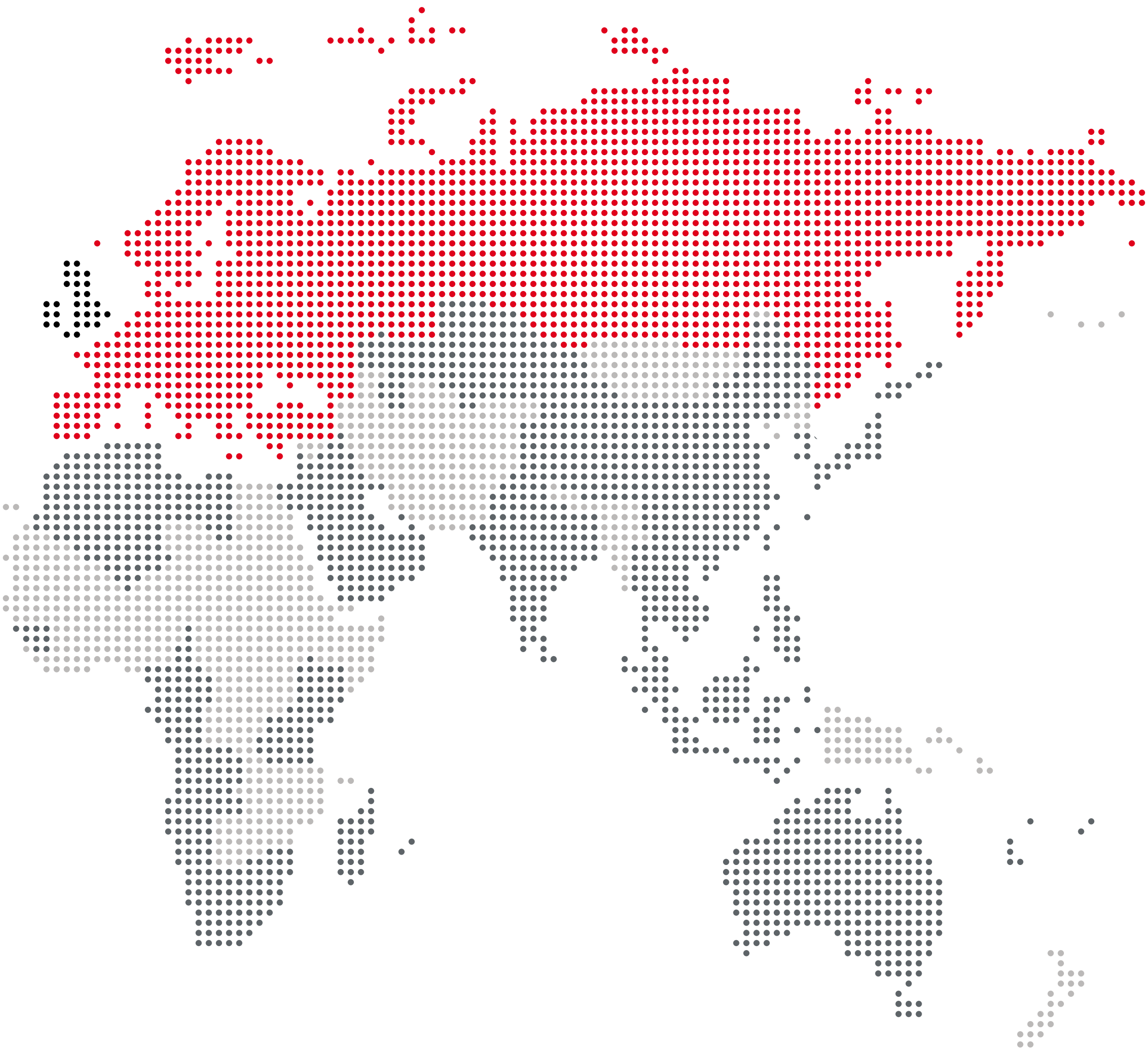
NORTH AMERICA	
€8,739 million IN CONSOLIDATED REVENUES	133,135 EMPLOYEES

REST OF THE WORLD	
€3,305 million IN CONSOLIDATED REVENUES	153,870 EMPLOYEES

Source: Sodexo as of August 31, 2016.

UNITED KINGDOM AND IRELAND	
€2,145 million IN CONSOLIDATED REVENUES	38,032 EMPLOYEES

CONTINENTAL EUROPE	
€6,056 million IN CONSOLIDATED REVENUES	100,557 EMPLOYEES



Legend:

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

STRATEGIC POSITIONING

ECOSYSTEM AND CHALLENGES

TEN MEGATRENDS SHAPING OUR BUSINESS TOMORROW

As the pace of change in our world accelerates, Sodexo tracks ten global megatrends that are shaping the future. Understanding these megatrends helps Sodexo invest human and financial resources into new activities, geographies and capabilities to create offers that respond to the constantly evolving needs of clients and consumers.

GLOBAL MEGA TRENDS

TRENDS	CONTEXT	SODEXO'S RESPONSES
DEMOGRAPHIC SHIFTS	The 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.	› Services that enable seniors to maintain their autonomy and live longer at home. › Healthcare services that help hospitals and senior residences to control costs. › Childcare services that respond to the increasing presence of women in the workforce.
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.	› Integrated Quality of Life Services of consistent global quality 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
RAMPANT URBANIZATION	Rising urban populations and the development of megacities are creating urgent needs for new solutions in transportation, infrastructure, social interaction and services.	› Public benefits services that enable communities to enhance quality of life and societal interaction among citizens. › Foodservices solutions that respond to the increased mobility of employees.
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)].	› Programs that contribute to the economic and social development of local host communities. › Sodexo is a leading services provider in Latin America and Asia, especially in countries like China, India, Brazil and Mexico.

(1) UN Population Division.
(2) McKinsey Global Institute.

TRENDS	CONTEXT	SODEXO'S RESPONSES
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 coming from Asia[3].	› Services that enhance the appeal of international sporting and cultural events and increase development of sports and leisure activities in developing economies. › Solutions facilitating access to cultural and leisure activities. › Childcare services.
INCREASED PUBLIC DEFICITS	A trend that encourages governments to consider more efficient means of delivering public services and favor outsourcing solutions.	› A wide array of Integrated Facilities Management services. › Solutions that enable public authorities to efficiently allocate public assistance.
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, energy consumption will increase 50%, water 40% and food 35%[4].	› Providing facilities management solutions that reduce client energy consumption. › Programs to reduce food waste. › Sustainable menus.
EMPOWERED CONSUMERS	Consumers increasingly expect more personalized services, improved quality of life and socially responsible behavior from the companies with which they do business.	› Services promoting better work-life balance. › Nutrition education programs. › A comfortable, safe and healthy work environment. › Gift cards and personalized gift boxes for consumers.
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 that impact consumers' quality of life.	› 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 the cash from parents of school children › A platform for reserving spaces at childcare centers in real time › An intuitive tablet to support autonomy of seniors.
OWNERSHIP VERSUS USE	The success of the collaborative economy is increasingly leading to a distinction between the ownership and use of property.	› Providing takeaway evening meals › Food delivery services in town centers

(3) The United Nations Development Programme.
(4) Global Trends 2030: Alternative Worlds. December 2012, National Intelligence Council.
(5) Remaking Customer Markets. Accenture, 2014.

STRATEGIC POSITIONING

QUALITY OF LIFE: A MAJOR SOCIETAL ISSUE

Sodexo helps to drive better performance for clients by improving quality of life across six clearly identified dimensions. For Sodexo, it is also a means of actively contributing to the overall advancement of society.

KEY DIMENSIONS OF QUALITY OF LIFE

Since its founding, Sodexo has made its commitment to improve quality of life of those it serves a key differentiator from its competitors and a source of pride and inspiration for all employees. Sodexo has identified six quality of life dimensions on which its services have a real and measurable impact:

- the promotion of health and well-being;
- the implementation of conditions for collaborative efficiency;
- the creation of a secure and safe physical environment;
- the development of social interactions;
- personal growth;
- individual recognition.

KEY FIGURES

96% of leaders[1] believe quality of life in their organization is important

66% of global consumers will pay more for services provided by companies committed to making a positive social and environmental impact[2]

BRINGING QUALITY OF LIFE INTO FOCUS

To anticipate the evolving needs of clients and consumers and respond to their future expectations, Sodexo seeks to better understand the factors that influence quality of life. To do this, the company draws upon numerous scientific studies, its own experience and research conducted by the Sodexo Institute for Quality of Life.

An international study[1] conducted by Sodexo and Harris Interactive[3] among 780 top decision-makers revealed the importance they place on quality of life as a factor of performance. In major companies, hospitals and universities, these leaders identified specific areas affected by quality of life, including image and reputation, business and financial performance and the efficiency of their organization.

To further explore this subject, Sodexo organized the first International Quality of Life Conference in New York in 2015. At the heart of the debate was one shared preoccupation: identifying solutions to foster economic growth alongside social progress. The results of the conference

(1) *"How Leaders Value Quality of Life," a study conducted by Sodexo and Harris Interactive between November 2014 and January 2015.*
(2) *Nielsen Global Survey of Corporate Social Responsibility and Sustainability 2015.*
(3) *Harris Interactive is a long-established market research firm, which develops innovative qualitative and quantitative approaches, both in France and abroad.*

RECOGNITIONS

Non-financial ratings agencies have recognized Sodexo's commitments to improving quality of life for future generations, confirming its position as one of the world's most sustainable companies.

- Listed on *the* Dow Jones Sustainability Indices (DJSI)[(1)] World and DJSI Europe (formerly STOXX) since 2005, Sodexo was named global leader for its sector by the DJSI for the 12th consecutive year in September 2016. The ranking is based on a thorough analysis of the performance of more than 2,500 listed companies in the areas of corporate responsibility, efforts to protect the environment and solidarity actions. For the third consecutive year, Sodexo also received the top ranking for consumer service companies.

- For the ninth consecutive year, Sodexo was named the leading company in its industry for economic, social and environmental performance by RobecoSAM, a leading asset management company focusing on sustainability investing. In the Sustainability *Yearbook 2016,* Sodexo again earned Industry Leader and Gold Class recognition while also being named Industry Mover for demonstrating the largest relative improvement in its sustainability performance compared to the previous year[(2)].

For more information on Sodexo's sustainable development actions, please see pages 63 to 69 and chapter 2.

reaffirmed that quality of life is a universal preoccupation for organizations throughout the world.

Improving quality of life, central to Sodexo's mission and activities, is based on a conviction: that organizations and companies need to place people at the center of their thinking to create sustainable value.

When an organization promotes health and well-being at work by giving its employees the means to work in teams, innovate and learn in a nurturing environment, it obtains a force of action capable of transforming everyday challenges into opportunities for progress.

Today, more than ever, a company's global competitiveness depends on its ability to foster, develop and engage the talents of its employees. Quality of life becomes not only an outcome but a fundamental component of their success. Ultimately, global corporations can play a central role in demonstrating this across all regions of the world.

"I strongly believe that the economic and human progress, which converge when improving quality of life is a priority for business and society. This vision of a more people-centric economy has always been at the heart of Sodexo's model."

Michel Landel,
Chief Executive Officer of Sodexo

FOCUSING ON TOMORROW: INNOVATION AND COMMITMENT

Sodexo constantly innovates to adapt its services to meet the changing expectations of clients and consumers. Digital transformation offers unlimited opportunities to personalize services, increase efficiency and access information. From online reservations in childcare centers, to preventative maintenance of critical infrastructure, to foodservices and nutritional education, to vouchers for cultural and leisure activities, Sodexo is working to anticipate and respond to the needs of tomorrow through a broad array of Quality of Life Services.

Through its offer, unique in the world, of On-site Services, Benefits and Rewards Services and Personal and Home Services, Sodexo contributes to its client's needs while fulfilling its commitment to economic, social and environmental responsibility. This includes developing its employees, fostering diversity throughout its teams and promoting balanced diets, health and well-being for its millions of consumers. In keeping with its mission, Sodexo also contributes to the economic, social and environmental development of the local communities in which it operates, while working to protect the environment for tomorrow's generations.

(1) *Dow Jones Sustainability Indices (DJSI): Launched in 1999, the Dow Jones Sustainability Indices provide a global ranking of the companies most advanced in the areas of economic, social and environmental responsibility. The indices are jointly determined by S&P Dow Jones Indices and RobecoSAM.*

(2) *The RobecoSAM Sustainability Yearbook is regarded as the world's most comprehensive publication on corporate sustainability performance. More than 3,000 companies in 59 industries are considered for inclusion, with up to 120 financial, environmental, social and economic indicators used to evaluate companies.*

STRATEGIC POSITIONING

A LEADER IN INTEGRATED SERVICES, COMMITTED AND RESPONSIBLE

Sodexo's unique offering of integrated Quality of Life Services draws on expertise developed over 50 years worldwide. These services create value for clients and improve the daily life of consumers while respecting Sodexo's economic, social and environmental commitments.

SODEXO, GLOBAL LEADER IN QUALITY OF LIFE SERVICES

Since its creation in 1966, Sodexo has had one mission: improve quality of life of its employees, client staff, students, patients and seniors while contributing to the economic, social and environmental development of local communities.

To accomplish this mission, Sodexo has developed an integrated Quality of Life Services offer, unique in the world, to support people at each stage of their life. Based on a detailed and extensive knowledge of its 75 million consumers, Sodexo's offer is organized across three activities: On-site Services, Benefits and Rewards Services and Personal and Home Services.

In delivering its services, Sodexo relies on 425,000 employees worldwide, 95% of whom are in direct daily contact with consumers. This proximity provides a significant opportunity to facilitate innovation and offer customized services. Sodexo's growth and development depends on the diversity, professionalism and commitment of its teams.

Recognizing their individual contribution to the company's success, enabling them to develop and fulfilling their potential are therefore key priorities.

Sodexo applies its social and environmental commitments toward all stakeholders: employees, clients, consumers, suppliers and affiliates, institutions, shareholders, governments and regulators. These commitments underlie its development and are part of its sustainability roadmap, the Better Tomorrow Plan. These commitments, fully consistent with Sodexo's goals and practices, are reflected in the services it provides its clients and in the way it manages its operations.

KEY STRENGTHS

In support of the performance of its business activities, Sodexo is able to draw upon several strengths, including:

- a unique range of Quality of Life Services particularly well aligned with evolving client demands and consumer expectations;
- a global network covering 80 countries;
- undisputed leadership in developing economies;
- a robust financial model that allows Sodexo to self-finance its development;
- a strong culture and engaged teams;
- independence, which enables Group to maintain its values, focus on a long-term strategy, maintain management continuity and ensure its durability.

BUSINESS ACTIVITIES FOCUSED ON CLIENT AND CONSUMER EXPECTATIONS

Each of Sodexo's three activity areas are focused on meeting the specific needs of each client and each consumer group.

ON-SITE SERVICES

KEY FIGURE

29%

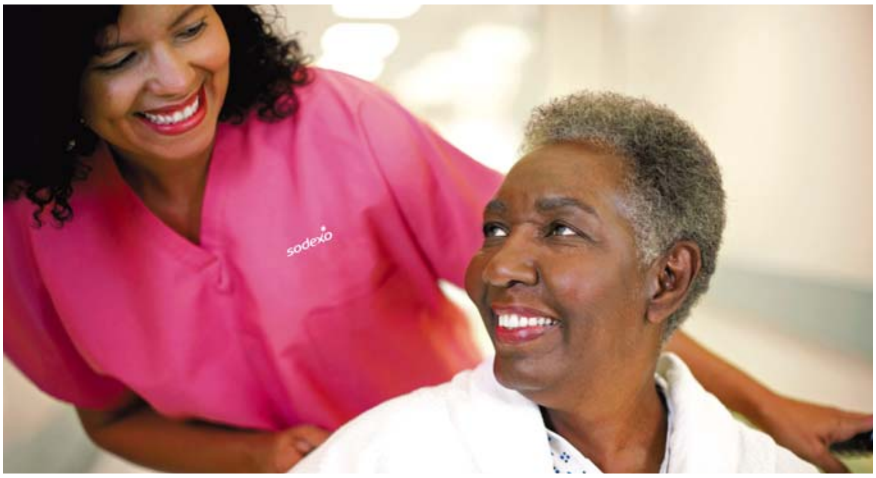
of Fiscal 2016 revenue generated through facilities management services

Through its more than 100 professions, Sodexo provides an integrated services offer to clients including foodservices, reception, cleaning, security and technical maintenance of facilities and equipment.

These services are delivered across eight client segments to a broad array of consumers, including:

- employees in companies and government bodies;
- military service personnel on their bases or on deployment and their families;
- prisoners, who Sodexo helps prepare for re-entry to society;
- people who live and work in remote site environments;
- patients, their families and medical staff in hospitals;
- seniors, in specialized residences;
- students in schools and on university campuses;
- attendees at events and visitors and customers at prestigious locations.

STRATEGIC POSITIONING



BENEFITS AND REWARDS SERVICES

KEY FIGURE

35

million beneficiaries and consumers

Sodexo offers nearly 250 services across five categories of Benefits and Rewards Services to private and public organizations of all sizes to:

- enhance their attractiveness as an employer and improve organizational efficiency through employee benefits;
- mobilize their teams around quantitative or qualitative objectives through incentive and recognition programs;
- optimize employee mobility and expense management through customized solutions;
- support and enhance the distribution and delivery of public benefits;
- provide consumers with gift boxes and cards for any occasion.

PERSONAL AND HOME SERVICES

KEY FIGURE

With Comfort Keepers internationally and Amelis in France Sodexo serves

35,000

seniors in their home

Sodexo deploys offers that improve quality of personal life in three areas:

- child care, with services designed to care for children and facilitate life for parents;
- concierge services that simplify life for Sodexo client employees;
- in-home support that allows seniors and other adults to maintain their independence.

SYNERGIES BETWEEN ACTIVITIES

Demonstrating the relevance of Sodexo's strategic positioning, important synergies exist between Sodexo's three activities, including:

- **Business synergies**: commercial relationships created by one of the three activities generate business development opportunities for the other two;
- **Brand visibility synergies**: the large number of Benefits and Rewards Services affiliates displaying the Sodexo brand at their points of sale contributes to building global brand awareness in countries where Sodexo operates;
- **Organizational and cost synergies**: the company's different activities are able to share the same infrastructure (support functions, facilities, etc.), saving on overheads;
- **Human resource development synergies**: Multiple career gateways exist between Sodexo's three activities, offering significant opportunities for employees.

FOCUS

An integrated services company engaged in improving quality of life

During the year, Sodexo continued to achieve significant success through its offer of integrated services. These major contracts reflect the increasing value that clients place on partnering with an expert that strengthens their performance and competitiveness by improving their teams' quality of life and fostering sustainable growth.

Leading global mining group Rio Tinto expanded its existing relationship with Sodexo through the award of a major 10-year contract for a full array of Integrated Facilities Management services for its vast mining operations in the Pilbara region of Western Australia. Sodexo's 840-member team is responsible for improving quality of life of Rio Tinto's employees who work and live in difficult conditions across an isolated 500,000-sq.km region. With an estimated value of estimated 1.8 billion euro over ten years, contract services range from operating aerodromes, managing and maintaining property to foodservices and running accommodations sites. Key factors in Rio Tinto's choice of Sodexo include its technical expertise, global experience and demonstrated ability to improve the comfort, well-being and safety of isolated teams operating hundreds of kilometers from the nearest city, while contributing to the development of the region's aboriginal communities.

The contract is the largest of its kind ever won by Sodexo and confirms its capacity to successfully compete for major energy and resources contracts.

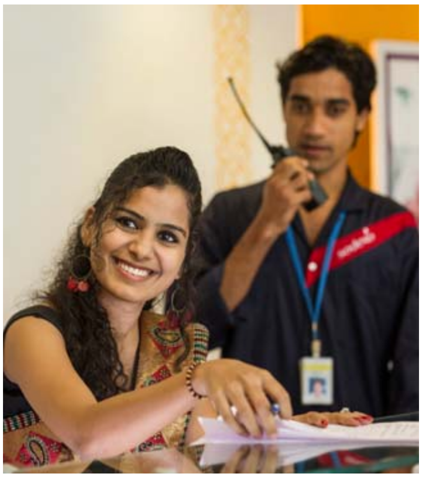
To learn more about Sodexo's Quality of Life Services for Rio Tinto, please see page 39.

Sodexo delivers a full range of facilities management services at the 350-bed Vichaiyut Hospital & Medical Center in Bangkok, Thailand. Sodexo's teams, who manage operational maintenance of sophisticated medical equipment, support the hospital's 200 specialists in 30 departments and nearly 1,200 staff. As it has done for many healthcare clients, Sodexo is helping the hospital to improve quality of care and services, improve patient comfort and staff satisfaction and meet requirements for national and international healthcare accreditation. Sodexo also successfully integrated within its teams the hospital's in-house employees, providing them with new opportunities to reinforce their technical expertise and develop professionally.

For more information about national and international healthcare accreditations, please see page 47.

> *"As time passed we found that our clients increasingly required new integrated solutions for all the services they outsourced. To respond to this evolution over the last ten years we have invented a new business: providing integrated services to improve quality of life. Demand for this kind of service is on the rise, especially when you consider the recognized impact of improved quality of life on the performance of organizations".*

Michel Landel,
Chief Executive Officer of Sodexo



HELPING CLIENTS TO ENSURE A BETTER TOMORROW

COMMITMENTS TO CLIENTS

Sodexo's corporate responsibility roadmap, the Better Tomorrow Plan, expresses its commitments to improved quality of life today and for future generations. As such, it is intrinsically intertwined with Sodexo's business activities and reflected in its commercial offers.

Sodexo considers corporate responsibility not only an obligatory element of its services offer but also as a true growth opportunity. Over the years, the company has become a recognized leader for its commitment in this area.

Whether improving work-life balance, responding to changing consumer needs, promoting nutritious eating habits or providing an efficient, safe and comfortable workplace environment, Sodexo is an expert in contributing to the health and well-being of people – factors that have been demonstrated to improve individual and collective performance.

Sodexo creates value for clients by improving quality of life for their employees, patients, students or other consumers and through the benefits of its experience and initiatives in social and environmental responsibility. Whatever the market, clients are increasingly seeking sustainability.

KEY FIGURE

93.1%
client retention rate in Fiscal 2016

PROVIDING CLIENTS WITH A COMPETITIVE EDGE

Companies and organizations look to Sodexo to help them reinforce their performance and achieve their sustainability objectives. Working with Sodexo enables them to meet the most demanding international standards, whether involving health, nutrition or the environment, and to better support their communities.

Sodexo's capacity to help clients meet these expectations is a source of competitive advantage, increasing its ability to retain clients and win new business.

QUALITY OF LIFE SERVICES

ON-SITE SERVICES

From construction management to reception, from medical equipment sterilization to housekeeping, from technical maintenance to the organisation of prestigious events, from foodservices to prisoner rehabilitation, **Sodexo integrates a wide array of integrated services to improve quality of life and enhance organizational performance across eight client segments:**

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

Whether enhancing workplace efficiency, reassuring patients in a hospital, contributing to student fulfillment, furthering prisoner rehabilitation or ensuring safety and comfort on a remote site, Sodexo contributes through its mission to **improve quality of life.**

Considerable growth potential

Sodexo On-site Services market potential is estimated at **700 billion euro**[(1)]

KEY FIGURES[(2)]

96%	19.5	420,698
of Group revenues	billion euro in consolidated revenues	employees

Source: Sodexo.

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

(2) Including Personal and Home Services.

CORPORATE SERVICES

QUALITY OF LIFE AT WORK, A PERFORMANCE DRIVER

Market – Opportunities – Outlook

Organizations that implement Sodexo solutions to **improve workplace quality of life** and promote a better work-life balance also reinforce their efficiency, performance and attractiveness to employees.

In essential areas such as employee **motivation,** process **efficiency** and equipment **reliability,** Sodexo offers clients responses customized to the specific challenges of their sector. Sodexo delivers its solutions locally or globally in office environments, research centers, production plants and other workplaces.

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

AWARDS

India – Awards for high quality transition support

The quality of integrated services delivered by Sodexo teams and their contribution to client success was recognized through a pair of awards.

Sodexo received the **"IFM Excellence award"** for the immaculate transition of Nokia employees from Nokia offices to **Microsoft** offices. The operation involved the on-time mobilization of critical new Microsoft offices supporting global HR and Finance and office refurbishments to Microsoft standards. Sodexo's services ensure business continuity and kept Microsoft's global HR office operating despite the Chennai floods in southern India in December 2015.

Sodexo also won the **"Best Facility Management Partner"** award for ensuring **Wipro**'s seamless transition to an Integrated Facilities Management services model with no impact on business operations. The new model includes numerous new programs designed to increase Wipro's process efficiency.

KEY FIGURES

6,190	30.5%	170,809
million euro in revenues	of Group revenues	employees

Source: Sodexo.

To succeed in this integration, clients look for partners capable of implementing best practice efficiencies and innovative, **value creating** integrated services. Clients also seek responsible partners that will **reinforce their image and brand**.

International companies look for **global partners** able to respond to their needs worldwide with an approach adapted to local cultures and conditions.

FOCUS

International

Helping Colgate-Palmolive improve efficiency and employee motivation

Colgate-Palmolive extended its longstanding partnership with Sodexo to continue improving the workplace environment, quality of life and employee commitment at its sites throughout the world.

The contract renewal includes a vast array of Integrated Facilities Management (IFM) services provided on behalf of 4,000 Colgate-Palmolive employees at 41 manufacturing, R&D and office sites. Sites in **Brazil, Poland** and the **UK** were added to the partnership, bringing to 23 the total number of countries, across North America, Latin America and Europe.

Sodexo has been a Colgate-Palmolive partner for 20 years. In 2013, the American-based consumer goods leader initiated a process to outsource IFM services across its global portfolio to reduce costs, simplify its supply chain and ensure consistent quality service delivery across sites.

Colgate-Palmolive chose Sodexo as its trusted partner to lead the transformation into a globalized IFM mode and improve the quality of life of its employees. Among the key factors in Sodexo's appointment are its unique geographic footprint and infrastructure, combined with extensive experience in manufacturing environments, the local expertise it brings at each site and demonstrated ability to self-perform the majority of services.

Colgate-Palmolive now has one Sodexo manager responsible for all facilities management services and an efficient supply chain at the best cost. Sodexo has established working methods and performance indicators on its client's sites worldwide to ensure harmonization of services as part of a continuous improvement approach. To facilitate communication and enhance the efficiency of benefits, a manager was appointed at each site to provide a single point of contact for any service request and oversee all facilities management services.

Scope of Sodexo IFM services on Colgate-Palmolive sites

- Hard FM Services: construction management, capital planning, HVAC, energy management, predictive & preventative maintenance, electrical systems, life protection systems, fire alarms, project management.
- Soft FM Services: janitorial, cleaning, waste management and recycling, move management, maintenance, portable water supplies, product packaging, shipping/receiving, truck transport, materials mailroom, records & archives, reproduction, chemical store, company store, purchasing.
- Hospitality and Foodservices: staff restaurants, catering/special events, vending, office coffee service.

Supporting workplace innovation and quality of life for Huawei

Huawei, the world's largest manufacturer of telecommunications equipment, expanded its relationship with Sodexo to sites in Colombia and Malaysia and its headquarters in China. Through existing contracts in India and Romania, Sodexo had demonstrated its expertise in Quality of Life Services and ability to deploy best practices.

In Shenzhen, **China,** Sodexo is providing integrated Quality of Life Services to 14,500 employees at Huawei's global headquarters. The five-year contract covers security, landscaping, pest control, cleaning, maintenance, administration and customer support. The services are delivered by a local team of 300 people on a latest generation site covering 287,000 m². Their mission: offer an innovative, comfortable and motivating working environment to help Huawei attract and retain talent, enhance the effectiveness of the organization and improve its performance.

In **Colombia,** the new contract includes four sites in Bogota, Cali, Medellin and Barranquilla. Sodexo is improving quality of life in the workplace for 900 Huawei employees through a range of integrated services, including a Help Desk to respond to needs for information services, reception and messaging, landscaping, office lighting, HVAC, cleaning and foodservices.

In **Malaysia,** Sodexo was awarded a contract in August 2016 to provide Integrated Facilities Management services on behalf of 2,200 Huawei employees at 13 sites. Services include reception, administrative assistance, cleaning and technical and maintenance services. Among the key success factors in winning the new contract was the involvement and responsiveness of Sodexo's local team, and the ability to communicate in Mandarin with the client management team.

REMOTE SITES

COMFORT, SAFETY AND PERFORMANCE AT THE ENDS OF THE EARTH

Market – Opportunities – Outlook

Remote settings, harsh environments, on land and at sea: for nearly 50 years, Sodexo has been improving quality of life around the world for all who work in isolated, often extreme conditions.

Mines in Australia, Latin America and the Arctic, **oil and gas** platforms in the North Sea, West Africa and the Gulf of Mexico, **complex engineering and construction projects** in the Middle East, Alaska, Peru, and India... across the globe, Sodexo's **integrated offer** of innovative services extends from a remote site's design to its dismantlement.

From housekeeping, administrative and technical maintenance services to management of recreational activities and waste transport, Sodexo solutions ensure the safety and comfort of all residents. As important as complying with the most stringent **Health, Safety and Environment (HSE)**[1] **standards** is supporting economic, social and environmental development of local communities. The result: creation of significant **added value** that contributes to the technical and economic **performance** of each site.

The role of service providers has taken on even greater importance in markets affected by lower raw material prices and a slowdown in major construction projects. As a result, operators increasingly look for operational efficiency improvements from **global partners** able to provide a broad array of consistent, reliable services.

KEY FIGURES

1,509 million euro in revenues

7.4% of Group revenues

39,868 employees

Source: Sodexo.

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

FOCUS

Australia

Full range of integrated Quality of Life Services for Rio Tinto

In March 2016, Rio Tinto awarded Sodexo a contract with an estimated value of 1.8 billion euro to provide Integrated Facilities Management services over a 10-year period for the mining leader's extensive operations in the Pilbara region of Western Australia.

The new contract, the largest ever in this sector, expands the services Sodexo had been providing Rio Tinto which now include aerodrome services and transport, building maintenance and grounds maintenance, accommodations and foodservices, cleaning, and property management. The objective of Sodexo's 840-members team: bring comfort, well-being and safety to those who live and work far from home.

Rio Tinto's assets across the 500,000-sq.km region – an area almost the size of France – include 15 mines, six towns, four ports, three aerodromes, a rail network, operational sites, commercial buildings, residential properties and accommodation sites with over 15,500 rooms. The scale of the operation required implementation in phases by geographic zone from June to September with Sodexo teams mobilizing to ensure a safe and smooth transition.

Key factors behind Sodexo's win include its technical expertise and ability to safely deliver a full array of value added services in a difficult environment. Sodexo offers exercise classes, cinemas, nutrition, health and wellness programs... as well as providing an advanced IT solution to meet Rio Tinto's need to improve the lives and the daily work of its isolated teams operating hundreds of kilometers from city life.

Sodexo and its international team of 100 experts designed an integrated and customized solution for Rio Tinto that reflects both companies' commitments to an uncompromising safety culture, improved performance and responsible growth as well as to supporting development opportunities in local indigenous communities.

Peru

Delivering comfort and well-being, from above the clouds to the desert floor

Major new contracts underlined Sodexo's expertise in delivering Quality of Life Services that contribute to greater comfort and well-being for mine workers, thereby enhancing the performance of mining companies.

Minera Chinalco Perú S.A, a subsidiary of China-based Chinalco Mining Corporation (CMC), chose Sodexo's integrated services to improve daily life for 1,300 people working on the Toromocho project, one of Peru's largest copper mines. The project's three sites are located in the middle of the Peruvian highlands at an elevation of 4,600 meters above sea level. Sodexo's offer includes foodservices, housekeeping, laundry services and accommodation management as well as soft and hard maintenance.

Sodexo also began providing quality services for Vale's Bayovar mine in Peru's Sechura Desert, considered one of the most arid deserts on Earth, wedged between the Pacific and the Andean foothills. The open-pit mine sits atop one of South America's largest deposits of phosphate rock. Vale's operations include a concentration plant, a 32-km heavy goods road, product drying and storage areas and a port. Sodexo's team, many locally hired, delivers foodservices, housekeeping, laundry and soft maintenance services to 450 mine workers at the site.

Qatar

Keeping Doha's metro project on time

Under a contract with the construction consortium ALYSJ, Sodexo is helping to facilitate the rapid construction of the city's major new transport link, the Metro Gold Line (start of service scheduled for 2019).

Sodexo contributes to workers' well-being on the prestigious Doha metro Gold Line.

Sodexo's 230-member team provides a broad range of integrated services designed to offer the highest level of comfort and well-being to the workers, technicians and engineers working on the 32-km underground rail project. Services include transport, accommodation, foodservices and leisure services as well as complete management of the two camp facilities housing 2,800 people. Sodexo also serves hot meals to 3,200 subcontractors on a third site and on each of the Gold Line's 12 stations.

With more than 15 different nationalities represented among the various workforces, Sodexo's specialist chefs prepare familiar dishes for each nationality while onsite teams provide both indoor and outdoor recreational activities tailored to the different national cultures.

By improving quality of life for those working on the construction of the prestigious Gold Line, Sodexo is helping to keep the important transport project on schedule for the people of Doha.

DEFENSE

ARMED FORCES' EXPERT GLOBAL PARTNER

Market – Opportunities – Outlook

Sodexo today is a long-term **strategic partner** for military communities around the world.

While geopolitical conditions contribute to **rising military spending** in some countries, **budgetary pressures** are compelling government and military leaders to do more with fewer resources. Professionalized armies, focused on their primary mission and retention of troops, increasingly look to outsourcing providers that can deliver **innovative, effective and integrated** services.

Technical maintenance, recreation and leisure activities, foodservices for military personnel and their families, complex logistics in support of UN or NATO international peacekeeping operations: the broad range of services requires **flexibility, accuracy and reliability.** With its expertise and ability to rapidly deploy its integrated services around the world, Sodexo is a valued partner that helps improve **quality of life** for personnel and their families, a key driver of the military's overall performance.

Sodexo's experience and capabilities enable it to respond to the needs of Defense clients across the globe: from U.S. Marine Corps bases to military garrisons in the UK. Outsourcing is also on the rise in France. In Paris, Sodexo today manages the new French "Pentagon", a prestigious site that showcases the Company's skills and is opening new opportunities nearly 50 years after Sodexo first began providing services to the French Navy in Marseilles.

KEY FIGURES

726	3.6%	10,370
million euro in revenues	of Group revenues	employees

Source: Sodexo.

FOCUS

France

Team engagement recognized on French Pentagon project

The France Regional Council recognized Sodexo with a Synergies Award for its teamwork approach on the construction and operation of the French Pentagon in Paris. The award reflects the capacity of the teams from seven company entities to operate as a single unit in opening the site and providing Quality of Life Services each day for close to 10,000 people.

Under a 27-year contract with the French Ministry of Defense, Sodexo is responsible for providing a comprehensive list of services on the 320,000 sq-meter site, ranging from visitor screening and security, reception, concierge services, a call center, cleaning and laundry, foodservices, a pool, building and grounds maintenance, logistics and waste management services to ensuring the proper care and display of more than 3,000 national flags to welcome visiting country delegations. The common objective for all of the Sodexo teams: provide a positive work environment for the 10,000 people working on the site and a professional reception for hundreds of daily visitors.

Each Sodexo team brings its expertise to these interrelated and complementary activities. The coordination of 500 team members is overseen by a Steering Committee and a common HR governance system.

In addition to the successful opening, five major certifications were earned for the site during the first year: ISO 9001, ISO 14001, OHSAS 18001(1), ISO 27001(2) and HQE(3)).

The Sodexo team receives the Synergies Award.

United Kingdom

New regional multi-activity contract awarded

Sodexo won a services contract to improve the comfort of military personnel and their families and contribute to the readiness of the British armed forces.

Sodexo was chosen to provide Quality of Life Services to 31 military units across southern England. A team of 2,000 employees will be contributing to the units' overall performance by helping to ensure support for members of the armed forces and their families in their daily lives at multiple sites. Among the broad range of services that will be provided: foodservices, retail and leisure services, cleaning, hotel (mess) services and waste management services.

The contract brings together a large number Army and Royal Air Force units and is the first of seven new regional soft services contracts to be awarded by the UK Ministry of Defence.

United States

Major success for second consecutive year

Sodexo was awarded a facilities services contract by the Naval Medical Center to provide corrective maintenance services for 33 buildings at five sites in San Diego, California.

Sodexo's teams support the medical facility in providing the highest possible level of safe, quality patient-centered healthcare to the more than 1.2 million patients it treats annually and in its role as an active teaching and research center. Among the services being delivered: electrical systems, emergency power systems, carpentry and masonry services, plumbing systems, painting and maintenance of buildings and courtyards.

The new contract follows Sodexo's selection by the U.S. Army Corps of Engineers in 2015 to provide operations and maintenance services for Department of Defense (DoD) medical facilities worldwide.

(1) OHSAS 18001 *(Occupational Health and Safety Assessment Series) is a British standard for managing health and safety at work. An ISO Committee is working to transform OHSAS 18001 into an ISO standard, in line with international standards of management systems (e.g., ISO 9001 for Quality, ISO 14001 for Environment).*

(2) ISO 27001 *outlines the requirements for information security management systems (ISMS).*

(3) HQE (*Haute Qualité Environnementale* or High Quality Environmental standard)*/A French green building standard, based on the principles of sustainable development to limit short and long term environmental impacts from building construction and rehabilitation, while ensuring comfortable and healthy conditions for occupants.*

JUSTICE SERVICES

A COMMITMENT TO REHABILITATION TO BETTER SERVE AND PROTECT SOCIETY

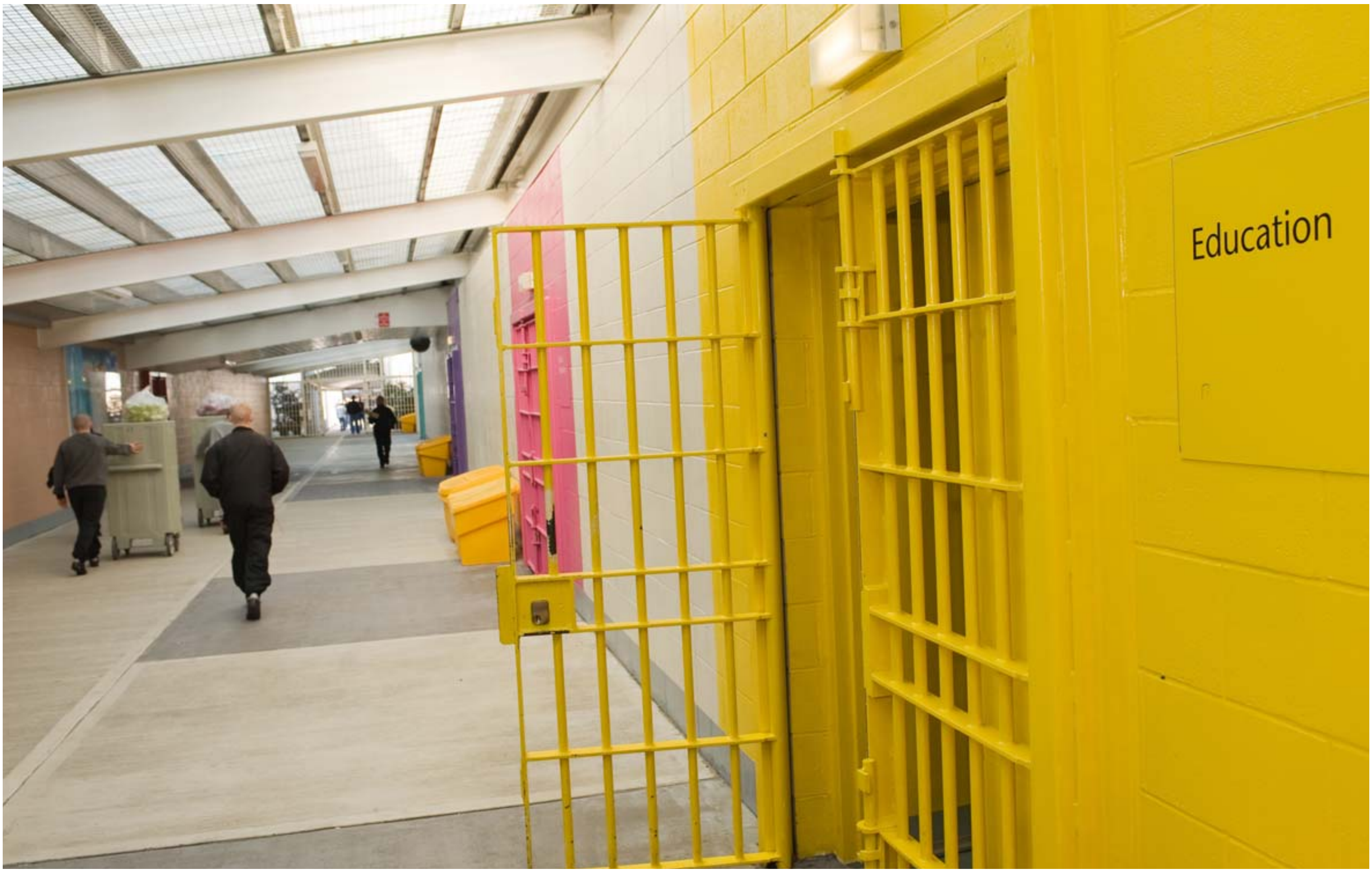
Market – Opportunities – Outlook

A partner to national and local prison authorities since 1990, **Sodexo today is among the world's leading providers of services for prisons.**

The Company delivers its broad array of integrated services according to strictly defined **ethical principles.** Sodexo operates only in democratic countries that do not administer the death penalty, in which rehabilitation is the ultimate goal of detention policies and team members are not required to carry weapons.

These principles reflect one of Sodexo's priorities of fostering **rehabilitation.** In addition to **improving the living environment,** Sodexo's teams work to offer opportunities for detainees to acquire life skills, work experience, qualifications and resources to aid their successful re-entry into society.

Prison authorities also face rising pressure to **reduce both reoffending and costs,** even as prison populations expand. Increasingly, they look to the private sector to provide an expanding range of services and develop alternatives such as societally beneficial work. Another priority is **optimizing operations** through innovative solutions, such as leveraging new information and communications technologies. A full partner like Sodexo is able to manage existing facilities as well as support extensions and the creation of new establishments.



KEY FIGURES

667 million euro in revenues

3.3% of Group revenues

6,264 employees

Source: Sodexo.

Repair of Vélib bikes: gaining expertise through training that facilitates prisoner reintegration.

FOCUS

Australia

Emphasis on community outreach and rehabilitation at new women's prison

Leveraging its experience in Justice Services across the globe and having identified a new market in this segment, Sodexo won the tender to manage and operate a new women's prison in Perth.

The Western Australian Government awarded Sodexo the contract to manage and operate the new 254-bed women's Melaleuca Remand and Reintegration Facility, beginning in December 2016.

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. The objective: help the women successfully reintegrate back into the community and reduce their risks of reoffending. The innovative programs reflect Sodexo's strong commitment to continuously and sustainably improving the quality of life for Aboriginal and Torres Strait Islander people and their communities.

France

Acquiring new skills while returning bikes to the road

JC Decaux subsidiary Cyclocity and Sodexo's organization for rehabilitation through economic activity, Inserxo 60, partnered to create a Velib bicycles repair shop at the Liancourt detention center in the Oise region.

The initiative is based on training that is recognized with a professional bike repair mechanic license. The goal: help prisoners find employment after their release. Through the two-month training, the prisoners acquire an expertise that enables them to repair 60 Velib bicycles per week. This experience in a skilled position, for which they are paid an hourly wage, paves the way for their successful reentry to society.

Launched in June 2016 with a dozen prisoners, by the end of August, the program had already delivered 420 bicycles ready to return to the streets of Paris.

United Kingdom

Second life for uniforms

A unique project to recycle used corporate uniforms is enabling prisoners at HMP Northumberland to acquire new skills and gain experience designed to help them succeed in reintegrating society upon release.

Sodexo, which manages the northern UK prison, partnered with online retailer Ocado, which provides the disused uniforms of its employees for repurposing into aprons and tote bags. The tote bags and aprons were designed by a sustainable fashion brand and are sold for charity.

The program also provides an important environmental benefit. About 90% of disused corporate uniforms are disposed of by landfill or incineration each year in the UK, representing a significant waste of resources. Social enterprise charity Hubbub, another partner of the initiative, is pushing for offices, warehouses, shops and factories to recognize the scale of the environmental impact and to treat their old uniforms as a useful resource.

The initiative is one of several by Sodexo that has transformed HMP Northumberland into a working prison that provides meaningful learning opportunities for prisoners. In addition to the textiles workshop where the uniforms are repurposed, the prison has an engineering workshop where prisoners produce components for the manufacturing industry. It is also the country's only prison to have earned Red Tractor accreditation for its market garden, where prisoners grow fresh fruit and vegetables for external clients, including Durham University.

For more about Group initiatives promoting recycling: please see section 2.5.4.

SPORTS AND LEISURE

EXCEPTIONAL MOMENTS AND VENUES

Market – Opportunities – Outlook

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 clubs and lounges** throughout the world.

From ticketing, travel, foodservices, safety, logistics, sales and marketing to technical and artistic organization: Sodexo's creative and expert teams know how to make prestigious events succeed and exceptional places sparkle.

Global trends in this market are positive despite slowdowns due to the effect of security concerns on tourism in countries such as France. The market therefore continues to offer **development opportunities** in the years to come for market leaders such as Sodexo.

Consumer well-being, sustainability and diversity are becoming key selection criteria. Clients also seek partners able to help them **increase attendance and venue use.** To reach **a wider audience,** event organizers are also turning to digital technology and seeking to enrich the spectator experience with entertainment around the event. 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.

KEY FIGURES

903 million euro in revenues

4.5% of Group revenues

11,698 employees

Source: Sodexo.

AWARD

France – Le Pré Catelan wins new recognition

Sodexo's prestigious Le Pré Catelan was named one of the world's best restaurants. With its chef Frédéric Anton already the recipient of three Michelin stars(1) and five toques from Gault & Millau(2), Le Pré Catelan has been ranked 20th among the 1,000 best restaurants. The recognition was made by La Liste, a leading international gastronomic ranking, with over 90 countries represented.

(1) *The Guide Michelin or Guide Rouge is one of the world's oldest and most famous restaurant guides. Each year, it bestows "Michelin stars" (macaroons), recognizing the best restaurants in France, major cities in other European countries, New York and Tokyo.*

(2) *Gault & Millau is the second of the gourmet guides in France. The 20-point scores, begun with the first edition in 1972, were replaced in 2010 by chef evaluations of a restaurant's food and ambience.*

FOCUS

International

Flying high with United

United Airlines selected Sodexo as its single source global services partner for all United Clubs and Lounges worldwide.

The contract includes facilities in North America, London, Hong Kong, Guam, Japan and Mexico City. Sodexo will be responsible for delivering exceptional service to consumers across 52 United Clubs, Arrivals and Global First Lounges, including all food and beverage services, bartending and cleaning.

The long-term contract represents a significant expansion of Sodexo's partnership with United, adding multiple new sites and services while reinforcing Group's position as a leader in airline lounge operations.

France

28 years of trust at Roland Garros

The French Tennis Federation (FFT) awarded a contract to Sodexo to provide foodservices during the French Open tennis tournament at Roland Garros. The contract extends a 28-year partnership of trust to include foodservices for the public.

For the Grand Slam tournament, a 500-member Sodexo team works behind the scenes to prepare 9,900 meals per day and 28 different daily menus. Among the specialists: purchasing and quality managers, logistics specialists, nutritionists, cooks, hostesses, tourism and seminar managers. Their common objective: delight consumers with diverse offers of high-quality seasonal and local products, offering something for all tastes.

During the three-week tournament, 800 players, their coaches and their families, officials, ball boys and girls and 1,300 journalists from 198 countries enjoyed the gourmet cuisine crafted by Sodexo dietitians and chefs. Key challenges include meeting the specific nutritional needs of athletes. Sodexo chefs work with the FFT's medical team to provide nutritionally balanced gourmet menus full of flavor for the three restaurants open to the competing team members and their families.

Sodexo also continued an effort to fight food waste at this year's Open. Through a program sponsored by French tennis star Gael Monfils, surplus food was distributed through a food assistance organization to those most in need in the Paris region.

United Kingdom

Serving upstairs at two prestigious sites

The National Trust for Scotland, responsible for protecting and promoting the natural and cultural heritage of Scotland, awarded a new contract to Sodexo to deliver event catering and hospitality at Pollok House, one of the country's grandest Edwardian country homes near Glasgow, and Ayrshire's majestic Culzean Castle.

The commercial partnership is an important income generator for the National Trust, enabling it to finance conservation works by introducing its unique venues to new audiences.

Under the contract, Sodexo designs and manages customized banqueting packages for the venues to appeal to target markets, including UK-based destination management companies. Sodexo's team also provides extensive sales and marketing support, as well as event management for corporate bookings, weddings and other private gatherings.

Other heritage venues managed by Sodexo across Scotland include Dundas Castle, the Royal Botanic Garden in Edinburgh and Hampden Park.

United States

Fine dining at the Hollywood Bowl

In partnership with the culinary company Lucques, Sodexo is providing exclusive food and restaurant services throughout the Hollywood Bowl under a 10-year contract awarded by the Los Angeles Philharmonic Association.

One of the country's largest natural amphitheaters, the Hollywood Bowl has been the summer home of the Los Angeles Philharmonic since its official opening in 1922 and plays host to the finest artists from all genres of music.

The first-time collaboration between Lucques and Sodexo combines the two partners' comprehensive operational, branding, marketing and strategic planning expertise. Together, they are carrying on a time-honored tradition of dining at the Bowl while providing concert-goers with enhanced choices that are completely unique to the venue.

The creativity behind the success of the restaurants of award-winning chef Suzanne Goin and chief sommelier Carolyne Styne – AOC, Lucques, Tavern and The Larder – are reflected throughout the Hollywood Bowl culinary experience, from the wine bar and restaurants to the gourmet food stores and concessions.

HEALTH CARE

QUALITY OF LIFE SERVING QUALITY OF CARE

Market – Opportunities – Outlook

The health care market leader for more than 20 years, Sodexo contributes actively to the well-being of **patients** and **visitors** and the quality of life of **hospital staff**.

From maintenance of clinical equipment, sterilization of medical instruments and disinfection of patient rooms and operating areas to reception, patient admission, logistics and foodservices... an array of Sodexo services improves the quality and safety of care, strengthening the **performance and competitiveness of health care facilities**.

Several years of strong pressure on **public budgets** have forced health care institutions to rethink their organizational, operational and financial models.

In developing countries, increasing demand from patients is driven by the strong expansion of the middle class, increased purchasing power and the emergence of private health insurance. Meanwhile, competition to attract and retain physicians and skilled caregivers are pushing hospitals to obtain and maintain **major international accreditations**.

In some countries, the search for management synergies is leading to market concentration and the emergence of a trend toward **hospital consolidation**. At the same time, technological advances favor the reduction of the number of beds, shortening the length of stays and increasing **outpatient and home care**.

To meet the expectations of increasingly demanding patients, to attract and retain the best talent and to strengthen their competitiveness, healthcare institutions are therefore looking, increasingly for an expert partner in the global healthcare market, able to support them over time.

KEY FIGURES

3,901	19.2%	61,747
million euro in revenues	of Group revenues	employees

Source: Sodexo.

FOCUS

India

Supporting teaching hospital through services expertise and training

Sharda Hospital in Greater Noida (Uttar Pradesh) entrusted Sodexo with providing a range of Quality of Life Services that are helping the private teaching hospital perform its missions of delivering high quality care to patients, providing training for medical students and supporting research activities.

The 650-bed, multidisciplinary and advanced technology university hospital has 250 doctors, 450 nurses and paramedics and welcomes 1,500 students. Its challenge: improve quality of life for all and attract a greater number of non-subsidized and foreign patients.

Sodexo's customized solution includes cleaning, patient transport and assistance, electrical, plumbing and building maintenance. Implementation of initiatives such as cleaning automation and the use of sustainable green chemicals are helping to improve hygiene standards, environmental cleanliness and patient satisfaction.

Sodexo also implemented structured learning and development programs. Employees are fully trained in the use of equipment, professional cleaning methods and best practices in health and safety. This has resulted in improved efficiency and enhanced motivation, contributing to higher employee retention.

Providing a single contact to the client, our Sodexo Facilities Executive is responsible for continuous improvement and management reporting. This effective system ensures rigorous governance and enables ease of management for the hospital's administration team.

The partnership, established in March 2016, is already bearing fruit with the help of Sodexo's specialized teams. Among the achievements: compliance with standards for operational procedures of the National Accreditation Board for Hospitals & Healthcare Providers (NABH)[(1)] and accreditation by the NAC and NABL[(2)].

Sodexo experts in action in U.S. hospitals.

United States

Expanded Quality of Life Services for 13 University Hospitals

A customized proposal, proven technology, extensive experience and a long-standing positive relationship with the client were key factors in Sodexo's win of a new contract to provide facilities management services for 13 facilities of University Hospitals in Ohio.

Sodexo already provides foodservices and environmental services to the hospitals, contributing to the well-being of patients, staff and daily visitors. Based on this solid experience and knowledge of the hospitals' operations, Sodexo was able to build a customized offer to respond to the client's needs.

Sodexo's bid included an essential human resources element, providing for an energy manager and the creation of a VP position to oversee all of the services being delivered.

With its technological experience in facilities management services, Sodexo also proposed a tool for optimizing technical maintenance, investments and upgrades based on asset age and criticality level.

The contract is one of the first for FM services in the U.S. for Sodexo's Health Care team, reinforcing the Company's position in the highly competitive national market.

ACCREDITATIONS

International – Supporting client continuous improvement

Clients in developing countries continue to rely on Sodexo's global health care expertise to achieve and maintain accreditation from international agencies. In addition to gaining accreditation, Sodexo's Quality of Life Services improve patient comfort, staff satisfaction and operational performance, thus contributing to client competitiveness.

Among the clients that Sodexo supported in obtaining JCI[(3)] accreditation during the year were **Aster Medcity** in India and **Samitivej Sukhumvit** and **Samitivej Srinakarin hospitals** in Thailand.

(1) *The National Accreditation Board for Hospitals & Healthcare Providers (NABH) is a constituent Board of the Quality Council of India, which establishes and operates accreditation programs for health care organizations, according to international standards.*

(2) *National Accreditation Board for Testing and Calibration Laboratories (NABL) is a society which provides accreditation recognition of the technical competence of a testing, calibration or medical laboratory for a specific task, according to ISO standards.*

(3) *Joint Commission International (JCI) certifies health care organizations that meet a set of standard, internationally recognized requirements designed to improve quality of care and ensure a safe environment for patients and staff.*

SENIORS

AGING WELL, A SOCIETAL ISSUE

Market – Opportunities – Outlook

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

The trends are there to show the need. A growing senior population is driving **increased spending** on health. A greater prevalence of chronic diseases is contributing to a **heavier workload** in care homes. Governments are seeking cost effective solutions to respond to the growing demand for care while more and more families are seeking 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 residents** while reassuring **families** concerned about care for their loved ones. The quality of these services is also critical to the **economic performance** and **reputation** of retirement communities and senior living facilities. Sodexo's ability to deliver these expert services is differentiated because of its ability to attract, train and engage **purpose-driven employees.** Sodexo offers employees a caring culture that allows them to bring their compassionate spirit to others. At the same time, Sodexo's training and systems ensure a rigorous focus on delivering consistently excellent services. These strengths are more important than ever as the industry faces a growing shortage of caregivers.

KEY FIGURES

1,173	5.8%	15,939
million euro in revenues	of Group revenues	employees

Source: Sodexo.

Seniors also increasingly prefer to live **independently** at home as long as possible, creating additional demand for home-delivered services.

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 pages 60-61.

FOCUS

France

Supporting Korian to improve senior well-being

Korian, the European leader in aging well, chose Sodexo to provide raw materials and technical support for chefs at its 364 nursing homes in France. On the menu for 30,000 residents and patients: enjoyable, "homemade" meals to combat the effects of old age.

The three-year contract is based on three key points: the consolidation of Korian's culinary identity, which promotes family-style, tasty, meals prepared on site, supported through an advisory mission provided by the École Lenôtre; the accompaniment of culinary advisors and a chefs' council specializing in health and nutrition for the elderly; and, an annual cooking competition organized in partnership with the École Lenôtre.

The innovative partnership is a natural combination between two international leaders committed to senior well-being. Nutrition for seniors and employee commitment will be part of both partners' joint research projects.

Italy

On the menu: Quality of Life

At the Fondazione Molina Onlus senior residence and care facility in Varese, Italy, Sodexo's Quality of Life Services are making a difference in the lives of more than 100 patients with dysphagia.

The disease is characterized by a sensation of discomfort or blockage in the passage of food into the pharynx or esophagus and is especially prevalent among children and the elderly. Loss of appetite and the desire to eat can be consequences of the disease.

Sodexo provides healthy and well balanced meals to the 440 guests at the facility and has designed a customized menu for the dysphagic patients. The chefs use excellent quality ingredients and pay particular attention to texture to produce an ideal level of consistency, and cohesion. This makes the food easier to swallow, easing patient discomfort. It also ensures that the food's authentic taste and color are maintained, stimulating the appetite and returning the pleasure of eating.

PEOPLE WITH DISABILITIES

FOCUS

France

Sodexo reinforces leading position in Quality of Life Services for people with disabilities

Sodexo was awarded a five-year contract to support ADAPEI ARIA Vendée(1) in its development.

The expansion of this partnership is based on common values and the quality of services already provided by Sodexo teams for 13 association facilities. Sodexo's expertise in delivering services tailored to people with disabilities and its ability to support its clients with their projects were key factors in the win.

Sodexo now provides foodservices for 35 ADAPEI ARIA Vendée facilities, serving more than 3,500 people. The Company also is aiding Adapei in providing training for workers with disabilities, building and managing a central kitchen and helping the client to develop organic vegetable production.

(1) **ADAPEI ARIA Vendée** *is a nonprofit departmental association that promotes, implements and adapts the reception and support of people with disabilities by providing them with solutions for special education, care, training, workforce integration, adapted jobs and accommodations.*

EDUCATION

SERVING A LEARNING ENVIRONMENT

Market – Opportunities – Outlook

From kindergarten to university, Sodexo supports institutions in creating and maintaining a **healthy, welcoming and safe educational environment.** Its integrated offering of innovative services is designed to foster academic success, enhance clients' operational efficiency and attractiveness, ensure a healthy and balanced diet and improve quality of life for the entire educational community.

Competition, aging infrastructure, budget constraints and nutritional issues are among the numerous challenges facing both schools and universities today. Sodexo's **comprehensive solution** allows administrators to focus on their **academic mission** while ensuring a **quality of life** for students and teachers that contributes to their learning environment.

Food from sustainable and local farming is becoming as much a priority as the safety and well-being of the students and staff. The **quality of the daily environment** is now as critical to the reputation of an institution as its educational performance.

KEY FIGURES

4,401 million euro in revenues	21.7% of Group revenues	89,127 employees

Source: Sodexo.

FOCUS

Finland

Helping Metropolia grow through service excellence

At Metropolia, Finland's largest university for applied sciences, Sodexo is helping improve quality of life for more than 16,000 students and staff through cleaning services and foodservices across the school's ten campuses.

The 75-member Sodexo team contributes to health and well-being with nutritional menus, trendy retail options and a wide array of choices that meet client and consumer expectations such as local, organic produce and vegan menus. The cleanliness of the work environment helps promote learning while the efficiency of services provides significant cost savings and simplifies contract administration for the client.

With its proactive approach to improving services and implementing best practices, Sodexo is a full partner in Metropolia's strategy 2020 to further modernize and reinforce the quality of its educational offer.

France

New Paris campus of EMLYON

As part of a five-year contract, Sodexo is providing an array of services to improve quality of life for students, teachers, staff and visitors on the new Paris campus of EMLYON.

Located opposite the Gare de Lyon train station, the new campus of the management and commerce school extends over 5,500 m². It opened its doors in September 2016 and can accommodate up to 1,000 students.

Sodexo offers a range of integrated services for students from Europe, Asia and North America, including reception, concierge services, cleaning, foodservices and maintenance – including energy optimization – reprographics and mail, maintenance of green spaces, waste management and security.

Sodexo's customized solution features a single point of contact for all stakeholders, provides a homogeneous offer and a committed team that manages internal and external skills and leverages synergies. Sodexo also provides support for projects and makes proposals to increase the site's attractiveness in an increasingly competitive environment among leading business schools.

Hong Kong (China)

First University contract

Sodexo was awarded a six-year contract to provide foodservices on the brand new campus of Chu Hai College of Higher Education (CHCHE) in Hong Kong.

First step for Sodexo in a Chinese university.

Sodexo's tailored offer based on its understanding of CHCHE's values and expectations for its new dining spaces was the key factor behind the contract win in a highly competitive market.

Starting with 1,500 students, the purpose-built campus' completion comes as CHECHE is in a final stage of obtaining its long-sought official designation as a university. Designed to accommodate expected growth, the campus will eventually welcome 3,000 students.

United States

Putting a bit of Magic in D.C. schools

In Washington, D.C., SodexoMAGIC, the joint venture between Sodexo and Magic Johnson Enterprises was awarded a major contract to serve as the student nutrition provider for the city's schools (DCPS).

Along with partner Revolution Foods, SodexoMAGIC is enhancing quality of life for 48,000 students and staff through an innovative program that features cutting-edge food concepts. Other elements include a university research-based approach to student nutrition and well-being, state-of-the-art menu creation and adherence to the highest nutrition standards.

Sodexo's team works to improve quality of life in three specific areas: a commitment to operational excellence; a commitment to community; and a commitment to employee training. Nutrition education programs are being implemented to further engage and inspire students, encouraging student feedback and guiding students throughout the day, helping to teach them about the benefits of healthy meal decisions.

The school system also benefits from the partnership's considerable purchasing power and transparent management systems. Stakeholder satisfaction and engagement is being driven through a significant investment of resources to train, develop and engage foodservices staff, students and the greater community.

Close-up on SodexoMAGIC: a force for educational progress

A partner in Michelle Obama's Let's Move campaign, SodexoMAGIC uses healthy menu planning and a focus on nutrition education to fight childhood obesity.

SodexoMAGIC is also the first and only student nutrition provider to adopt the school snack and beverage guidelines of the Alliance for a Healthier Generation (a joint initiative of the American Heart Association and the Clinton Foundation).

In addition, SodexoMAGIC works with top universities, such as Cornell University and Harvard University, to increase student awareness regarding healthy eating and developing appetizing, nutritional menus.

For more information on Sodexo's actions to improve health and well-being, please see section 2.3.

QUALITY OF LIFE SERVICES

BENEFITS AND REWARDS SERVICES

Innovating to improve consumer quality of life and client performance

The array of nearly 250 services created and managed by Sodexo goes well beyond its widely recognized meal and food vouchers and cards. Driven by technological innovation, the Company's **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

16.3	780	4%	4,547
billion euro in issue volume (including **67%** paperless)	million euro in revenues	of Group revenues	employees

Source: Sodexo.

This offer, addressing both economic performance and sustained improvement in quality of life, responds to major long-term trends[1] that are drivers of Sodexo's activities. It is focused around five service category objectives:

- **recruit, retain and motivate talented people.** Employee Benefits responds to the issues of company compensation policies, helping clients enhance their attractiveness as an employer and improve organizational efficiency;
- **mobilize teams around quantitative or qualitative objectives.** Through Sodexo's Incentive and Recognition Programs, companies have customized turnkey tools for increasing sales and motivating a partner network, retaining employees, promoting good safety practices within a plant and ensuring business continuity;
- **optimize employee mobility and expense management with Sodexo's customized solutions,** including fuel payment cards for employees. Through these online platforms, these solutions improve the management of daily travel, trips and employees' professional expenses and ensure control and monitoring;
- **support and enhance the distribution and delivery of Public Benefits.** Sodexo-designed solutions are simple, transparent and effective in facilitating the work of governments and local authorities, helping to optimize budgets and achieve social policy, cultural and educational goals;
- **help everyone enjoy gift giving and receiving.** Leveraging its expertise in gift giving programs designed for client employees, Sodexo provides consumers with Gift Boxes and Cards for any occasion, combining freedom of choice with simplicity.

KEY FIGURES

430,000 clients (excluding individuals)

35 million beneficiaries and consumers

1.3 million affiliated partners

Source: Sodexo.

(1) *For more on the ten major trends shaping the Group of tomorrow, please see pages 26-27.*

FOCUS

International

SME leaders identify quality of life as performance driver

Sodexo is committed to building a better understanding of how quality of life is perceived, valued and addressed as a factor of performance in today's organizations.

In 2016, Sodexo Benefits and Rewards Services and TNS Sofres[1] released a study showing that workplace quality of life considerations are a significant factor for small and medium-sized enterprises (SMEs) for improving their attractiveness, competitiveness and performance. The study polled 4,800 leaders of SMEs with 10 to 100 employees in seven countries: Brazil, Chile, France, India, Mexico, Romania and Turkey.

The surveyed leaders confirmed the importance of quality of life:

- 91 percent said it ensures a better work environment;
- 86 percent declared that it leads to increased productivity;
- 76 percent consider that it boosts their power of attraction as an employer;
- 70 percent believe it results in higher revenue.

Services that enable SMEs to improve employee quality of life include:

- helping employees to achieve a better work-life balance;
- recognizing staff performance with benefits, shopping vouchers and rewards;
- improving employee standard of living;
- providing employees with healthy and balanced meals;
- ensuring a comfortable, efficient and safe workplace environment.

The survey revealed that an improvement in quality of life has a real impact on SME performance.

For additional information on quality of life issues: www.qualityoflifeobserver.com/

XXImo: a strategic acquisition

Sodexo reinforced its capacity to support clients in enhancing quality of life for their employees through its gradual acquisition of Dutch startup XXImo and its innovative mobility platform, designed for simplicity and efficiency.

In acquiring an innovative and well-known regional start-up, Sodexo reinforces its expertise and presence on the market for employee daily commuting and business travel. The deployment of XXImo's offer, which began with the Netherlands and Belgium, was expanded to Germany in October 2016.

For more information on this innovative service, please see page 57.

France

Promoting doggy bags to fight against food waste

As part of its commitment to fighting food waste, Sodexo is supporting the French startup company, TakeAway®, in its campaign with restaurants in France to encourage use of doggy bags by their patrons.

Leveraging its extensive network of affiliates, Sodexo is helping to promote the customizable doggy bags created by TakeAway® through e-mailings and promotional offers linked to its Restaurant Pass vouchers. In addition, Sodexo is encouraging affiliates using its FidCash[2] program to participate in the doggy bag initiatives through a specific, personalized offer.

This citizenship action is among a number of initiatives Sodexo has undertaken to reduce foods waste, one of the priorities identified in its roadmap, the Better Tomorrow Plan.

For more about Sodexo's commitment to the fight against food waste, please see page 69 and section 2.5.4.

AWARD

Czech Republic – Prestigious award as a Top Responsible Company

In recognition of its commitment *to sustainable practices,* Sodexo Benefits and Rewards Services was named a TOP Responsible Company for 2015 by the organization Business for Society based on voting by the public.

The award is given each year to highlight innovative, long-term solutions by companies in the field of sustainable and responsible business. Sodexo was nominated along with other major international companies, including Google, IBM, PwC, KPMG and E.ON.

Sodexo also won a silver certificate in the "Socially beneficial projects" category for its "Wishes come true for seniors" initiative and a bronze certificate in the "Diversity category."

(1) *A marketing and opinion research firm,* TNS Sofres *is part of the TNS Group, world leader in ad hoc studies, operating in more than 80 countries.*

(2) **FidCash** *is a loyalty and payment solution developed by Sodexo, available through a card or mobile app mobile.*

1

ATTRACT, RETAIN AND INCREASE THE ENGAGEMENT OF EMPLOYEES

IMPROVING QUALITY OF LIFE TO ATTRACT AND RETAIN TALENT

Market – Opportunities – Outlook

In today's extremely competitive professional environment, attracting and retaining top performers is essential for every public and private organization, regardless of size or market. Knowing how to motivate employees can provide companies with a true competitive edge. Sodexo's customized and integrated, easy-to-use, cost effective solutions optimize tax treatment and help clients to address their human resource needs and increase their attractiveness.

By encouraging healthier lifestyles, facilitating work-life balance and promoting personal development and social interaction, Sodexo's services directly influence employee engagement and contribute to the performance of businesses and organizations. Whether through a varied diet offered by Meal Pass, the ability to buy environmentally friendly products through Eco Pass, access to a variety of sports facilities with Gym Pass or the support for commuting costs provided by Mobility Pass, Sodexo's services improve the lives of employees and their quality of life, enabling them to devote themselves more fully to their work.

AWARD

Brazil – Best company to work for

The magazine Você SA presented Sodexo with the Best company to work for honors at the 2015 Benefits Segment Awards. It is the third consecutive year that Sodexo has received the award, which recognizes companies with the best human resources practices. The recognition conducted annually since 1997, is based on extensive research of private companies, public institutions, NGOs and cooperatives that have at least 100 employees and operate in the Brazilian and/or international market.

FOCUS

Czech Republic

New digital meal voucher wins recognition

Launched at the beginning of 2016, Sodexo's Gastro Pass CARD has demonstrated considerable success in the country. This solution, simple and practical for clients and consumers facilitates the delivery of an employee benefit widely used throughout the country. Operating similarly to a debit card, Gastro Pass differs from traditional printed meal vouchers in eliminating the need for employers to distribute the vouchers thus saving time and reducing administrative costs. Employees can easily pay the exact amount for the meal purchase and monitor the balance available on their account online.

The safety, reliability and ease of use of the Gastro Pass CARD was recognized with a Microsoft Award in the Modern data platform category. The annual award is determined by a judging panel of industry professionals to highlight leading technological solutions.

Mexico

Country's largest department store chain chooses Sodexo

Department store chain Liverpool chose Sodexo to help it motivate and engage its 58,000 employees, becoming the company's largest client in Mexico. Following a successful pilot that generated good client and consumer feedback, Sodexo implemented its Food card (Tienda Pass) and Expense Management solution (Gaso Pass) at Liverpool's 109 stores nationwide. Sodexo's services are providing important support to Liverpool, whose lines of high quality clothing and home goods position it for continued growth in Mexico's expanding retail segment.

MOTIVATING AND RECOGNIZE EMPLOYEES

ENHANCING ORGANIZATIONAL PERFORMANCE THROUGH QUALITY OF LIFE SERVICES

Market – Opportunities – Outlook

Being recognized for their work and being rewarded for their efforts or achievements are prime motivating factors for employees. Rewards increase employee engagement as well as having a broad positive impact on improving a company's overall performance.

To ensure that employees feel truly recognized as individuals, rewards must be appropriate and customized. Through its ability to understand and track the expectations of employees and consumers, Sodexo is able to offer seamless, tailored solutions to clients that enable them to unify their teams around common goals and reward everyone's efforts, whatever the culture or population.

By supporting companies at every stage of their Incentive & Recognition program, from design, to real-time monitoring, event communications, selection and delivery – Sodexo enables clients to easily and effectively achieve objectives such as increasing sales, stimulating a partner network or enhancing employee loyalty by celebrating their successes or thanking them for their commitment.

FOCUS

Asia

Roll-out of a mobile vouchers solution

Sodexo launched an Asia-wide initiative to provide clients with common digital solutions across the fast-growing region.

The project seeks to provide clients with a fully electronic management solution for employee incentive and recognition vouchers *via* SMS, e-mail and apps. Advantages of the solution include ease of administration and distribution to end-consumers and affiliated merchants, increased choices for small value rewards, the ability to provide more timely recognition and better opportunities for associating the client's brand with the reward.

The initiative is being rolled out throughout the region, beginning in Indonesia, the Philippines and Vietnam.

AWARDS

United-Kingdom – O2 and Peugeot win honors

Sodexo's employee incentive and recognition programs for two clients, O2 and Peugeot, were recognized at the 2016 *Institute of Promotional Marketing* (IPM) Awards.

O2 won for its "be brilliant!" campaign, a unique approach to rewarding and recognizing employees through a comprehensive program of tactical campaigns via a centralized portal, contributing to a high level of employee engagement and demonstrating a direct impact on sales and service.

Peugeot's Sales Guild employee incentive and recognition program was recognized for designing automotive channel incentives that encourage dealership employees to improve the consumer's overall experience with the brand.

OPTIMIZING EMPLOYEE MOBILITY AND EXPENSE MANAGEMENT

STREAMLINING AND SIMPLIFYING PROCESSES FOR BETTER QUALITY OF LIFE

Market – Opportunities – Outlook

For Sodexo, improving quality of life enables businesses and employees to perform their daily activities effectively, without interruption and with less cost.

Sodexo's mobility and expense management service offer finance and human resources departments to simplify, secure and optimize management of their employees' expenses while avoiding the requirement that employees personally advance funds for their mobility or professional activities.

Sodexo programs and services integrate innovative solutions such as payment cards or fuel cards linked to online authorization and expense monitoring platforms, delivering simple, easy-to-access programs that streamline processes for employees and help improve business performance.

FOCUS

International

XXImo, an innovator in business mobility services

With the gradual acquisition of XXImo, Sodexo reinforces its position in the mobility services sector.

XXImo's innovations include its **XXImo Mobility Cards** offer for employees, whether commuting or on business travel, a single, hassle-free solution to pay not only the cost of fuel and transport of all types – including mass transit, car sharing and bike rentals in cities, as well as for parking, lodging and business meals. XXImo's platform and merchant network digitalize the entire expense process, from transaction, authorization and cost allocation to integrated accounting processes.

The main benefits of XXImo's solution include simplicity-of-use, increased efficiency in monitoring and managing business expenses and cost-savings.

ENSURING EFFECTIVE DISTRIBUTION OF PUBLIC ASSISTANCE

IMPROVING CITIZENS' QUALITY OF LIFE THROUGH OPTIMIZED SOCIAL WELFARE PROGRAMS

Market – Opportunities – Outlook

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

Faced with changing demographic trends (aging population, increasing urbanization, a rising middle class, the development of initial and continuing education), public entities today seek solutions to more precisely target assistance as well as to control public spending.

Sodexo's simple, transparent and effective responses facilitate the work of public authorities, optimize budget resources and help clients achieve their social policy, cultural or educational objectives while contributing to the formalization of the economy. In promoting the development of the local economy, Sodexo also contributes to the creation of enduring employment.

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

FOCUS

Belgium

Optimizing service vouchers administration for regions

As part of the regionalization of the public market for service vouchers, three regional governments in Belgium chose Sodexo to manage their services voucher systems.

The vouchers have proven to be a simple and effective means for individuals to pay an authorized firm for locally provided services, such as ironing or cleaning. There are one million active users of service vouchers in Belgium, with 2,000 licensed companies employing nearly 150,000 workers.

Since January 1, 2016, Sodexo has been issuing service vouchers for the Brussels, Flemish and Walloon regions. To further improve efficiency, Sodexo introduced a new smartphone app designed to facilitate exchanges between all parties involved in the service vouchers chain: users, registered companies and Sodexo.

INCREASING THE JOY OF GIVING AND RECEIVING

IMPROVING QUALITY OF LIFE BY SIMPLIFYING THE PLEASURE OF GIVING AND RECEIVING

Market – Opportunities – Outlook

Building on its recognized expertise in designing and implementing corporate gift programs and to respond to expectations of consumers for gift offers increasingly customized to their preferences, **Sodexo developed two gift concepts for consumers, combining freedom of choice and personalization** to allow everyone to simply and easily please friends and relatives.

- **Gift boxes:** the gift recipient can enjoy a good meal, depart for a weekend getaway, enjoy a glass of wine, discover a new perfume, relax in the sauna, read or listen to music... the offering comes in a Sodexo gift container, which can be customized by the giver.
- **Gift cards:** Santa-shaped gifts, in the colors of the Little Prince, Asterix or Monsieur Madame, the gift card is the ideal gift, offering the freedom to choose. They are valid in over 500 major outlets, from home or sporting goods to fashion, beauty, culinary, cultural or travel products, the recipient will feel spoiled with options.

QUALITY OF LIFE SERVICES

PERSONAL AND HOME SERVICES

Enabling each person to build their quality of life

Sodexo deploys offers that improve quality of personal life in three areas:

- **Child Care,** Sodexo's modern and innovative child care centers help make the most of the early years of a child's life that are so crucial to their development, and facilitate life for parents.
- **Concierge services,** by providing services that simplify employees' daily life and enable them to achieve a better work-life balance, Sodexo enables clients to increase the loyalty and performance of their employees.
- **In-Home assistance,** that allows seniors and other adults to maintain their independence and quality of life and live comfortably in their own homes.

A LIFETIME OF QUALITY OF LIFE

Market – Opportunities – Outlook

Through Personal and Home Services, Sodexo responds to four major societal changes: the increasing number of women in the workforce, a universal desire for improved work-life balance, an aging population and a shortage of skilled labor.

Sodexo's solutions cover three areas:

- **Childcare.** Parents in developed countries face a **shortage of reasonably priced childcare.** Many countries actively support development and accessibility to day-care while companies seek turnkey solutions for their employees.

  Sodexo subsidiary Crèche Attitude offers services designed to improve **quality of life for children and parents.**
- **Concierge services.** A need driven by the increasing complexity of schedules and the desire for a better work-life balance. Companies increasingly recognize that **simplifying daily life** for employees strengthens their commitment, loyalty and performance.
- This can include making a **range of services and amenities** available in the workplace such as dry cleaning, fruit and vegetable baskets, car wash and hair salons. It can also extend to household assistance, organization of leisure activities and administrative tasks.

  These services are delivered by Sodexo subsidiary Circles.
- **In-home assistance.** With longer life expectancy and an aging population, new challenges are emerging, including an increase in chronic diseases and reduced well-being and loss of autonomy for **seniors.** For them and their families, the availability of in-home services can allow seniors to maintain their **independence** and **quality of life** without upsetting their normal routines and requiring them to leave the comfort of their home.

  Assistance with bathing, dressing and grooming, outdoor support, home maintenance, shopping, meal preparation and medication reminders... the numerous potential services are **customized and evolve** based on the changing needs of the individual.

Sodexo offers these services through subsidiaries Amelis and Comfort Keepers.

With Comfort Keepers internationally and Amelis in France, Sodexo serves 35,000 seniors.

FOCUS CHILDCARE

France

Strategic acquisition expands childcare services offer

Sodexo reinforced its offer of childcare services for children aged four to 12-years-old, through the acquisition of "Viens jouer à la maison" (Come and play at my house), a network of edutainment centers.

The offer is customized to meet the needs of parents who want to shop with peace of mind or find a venue for a birthday party. Renamed "Kids Attitude," the network now includes 11 sites, located mainly in shopping malls.

The service is available by the hour, by the day or for the year after school, on Wednesdays and Saturdays. A wide range of activities and educational content is available, including a circus and theatre as well as music and English lessons.

The range of ages served by the acquired company and its target market complement those of Crèche Attitude, which operates childcare centers for children up to three throughout France.

FOCUS CONCIERGE SERVICES

Sweden

Areim entrusts two new sites to Circles

Property management company Areim renewed its trust in Circles, entrusting it with providing concierge services to improve the quality of life of occupants at two new sites.

The 5,000 people working in these buildings now have reception and conference services, foodservices and concierge services as well as travel bookings, dry cleaning, tailoring, household services, car maintenance, tickets, dining, gift suggestions and purchases. Circles has become a strategic partner for Areim, providing concierge and reception services at client different sites since 2012.

United States

Additional Quality of Life Services at Alexion's new headquarters

Already a provider of Integrated Facilities Management services at Alexion Pharmaceuticals' headquarters, Sodexo integrated Circles' concierge program into its offer to simplify daily life for 1,200 employees in the New Haven, Connecticut, headquarters of the American biotechnologies company.

Circles' Ambassador Service Program helped employees make the transition from Alexion's former headquarters to its brand new state-of-the-art facility in New Haven.

In addition to continuing the concierge services at the new headquarters, Sodexo teams are contributing to an efficient, comfortable workplace by delivering reception, maintenance, janitorial and landscaping services and managing the mailroom, switchboard, fitness center and conference room.

FOCUS **IN-HOME ASSISTANCE**

France

App helps improve dependent care delivery

A new mobile app is helping teams from Amelis to improve the quality of the in-home services they deliver to elderly and dependent people.

The "Caregiver" app enables Amelis teams to better manage events that may occur during their visit to an elderly individual's residence. The app provides access to all information related to the individual beneficiary such as scheduling of services, contact information for designated family members and the details on the customized Amelis assistance plan.

In addition, an integrated e-mail and call system allows frontline caregivers to communicate in real time with back office teams and to alert them in case of emergencies, delays or absences. Using near field communication technology, caregivers report their arrivals and departures at the home of the beneficiary, providing transparency and traceability of visits. Launched as a pilot at two Amelis agencies, the mobile app is in the process of being deployed network-wide.

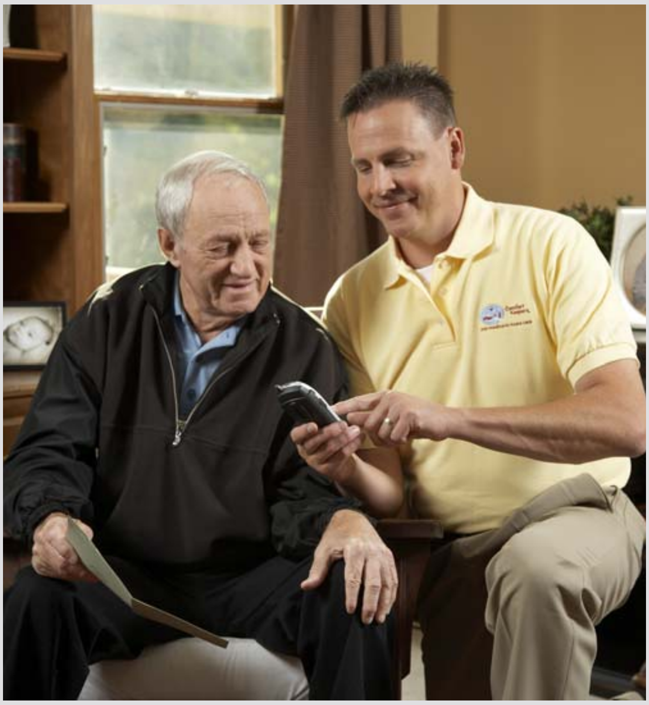
United States

Senior-empowering technology solution

As of April 2016, seniors have a simple, safe way to stay connected with loved ones, thanks to a tablet implemented through a partnership between grandPad and Comfort Keepers, a Sodexo brand specializing in in-home care market for seniors and other adults.

The intuitive and responsive "tablet for seniors" makes it easy to maintain the link with family, friends or caregivers, access games, share photos, chat online and benefit from other services. Technology is no longer a barrier, but a gateway to the world that helps fight against isolation and loneliness of the elderly.

By integrating grandPad's tablets into its core services, Comfort Keepers ensures that a senior beneficiary's entire family can be more easily kept informed on the condition, recovery and needs of their loved one. This is a revolution in the way senior home care decisions are addressed. The innovation is fully consistent with Comfort Keepers' commitments: to continually seek innovative solutions to enable seniors to maintain the best possible quality of life by promoting their independence and autonomy.



AWARD

United States – Comfort Keepers recognized for service excellence

Home Care Pulse, a home care industry satisfaction management firm, recognized Sodexo's Comfort Keepers for excellence in naming the company a 2016 Endorsed National Provider. The achievement is presented to home care companies that have demonstrated a commitment to building an exceptional organization for employees, service recipients and their families.

Providers earning this distinction have registered superior customer satisfaction in a number of areas, including timeliness of caregiver arrival, as promised-delivery of services and overall quality of care.

HUMAN RESOURCES STRATEGY

To create sustainable value, Sodexo puts people at the heart of organizations. A strong conviction that ensures that women and men are the true reason for the company's success by facilitating each individual's taking of initiative and accountability.

Sodexo's Human Resources strategy is based on **four key factors** that have contributed to the Group's success and **remain fundamental**:

- executives' intra-entrepreneurial profile;
- a policy of internal promotion;
- significant investment in training;
- listening to employees to identify concerns and to continually improve.

KEY FIGURES

The world's **19th** largest employer

and France's **largest** employer worldwide[2]

425,000 people

FOCUS

A company preferred by its employees

One of Sodexo's objectives **is to be an employer most appreciated by its employees**. This is guided by a belief that the Company's success depends on employees' pride in belonging to the Group, on their sharing of values and on their commitment to serving clients and consumers. In this context, Sodexo surveys its employees on their engagement every two years. In 2016, the sixth engagement survey was expanded to include all of the Group's employees with more than six months of seniority[1]. The commitment rate rose 9 points and 88% of respondents considered Sodexo to be the best employer in its sector.

Convinced that improving employee quality of life contributes to improving quality of services and thereby the company' performance, Sodexo has made several commitments to:

- ensure a safe, friendly and inclusive working environment that promotes professional growth;
- invest in employee development. The 2020 objective is to provide at least one day of training per year per employee, including the deployment of comprehensive programs and accelerated the use of new technologies;
- offer innovative and personalized Quality of Life Services that improve quality of life for employees and their families. A free assistance program, "Sodexo support me", has been set up in 38 countries. It provides confidential psychological support and assistance in managing everyday problems.

Human resources management is also based on a single integrated management system for all 45,000 managers.

Finally, in 2016, the development of an online training platform, available in nine languages, helped deliver 157,000 eLearning modules.

(1) **2016 employee engagement survey** *sent to 371,761 Sodexo employees to which 211,501 responded.*
(2) 2016 Fortune 500 ranking.

CONTRIBUTING TO A SUSTAINABLE ECONOMY

Sodexo is fully committed to Corporate Responsibility. The well-being and health of people, diversity and inclusion, and the environment are central to its business and focus.

In this context, the company is fully committed to contributing to the achievement of the 17 sustainable development goals (SDGs) set by the United Nations in September 2015. Sodexo considers three of the objectives as particular priorities: the fight against hunger, gender equality and reducing waste.

Each day, these priorities drive Sodexo's strategic approach to being a responsible company, reflected in its roadmap, the Better Tomorrow Plan, through four key commitments:

1. as an employer;
2. promoting nutrition, health and wellness;
3. supporting local communities;
4. protecting the environment.

KEY FIGURE

#1

in its industry sector in both the Dow Jones Sustainability Index (DJSI[(1)]) and the 2016 Sustainability Yearbook[(2)]

For more information about these non-financial ratings agencies' recognition, please see page 29.

FOCUS

17 objectives in support of a sustainable planet

The 17 sustainable development goals (SDGs) defined by the United Nations frame the 2030 sustainable development agenda. These objectives emphasize that despite significant progress, access to essential services remains a major social and economic issue throughout the world. The SDGs have universal validity, which implies the responsibility of both countries and companies to contribute to their implementation, according to their capabilities.

SUSTAINABLE DEVELOPMENT GOALS

AWARD

UN Global Compact ranks Sodexo at the highest level

A member of the Global Compact since 2003, Sodexo is committed to the United Nations' 10 principles on human rights, labor rights, respect for the environment and business integrity. These commitments are reflected in its corporate responsibility roadmap, the Better Tomorrow Plan.

In 2016, Sodexo was again ranked at the highest level – "Advanced" – by the United Nations Global Compact. This award is for companies that have adopted a wide range of good practices in governance and sustainable development.

(1) ***Dow Jones Sustainability Indices (DJSI):*** *Launched in 1999, the Dow Jones Sustainability Indices provide a global ranking of the companies most advanced in the areas of economic, social and environmental responsibility. The indices are jointly determined by S&P Dow Jones Indices and RobecoSAM.*

(2) ***The RobecoSAM Sustainability Yearbook*** *is regarded as the world's most comprehensive publication on corporate sustainability performance. More than 3,000 companies in 59 industries are considered for inclusion, with up to 120 financial, environmental, social and economic indicators used to evaluate companies.*

CONTRIBUTE TO A SUSTAINABLE ECONOMY

COMMITMENTS AS AN EMPLOYER

Sodexo employees are the first to benefit from its mission to improve quality of life. Attentive to their working conditions, the company is committed to ensuring employee safety, encouraging constructive social dialogue, promoting diversity and inclusion and respecting human rights in all countries where it operates.

POSITIVE WORKING CONDITIONS

Ensuring employee safety

Occupational health and safety, food safety and the environment are at the heart of Sodexo's commitments, for all of its employees as well as for the 75 million consumers it serves daily worldwide. Improving quality of life is the Sodexo's primary mission. It is based on two foundations: health and safety.

All operations performed by Sodexo must respect the established health and safety policies. These global policies incorporate best practices and responds, for each activity, to the most demanding standards such as OHSAS 18001[(1)].

Ongoing constructive social dialogue

Since its creation, Sodexo has always recognized and respected trade union rights and worked to foster a constructive social dialogue.

DIVERSITY AND INCLUSION

Diversity and inclusion are also drivers for the Group to enable everyone, at all levels, to find grow and advance.

To do this, Sodexo promotes:

- gender diversity and the advancement of women;
- representation of all generations;
- integration of people with disabilities;
- respect for cultures and backgrounds;
- respect for sexual orientation and gender identity.

INTERNATIONAL AWARDS

Sodexo honored at the United Nations

On the occasion of International Women's Day, more than 300 leaders from the worlds of business, civil society, government and the United Nations met on March 16, 2016 at UN Headquarters in New York to attend the latest Women's Empowerment Principles (WEPS) meeting. Sodexo CEO Michel Landel and Janet Awad, Sodexo President for Latin America and General Manager in Chile, were presented with the "7 WEPS Principles CEO Leadership Award."

This prestigious award recognizes the exceptional commitment of five CEOs to gender equality and the 7 Women's Empowerment Principles, the first of which is to encourage executives to lead by example.

The UN specifically highlighted Sodexo's Women's International Forum *for Talent* (SWIFt), an Advisory Committee established in 2009 by Sodexo CEO Michel Landel, which brings together 35 executives representing 15 nationalities that aims, in particular, to enhance the number of women in executive positions.

Sodexo recognized for women's representation in its governing bodies

For the second consecutive year, Sodexo is a leader among large companies in the proportion of women represented in its governing bodies. The 2015 rankings by Ethics & Board, in partnership *with the magazine Challenges,* were presented by the Secretary of State for Women's Rights during professional equality week. Published since 2013, the ranking measures female representation in the governing bodies of France's 120 largest companies.

(1) OHSAS 18001 *(Occupational Health and Safety Assessment Series) is a British standard for managing health and safety at work. An ISO Committee is working to transform OHSAS 18001 into an ISO standard, in line with international standards of management systems (e.g., ISO 9001 for Quality, ISO 14001 for Environment).*

KEY FIGURES

38%
of the Executive Committee are women

42%
of the Board of Directors are women

RESPECTING HUMAN RIGHTS

Sodexo is convinced that companies must play a role in respecting human rights, as outlined in the Principles of the United Nations Principles on Business and Human Rights. As a signatory of the United Nations Global Compact and in accordance with the guidelines of the Organization for Economic Cooperation and Development (OECD) for multinational companies, Sodexo is committed to respecting human rights in each country where it operates.

COMMITMENTS TO NUTRITION, HEALTH AND WELLNESS

Nutrition education, a balanced diet, health and well-being are the foundation of Sodexo's offer.

Sodexo promotes a daily healthy diet. A constantly broadening choice of varied meals, balanced and healthy menus with reduced sugar, salt and fat content: Sodexo has made many commitments in this area, from the composition of products from suppliers to heightening consumer awareness.

Each day, Sodexo chefs and certified dietitians work to respond to the specific tastes of consumers worldwide. In addition to the focus on nutrition and health, Sodexo develops a range of well-being services to improve quality of life for consumers at home and in the workplace. Services range from psychological support and assistance in distress detection to fitness programs to the provision of care salons (hair stylist, personal grooming, etc.) and spas. The Group's maintenance teams are committed to providing the best possible environment for working, learning, care and living.

RECOGNITION

Commitment recognized with the Partnership for A Healthier America foundation

The Group has been recognized for its efforts to promote healthy eating. Sodexo has gone beyond the commitments made in 2014 with the Partnership for A Healthier America (PHA) foundation. In 2016, Sodexo was recognized with the **PHA "Partner of the Year" award**. The nomination recognizes the work of partners that have worked for the better health of North American youth by promoting healthy, balanced, accessible and affordable meals for students and their families.

CONTRIBUTE TO A SUSTAINABLE ECONOMY

COMMITMENTS TO LOCAL COMMUNITIES

Supporting the economic and social development of communities, regions or countries is part of Sodexo's mission. Wherever it operates, the Group strives to have a positive impact on local communities.

CONTRIBUTING TO A HUNGER-FREE WORLD

Ensuring that those most in need have enough to eat fulfills a vital need and a fundamental human right.

It was 20 years ago that Sodexo employees in the U.S. created Stop Hunger, a non-profit international organization that today is helping to eradicate hunger around the world, with the support of the Group.

Stop Hunger's three fields of intervention:

- local community support to those most in need: distribution of free meals, collection of food and funds, skills-based volunteering with local associations and NGOs, training of beneficiaries;
- support for social entrepreneurs who have developed innovative activities to effectively combat hunger;
- emergency assistance: creation of an emergency fund to provide vital food aid to populations impacted by a natural disaster.

With Stop Hunger, Sodexo aims to contribute to a hunger-free world by 2030; three 2020 goals underline this ambition:

- engage 200,000 volunteers per year;
- provide 10 million meals (or equivalent) per year;
- collect 10 million U.S. dollars per year.

All of Sodexo ecosystem is involved in this program: employees and their friends and families, consumers, clients and suppliers and their teams.

KEY FIGURES

In Fiscal 2016,
113,000
volunteers were mobilized in
44
countries to distribute
5.7
million meals and collect
USD 4.6 million

SUPPORTING SMES

Small and medium enterprises (SMEs) are key players in economic growth in most countries. They represent up to 30% of gross domestic product and employ between 70% and 90% of the workforce. By supporting SMEs, Sodexo contributes to the growth of local economies and job creation.

Sodexo hires 95% of its employees locally and its Partners Inclusion Program allows thousands of SMEs to integrate its business value chain.

Launched in 2013, this program encourages supplier diversity. These providers belong to one or more of the following categories:

- small and medium sized enterprises (SMEs) including social or even micro enterprises;
- suppliers from minority or underrepresented and/or protected groups with an emphasis on women-owned businesses;
- major suppliers demonstrating a diverse workforce composition, actively embracing diversity and inclusion, and promoting local supply chain inclusion.

In addition, the Benefits and Rewards Services activity offers major opportunities to small and medium enterprises to develop their business as a Sodexo partner.

DISTINCTION

France – Sodexo recognized for its support for SMEs

Sodexo received the **"Favorites" award** during the first Business Performance[1] Awards organized by Ayming for its Supply Chain Inclusion Program supporting economic development of diverse and inclusive businesses. Sodexo was recognized for its sustained tangible commitment to diversity, local investment and job creation among SMEs worldwide.

KEY FIGURES

During Fiscal 2016, **39 countries** representing **88%** of Group revenues had implemented specific actions to integrate SMEs in their supply chain.

(1) Created in 2016 by the international consulting firm Ayming, the **Business Performance Awards** recognize companies for an initiative or a strategic action that contributes to overall performance in areas such as procurement strategy, employee relations, training and innovation.

CONTRIBUTE TO A SUSTAINABLE ECONOMY

COMMITMENTS TO THE ENVIRONMENT

Wherever it operates, Sodexo promotes sustainable procurement practices, encourages reduction of water and energy consumption and fights against waste.

Sodexo works continuously throughout its entire supply chain, including on traceability and transparency. Before signing any partnership, suppliers must agree to adhere to the ethical, social and environmental practices defined in the Sodexo Supplier Code of Conduct, initially published in 2008.

SODEXO AND WWF: A LONGSTANDING PARTNERSHIP

In 2010, Sodexo began its technical collaboration with World Wildlife Fund (WWF) on sustainability issues in the supply chain (fish and seefood, palm oil, paper...) as well as on improving the efficiency of greenhouse gas emissions reduction, water management and food waste.

With a measurement system put in place with WWF, Sodexo set a target to reduce its carbon footprint by 34% between 2011 and 2020, across all of its activities and its supply chain.

In Fiscal 2016, the Group remained ahead of target with a 27% reduction in scope 1 and 2 carbon emissions. With regard to water, Sodexo, working with WWF, has identified items requiring priority action to reduce its footprint.

The Group also develops sustainable food offerings, in coordination with WWF's LiveWell program. Having piloted its Green & Lean offer in eight schools in the UK, serving almost 20,000 meals, Sodexo is expanding its deployment, initially throughout the Education segment. The concept is to make small changes to popular, well-loved dishes that increase the nutritional content and reduce the environmental impact, without dramatically changing the taste, In addition to promoting healthy menus, the offer emphasizes the use of products caught, reared or grown sustainably (certified fish and meat, vegetables and seasonal fruits...).

RECOGNITIONS

Maximum score in WWF rankings of responsible companies using palm oil

In September 2016, Sodexo was awarded the maximum score of 9 points in the evaluation table for responsible companies using palm oil. This WWF ranking assesses the progress on commitments and actions related to responsible palm oil use. The score recognizes Sodexo's actions to improve palm oil procurement practices and its initiatives to raise awareness with suppliers and supply management teams as well as clients and consumers.

Sodexo distinguished by CDP[1]

Sodexo was recognized as the industry leader in managing deforestation risk by *Global Forests Report 2015.*

(1) The ***CDP*** *(which was called the Carbon Disclosure Project until the end of 2012) is a non-profit organization that studies the implications of climate change for the world's principal publicly traded companies.*

A GLOBAL PROGRAM AGAINST WASTE

As part of its effort to fight food waste, the Group has established a global program called WasteWatch, which helps to identify the causes and define action plans to prevent waste.

Specifically, food service staff collect three types of food waste generated from overproduction, preparation and expired products. This waste is then measured, monitored and recorded using a centralized reporting tool. The efforts help to reduce food waste by 45% within 2 to 6 months.

KEY FIGURES

Teams are dedicated to the environment in

53 countries, representing

98.1% of revenues

89.7% of sites have implemented equipment and processes to reduce volumes of organic waste

81.5% of sites have implemented equipment and processes to reduce volumes of non-organic waste


sodexo
sodexo


sodexo

ECONOMIC, SOCIAL AND ENVIRONMENTAL RESPONSIBILITY OPERATIONAL PERFORMANCE

2

2.1 THE BETTER TOMORROW PLAN

Sodexo's mission to improve quality of life for its employees and all who it serves around the world, while contributing to the economic, social and environmental development of the communities, regions and countries where it operates is the basis for the responsible development of its business.

The social and environmental commitments adopted by Sodexo since its creation are fundamental to its existence and are at the core of everything it undertakes.

Seven years ago, Sodexo created its roadmap for Corporate Responsibility, the "Better Tomorrow Plan." Through it, the Company tracks the deployment and measures the impact of its actions in the 80 countries where it operates.

The three pillars of the Better Tomorrow Plan:

1 We Are

the fundamentals that serve as the cornerstone of a responsible company

2 We Do

the four priorities for action:

- commitments as **an employer;**
- commitments to **nutrition, health and wellness;**
- commitments to **local communities;**
- commitments to the **environment.**

3 We Engage

dialogue and joint actions with stakeholders

CORPORATE RESPONSIBILITY GOVERNANCE:

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

- Elisabeth Carpentier, Group Chief Human Resources Officer;
- Damien Verdier, Group Chief Strategic Planning, Organization, Research & Development and Innovation Officer.

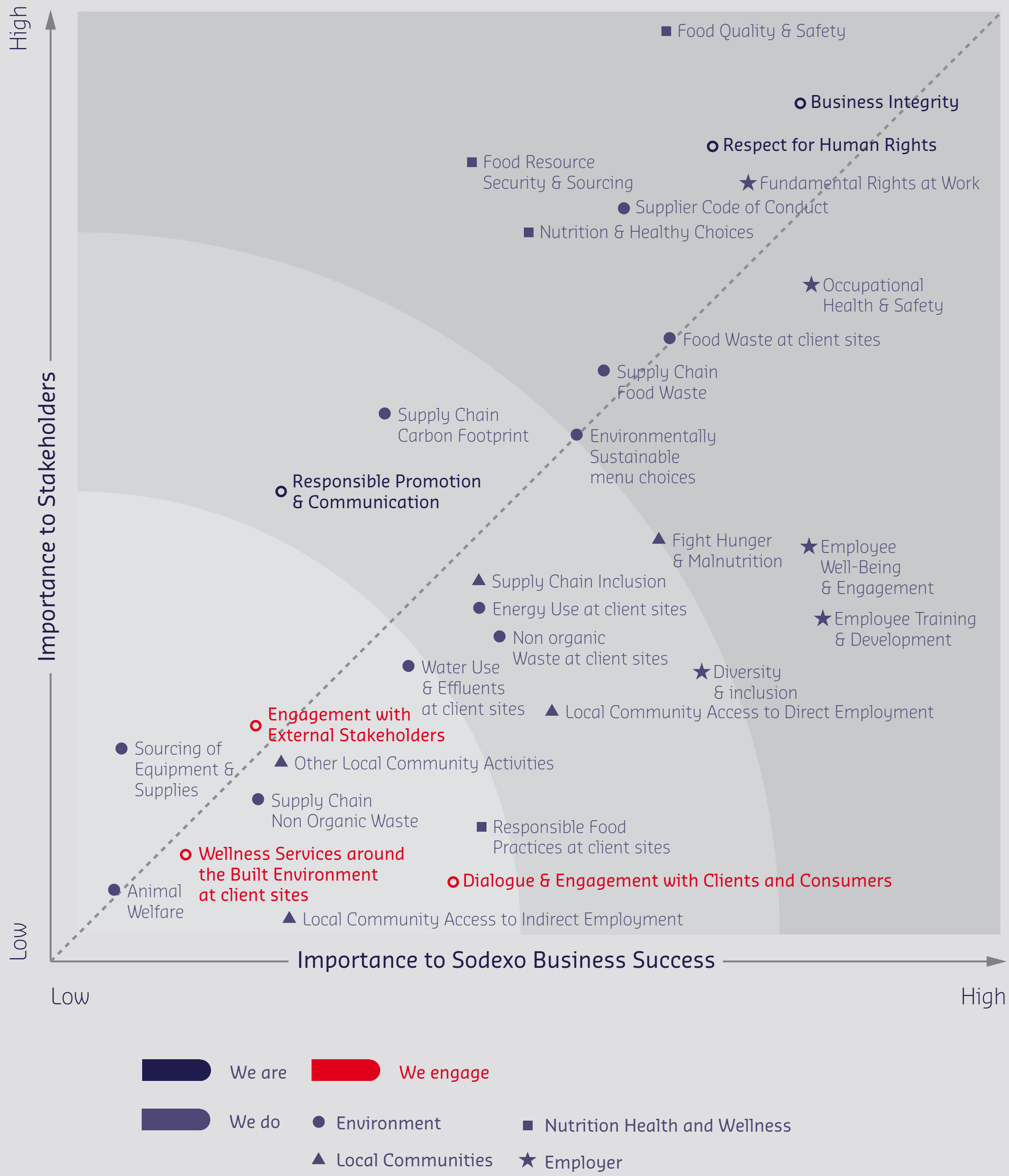
Sodexo's Diversity and Inclusion strategy is led by Senior Vice President and Group Chief Diversity Officer Rohini Anand, who reports directly to Sodexo Chief Executive Officer Michel Landel.

Programs are coordinated and tracked by the Better Tomorrow Plan 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 Plan. To drive progress within the business, social and environmental commitments are integrated into managers' performance objectives.

MAINTAIN LEADERSHIP THROUGH CONTINUOUS PROGRESS

The Better Tomorrow Plan is a continuous improvement process. In autumn 2016, Sodexo presented its new Corporate Responsibility roadmap, Better Tomorrow 2025, confirming its commitment to continued progress. In preparation for this new roadmap, Sodexo updated its materiality map in partnership with Business for Social Responsibility (BSR)[1]. The matrix below was developed based on interviews with internal and external stakeholders (employees, clients, consumers) and on best practices implemented in the field of Corporate Responsibility.



*(1) **Business for Social Responsibility (BSR)** works with a global network of more than 250 companies to develop strategies for sustainable development.*

2.1.1 WE ARE

Sodexo's mission, values and ethical principles provide a common reference framework for its 425,000 employees worldwide. These fundamental principles are presented in Chapter 1, page 16.

Business integrity

Based on its experience, progress, market trends in the field and the latest regulatory data, Sodexo has reviewed its operating model and practices in conducting business in strict compliance with business integrity principles. It has also adapted its governance in this area to ensure its continued progress. A Business Integrity Committee has been established to implement action plans for the future. This Committee is composed of permanent and rotating members to enable participation of the different segments and regions in which the Company operates.

KEY FIGURE

96.5%

In Fiscal 2016, 96.5% of Sodexo's workforce worked in countries in which the Statement of Business Integrity is available in at least one official language.

2.1.2 WE DO

We Do: four priorities for action:

- commitments as an employer;
- commitments to nutrition, health and wellness;
- commitments to local communities;
- commitments to the environment.

2.1.3 WE ENGAGE

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 move up the career ladder.	› Sixth International employee engagement survey of 371,761 employees conducted in 80 countries. › The survey had a strong participation rate: 57%.	› 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 the attractiveness of their organization, the motivation of their employees and their competitiveness.	› Sodexo uses a dedicated client retention methodology to ensure a strong client culture in our teams. › Interviews with clients at specific points in their relationship with Sodexo. › Regular meetings are held between client and Sodexo Corporate Responsibility managers.	› In Fiscal 2016, Sodexo retained more than 93% of previous year revenue › Corporate Responsibility is a key factor in the retention and development of client relationships.

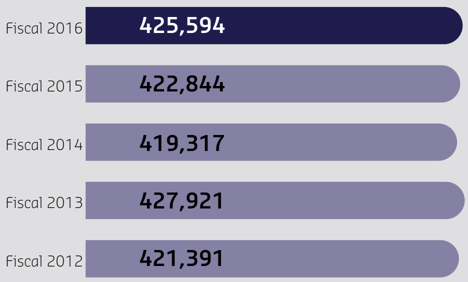
Stakeholder	Sodexo's impact	How Sodexo listens	Action taken
CONSUMERS	Sodexo embraces the opportunity to help millions of people adopt healthier and more sustainable lifestyles by sharing educational, topical and consumer friendly information. The content provided demonstrates Sodexo's commitment to 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.	› 81% of the consumers surveyed through this Group process in FY16 responded that they are satisfied or very satisfied with Sodexo's services. › 75% are satisfied with the sustainable food options offered and 91% with the environmental initiatives.
SUPPLIERS AND MERCHANTS	Sodexo's suppliers and merchants are a fundamental part of its value chain and valued commercial partners. The Group seeks to establish mutually beneficial relationships with them and encourage them to meet its high standards with respect to quality, working conditions, ethical business practices and environmental stewardship.	Regular meetings, 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.
INSTITUTIONS AND NGOS	Sodexo continues to increase its eco-system of NGO 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 the Organisation for Economic Co-operation and Development (OECD), the World Wildlife Fund (WWF), the International Labour Office (ILO), the United Nations, as well as the Global Sustainable Seafood Initiative (GSSI), the Seafood Task Force (formerly the Sustainable Shrimp Task Force) and many more. › International Framework Agreement with International Union of Food and Allied Workers.
INVESTORS	While the Bellon family ownership provides the backbone to Sodexo's independence, institutional and individual shareholders provide important support for the Group's development.	› Regular quarterly announcement 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 CAC40 Index. › The Group has shareholders from all around the world that invest for its regular growth, its strong pay-out ratio and its 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 trade associations. › Sodexo engages with governments 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.	› Participation in consultations organized by governments. › Production of statements and position papers. › Registration on the Transparency registry of the European Commission and the European Parliament. › Developed a Lobbying policy at Group level to promote ethics in all interactions with politicians and decision-makers.

2.2 COMMITMENTS AS AN EMPLOYER

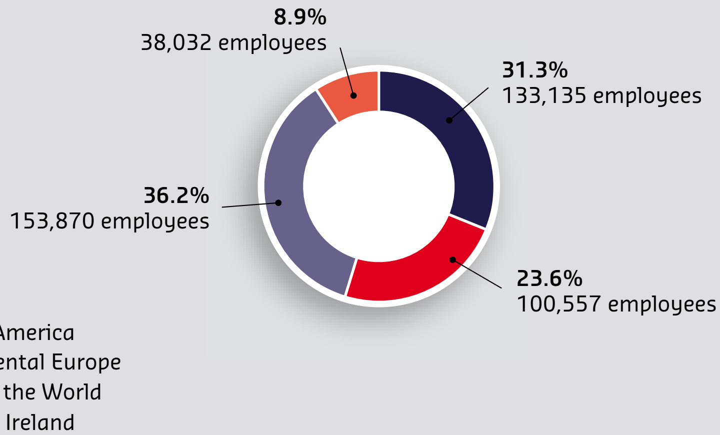
2.2.1 LOYAL EMPLOYEES WORLDWIDE

More than 425,000 employees serving clients worldwide

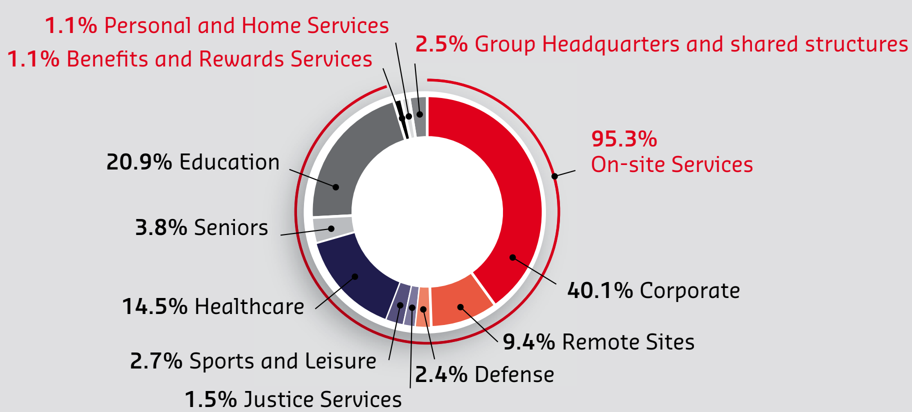
END OF YEAR WORKFORCE



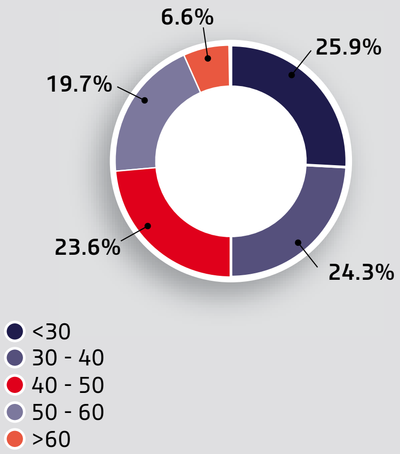
WORKFORCE BY GEOGRAPHICAL REGION (FISCAL 2016)

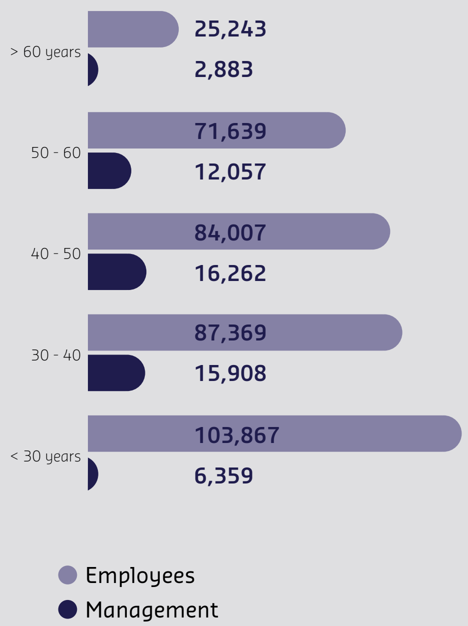


WORKFORCE BY ACTIVITY AND BY CLIENT SEGMENT (FISCAL 2016)



WORKFORCE BY AGE (FISCAL 2016)





KEY FIGURES

5 years
Average seniority of total workforce for Fiscal 2016

8 years
Average seniority among managers for Fiscal 2016

KEY FIGURE

In Fiscal 2016, **25.9%** of Sodexo workforce was under 30 years old.

Hiring and departures

France's largest private employer worldwide[(1)], and the fourth largest European-based employer, Sodexo is a leader in the services sector.

The emphasis Sodexo places on quality of life and its ability to offer real career opportunities to employees position it perfectly for the changing job market.

Sodexo provides equal access to employment for all, regardless of age, gender, nationality, culture or individual situation. Through a policy of providing training, development and internal promotion, employees can learn a trade while ensuring their personal and professional development.

KEY FIGURES

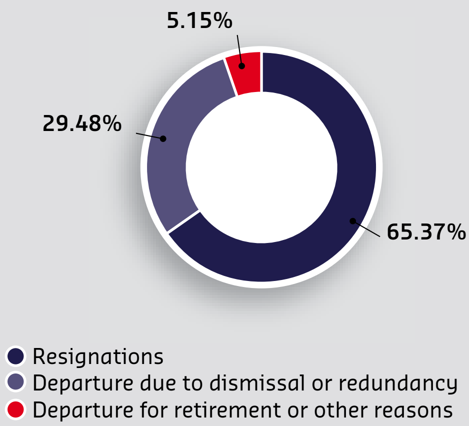
New hires excluding acquisition and transfers during Fiscal 2016:

147,070 Employees

8,167 Managers

155,237 Total

The number of departures in Fiscal 2016 of employees with permanent contracts was 144,491 compared with 144,834 in Fiscal 2015.



The employee retention rate for the year improved 40 basis points compared to the prior year.

(1) 2016 Fortune 500 ranking.

KEY FIGURES

66.0%

Retention rate[(1)] of total workforce for Fiscal 2016.

81%

Retention rate[(1)] for site managers for Fiscal 2016.

Retention rate for site managers	Countries
> 85%	France, Germany, Italy, Netherlands, Sweden
80%-85%	Brazil, Canada, Chile, China, Colombia, UK, USA
< 80%	India, Russia

FRANCE – EMPLOYEE COMPENSATION

The average annual salary of a full-time front-line employee in France was 24,057 euro, which is 26.6% higher than the French legal minimum wage[(2)].

Profit-sharing agreements exist within Sodexo's subsidiaries in France. The share of profits allocated to employees during Fiscal 2016 was 7,529,076 euro.

For Fiscal 2016, French payroll taxes represented 23.0% of the compensation of front-line staff. The employer's contribution was 44.0%.

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

For further information on Compensation, see section 5.3.

2.2.2 A FLEXIBLE ORGANIZATION, RESPECTFUL OF EMPLOYEES

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

The Group's organizational models ensure continuity of service quality, while remaining attentive to the expectations of its employees, in accordance with local rules. Part-time work and use of fixed-term contracts enable adaptation to business needs.

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

KEY FIGURES

In Fiscal 2016, 74.7% of total workforce worked full-time and 25.3% part-time.

Sodexo's action to promote workplace flexibility was enhanced through the efforts of the Sodexo Women's International Forum for talent (SWIFt), an internal Committee of senior executives, which promotes the representation of women in governing bodies and leveraging flexibility to provide better work-life balance for women.

2.2.3 ENGAGED EMPLOYEES

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

In April 2016, Sodexo conducted its sixth international engagement survey with all employees with at least six months seniority, or 371,761 employees in 80 countries. The survey, conducted fully online for the first time, attracted a high participation rate of 57%. For the fourth consecutive time, the employee engagement rate rose, to 68%, a nine-point increase over the previous survey two years ago and above the 60% average engagement rate of Aon Hewitt client companies[(3)].

Countries shared the local survey results with their teams to develop tangible action plans. These plans are used to improve quality of life for employees as well as performance on issues such as absenteeism, health and safety and employee loyalty.

(1) Rate including resignations, departure due to dismissal or for retirement.

(2) Legal minimum: the minimum gross wage in euro for 34.87 hours of work per week as of December 22, 2015.

(3) Source: Aon Hewitt.

KEY FIGURES

68%

In Fiscal 2016, the employee engagement rate reached 68%, an improvement of nine percentage points compared to 2014. It exceeds the target of 65% set in the Ambition 2015 plan.

211,501

employees responded to this new engagement survey.

KEY FIGURES

88% of employees rate Sodexo as the best employer in its sector.

80% believe that Sodexo values diversity (such as age, gender, culture and origin, religion, sexual orientation and providing opportunities for individuals with disabilities) in the workplace.

80% of employees consider Sodexo to be a socially and environmentally responsible company.

2.2.4 IMPROVED QUALITY OF LIFE FOR EMPLOYEES

Improving quality of life is a driver of economic growth and societal progress. From its more than 50 years of experience and expertise, studies (carried out in particular through the Sodexo Institute for Quality of Life) and numerous scientific research findings, Sodexo has identified six quality of life dimensions on which its services have a direct impact:

- promoting health and wellness;
- establishing conditions for collective efficiency;
- creating a safe and healthy physical environment;
- social interaction;
- personal development;
- individual recognition.

For more information on these quality of life dimensions, please see Chapter 1, page 28.

INTERNATIONAL – SUPPORTING EMPLOYEES ON A DAILY BASIS

Sodexo Support Me is a service that enables the Company to help its employees deal with their daily challenges at work and in their personal lives by putting them in direct contact with external consultants.

This innovative service, launched in the U.S. in March 2008, has now been deployed in 38 countries. The most common topics involve labor rights and financial and legal issues. This service is free and confidential, accessible by phone, 24/7, to employees and their immediate families.

NORTHERN EUROPE – A PLATFORM FOR EMPLOYEES IN THE NORDIC REGION

Nordica House is a platform where Sodexo teams from Northern European countries can meet, work and welcome guests in a friendly and dynamic way. The platform is an investment in offering employees optimal working conditions so that they are as efficient as possible. Nordica House is a tangible example of quality of life at work and illustrates the idea that people's well-being must be a central focus for organizations and economies, with an ultimate beneficial outcome: improved performance.

KEY FIGURE

91%(1)

of employees believe that their environment is suitable for the type of work they do every day.

(1) 2016 engagement survey of 371,761 Group employees to which 211,501 employees responded.

2.2.5 INVESTMENT IN EMPLOYEE SKILLS DEVELOPMENT

Sodexo is convinced that the satisfaction of its clients and consumers depends largely on the skills and talents of its employees.

Training employees to respond to client needs

Training was central to Sodexo's priorities as an employer during Fiscal 2016, with more than five million hours of training provided.

The Training and Development Departments offered Sodexo employees a wide range of professional and learning programs. In the UK for example, it is possible to choose from a catalog of more than 500 modules, from the most basic to the most advanced.

KEY FIGURES

In Fiscal 2016:

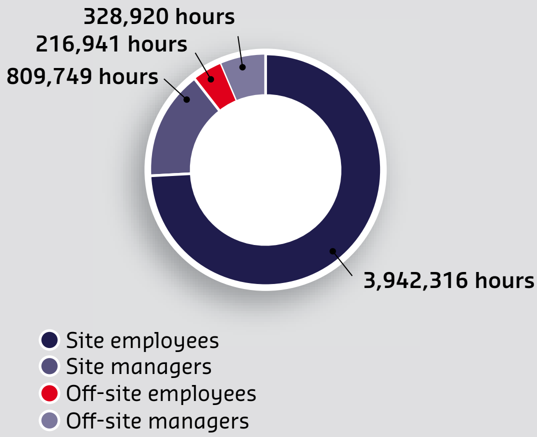
Each employee trained received an average of 12.5 hours of training.

Each site employee receives "basic" training regarding their profession or job safety during their orientation.

95.1%

of total workforce participated in at least one training program.

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



INDIA – DEVELOPING EMPLOYEE TECHNICAL SKILLS

In India, the "functions certification" program is a unique example of Sodexo's commitment to the development of technical skills, confidence and managerial skills of employees who are in direct contact with clients. The employees involved are trained intensively for 12 months. This personalized training, lasting an average of 65 to 70 hours, consists of teaching blended with situational learning and demonstration of acquired skills.

The curriculum varies according to the services and professions (foodservices, cleaning, laundry, reception, concierge services or mailroom management). Teaching sessions are delivered by employees who have themselves completed the certification course. The system builds a network of highly qualified talent.

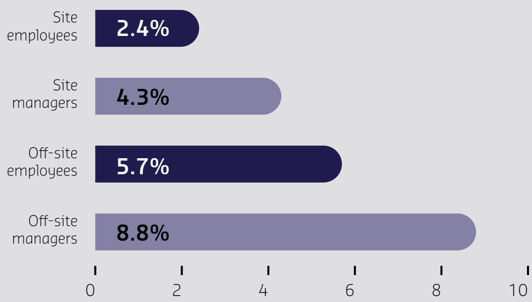
Since the program's launch in 2015, it has been completed by more than 8,600 employees at more than 130 locations across the country. Sodexo has set an objective of doubling that number in 2017.

Internal promotion at the heart of Sodexo's model

Sodexo's continued growth, its international dimension, the portfolio of activities and the variety of its professions provide multiple opportunities for employees to develop their careers.

The Company encourages employees to develop a career plan, to explore new professional horizons and take on new responsibilities.

INTERNAL PROMOTION RATES BY CATEGORY IN FISCAL 2016



KEY FIGURES

In Fiscal 2016:

8.8% of off-site managers benefited from internal promotion

4.3% of site managers benefited from internal promotion

Mentoring to develop talent

To support the development and growth of its employees, Sodexo encourages mentoring, a key element for professional development.

Experience shows that mentoring is an effective way to acquire new skills and better understand the organization of the Company's activities outside an individual employee's immediate working environment.

Mentoring is also a great tool for empowering through trust and mutual respect. It is based on a strong bond between two people. The first passes on their knowledge, experience and skills to encourage and enrich the professional development of the second. It helps the mentee to take control of their career and life choices.

Mentoring was identified as a key element for development by SWIFt (Sodexo Women's International Forum for Talent) in 2009. Experience shows that mentoring plays a major role in the evolution of the careers of women who often had difficulty finding mentors.

Several such programs have been developed within the Group, including in Australia, Belgium, Canada, Chile, China, India and in the UK and Ireland. Sodexo has also set up five cross-company programs for functions, countries and entities.

2.2.6 ATTENTIVENESS TO GOOD WORKING CONDITIONS

Ensuring employee safety

At the heart of Sodexo's Health, Safety, Food Safety and Environment (HSE) commitment is its care for people, for the community of employees as well as for the 75 million consumers it serves every day. Health and Safety is the founding pillar on which the Group bases its mission to improve quality of life.

As such, Sodexo's Health and Safety Policy defines the Group expectations and guides its actions in this area. Sodexo's global Health and Safety management system defines minimum standards for each business entity and is based on OHSAS 18001[(1)].

This year, Sodexo has deployed a number of global programs supporting each of the pillars of its global HSE strategy including:

- leadership: A safety walk program, involving on-site safety conversations with front-line teams, has been deployed to more than 4,000 managers globally;
- communication and engagement: an award winning global safety communications campaign "Have a Safe Day", was launched focused on three simple checks for safety designed to help at all of the teams stay safe at all times wherever they are;
- training and competence: HSE inductions, an essential foundation, have been reinforced providing essential information and setting clear expectations for all new and returning team members;
- compliance and information: Health and safety alerts and advisory information, including relating to high potential incidents and any serious accidents involving lost time, are prepared and shared widely to help ensure that lessons are learnt from all incidents.

KEY FIGURES

In Fiscal 2016,

27 countries representing 85.2% of Group revenues held one or more OHSAS 18001 certification.

Work absenteeism and number of accidents

In Fiscal 2016, on average Sodexo workforce was absent 6.8 days for the following reasons: occupational accident or sickness, personal accident or sickness.

In Fiscal 2016, the number of lost-time accidents was 4,828.

Constructive social dialogue

Since its creation, Sodexo has always recognized and respected trade union rights and worked to foster a constructive social dialogue.

Sodexo respects the rights of its employees with regard to freedom of association and collective bargaining. Its commitments in this

(1) *OHSAS 18001 (Occupational Health and Safety Assessment Series) is a British standard for managing health and safety at work. An ISO Committee is working to transform OHSAS 18001 into an ISO standard, in line with international standards of management systems (e.g., ISO 9001 for Quality, ISO 14001 for Environment).*

area are reflected in the Sodexo Charter for Fundamental Rights at Work. Sodexo promotes constructive and proactive methods for conflict resolution that encourage respect among parties and efficient resolution through consultation, information exchange and negotiation.

Reflecting this spirit, Sodexo signed an International Framework Agreement in December 2011 with the International Union of Food Workers. In addition, two employees (one Canadian and one French) sit on the Board as directors and an employee representative participates at the Board.

Sodexo opposes any discrimination or retaliation against, any employee or employee representative because of their affiliation with, support for, or opposition to any union.

EUROPE – PROVIDING INFORMATION TO EUROPEAN EMPLOYEES

Sodexo's European Works Council (EWC) brings together union representatives from 22 countries and allows the Company to share regularly with European colleagues, through their representatives, economic, social and cultural information.

Created in 1998, the EWC serves as a venue for exchange in which Sodexo and its union representatives have the opportunity to discuss the Company's financial and economic situation, strategic outlook and other matters that could affect employment and lead to major organizational changes.

The EWC also receives information about policies and practices regarding training, health and safety, diversity, working conditions and environmental protection.

FOCUS – COLLECTIVE AGREEMENTS FOR HEALTH AND SAFETY

A total of 18 collective agreements were signed in France in Fiscal 2016.

Sodexo's efforts to improve the quality of life of its employees include protecting health and safety by implementing prevention and improvement measures and programs. This also includes developing and maintaining open and constructive dialogue with duly recognized trade unions or other legal representatives of its employees on issues of mutual concern. 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.

2.2.7 DIVERSITY AND INCLUSION AT THE HEART OF THE CORPORATE CULTURE

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 and a fundamental element of its growth strategy.

Developing the full potential from the diversity of its employees enables Sodexo to be ever more innovative and efficient and better deliver services to its clients and 75 million consumers worldwide each day.

As a signatory of the United Nations' Women's Empowerment Principles (WEPS), Sodexo reaffirmed its international commitment to gender balance and the professional development of women.

The global diversity and inclusion strategy is based on five priorities:

- the advancement of women and gender diversity: strengthen the representation, engagement and promotion of women in leadership and operational positions;
- generations: increase employee awareness and identify opportunities to improve the representation of different generations and develop working relationships between generations;
- cultures and origins: ensure that Sodexo employees reflect the diversity of its clients and consumers;
- individuals with disabilities: recruit, motivate and train people with disabilities and adapt work processes to their specific needs;
- respect for sexual orientations and gender identities: provide a working environment that allows lesbian, gay, bisexual and transgender individuals to bring their whole selves to work.

INSTILLING A CULTURE OF INCLUSION

Sodexo offers its employees specific training to improve overall understanding of its culture of inclusion. The goal: explain its importance and impact on performance. This awareness also allows everyone to become aware of their individual biases and prejudices. The training is for all employees, whether managers or not. Conducted by teams in the form of interactive workshops, the training creates a climate that fosters cooperation and mutual recognition. 37,000 employees in 27 countries and entities have already completed the program provided by 100 internal trainers.

The Group monitors progress through a dashboard measuring its quantitative and qualitative performance related to recruitment, development and retention of diverse and highly qualified teams. The 90 members of the Global Diversity and Inclusion Taskforce oversee the development and implementation of initiatives across the Group.

The 35 members of Sodexo Women's International Forum for talent (SWIFt) lead the Company's gender diversity strategy. Launched in 2009 by Sodexo CEO Michel Landel, SWIFt has helped increase representation by women in the Company's senior management to 30% as of 2016.

SODEXO INVITED TO THE WHITE HOUSE AS AN EXPERT OF DIVERSITY AND INCLUSION

The White House, home of the President of the United States of America, asked Sodexo to participate in a roundtable discussion on "Current and future efforts to increase diversity and inclusion." On April 12, 2016, 170 executives of companies, opinion leaders and organizations gathered to present and share the outline of current research tools and innovative approaches implemented within companies to promote diversity and inclusion.

It was an opportunity for Group Chief Diversity Officer Rohini Anand to announce that Sodexo had exceeded its target of 25% of women in the Company's senior management in 2015, reaching 31% in 2015. She also took the opportunity to unveil the Company's next objectives: 35% in 2020 and 40% in 2025.

UNITED STATES – SODEXO RECOGNIZED FOR ITS DIVERSITY POLICY

Sodexo was ranked sixth in Diversity Inc's 2016 Top 50 Companies, which ranks companies based on their commitment to diversity and inclusion. A sign of the strength of its actions, the recognition marks eight years that Sodexo has been ranked among the top 10.

KEY FIGURES

New target for 2025:

40% of women in Sodexo's senior management

In Fiscal 2016:

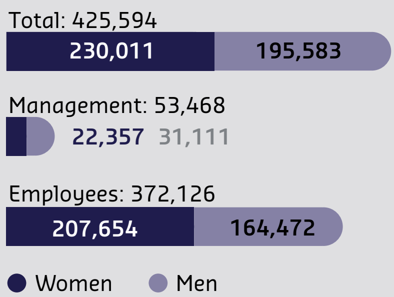
42% of women on the Sodexo Board of Directors

38% of women on the Executive Committee

30% of women in senior management

42% of women in management positions

GENDER DISTRIBUTION OF THE WORKFORCE FOR FISCAL 2016



Commitments for individuals with disabilities

Sodexo has made its commitments to individuals with disabilities a fundamental part of its responsible employer strategy. The Company is committed to improving the quality of life of people with disabilities by providing an inclusive work environment, adapted to enable them to flourish and achieve their full potential. The inclusion of individuals with disabilities makes the Company stronger, more innovative and better able to meet the expectations of its clients and consumers.

Sodexo chose the UN's International Day of Persons with Disabilities, December 3, 2015, to announce that **100% of its employees will have access to programs for persons with disabilities by 2025**. This means that all the countries in which the Group operates, will implement initiatives to promote the recruitment, engagement and professional development of people with disabilities, consistent with the laws and policies of each country.

Disability Voice, a working group mobilized to achieve the objective in 2025 for people with disabilities, is in charge of this ambitious goal.

Created in 2011 and composed of 56 Sodexo ambassadors from 24 countries, Disability Voice, works to:

- share best practices between countries and entities;
- provide visibility to and highlight actions taken;
- raise awareness, provide resources and create a culture that promotes, develops and employs people with disabilities throughout the Company;
- improve quality of life of people with disabilities among Sodexo's and those clients' employees.

KEY FIGURE

In Fiscal 2016, 86.7% of workforce worked in countries that have implemented actions to promote the employment of people with disabilities.

SIGNING OF THE INTERNATIONAL LABOUR ORGANISATION BUSINESS & DISABILITY NETWORK CHARTER

At the June 29, 2016 event, "International Mobilization for people with disabilities," hosted by the International Labour Organization's (ILO) International Network of Companies & People with Disabilities, Sodexo signed the ILO Business & Disability Network Charter. The Charter is a tool for companies, providing principles establishing a common global framework for the integration of people with disabilities.

Supporting women entrepreneurs

Sodexo has always placed the advancement of women at the heart of its vision for economic, social and environmental development. It was therefore essential that the Company supports Small and Medium Enterprises (SMEs) run by women – for the success of their companies, but also to contribute more broadly to the development of the communities of which they are part.

This commitment is part of the Partner Inclusion Program (see section 2.4.2).

Colombia

Working closely with the government and civic groups, Sodexo is involved in training former soldiers of the Revolutionary Armed Forces of Colombia (FARC) and helping them to reintegrate the workforce. Nearly 300 people, one third of which are women, have participated in the program and were able to find a job.

Peru

Alongside mining communities, Sodexo has set up programs providing training for development and reinforcement of maintenance skills. At 10 training centers in six regions, 1,500 local participants have benefited from this training. 1,000 of them have been hired by Sodexo and half of them are women.

2.2.8 RESPECT FOR HUMAN RIGHTS WHEREVER SODEXO OPERATES

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.

THE FOUR FUNDAMENTAL RIGHTS AT WORK ARE:

1. freedom of association and recognition of the right to collective bargaining;
2. elimination of all forms of forced or compulsory labor;
3. abolition of child labor;
4. elimination of discrimination in employment and occupation.

Based on its Charter on Fundamental Rights at Work, Sodexo develops action plans to reinforce global consistency in the implementation and communication of its commitments.

KEY FIGURE

In Fiscal 2016, 95.6% of Sodexo's workforce worked in countries having the Group Human Rights policy available in at least one official language.

2.3 COMMITMENT TO NUTRITION, HEALTH AND WELLNESS

Nutritional education, a balanced diet, health and wellness are at the foundation of Sodexo's offer. The Group has made three commitments to improve nutrition, health and wellness:

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

"We will advocate balancing meal options at all client sites;"

"We will provide and promote menu choices with a reduced intake of sugar, salt and fats at all client sites."

Touching the lives of 75 million consumers every day, Sodexo has the opportunity and obligation to promote and encourage healthier choices that improve quality of life for millions of people. This is achieved by leveraging the expertise of Sodexo's professional chefs and registered dietitians to develop healthy and balanced menu options that appeal to different consumer tastes around the world.

In addition, Sodexo's professional facilities management teams are experts at creating and offering better working, learning, healing and living environments.

Food safety

Sodexo's Global Food Safety and Hygiene Policy is consistent with ISO 22000 (food safety) and incorporates good hygiene practices and generic Hazard Analysis and Critical Control Points (HACCP) controls. The system covers health monitoring, hygiene, management of food suppliers, training, audits, foodservices facilities and equipment, inventory control and verification of use-by dates and temperature.

All Sodexo foodservices operations are required to implement the Global Food Safety and Hygiene Policy. Performance is tracked and measured through indicators in the following areas: food supplier authorization, food safety training, food safety audits and food safety incidents.

KEY FIGURE

In Fiscal 2016, 34 countries representing 95.0% of On-site Services revenues had one or more ISO 22000 or ISO 9001 certification for food safety.

2.3.1 HEALTH AND WELLNESS

Sodexo develops innovative solutions customized for each of its market segments to improve health and wellness. These services are provided on the sites where Sodexo operates, in the homes where people live and through the Company's Benefits and Rewards activity.

Among Sodexo's health and wellness services:

- offering services that facilitate individuals' healthy lifestyle choices, (from concierge services to childcare, physical wellness services and more);
- improving air quality;
- treating the acoustics and aethestics;
- improving cleaning techniques and products; and
- offering access to culture, education and leisure.

KEY FIGURE

In Fiscal 2016, 54 countries representing 96.5% of Group revenues were developing and promoting health and wellness services.

2.3.2 BALANCING MEAL OPTIONS

The World Health Organization (WHO) observed that the number of cases of obesity has doubled worldwide since 1980[1]. It is a global pandemic that as a major foodservices provider, Sodexo cannot ignore.

As the world's leading private employer of dietitians, Sodexo encourages consumers to adopt good eating habits and healthy lifestyles. It draws on its expertise in nutrition, health and wellness, as well as its in-depth understanding of local markets, environments and nutritional needs. Sodexo dietitians and chefs work together to develop varied and balanced menus that can be easily adopted across all client sites.

A COMPREHENSIVE WELLNESS OFFER

Sodexo developed Mindful, *a* complete program that offers to help consumers make a balanced life second nature. The offer provides access to transparent information about the ingredients used, low-calorie choices as well as services for taking care of their physical and mental well-being. Mindful is an accessible approach that is therefore easily adaptable at home with the family.

KEY FIGURES

In Fiscal 2016:

4,770 registered dietitians were employed by Sodexo worldwide.

88.9% of client sites implemented actions that proactively address the Sodexo 10 Golden Rules of Nutrition, Health and Wellness.

(1) Source: World Health Organization 2015.

2.4 COMMITMENTS TO LOCAL COMMUNITIES

Since its founding, Sodexo has worked to contribute to the economic and social development of the communities, regions and countries where it operates. Sodexo is committed to making a positive impact on quality of life for people in local communities through its business activities.

SODEXO HAS MADE THREE COMMITMENTS IN THIS AREA:

"We will contribute to a hunger-free world through a dedicated Stop Hunger organization";

"We will promote the economic development of diverse and inclusive businesses through our Partner Inclusion Program in all the countries where we operate";

"We will increase the purchase of products from fairly traded certified sources."

2.4.1 FIGHT AGAINST HUNGER AND MALNUTRITION

Contribute to a Hunger-free World

Enabling those in need to be fully fed is to meet a vital need and a fundamental human right. This is why Stop Hunger was founded in 1996, in line with Sodexo's mission: to improve quality of life.

From free meals to emergency assistance,, Stop Hunger is now a global non-profit organization. Its mission: working for a hunger-free world, one of the UN Sustainable Development Goals for 2030.

Skills-based volunteering: long-term solidarity

Today, 53% of Stop Hunger's activities go beyond food aid. Skills-based volunteering is one of the means used by Stop Hunger to help its 875 NGO partners and their beneficiaries in the fight against hunger. Sodexo chefs and dietitians help people in great need learn to cook simple, healthy and inexpensive products, such as fruits and vegetables from unsold surpluses. Logisticians and buyers are also helping the World Food Programme(1) to improve the production of food for their "Sustainable School Feeding" program, participating in the design of kitchens in schools, for example, or establishing supply chains favoring smallholder farmers.

In Fiscal 2016, through the partnership with Stop Hunger, experts from the Benefits and Rewards Services activity enabled the World Food Programme to simplify and secure its system of food vouchers distributed to people in emergency situations.

STOP HUNGER SERVATHON 2016:
+75% INCREASE IN VOLUNTEERS IN 38 COUNTRIES

As part of Stop Hunger and for the 12th consecutive year, Sodexo organized Servathon. Of the 85,000 volunteers, about two-thirds were consumers or family members and friends of Sodexo employees. For two months, employees around the world distributed food to those in need, organized food drives and raised funds for local initiatives against hunger. Nearly 628,000 meals were distributed and 275,000 dollars raised to support the fight against hunger.

KEY FIGURES

In Fiscal 2016,
Stop Hunger distributed about 5.7 million meals and collected USD 4.6 million to support the actions of 875 local NGOs.

(1) The World Food Programme is the world's largest humanitarian agency fighting against hunger.

2.4.2 SODEXO PARTNER INCLUSION PROGRAM

Sodexo operates by 2020. Since its creation, Sodexo has been committed to local community development, including through its value chain. Launched in 2013, Sodexo's Partner Inclusion Program aims to increase diversity among suppliers and merchants in all countries where Sodexo operates.

The program leverages best practices from Sodexo operations around the world in support of a commitment that all countries will develop strong and sustainable relationships with suppliers in at least one of the following categories:

- small and medium enterprises (SMEs), including social and micro-enterprises;
- suppliers from minority or under-represented populations and/or protected groups with an emphasis on women-owned businesses;
- major Sodexo suppliers demonstrating a diverse workforce composition, actively embracing diversity and inclusion and promoting local supply chain inclusion.

As part of the Clinton Global Initiative, the humanitarian foundation created in 1997 by former U.S. President, Bill Clinton, Sodexo has committed to source 1 billion US dollars to SMEs by 2017. This commitment will benefit 5,000 SMEs, including 1,500 that are women-led, in 40 countries.

In addition, the Benefits and Rewards Services activity offers major opportunities to small and medium enterprises to develop their business as a Sodexo partner.

KEY FIGURES

In Fiscal 2016:

Sodexo operations in **39** countries have specific initiatives to integrate Small- and Medium-sized Enterprises (SME's) into Sodexo's Value Chain.

180 active agreements are in place with local communities, clients, NGOs and associations.

25 countries have a system in to track which of their partners are SMEs.

25 countries have conducted diversity and inclusion training for supply team members.

THE IMPACT OF SMES ON LOCAL COMMUNITIES

SMEs are the backbone of most economies. In the Latin America and Caribbean (LAC) region, for example, SMEs play a strategic role in the economic growth. They represent about 30% of gross domestic product (GDP), 99% of all businesses and employ about 70% of the workforce. Because of their economic weight in the region, it is especially important to encourage them to integrate initiatives for gender diversity.

LAOS – PURCHASES FROM LOCAL COOPERATIVES AND SMES

Since 2013, Sodexo has been increasing its supplies from local cooperatives and SMEs in Laos to a level that now exceeds USD 1 million per year. With the support of the international organization SNV, Sodexo buys rice from a local farmers' cooperative. The Company also supplies products such as fruits, vegetables, fish and pork from other local cooperatives, often headed by women. In 2016, the Company integrated two women-run SMEs specializing in dried meat and goat meat into its supply chain.

2.4.3 FAIRLY TRADED CERTIFIED PRODUCTS

Sodexo contributes to improved quality of life in developing countries by giving preference to fairly traded products in its purchasing. Fairly traded products are clearly identified and labeled as part of the chain of custody.

KEY FIGURE

The percentage of certified sustainable coffee served by Sodexo (as measured in kilograms) reached 38.0% in Fiscal 2016 compared to 8.5% in Fiscal 2009.

UK AND IRELAND – SUPPORT FOR SMALL PRODUCERS

In the UK and Ireland, Sodexo welcomed a Peruvian producer of coffee during the 2016 Fairtrade Fortnight awareness campaign organized by the Fairtrade Foundation. Invited to a number of client sites, the producer was able to explain the importance of the work of the Foundation, which provides assistance to small farmers.

2.5 COMMITMENTS FOR THE ENVIRONMENT

Sodexo strives to reduce its environmental impact on client sites while promoting sustainable practices for procurement and optimization of natural resources. To achieve this, Sodexo employs teams dedicated to the environment in 53 countries representing 98.1% of Company revenues.

SODEXO HAS IDENTIFIED EIGHT COMMITMENTS IN FOUR AREAS OF ACTION TO PROTECT THE ENVIRONMENT:

Responsible Sourcing practices:

- *"We will ensure compliance with our Global Sustainable Supply Chain Code of conduct in all countries where we operate";*
- *"We will source local, seasonal or sustainably grown or raised products in all countries where we operate";*
- *"We will source sustainable fish and seafood in all countries where we operate";*
- *"We will source and promote sustainable equipment and supplies in all countries where we operate."*

Sustainable practices to reduce energy consumption and carbon emissions:

- *"We will reduce our carbon footprint in all countries where we operate and at client sites."*

Sustainable practices to reduce water consumption:

- *"We will reduce our water footprint in all countries where we operate and at client sites."*

Sustainable practices to reduce and recover waste:

- *"We will reduce organic and non-organic waste in all countries where we operate and at client sites";*
- *"We will support initiatives to recover organic and non-organic waste initiatives."*

KEY FIGURES

In Fiscal 2016, 34 countries representing 90.4% of Company revenues had at least one ISO 14001 (environmental management) certification.

2.5.1 RESPONSIBLE SOURCING PRACTICES

Sodexo works continually throughout its supply chain with a strong focus on sourcing, traceability and transparency. Corporate Responsibility, one of the seven priorities of the Sodexo Supply Management teams, is jointly managed by the Group SVP Supply Management and the Group SVP Sustainable Development.

Sodexo Supplier Code of Conduct

Prior to any partnership with Sodexo, suppliers must commit to the ethical, social and environmental practices defined by the Sodexo Supplier Code of conduct. Published for the first time in 2008, the Code is updated every three years, ensuring consistency between the Sodexo's internal policies and stakeholder requirements.

Sodexo suppliers are required to communicate the principles of this Code of Conduct throughout their own supply chain. During Fiscal 2016, Sodexo published the Sodexo Supplier Code of Conduct – Supplier Guide to make explicit the commitments made by suppliers when signing the Code of Conduct.

ENSURING RESPECT FOR HUMAN RIGHTS IN THE FISHING INDUSTRY

Sodexo is a founding member of the Seafood Task Force (Formerly the Shrimp Sustainable Supply Chain Taskforce), an international alliance established in 2014, fighting against labor abuse and for the respect of human rights in Thailand's fishing and shrimp industry. Other current members and key stakeholders of the global alliance include one of Thailand's largest seafood producers, Thai Union, the American distributor Costco and the British distributor Morrisons, international NGOs such as WWF and the Environmental Justice Foundation and the Thai government.

ENSURING SUPPLIER SOCIAL COMPLIANCE

A social compliance pilot program of Sodexo's professional uniform suppliers worldwide was launched during Fiscal 2015. During Fiscal 2016, 100% of global providers were evaluated, including 37% in an initial audit and 63% in a follow-up audit. Through monitoring and improvement plans implemented with the partners over the last two years, the suppliers have achieved a low level of risk. Work will continue in the coming years to expand the scope to local suppliers.

KEY FIGURE

In Fiscal 2016, the Sodexo Supplier Code of Conduct had been signed by suppliers representing 92.4% of purchasing spend with contracted suppliers.

Local, seasonal or sustainably grown or raised products

Palm oil

During the past year, Sodexo continued to work on increasing the share of physical certified sustainable palm oil.

In September 2016, Sodexo was awarded the maximum "9-points" score in rankings for companies using palm oil. This WWF ranking assesses the progress of commitments and actions related to responsible palm oil use.

Eggs

As part of its animal welfare strategy, Sodexo announced in July 2016 that it would source only cage free eggs (shell and liquid) worldwide by 2025. Sodexo is being advised globally by specialized NGOs Compassion in World Farming, Humane Society International and the Humane League on the definition and implementation of action plan to enable the Company and its suppliers to achieve this objective. Contacts are also being established with local NGOs and will grow as the deployment progresses.

This commitment is an extension of several national commitments already made by Sodexo as part of its Better Tomorrow Plan. Sodexo has been buying 100% of its eggs from cage-free hens in Belgium since 2008 and in Germany, Austria and Switzerland since 2015. In North America, Sodexo has been supplied exclusively with shell eggs from cage-free hens since 2015 and is committed to do the same for liquid eggs by the end of 2020.

KEY FIGURE

In Fiscal 2016, 15 countries representing 37.6% of On-site Services revenues selected products supporting the development of a sustainable palm oil industry.

KEY FIGURE

In Fiscal 2016, 38 countries representing 97.3% of On-site Services revenues had the Sodexo Animal Welfare Charter available in at least one official language.

Sustainable Fish and Seafood

Sodexo's strategy for sustainable seafood seeks to protect this important resource by:

- maintaining a wide variety of sustainable species in catalogs and menus;
- protecting species identified as being at risk by removing them from the supply chain where no improvement processes are in place or by implementing control measures;
- increasing the use of eco-standards to ensure respect for sustainability criteria for both farmed and wild-caught fish;
- establishing sustainable supply for aquaculture in accordance with the highest environmental and social standards;
- Sodexo has partnered with WWF and also works with other NGOs to be advised regarding responsible seafood sourcing.

KEY FIGURE

In Fiscal 2016, 29.2% of the fish and seafood served by Sodexo was certified sustainable.

SODEXO SUSTAINABLE SEAFOOD SOURCING GUIDE

To guide buyers in their sourcing of seafood products that match the five levers above, Sodexo has created a species guide. Providing the status of 80 species, this guide is updated annually to integrate the latest scientific knowledge on the matter. The guide is reviewed and validated by several specialist NGOs.

Certified sustainable seafood products

In 2011, Sodexo signed a global agreement with the Marine Stewardship Council (MSC)[(1)], a nonprofit independent organization that has implemented a certification program to protect wild-caught fish resources and reduce the impact of fishing on the ecosystem. MSC traceability certification ensures for Sodexo, its clients and consumers that MSC certified products are not mixed or replaced at any stage of the supply chain with non-certified seafood.

Among the achievements for Fiscal 2016:

- 1,581 sites in nine countries are MSC-certified;
- all foodservices sites managed by Sodexo in Switzerland have obtained the MSC certificate of traceability;
- in the UK, Sodexo renewed its MSC certification for all of its foodservices sites.

Sustainable equipment and supplies

Sodexo is increasing the proportion of sustainable products sand equipment it purchases in designated priority categories such as paper disposables, cleaning products and office paper.

"Take ONE!" is a Better Tomorrow Plan "Site-WIN" initiative for consistent deployment across all Sodexo sites globally. It is a dispenser that engages consumers to reduce napkin usage through controlled one-at-a-time dispensing.

The result is an optimization of handling, storage and hygiene in addition to very real environmental benefits (reduction of waste, water consumption, carbon footprint...).

KEY FIGURE

In Fiscal 2016, 81.3% of paper disposables purchased were certified as sustainable.

KEY FIGURE

In Fiscal 2016, 64.6% of sites have deployed the Take ONE! initiative to reduce the number of napkins used.

(1) The Marine Stewardship Council (MSC) works with partners to transform the world's seafood market and promote sustainable fishing practices. MSC strives to develop credible standards for sustainable fishing and seafood traceability and seeks to make certified sustainable seafood more widely available.

2.5.2 SUSTAINABLE PRACTICES TO REDUCE ENERGY CONSUMPTION AND CARBON EMISSIONS

Committed to an ongoing reduction in its carbon emissions, Sodexo is progressing in all countries and on all sites. In partnership with WWF, Sodexo has developed a methodology enabling it to measure carbon emissions related to its activities and its supply chain. With this measuring system, Sodexo has set a goal of reducing its carbon footprint by 34% across all of its activities and its supply chain between 2011 and 2020.

In 2015, Sodexo was well-positioned to achieve its objectives and was ahead of its targets for scope 1 and scope 2[(1)]. Sodexo reduced its carbon emissions for Scope 1 and 2 by 27% compared to the 2011 benchmark and continues its efforts to reduce energy consumption on client sites and in its supply chain, the two main sources of significant carbon emissions in Scope 3.

FRANCE – PREPARING THE ECO-CITIZENS OF TOMORROW WITH CRÈCHE ATTITUDE

Crèche Attitude, a Sodexo subsidiary, initiated the Ecolo Crèche® certification process, the first sustainability label dedicated to early childhood. The goal: obtain certification of its 150 childcare sites by the end of 2018.

The aim of Crèche Attitude is to reduce energy consumption by 30% at its sites in the next three years, water consumption by 25% and food waste by 26%. Crèche Attitude is the only private operator to have made a specific environmental commitment with the only specialized agency in France.

Through an educational approach, Crèche Attitude prepares children to become eco-citizens of tomorrow. This includes increasing awareness about recycling, the responsible use of natural resources and the tastes of locally-grown fruit and vegetables. These educational activities are key to obtaining the label along side green buildings, responsible sourcing or employee training.

AUSTRALIA – INTRODUCTION OF RENEWABLE ENERGIES ON RIO TINTO SITES.

In preparing its services offer for Rio Tinto, Sodexo worked closely with Curtin University in Perth. Industry-applied research from the University's Institute of Sustainable Development Policy is internationally recognized for its contribution to sustainable cities and innovative policies in this area. This partnership has enabled Sodexo to integrate technological proposals that will allow Rio Tinto facilities in the Pilbara region to achieve carbon neutrality within 10 years through the use of battery equipment and solar panels on its employees houses.

KEY FIGURE

In Fiscal 2016, 31.9% of client sites were implementing awareness and behavior steps to reduce energy consumption.

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

2.5.3 SUSTAINABLE PRACTICES TO REDUCE WATER CONSUMPTION

Sodexo understands the nexus between water consumption, food production and waste management. The Group is committed to reducing food waste to reduce its footprint, starting with water and has implemented a number of waste reduction initiatives.

According to the United Nations Food and Agriculture Organization (FAO), nearly a third of the food prepared for human consumption, or some 1.3 billion tons annually, is wasted. This means the loss, on average each year of 45% of fruits and vegetables and roots and tubers, 35% of fish and seafood, 30% of grain products, 22% of oilseeds and legumes and 20% of meat and dairy products. According to FAO, an annual volume of water corresponding to the flow of the Volga is used to produce wasted food. This unused production further contributes to the emission into the atmosphere of 3.3 billion tons of greenhouse gases, not to mention the methane from landfills where the food decomposes.

A large proportion of Sodexo client sites are located in regions that are not subject to water stress. However, the Company is constantly seeking to reduce its water consumption as well as supporting its clients in reducing their consumption.

In the U.S., for example, Sodexo teams assisted The Athenian School, a private school in California with 475 students, reduce its water consumption by nearly 30%. In Danville, east of San Francisco, in an area hit by drought, an awareness campaign was conducted on the use of water, installing low-pressure faucets and replacing grass with synthetic coating on sports fields. Other school grounds are watered only during the summer months instead of throughout the year. These measures save around 7,500 m^3 of water annually.

KEY FIGURE

In Fiscal 2016, 40.6% of client sites were implementing awareness and behavior steps to reduce water consumption.

2.5.4 SUSTAINABLE PRACTICES TO REDUCE WASTE AND RECOVER WASTE

The actions implemented by Sodexo are part of a number of waste prevention programs such as the training plan implemented in the UK and Ireland accredited by The Chartered Institute of Wastes Management (CIWM). They can also take the form of awareness campaigns, such as WasteLESS Week that Sodexo launches each year worldwide.

In Fiscal 2016, Sodexo CEO Michel Landel joined Champions 12.3, a major global campaign to create momentum for the United Nations Sustainable Development Goal 12.3: "achieve sustainable management and rational use of natural resources by 2030." Champions 12.3 includes 30 leaders from businesses, policy makers, researchers, institutions and foundations.

A COALITION TO CHALLENGE BOUNDARIES

Aware that effective solutions require close collaboration across the food value chain, Sodexo led the creation of the International Food Waste Coalition. This alliance brings together companies and organizations such as Sodexo, Unilever, WWF, Ardo Group, SCA, McCain, Pepsi and the United Nations Food and Agriculture Organization (FAO) to take measures and develop policies to reduce food waste outside the home.

UNITED STATES – THE CIRCULAR ECONOMY SERVING FARMERS WITH DISABILITIES

Since 2007, Sodexo employees have collected old mobile phones, laptops, cameras, video games and other printer cartridges at their workplace, at home and elsewhere in their community. Everything is recycled and revenues are donated to the Rural Solutions program of the American charity Easter Seals. This association, serving more than one million children and adults with disabilities in the United States, Canada, Australia and Puerto Rico, has implemented this program and provides financial assistance to enable farmers with disabilities to buy or modify their equipment so that they can fully exercise their profession. In 10 years, Sodexo was able to provide a total of 80,000 dollars in aid to more than 78 farmers in 14 states.

KEY FIGURES

In Fiscal 2016:

89.7% of client sites implemented equipment and processes to reduce the volume of organic waste.

81.5% of client sites implemented equipment and processes to reduce the volume of non-organic waste.

FRANCE – FIGHTING FOOD WASTE WITH DOGGY BAGS

Through its Benefits and Rewards Services activity, Sodexo supports the Lyons start-up TakeAway® in its new responsibility approach for foodservice professionals. The objective is to develop new practices and new uses in the fight against food waste. The "Box TakeAway®" and "Bag TakeAway®" are the two new developments that aim to change consumer habits by encouraging them to consume more responsibly.

For more information on this initiative, see Chapter 1, page 54.

2.6 INDICATORS, REPORTING METHODOLOGY AND STATUTORY AUDITOR'S REPORT

2.6.1 SUMMARY OF GROUP WORKFORCE AND ENVIRONMENTAL INDICATORS

Group Social and Environmental Indicators

	Fiscal 2015	Fiscal 2016
GENERAL INFORMATION		
% of Group revenues of countries having one or more ISO 9001 certification ☑	93.0%	94.2%
WE ARE		
BUSINESS INTEGRITY		
% of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language ☑	99.7%	96.5%
WE DO		
AS AN EMPLOYER		
Workforce		
Total Workforce ☑	422,844	425,594
Per category		
• Employees ☑	372,728	372,126
- Male employees ☑	164,772	164,472
- Female employees ☑	207,956	207,654
• Managers ☑	50,116	53,468
- Male managers ☑	29,069	31,111
- Female managers ☑	21,047	22,357
Per activity and client segment		
On-site Services ☑	96.0%	95.3%
• Corporate ☑	40.0%	40.1%
• Education ☑	21.5%	20.9%
• Health Care ☑	16.5%	14.5%
• Remote Sites ☑	8.5%	9.4%
• Defense ☑	3.0%	2.4%
• Sports and Leisure ☑	3.0%	2.7%
• Seniors ☑	2.5%	3.8%
• Justice ☑	1.0%	1.5%
Benefits and Rewards Services ☑	1.0%	1.1%
Personal and Home Services ☑	1.0%	1.1%
Group headquarters and shared structures ☑	2.0%	2.5%
Per geography		
• North America ☑	132,551	133,135
• Continental Europe ☑	101,324	100,557
• United Kingdom and Ireland ☑	37,386	38,032
• Rest of the World ☑	151,583	153,870
Per age		
• Under 30 ☑	26.8%	25.9%
- Employees ☑		103,867
- Managers ☑		6,359

	Fiscal 2015	Fiscal 2016
WE DO		
• 30-40 ☑	23.6%	24.3%
- Employees ☑		87,369
- Managers ☑		15,908
• 40-50 ☑	23.4%	23.6%
- Employees ☑		84,007
- Managers ☑		16,262
• 50-60 ☑	19.5%	19.7%
- Employees ☑		71,639
- Managers ☑		12,057
• Over 60 ☑	6.6%	6.6%
- Employees ☑		25,243
- Managers ☑		2,883
Organization of working hours		
Number of full time		317,759
Number of part time		107,835
% of workforce working part time		25.3%
Other workforce indicators		
Retention rate for total workforce ☑	65.7%	66.0%
Retention rate for site management ☑	80.6%	81.0%
Total number of departure on continuous contract		144,491
Number of Departures related to Resignation of continuous employment excl. site loss		94,453
Number of Departures related to Dismissals or Redundancy of continuous employment excl. site loss		42,594
Number of Departures related to "Retirement and other reasons" of continuous employment excl. site loss		7,444
Average number of work days absence per employee due to work-related accidents or illness, Non Work-related accidents or illness		6.8
Respect human rights		
% of workforce working in countries having the Human Rights policy available in at least one official language ☑	95.4%	95.6%
Employee development		
Access to employment		
Average seniority (number of years)	6	5
• Employees	5	5
• Managers	8	8
New hires (excluding acquisitions and transfers)	150,662	155,237
• Employees	142,691	147,070
• Managers	7,971	8,167
Internal promotion		
Number of off-site managers promoted internally		786
Number of off-site employees promoted internally		433
Number of on-site managers promoted internally		1,430
Number of on-site employees promoted internally		6,358
Percentage of off-site managers promoted internally		8.8%
Percentage of off-site employees promoted internally		5.7%
Percentage of on-site managers promoted internally		4.3%
Percentage of on-site employees promoted internally		2.4%
Training		
Total number of training hours	4,879,090	5,297,926
Average number of hours of training per employee trained		12.5

	Fiscal 2015	Fiscal 2016
WE DO		
Workforce participating in at least one training program ☑	388,452	404,705
• Employees	341,511	358,206
• Managers	46,941	46,499
% of workforce participating in at least one training program	91.0%	95.1%
Collective agreements		
% of workforce covered by a collective agreement		45.2%
Employee engagement (survey every 2 years)		
Group Employee Engagement Rate* ☑		68.0%
Diversity and inclusion		
Representation of women		
% of women's representation on the Board of Directors ☑	38%	42%
% of women's representation on the Executive Committee ☑	43%	38%
% of women's representation among Group Senior Leaders ☑	31%	30%
% of women in management positions ☑	42%	42%
% of women's representation in total workforce ☑	54%	54%
People with disabilities		
% of workforce working in countries implementing action plans to integrate people with disabilities into the workplace		86.7%
Health and safety		
% of Group revenues of countries having one or more OHSAS 18001 certification ☑	83.1%	85.2%
Number of work related accidents requiring a leave ☑	5,786	4,828
NUTRITION, HEALTH AND WELLNESS		
Health and wellness		
% of Group revenues of countries developing and promoting health and wellness services ☑	98.7%	96.5%
% of On-site Services revenues of countries having either ISO 9001 or ISO 22000 certification for food safety** ☑	68.1%	95.0%
% 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**	100.0%	96.2%
Advocate balancing food options		
% of client sites implementing actions that proactively address the Sodexo 10 Golden Rules of Nutrition, Health and Wellness	86,9%	88.9%
Number of registered dietitians employed by Sodexo	4,918	4,770
LOCAL COMMUNITIES		
Stop Hunger		
Number of countries contributing to a hunger-free world through Stop Hunger ☑	48	44
Partner inclusion program		
% of Group revenues of countries having specific initiatives to integrate SMEs (Small and Medium Enterprises) into Sodexo's Value Chain	88.6%	88.0%
Number of active agreements with local communities, clients, NGOs and associations to promote inclusion of SMEs in Sodexo's Value Chain**	72	180
Sustainable coffee		
% in kg of certified sustainable coffee	30.9%	38.0%
ENVIRONMENT		
Environment management		
% of Group revenues of countries having one or more ISO 14001 certification ☑	89.6%	90.4%

	Fiscal 2015	Fiscal 2016
WE DO		
Sustainable supplies		
Supply Chain Code of Conduct		
% of spend with contracted suppliers having signed the Sodexo Supplier Code of Conduct ☑	92.5%	92.4%
Local seasonal or sustainably grown or raised products		
% of On-site Services revenues of countries selecting products that support the≈development of a sustainable palm oil industry ☑	37.9%	37.6%
% of On-site Services revenues of countries having the Sodexo Animal Welfare Supplier Charter available in at least one official language	92.6%	97.3%
Sustainable seafood		
% of certified sustainable fish and seafood as a % of total fish and seafood	23.9%	29.2%
Number of MSC certified foodservice sites	1,690	1,581
Sustainable equipment and supplies		
% of spend on certified sustainable paper disposables as a % of total paper disposables ☑	77.1%	81.3%
Energy and emissions		
Scope 1 and Scope 2 emissions energy consumption (MWh)***	749,878,295	
Scope 1 and Scope 2 (market based) emissions (TCO_2e)***	175,023	
% of client sites implementing heightened awareness and behavior steps to reduce their consumption of energy	31.8%	31.9%
Water and effluents		
Water consumption (m^3)		8,142,926
% of client sites implementing heightened awareness and behavior steps to reduce their consumption of blue water	40.9%	40.6%
Materials and waste		
% of client sites implementing equipment and processes steps to reduce their organic waste	88.9%	89.7%
% of client sites implementing equipment and processes steps to reduce their non organic waste	81.9%	81.5%

☑ *Indicator verified to the level of "reasonable" assurance by KPMG.*
* *Survey carried out every 2 years.*
** *These indicators were modified during Fiscal 2016, see explanation in the Reporting Methodology.*
*** *Data for Fiscal 2016 in process.*
There are no provisions made for risks related to the environment.

2.6.2 WORKFORCE AND ENVIRONMENTAL INDICATORS REPORTING METHODOLOGY

The consolidated workforce and environmental indicators are presented in section 2.6.1.

2.6.2.1 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 2.6.2.3).

2.6.2.2 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 section 2.6.2.4.

Fiscal 2016 workforce indicators

Workforce indicators are consolidated for all Sodexo entities.

Fiscal 2016 societal and environmental indicators

Societal and environmental indicators are calculated and consolidated for entities representing at least 96% 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.

2.6.2.3 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.

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:

- percentage of Group revenues of countries having one or more ISO 9001 certification;
- percentage of employees working in countries having the Sodexo Statement of Business Integrity available in at least one official language of the country;
- total workforce;
- employees by gender, category, activity, age, geography;
- employee retention rate;
- site management retention rate;
- percentage of employees working in countries having the Human Rights policy available in at least one official language of the country;
- number of employees participating in at least one training programs;
- percentage of employees participating in at least one training program;
- Group Employee Engagement Rate;
- percentage representation of women on the Board, in the Executive Committee, among Group Senior Leaders, in management and in the total workforce;
- percentage of On-site Services revenues of countries having one or more ISO 22000 or 9001 certification for food safety;
- percentage of Group revenues of countries having one or more OHSAS 18001 certification;
- number of work related accidents requiring a leave;
- percentage of Group revenues of countries developing and promoting health and wellness services;
- number of countries contributing to a hunger-free world through Stop Hunger;
- percentage of Group revenues of countries having one or more ISO 14001 certification;
- percentage of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct;

- percentage of On-site Services revenues of countries selecting products that support the development of a sustainable palm oil industry;
- percentage of spend on certified sustainable paper disposables as a % of total paper disposables.

2.6.2.4 Limitations

With 425,594 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,
  - 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,
  - is consolidated for the On Site activity and will extended to the whole Group in Fiscal 2017,
  - Sodexo plans to publish the Lost Time Incident Rate in fiscal 2017 when two comparable years of reliable date will become available;
  - 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 indicators concerning internal promotion are consolidated for 74% of workforce.
- Certain information is extremely difficult to gather given the nature of the Group's activities:
  - Sodexo's activities are performed on a significant number of sites. In the majority of these client sites it is not possible for Sodexo to measure its own energy and water consumption. Nevertheless, within the framework of a technical agreement with the WWF, Sodexo has defined a robust methodology to provide a reliable estimate of Sodexo's consumption which will allow for progress to be measured over time;
  - 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 18 major countries representing 77% 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 2015 has not been prepared in time for this publication and will be reported subsequently through the CDP*. The information which is published in Table 2.6.1 is the information for Fiscal 2015;
  - 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;
  - 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. Work to improve this data is in progress for Fiscal 2017.
- During Fiscal 2016, the following modifications were made to the indicators:
  - % of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language and % of workforce working in countries having the Human Rights policy available in at least one official language – the scope of consolidation has been extended to 100% of workforce;
  - % 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 – the scope of consolidation has been extended to 100% of On-site Services workforce;
  - % of Group revenues of countries having specific initiatives to integrate SMEs (Small and Medium Enterprises) into Sodexo's Value Chain and Number of active agreements with local communities, clients, NGOs and associations to promote inclusion of SMEs in Sodexo's Value Chain – the scope of consolidation has been extended to include the Benefits and Rewards activity.
- One of Sodexo's missions is to improve quality of life for its employees and all who it serves. Sodexo's services are, in the majority of cases, provided by its own employees on a significant number of client sites where the Company operates throughout the world. The following information is therefore not applicable or not material for Sodexo:
  - preventive or corrective actions with regard to discharges into the atmosphere, water and soil with a significant negative impact on the surrounding environment;
  - consideration of noise and any other activity-specific pollution;
  - land usage ;
  - importance of sub-contracting.

2.6.2.5 Reconciliation tables

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

* *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.*

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

This is a free translation into English of the designated Independent Third Party's 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, 2016

To the Shareholders,

In our capacity as Statutory Auditor of the company SODEXO SA, accredited by the COFRAC registered under number 3-1049[(1)], we hereby present to you our report on the consolidated human resources, environmental and social information (hereinafter the "CSR Information") for the year ended August 31st, 2016, presented in the Management Report. This report has been prepared in accordance with article L.225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is responsible for preparing the Company's Management Report including CSR Information in accordance with the provisions of article R.225-105-1 of the French Commercial Code and 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 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, French professional standards 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 by the Group and identified by the symbol ✓ in the chapter 2 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 six persons and was conducted between August and November 2016, during an eight weeks intervention period. We were assisted in our work by our CSR experts.

We performed the procedures below in accordance with professional auditing standards applicable in France, with the decree dated May 13, 2013 determining the manner in which the independent third party should carry out their work, and with International Standard ISAE 3000[(2)] concerning our opinion on the fair presentation of CSR Information.

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

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of the work

We reviewed, on the basis of interviews with the managers of the relevant departments, the Company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, where applicable, any initiatives or programs it has implemented as a result.

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 was not disclosed, we verified that the explanations provided complied with the provisions of 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 entities it controls as defined by article L.233-3 of the French Commercial Code, within the limitations set out in the methodological note presented in paragraph 2.6.2 in 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. Opinion on the fairness of the CSR Information

Nature and scope of the work

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, with those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability, taking into account best practice, where appropriate;
- verify that a data-collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review 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[1] on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly and to identify any undisclosed data, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents 51% of headcount, between 40% and 84% of the quantitative environmental information and between 51% and 80% of the quantitative social information.

(1) ***Sodexo On-site Services:*** *Sodexo France, Sodexo Netherlands, Sodexo UK, Sodexo Germany, Sodexo Italy, Sodexo United States.*
Sodexo Benefits and Rewards: *Sodexo Germany.*

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

We also assessed the relevance of explanations given 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 sample selected represents 51% of headcount, between 73% and 84% of the quantitative environmental information and between 51% and 80% of the quantitative social information identified by the symbol ✓.

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 16th, 2016

KPMG S.A.

Philippe Arnaud
Partner
Climate Change & Sustainability Services

Hervé Chopin
Partner

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:

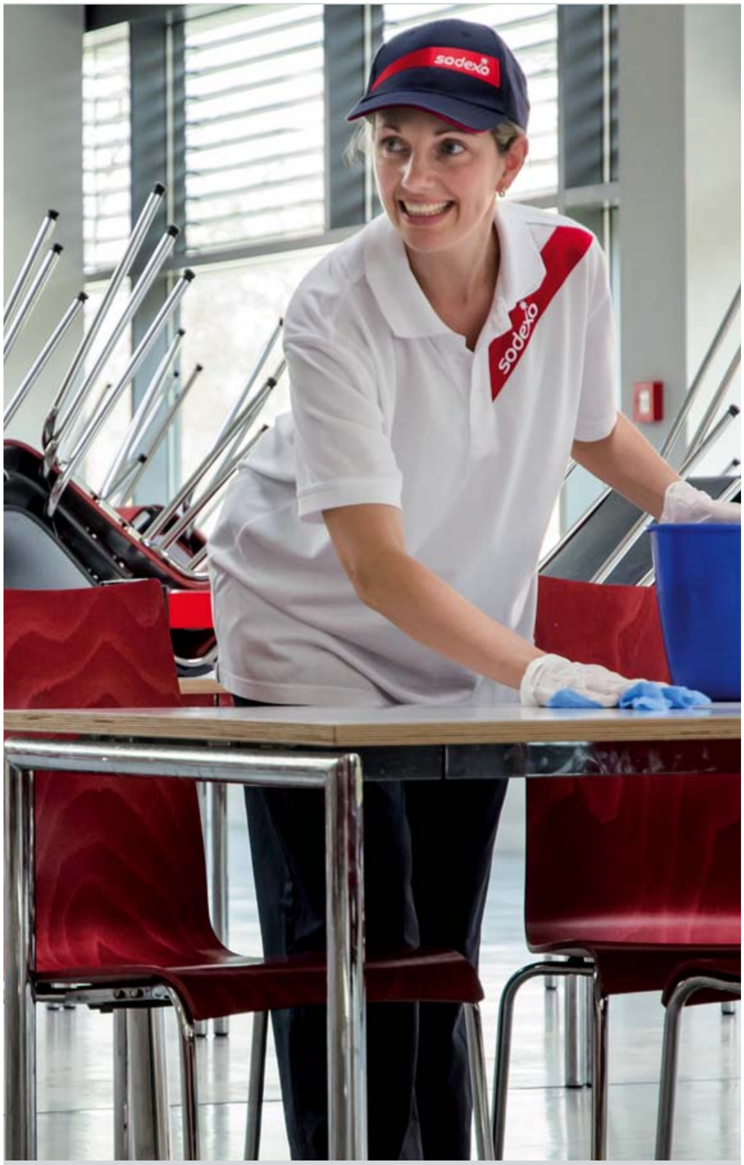
- verified with a limited assurance level and considered to be the most important (see section 2 of our report);
- verified with a reasonable assurance level (✓).

Labour indicators	Level of assurance
% of Group revenues of countries having one or more ISO 9001 certification	✓
Total Workforce per category, per activity and client segment, per geography, per age	✓
Employee retention rate	✓
Site management retention rate	✓
Number of employees participating in at least one training program	✓
% of employees participating in at least one training program	✓
Group Employee Engagement Rate	✓
% of women's representation on the Board of Directors % of women's representation on the Executive Committee % of women's representation among Group Senior Leaders % of women in management positions % of women's representation in total workforce	✓
Number of work related accidents requiring a leave	✓
% of Group revenues of countries having one or more OHSAS 18001 certification	✓
Number of Departures related to Dismissals or Redundancy of continuous employment excl. site loss	
Number of work days absence per person due to work-related and non-work-related accidents or illness	

Environmental indicators	Level of assurance
% of Group revenues of countries having one or more ISO 14001 certification	✓
% of On-site Services revenues of countries selecting products that support the development of a sustainable palm oil industry	✓
% of spend on certified sustainable paper disposables as a % of total paper disposables	✓
% of spend with contracted suppliers having signed the Sodexo Supplier Code of Conduct	✓
% of client sites implementing heightened awareness and behavior steps to reduce their consumption of blue water	
% of client sites implementing heightened awareness and behavior steps to reduce their consumption of energy	
% of client sites implementing equipment and processes steps to reduce their organic and non-organic waste	
% of certified sustainable fish and seafood as a % of total fish and seafood	
Scope 1 and Scope 2 emissions energy consumption	
Scope 1 and Scope 2 (market based) emissions	
Water consumption	

Social indicators	Level of assurance
% of employees working in countries having the Sodexo Statement of Business Integrity available in at least one official language	✓
% of Group revenues of countries developing and promoting health and wellness services	✓
% of On-site Services revenues of countries having one or more ISO 22000 and ISO 9001 certification	✓
Number of countries contributing to a hunger-free world through Stop Hunger	✓
% of employees working in countries having the Human Rights policy available in at least one official language	✓
% of client sites with actions that proactively address the 10 golden rules of Nutrition, Health and Wellness	

Qualitative information	
Human resources information	Policies implemented regarding training, Measures implemented to promote gender equality.
Environmental information	Measures implemented to protect and conserve biodiversity, Actions against food waste.
Social information	Measures implemented to promote consumers health and safety, Integration of social and environmental issues into the company procurement policy, Actions of partnership and sponsoring, Territorial, economic and social impact of the company activity regarding regional employment and development.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3

CONSOLIDATED INFORMATION

3.1 FISCAL 2016 ACTIVITY REPORT

3.1.1 FISCAL 2016 YEAR HIGHLIGHTS

3.1.1.1 A solid performance

In Fiscal 2016 all activities contributed to the +2.5% organic growth(1) in revenue except for the Remote Sites activity, which was down by -16%, affected by a severe decline in the mining and oil and gas industries. Excluding the Remote Sites activity, the underlying growth was +4%, benefiting for about +0.5% from the success of the Rugby World Cup event in the United Kingdom in the first quarter and a solid performance from Benefits and Rewards.

Geographically, there was an improvement in growth in North America, strong growth in the United Kingdom and Ireland, and Continental Europe was up +1.0% with some recovery in Corporate in mature economies and sustained growth in Germany and Russia, offset by a difficult situation in France, especially in the fourth quarter.

Operating profit excluding the currency effect and before exceptional expenses(2), was up +8.2% in line with the objective set at the beginning of the year. The operating margin improved by +30 basis points, excluding currency effect and exceptional expenses, benefiting from productivity initiatives and the first results of the Adaptation and Simplification program launched at the beginning of the fiscal year. A total of 108 million euros of exceptional expenses were incurred during the year on this program. Net financial expense increased slightly due to 21 million euros of exceptional indemnities resulting from the early reimbursement of some US private placement debt as part of a debt restructuring program to extend maturities and reduce financing rates. The tax charge was also up slightly at 33.7% against an exceptionally low tax rate of 31.1% last year. As a result, Group net profit declined by -9%. Net profit before these non-recurring items(3) and excluding currency fluctuations, was up +5.2%.

Confident in the outlook for the Group, the Board has decided to propose a dividend of 2.40 euro per share, up +9.1%. This implies a 57% pay-out ratio while maintaining circa 50% pay-out ratio on net profit before non-recurring items.

Fiscal 2016 Free cash flow amounted to 595 million euro, after unusually high capex linked to the start-up of the Rio Tinto contract and Rugby World Cup timing impact. Net debt(4) was up slightly at 407 million euro, and the balance sheet remained strong with gearing(5) at 11% and a net debt ratios(6) of 0.3.

In March, Sodexo joined the CAC 40 index, thus confirming the regularity of its performance.

3.1.1.2 Segmentation enhancing business opportunities

Clients seeking productivity and global footprint in Energy and Resources:

In March, Sodexo was awarded a ten-year contract with leading global mining company Rio Tinto, estimated at 2.5 billion Australian dollars (approximately 1.8 billion euro) over 10 years, to deliver integrated facilities management services in the company's extensive operations in Australia's Pilbara region. This is the largest contract of its kind for Sodexo. Rio Tinto's assets in this region comprise ports, towns, aerodromes, operational sites, accommodation sites, commercial buildings and residential properties. The Group was successfully awarded the contract after demonstrating a number of strengths in key areas such as consistency and quality in services, alignment with improving quality in village life and strong engagement with local communities. The Sodexo teams will provide project management and integration, building and grounds maintenance, accommodation and catering, village and town services, cleaning, aerodrome management, transport and property management. The different start-up phases are progressing in line with expectations and the contract should be fully ramped-up during the course of fiscal 2017. The capacity of the global Energy and Resources segment team to mobilize more than 100 experts around the Group was key to winning this exceptionally large contract.

(1) Organic growth is defined as growth at constant consolidation scope and exchange rates (converting Fiscal 2016 figures at Fiscal 2015 rates, except for Benefits & Rewards in Venezuelan Bolivar (Fiscal 2016 and Fiscal 2015 revenues and issue volume in VEF have been converted at the exchange rate of USD 1 = VEF 645 vs. VEF 199 for Fiscal 2015).

(2) Exceptional expenses are the costs of implementation of the Adaptation and Simplification program in Fiscal 2016 (108 million euro).

(3) Non-recurring items: 108 million euro of exceptional expenses and 21 million euro of early debt reimbursement indemnity, both net of taxes (respectively 71 million euro and 13 million euro).

(4) Group borrowing on the balance sheet less operating cash.

(5) Gearing: Net Debt/Shareholders equity.

(6) Net Debt ratio: Net Debt/EBITDA.

The crisis in the energy and resources sector has helped clients to recognize the advantages of global agreements with their service-providers. As a result, in September, the Group signed contract extensions with Seadrill, leading offshore drilling contractor, and Shell. The Seadrill contract spans 5 years, 90% of the company's global fleet and a total value of 200 million euro. The Shell contract represents 135 million euro over five regions worldwide. These wins are driven by Sodexo's commitment to safety and performance, a world-class service culture, technical expertise in the segment and a holistic approach to Quality of Life.

Further contract extensions in Facilities Management for existing Corporate clients:

Relationships with existing worldwide clients are also continuing to develop. Integrated facilities management contracts have been signed with Danone and Unilever in Indonesia, Huawei in Romania, Colombia and Malaysia and Pfizer in 12 countries in Asia. The global airport lounge offer for clients is attracting names such as United Airlines. In all these examples the key has been the interest for the client of a global standardized integrated services offer, adapted to the local environment.

Driving segment development in white spaces:

The Group signed its first contract in the Australian justice market for a five-year term, and two five-year extension options, with the Western Australian Government to manage and operate the new 254 bed women's Melaleuca Remand and Reintegration Facility. As part of the contract, which starts up in December 2016, Sodexo will be developing partnerships with non-government organizations to provide culturally appropriate rehabilitation and reintegration services and programs to help inmates successfully reintegrate the community and reduce reoffending risk. The Group's long and successful track record of managing and operating more than 120 facilities in the justice sector internationally was key to winning this contract. The 20 year UK experience of managing custodial and through-the-gate services for women offenders was an essential element of the bid.

Transfer of expertise into new markets:

Sodexo has installed and is now operating, as part of its Clinical Technology Solutions, a Lithotripter (medical ultrasound equipment for kidney treatments) for the Makati Medical Center, one of the top hospitals in the Philippines. This is a 5-year contract in which Sodexo has recommended the equipment, procured the device, trained the personnel and is now providing the Lithotripsy and associated services. Without the segment expertise and the sharing of experience, this contract would not have been possible.

3.1.1.3 The Group's corporate responsibility engagement is confirmed and recognized both internally and externally

Employee engagement up +9 points since 2014 to 68%. The latest employee engagement survey was proposed for the first time, to all employees around the world with more than six months within the Group. With a response rate of 57% and a nine-point increase in the engagement rate to 68%, the digital survey was a success. The external benchmark of 60% and the Group's internal objective of 65% have been exceeded. Other learnings from the survey are that 80% of employees consider Sodexo to be a socially and environmentally responsible company and 88% prefer working for Sodexo than for a competitor.

In terms of the financial community, the Dow Jones Sustainability index has confirmed Sodexo as industry leader for the 12th consecutive year. Sodexo was one of only eight companies worldwide that achieved all three top ranks in the 2016 Robeco SAM yearbook: Gold Class, Industry Leader and Industry Mover. The Group is also confirmed as a component of the STOXX® Global ESG Leaders index and the Ethibel Sustainability Index (ESI) Excellence Europe.

At the United Nations Women's Empowerment Principles awards, Michel Landel, CEO, and Janet Awad, regional Chair of Latin America were awarded the CEO Leadership Award which recognizes a company for its demonstrated commitment to and implementation of policies that advance and empower women in the workplace, market place and community. In particular, the United Nations acknowledged the Sodexo Women's International Forum for Talent (SWIFt), which underpins Sodexo's strategy for improving the Group's gender balance.

The World Wildlife Fund (WWF) awarded the maximum score to Sodexo on its Palm Oil Buyers Scorecard this year, reflecting the very active and long-term approach that Sodexo has taken to progressively increasing use of responsible palm oil.

Sodexo joined forces with Ardo, McCain, PepsiCo, SCA, Unilever Food Solutions and the WWF to launch the International Food Waste Coalition in 2015, in order to combat food waste throughout the food services value chain.

The Group also made a commitment to purchase exclusively sustainable fish and seafood in the 80 countries where the Group operates and to reduce CO_2 emissions by 34% by 2020, especially in the supply chain and by contributing to its clients' emissions reduction initiatives.

Sodexo and the WWF have worked together to design and deploy best practices to lessen the environmental impact of the Group's services at its client sites, including through a program to reduce food waste and the adoption of technologies that will cut energy use by 12% to 45%.

Governance changes:

On January 26, 2016 after the Annual General meeting, **Ms. Sophie Bellon became Chairwoman** of the Board of directors, taking over from the Group's founder, **Mr. Pierre Bellon,** who has in turn, become Chairman Emeritus.

Mr. Emmanuel Babeau, Deputy Chief Executive Officer of Schneider Electric, in charge of Finance and Legal Affairs, was appointed to the Board by shareholders at the Annual General Meeting of January 26, 2016.

As part of the resolutions at the AGM on January 24, 2017 the Board will propose to shareholders the renewal as Directors of **Ms. Patricia Bellinger** and **Mr. Michel Landel.**

Mr. Paul Jeanbart, whose mandate ends after the AGM on January 24, 2017, has taken the decision not to seek reelection. The Board warmly thanks him for the quality of his contribution over many years to the Group's development.

Finally, the Board will propose the appointment as Director of **Ms. Cécile Tandeau de Marsac,** who currently holds the position of General Manager of Human Resources at Solvay. She will bring to the Board her Human Resources experience in large international Groups.

With these changes, the percentage of women on Sodexo's Board increases to 50%.

3.1.2 FISCAL 2016 PERFORMANCE

3.1.2.1 Consolidated income statement

(millions of euro)	Year ended August 31 2016	2015	Change	Change at constant exchange rates*
Revenues	**20,245**	**19,815**	**+2.2%**	**+2.6%**
Organic growth	2.5%	2.5%		
Operating profit before exceptional expenses (1)	**1,203**	**1,143**	**+5.2%**	**+8.2%**
Operating margin before exceptional expenses (1)	5.9%	5.8%	+10 bps	**+30 bps**
Exceptional expenses (1)	(108)	(0)		
Operating profit (reported)	**1,095**	**1,143**		
Interest income	34	65		
Financial Expense	(145)	(172)		
Net Financial Expense	**(111)**	**(107)**		
Share of profit of other companies consolidated by the equity method	7	7		
Profit before tax	**991**	**1,043**	**-5.0%**	
Income tax expense	(330)	(320)		
Effective tax rate	*33.7%*	*31.1%*		
Profit for the period	**661**	**723**		
Profit attributable to non-controlling interests	24	23		
GROUP PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT, BEFORE NON-RECURRING ITEMS(2), NET OF TAX	**721**	**700**	**+3.0%**	**+5.2%**
GROUP NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (REPORTED)	**637**	**700**	**-9.0%**	**-6.8%**
Earnings per share *(in euro)*	**4.21**	**4.60**	**-8.5%**	
Dividend per share *(in euro)*	**2.40 (3)**	**2.20**	**+9.1%**	

* *Change excluding currency effect calculated converting Fiscal 2016 figures at Fiscal 2015 rates, except for Venezuelan Bolivar. All Fiscal 2016 and Fiscal 2015 figures in VEF have been converted at the exchange rate of USD 1 = VEF 645 vs. VEF 199 for Fiscal 2015.*
(1) Exceptional expenses are the costs of implementation of the Adaptation and simplification program in Fiscal 2016 (108 million euro).
(2) Non-recurring items: 108 million euro of exceptional expenses and 21 million euro of early debt reimbursement indemnity, both net of taxes (respectively 71 million euro and 13 million euro).
(3) Subject to approval at the Annual Shareholders' Meeting on January 24, 2017.

3.1.2.2 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	41%	45%
Euro	26%	14%
UK pound sterling	10%	10%
Brazilian real	4%	15%

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. All Fiscal 2016 and Fiscal 2015 figures in VEF have been converted at the exchange rate of USD 1= VEF 645 vs. VEF 199 for Fiscal 2015.

			Impact *(in millions of euro)*		
Impact of exchange rates	**Change vs. the euro** *(in %, average rate)*	**Change vs. the euro** *(in %, closing rate)*	**Revenues**	**Operating profit before exceptional costs**	**Net profit**
Euro/U.S. dollar	+4.8%	+0.7%	381	25	10
Euro/Brazilian real	-18.9%	+12.9%	(211)	(42)	(25)
Euro/UK pound sterling	-2.7%	-14.2%	(57)	(4)	(3)

During Fiscal 2016, the U.S. dollar stabilized, resulting in a much less significant year on year impact than in the preceding year. However, the Brazilian real declined significantly from July 2015, resulting in an average decline in Fiscal 2016 of -18.9%. Nevertheless, the Brazilian real picked up significantly from March 2016, and the balance sheet closing rate for Fiscal 2016 actually increased by +12.9% relative to the closing rate for Fiscal 2015. The trends were the opposite in the UK, with the Pound Sterling falling considerably against the euro from June 2016, after the Brexit referendum.

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, 2016 is therefore 1 U.S. dollar = 645 bolivars (1 euro = 718 bolivars) relative to the Fiscal 2015 rate of 1 U.S. dollar = 199 bolivars. The effect of this depreciation is not material at Group level, as the Group's operations in Venezuela now represent just 0.1% of consolidated revenues and less than 0.4% of consolidated operating profit.

3.1.2.3 Revenues

Fiscal 2016 consolidated revenues totaled 20.2 billion euro, increasing +2.2% year-on-year. Organic revenue growth was +2.5%. The currency effect was negative at -0.4%, slightly offset by a +0.1% contribution from acquisitions and disposals of subsidiaries.

REVENUES BY ACTIVITY

(in millions of euro)	Fiscal 2016	Fiscal 2015	Organic growth[1]	Reported change
On-site Services				
North America	8,629	7,972	+3.8%	+8.2%
Continental Europe	5,690	5,686	+1.0%	+0.1%
United Kingdom and Ireland	2,008	1,832	+11.3%	+9.6%
Rest of the World	3,143	3,504	-3.2%	-10.3%
Total On-site Services	**19,470**	**18,994**	**+2.4%**	**+2.5%**
Benefits and Rewards Services	**780**	**827**	**+4.7%**	**-5.7%**
Intragroup eliminations	**(5)**	**(6)**		
CONSOLIDATED TOTAL	**20,245**	**19,815**	**+2.5%**	**+2.2%**

(1) *Organic growth is defined as growth at constant exchange rates (converting Fiscal 2016 figures at Fiscal 2015 rates) and consolidation scope, except for Benefits & Rewards in Venezuelan Bolivar. Fiscal 2016 and Fiscal 2015 revenues and issue volume in VEF have been converted at the exchange rate of USD 1 = VEF 645 vs. VEF 199 for Fiscal 2015.*

On-site Services

On-site Services organic revenue growth was +2.4%, reflecting:

- in the United Kingdom, the contribution of the Rugby World Cup contract in the first quarter and the ramp-up of the many new contracts signed in Fiscal 2015,
- solid momentum in North America, with a return to growth in the Health Care segment and acceleration in Corporate,
- a modest upturn in activity in the Corporate segment in Continental Europe except in France, which was affected by the terrorism, flooding and strikes, particularly in the last quarter,
- a -16% decline in the Remote Sites activity in the Rest of the World due to the difficulties in the energy and resources sectors.

BREAKDOWN BY SEGMENT:

(in millions of euro)	Fiscal 2016	Fiscal 2015	Organic growth
Corporate	9,995	9,989	+2.4%
Health Care and Seniors	5,074	4,786	+3.4%
Education	4,401	4,219	+1.2%
TOTAL	**19,470**	**18,994**	**+2.4%**

The breakdown in the +2.4% organic growth in On-site Services can be analyzed in several different ways, by type of service or by the combination of retention and development.

At +4.5%, facilities management services organic growth was significantly better than the +1.5% increase recorded for foodservices. Non-food services now represent 30% of On-site Services sales.

In Fiscal 2016, client retention was stable at 93.1%. This stability masks an improvement in North America and the UK resulting from larger and larger contracts which are renewed less regularly and a decline in retention in the Rest of the World, particularly in Latin America. The development rate of new business at 7.2% was down 30 basis points: significant new business in the Rest of the World (including the Rio Tinto contract) was offset by slow new business particularly in Universities in North America, and in the United Kingdom and Ireland due to the focus on the Fiscal 2015 start-ups. Elsewhere, new business was relatively stable. Comparable unit growth was +2.1%, similar to the +2.2% in Fiscal 2015. The significant volume decline in Remote Sites was compensated by more contract extensions in integrated facilities management services to existing clients in all other segments.

NORTH AMERICA

Revenues

(in millions of euro)	Fiscal 2016	Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	2,264	2,040	+7.1%			
Health Care and Seniors	3,171	2,889	+4.9%			
Education	3,194	3,043	+0.4%			
TOTAL	**8,629**	**7,972**	**+3.8%**	**+0.1%**	**+4.3%**	**+8.2%**

Fiscal 2016 On-site Services revenues in North America totaled 8.6 billion euro, an increase of +8.2% over the prior year period. Organic growth for the period was +3.8%, with improved growth in the Health Care and Seniors as well as Corporate compared with Fiscal 2015.

In the **Corporate** segment, organic growth was **+7.1%**, reflecting sustained demand for integrated service offers among existing and new Corporate clients, as well as solid same site growth in the Defense segment.

Health Care and Seniors organic growth improved steadily during Fiscal 2016. The **+4.9%** increase for Fiscal 2016 reflected new contracts won in Fiscal 2015 and Fiscal 2016 as well as strong comparable unit sales growth.

In **Education,** organic revenue growth was **+0.4%**. The increase reflected the combination of solid same site growth in demand in the Universities but modest sales activity. The schools selling season and business development has improved in Fiscal 2016.

CONTINENTAL EUROPE

Revenues

(in millions of euro)	Fiscal 2016	Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	3,477	3,463	+1.7%			
Health Care and Seniors	1,301	1,327	-1.3%			
Education	912	896	+1.8%			
TOTAL	**5,690**	**5,686**	**+1.0%**	**-0.4%**	**-0.5%**	**+0.1%**

In **Continental Europe,** revenues amounted to 5.7 billion euro, stable on the previous year. Organic growth was **+1.0%,** reflecting some recovery in Corporate activity in most other mature countries in the region, and a strong growth in Germany, Russia and in the developing economies. This performance was partially compensated by a difficult situation in France, and more particularly in the fourth quarter due to strikes, flooding and terrorism.

In the **Corporate** segment, organic growth of **+1.7%** was attributable to modest growth in revenues at existing sites in Southern Europe and the Nordic countries; and continued robust growth in developing economies, in particular in Russia and Turkey, supported by the continued success of the integrated services offer. In France, the Justice activities were impacted by the loss of a prison contract, and Sports and Leisure, in particular the boats on the Seine, was significantly impacted by the disappointing Summer tourist season in Paris resulting from the flooding in June and the terrorist attacks in November 2015 and July 2016.

The **-1.3%** contraction in **Health Care and Seniors** revenues was mainly due to weak growth at existing sites and a selective approach to new contracts, especially in France impacted by severe cost cutting and a lack of new development opportunities in the public hospitals segment. The Korian contract in Seniors, won last year, is ramping up successfully. Good results were achieved in the Nordic countries, with the start-up of a contract to provide medical equipment to individuals for the province of Östergötland in Sweden.

Education revenues rose by **+1.8%**, led by higher volumes in France and Germany.

UNITED KINGDOM AND IRELAND

Revenues

(in millions of euro)	Fiscal 2016	Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	1,483	1,332	+14.2%			
Health Care and Seniors	366	359	-0.9%			
Education	159	141	+15.1%			
TOTAL	**2,008**	**1,832**	**+11.3%**	**+1.1%**	**-2.8%**	**+9.6%**

Revenues in the **United Kingdom and Ireland** increased +9.6% to reach 2.0 billion euro. Organic growth of **+11.3%** was in part due to the significant contribution of the Rugby World Cup contract in the first quarter of the year. However, even without the Rugby World Cup effect, the organic growth trend was a solid +5.3% due to the ramp-up of the many new contracts won in Fiscal 2015 and strong retention during the year. The result of the Brexit referendum has not had an impact on activity although it may have slowed down some public sector decision-making in some of the bids.

In the **Corporate** segment, organic revenue growth was **+14.2%**. This very strong performance was largely attributable to the services provided in connection with the Rugby World Cup in the first quarter, which contributed 131 million euro to revenues, or +8.3% of the organic growth. However, even without the Rugby World Cup, organic growth was a solid +5.9% due to the progressive start-up of major contracts signed in Fiscal 2015 (Transforming Rehabilitation, Diageo...) and contract extensions with existing clients for a wider scope of facilities management services. Business development has been more modest in Fiscal 2016 because of the heavy commitment of resources to previous year start-ups.

Health Care and Seniors showed an organic decline of **-0.9%.** The ramp-up of Imperial College Hospitals in London had a significant contribution to growth over the last two years. There was no start-up this year in the absence of attractive development opportunities. Same site sales have been solid but not enough to compensate the losses during the year.

In **Education,** organic growth of **+15.1%** reflected solid new business with, in particular, the start-up of York St John and Northumbria universities and several new school contracts.

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.

REST OF THE WORLD (LATIN AMERICA, AFRICA, MIDDLE EAST, ASIA, AUSTRALIA AND REMOTE SITES)

Revenues

(in millions of euro)	Fiscal 2016	Fiscal 2015	Organic growth	Acquisitions	Currency effect	Total growth
Corporate	2,771	3,154	-4.9%			
Health Care and Seniors	236	211	+19.4%			
Education	136	139	+0.3%			
TOTAL	**3,143**	**3,504**	**-3.2%**	**+0.3%**	**-7.4%**	**-10.3%**

In the Rest of the World region (Latin America, Africa, Middle East, Asia, Australia and Remote Sites), Fiscal 2016 revenues amounted to 3.1 billion euro, down -10.3%. In terms of organic change compared with the previous year, activity was down -3.2%. The region was severely affected by the decline in Remote Site revenues of -16%. Excluding Remote Sites, organic growth from the region remained strong at +7.0%.

Corporate revenues fell by **-4.9%** organically due to:

- In Remote Sites, severe reductions in oil and commodity prices forced clients operating in these industries to revise down their production levels which in turn led to a corresponding reduction in required service levels. In Chile, several mining clients sought to diversify their suppliers in a strained economic and social environment. As a result of these issues, Remote Site revenues in the Rest of the World region were down -16% organically. Activity stabilized in the third quarter relative to the previous quarter and, from the fourth quarter, the comparable base has become less challenging. The Rio Tinto contract signed in March contributed to the activity in July and August. The contract will have a more significant impact in fiscal 2017, as will the Seadrill and Shell contract extensions signed in September 2016.
- The underlying activity of the rest of the On-site activity in the region is solid with some strong business development and cross-selling in the Asia-Pacific region and more modestly

in the Middle East and Africa. In the last quarter, some improvement in activity in Brazil compensated the slower demand in the Middle East and Africa, where economies are beginning to feel the impact of the sustained weakness in the oil price.

In **Health Care and Seniors,** organic growth of **+19.4%** was attributable to some contract wins and same site sales growth, especially in Latin America and Asia.

Education revenues were stable relative to Fiscal 2015. Solid growth in Asia was offset by a contract exit in Africa.

Benefits and Rewards Services

Benefits and Rewards Services revenues were 780 million euro, down -5.7% due to a sharp decline particularly in the Brazilian real. Issue volume was up +6.9% organically, reflecting a relatively resilient performance in all regions, with strong face value growth in Brazil, solid growth in Europe and particularly strong development in Mexico, Chile and Turkey. On the other hand, organic revenue growth was more modest at +4.7%, impacted by severe pricing competitiveness in Brazil, particularly from the smaller players, and record low interest rates in Europe.

Issue volume(1)

(in millions of euro)	Fiscal 2016	Fiscal 2015	Organic growth(2)	Acquisitions	Currency effect(2)	Change
Latin America	6,678	7,526	+7.8%			
Europe and Asia	9,593	8,894	+6.2%			
TOTAL	**16,271**	**16,420**	**+6.9%**	**+1.7%**	**-9.5%**	**-0.9%**

Revenues

(in millions of euro)	Fiscal 2016	Fiscal 2015	Organic Growth(2)	Acquisitions	Currency effect(2)	Change
Latin America	376	431	+6.1%			
Europe and Asia	404	396	+3.1%			
TOTAL	**780**	**827**	**+4.7%**	**+0.2%**	**-10.6%**	**-5.7%**

In **Latin America** organic growth was solid, with an increase of **+7.8%** in issue volume and **+6.1%** in revenues.

Higher face values were an important growth driver in the region. In Brazil, the progressive rise in unemployment led to a decline in the number of beneficiaries at existing clients. As a result, the environment became more and more competitive throughout the year as the smaller players, in particular, were aggressively seeking new business. Face values rose by close to inflation which more than compensated the decline in the number of beneficiaries.

Growth in Mexico and Chile was particularly strong, with face value increases, strong new business and an increase in penetration in both markets.

Organic growth is calculated converting Fiscal 2016 figures at Fiscal 2015 rates, except for Venezuelan Bolivar. Fiscal 2016 and Fiscal 2015 figures in VEF have been converted at the exchange rate of USD 1 = VEF 645 vs. VEF 199 for Fiscal 2015.

In **Europe and Asia,** issue volume organic growth was a strong **+6.2%.** Organic growth in revenues was more modest at **+3.1%.** Lowest-ever interest rates in mature Europe have helped to create a gap between issue volume and revenue growth. However, demand continued to be strong for existing and new products in all markets, market penetration continued to develop in Asia and momentum remained strong in Turkey.

(1) 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.

(2) Organic growth is defined as growth at constant exchange rates and consolidation scope, except for Benefits & Rewards in Venezuelan Bolivar. Fiscal 2016 and Fiscal 2015 revenues and issue volume in VEF have been converted at the exchange rate of USD 1 = VEF 645 vs. VEF 199 for Fiscal 2015.

3.1.2.4 Operating profit

Fiscal 2016 operating profit before exceptional expenses amounted to 1,203 million euro, up +8.2% excluding the currency effect and in line with the Group's objective for the year. The operating margin before exceptional expenses was 5.9%, up +10 basis points relative to the previous year. Excluding the currency effect of in particular, the weakness of the Brazilian real, the margin increased +30 basis points.

This strong improvement in margins reflects the ongoing efficiency initiatives and is helped by the Adaptation and Simplification program launched in November 2015. The first savings of the plan amounted to 32 million euro and were delivered in the second half of Fiscal 2016.

After deducting 108 million euro in exceptional expenses related to these adaptation and simplification measures, operating profit amounted to 1,095 million euro against 1,143 million euro in Fiscal 2015.

All operating profit amounts in the rest of this report are stated excluding exceptional expenses[(1)].

OPERATING PROFIT BY ACTIVITY[(1)]

(in millions of euro)	Operating profit Fiscal 2016	Operating profit Fiscal 2015	Change in Operating profit (excluding currency effect)	Change in Operating profit	Operating margin Fiscal 2016	Change in operating margin (excluding currency effect)[(2)]
On-site Services	**1,082**	**992**	**+7.6%**	**+9.1%**	**5.6%**	**+30 bps**
North America	568	499	+9.3%	+13.8%	6.6%	+30 bps
Continental Europe	281	238	+18.4%	+18.1%	4.9%	+70 bps
United Kingdom and Ireland	137	94	+50.4%	+45.7%	6.8%	+170 bps
Rest of the World	96	161	-38.6%	-40.4%	3.1%	-170 bps
Benefits and Rewards Services	**262**	**285**	**+8.8%**	**-8.1%**	**33.6%**	**+110 bps**
Corporate expenses	(136)	(128)				
Intragroup eliminations	(5)	(6)				
OPERATING PROFIT BEFORE EXCEPTIONAL EXPENSES	**1,203**	**1,143**	**+8.2%**	**+5.2%**	**5.9%**	**+30 bps**

(1) Excluding 108 million euro in exceptional expenses related to the Adaptation and Simplification program.

(2) Change excluding currency effect calculated converting Fiscal 2016 figures at Fiscal 2015 rates, except for Venezuelan Bolivar. Fiscal 2016 and Fiscal 2015 figures in VEF have been converted at the exchange rate of USD 1 = VEF 645 vs. VEF 199 for Fiscal 2015.

On-site Services margins continued to grow steadily led by productivity gains, enhanced operating efficiency and the first contribution from the Adaptation and Simplification program. The performance by region is as follows:

- In **North America** operating profit increased by +9.3% excluding the currency effect and operating margin rose by +30 basis points, reflecting a significant reduction in SG&A costs and strong contract management.
- In **Continental Europe** the +18.4% growth in operating profit and +70 basis points increase in operating margin, excluding currency effect, were attributable to improved On-site productivity and efficient management of food purchasing costs as well as the ongoing effect of a more selective approach to contract bidding.
- In the **United Kingdom and Ireland,** operating profit rose by +50.4% excluding the currency effect, compared to a low comparative base in Fiscal 2015 impacted by significant mobilization costs of new contracts. The margin increased +170 basis points. This strong performance was due to a focus on overheads and operational profitability as well as the contribution of a successful Rugby World Cup event.
- The Operating profit declined in the **Rest of the World** region by -38.6% excluding currency effects, reflecting the difficult economic environment in the mining and oil and gas industries and contract exit costs in Latin America. The effective alignment of operating expenses in the Remote Sites activity was not enough to offset the sharp decline in volumes. In the second half, a small underlying improvement in margins in the Remote Sites business, as volumes stabilized and cost management caught up, was offset by the mobilization costs of the new Rio Tinto contract as well as an investment in the Asian technical platform.

In **Benefits and Rewards Services,** operating profit and margin were adversely affected by the -18.9% decline in the Brazilian real relative to the euro. Excluding the negative currency effect, the operating profit rose by +8.8% and margin by +110 basis points. This strong performance was attributable to tight control of overheads and continued optimization of processing costs.

3.1.2.5 Group net profit

The **Operating Profit** after exceptional expenses of 108 million euros was 1,095 million euros down -4.2%.

Net financing costs increased by 4 million euro. Net borrowing costs fell substantially by 41 million euro due to a lower average debt during the year and lower rates, with the average cost of debt down from 3.8% in Fiscal 2015 to 3.2% in Fiscal 2016. However, other financial charges included a 21million euro exceptional indemnity for the early redemption of 208 million dollars of US private placement debt, at high interest rates, as part of an ongoing debt restructuring program, to increase maturities and lower interest rates. This will be more than offset over future years by the reduction in future interest expenses.

The **effective tax rate** increased to 33.7% from an exceptionally low rate in Fiscal 2015 due in particular to the use of previously unrecognized tax loss carry-forwards.

The share of **profit of other companies consolidated by the equity method** was stable at 7 million euro. Profit attributed to non-controlling interests were also stable at 24 million euro.

As a result, **Group net profit** was 637 million euro, down -9%. **Group net profit before non-recurring items** (net of taxes) amounted to 721 million euro, an increase of +3.0% at current rates or +5.2% excluding the currency effect. Non-recurring items were exceptional expenses of 108 million euro and debt reimbursement indemnity of 21 million euro, respectively 71 and 13 million-euro net of tax.

3.1.2.6 Earnings per share

Earnings per share before non-recurring items amounted to 4.77 euro, up +3.7%, and after non-recurring items to 4.21 euro, down -8.5%. The small accretion relative to change in net profit (-9%) is due to the effect of the 300 million euro share buy-back during the year, net of the lower number of treasury shares carried resulting in a lower weighted average number of shares.

3.1.2.7 Proposed dividend

At the annual Shareholder's Meeting to be held on January 24, 2017, the Board of Directors will recommend paying a dividend of 2.40 euro per share for Fiscal 2016 and increase of +9.1% 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 stable pay-out ratio before non-recurring items at ≈50%.

3.1.3 CONSOLIDATED FINANCIAL POSITION

3.1.3.1 Cash flows

Cash flows for the period were as follows:

(in millions of euro)	Fiscal 2016	Fiscal 2015
Operating cash flow	1,019	973
Change in working capital*	(74)	44
Net cash provided by operating activities*	**945**	**1,017**
Net capital expenditure	(398)	(353)
Less Change in financial assets related to the Benefits and Rewards Services	48	24
Free cash flow	**595**	**688**
Net acquisitions	(42)	(49)
Share buy-backs	(300)	-
Dividends paid	(355)	(300)
Other changes in shareholders' equity	80	(23)
Other changes (including scope and exchange rates)	(45)	(284)
(Increase)/decrease in net debt	**(67)**	**32**

* *Including changes in financial assets related to the Benefits and Rewards Services activity (48 million euro in Fiscal 2016 and 24 million euro in Fiscal 2015).*

Net cash provided by operating activities totaled 945 million euro down -7.1%. The Adaptation and Simplification program and some negative currency effects had an adverse impact on operating cash flow. Working capital was affected by the Rugby World Cup, for which much of the cash came in Fiscal 2015 and most of the spend was in Fiscal 2016. Client payment delays also increased somewhat, particularly in North America.

Net capital expenditure, including client investments amounted to 398 million euro, representing 2% of revenues compared to 1.8% last year. This increase is principally linked to the investments of 64 million euro for the Rio Tinto contract start-up.

Operating free cash flow amounted to 595 million euro, down from 688 million euro in Fiscal 2015. This variance is more than explained by the net impacts of Rugby World Cup for 51 million euro and Rio Tinto mobilization for 65 million euro.

Net acquisitions and disposals of subsidiaries represented a net spend of 42 million euro. After taking into account share buy-backs of 300 million euro and dividend payments of 355 million euro, consolidated net debt only rose during the year by 67 million euro to 407 million euro at August 31, 2016.

3.1.3.2 Acquisitions for the period

During Fiscal 2016, the Group strengthened its presence in the Benefits and Rewards Services market in Portugal. In Personal and Home Services, the Comfort Keepers subsidiary strengthened its presence in the United States and Ireland. Total outlays for acquisitions in the first half of Fiscal 2016, less the proceeds from the sale of a few small businesses, amounted to 42 million euro.

3.1.3.3 2016 Share buy-back program

On November 19, 2015, Sodexo announced a 300 million euro share buy-back program reflecting the strong balance sheet at Fiscal 2015 year-end and the Board's confidence in the future of the Group. The share purchases were completed in April 2016 and 3,390,886 shares, representing 2.2% of the capital, were cancelled in June 2016.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT AUGUST 31, 2016

(in millions of euro)	August 31, 2016	August 31, 2015		August 31, 2016	August 31, 2015
Non-current assets	7,498	7,334	Shareholders' equity	3,668	3,710
Current assets excluding cash	4,486	4,396	Non-controlling interests	34	34
Cash	1,375	2,008	Non-current liabilities	3,549	3,593
Restricted cash Benefits and Rewards	507	439	Current liabilities	6,907	7,140
Financial assets Benefits and Rewards	292	300			
TOTAL ASSETS	**14,158**	**14,477**	**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY**	**14,158**	**14,477**
			Gross debt	2,553	3,047
			Net debt	407	339
			Gearing	11%	9%
			Net debt ratio	0.3	0.2

As of August 31, 2016, net debt was 407 million euro, representing a gearing of 11%, compared to 9% as of August 31, 2015. The Group's financial position remains strong with cash flow covering most of the investments, the dividend and the 300 million euro share buy-back program. Also in Fiscal 2016, the Group reimbursed 526 million euro of its debt, of which 184 million euro was early reimbursement, part of a debt restructuring program aimed at extending maturities and benefiting from extremely low interest rate opportunities. As a result, at year end, both the cash and the gross debt levels had fallen relative to the end of the previous year. The average cost of debt fell from 3.8% for Fiscal 2015 to 3.2% in Fiscal 2016 and the pro forma rate after refinancing is estimated at 2.7%.

At the end of Fiscal 2016, the Group had unused lines of credit totaling 1,168 million euro.

The operating cash position totaled 2,146 million euro, of which 1,498 million euro for Benefits and Rewards Services (including restricted cash for 507 million euro and financial assets for 292 million euro).

3.1.3.4 Subsequent events

- On September 29, 2016 Sodexo redeemed in advance a further 108 million U.S. dollars of its March 2011 U.S. private placement, following on from the 208 million U.S. dollars early redemption in August 2016. On October 14, 2016 the Group issued 600 million euro worth of bonds, redeemable in April 2027. All these refinancing transactions are part of a program to considerably reduce average cost of borrowings and extend maturities.
- Since the beginning of fiscal 2017, two acquisitions have been closed:
  - Inspirus in the United States, a specialist in employee recognition with a long experience and cutting edge technology solutions.
  - PSL in the United Kingdom, a leading procurement provider to the Hospitality industry.

3.1.3.5 2017 Share buy-back program

Confident in the future while maintaining the financial flexibility needed to invest in future development, the Board has also decided to implement a 300 million euro share repurchase and cancellation program in Fiscal 2017 (approximately 1.9% of the share capital as per August 31, 2016). This transaction is expected to be accretive to earnings per share starting in 2017.

3.1.3.6 Outlook

At the Board of Directors' meeting chaired by Sophie Bellon on November 15, 2016, Chief Executive Officer Michel Landel highlighted his confidence in the future development of the Group.

The geopolitical environment will continue to be difficult in Fiscal 2017. However, the commodities markets have been stabilizing for several quarters, which should provide a base for the Group's Energy and Resources segment, particularly given the strong new business from Rio Tinto, Shell and Seadrill, starting-up in the year. The North American market will continue to provide growth opportunities, with the development of integrated services contracts. In particular, US Education will benefit from schools new business signed in Fiscal 2016. The recovery in the Brazilian real since April 2016 should also help the Group's margin mix.

In Europe, the Group will have an easier comparative base in France but a more difficult one in the United Kingdom without the Rugby World Cup contribution in Fiscal 2016. Elsewhere, the slow recovery in the mature economies and the strong momentum in developing countries should continue.

The new organization by global segment combined with the global functions are helping the teams to extend client contracts and relationships into new services or new geographies, to identify white space opportunities around the world and to develop the exchange of best practices and standardized processes.

The Adaptation and Simplification program is on track to deliver significantly more savings in Fiscal 2017 than in the previous year and to achieve its target of 200 million euro of savings in Fiscal 2018. This will sustain margin growth while at the same time liberate resources to continue to develop the Service Operations global platforms, innovative consumer centric digital solutions and the quality of life integrated services offer.

The M&A pipeline is larger than it has been for several years and two acquisitions have already been closed since the beginning of the year:

- Inspirus employee recognition expertise and platforms bring to Benefits and Rewards Services a scalable new opportunity which together with the Motivcom activities in the United Kingdom, acquired two years ago, will allow Sodexo to deliver global recognition solutions for global clients.
- PSL will reinforce Sodexo's proposition to deliver market-leading food cost management solutions to its clients including real-time e-platforms to facilitate efficient procurement and operational support to maximize food savings.

The solid financial structure of the Group provides the capacity to accelerate the rhythm of acquisitions. In the meantime, the Board of Directors has approved a further 300 million euro share buy-back during the year.

The Management is focused on accelerating growth while continuing to increase margins.

Despite challenging revenues comparable in the first half, the Group is confident in achieving the following **Fiscal 2017 objectives:**

- **Organic revenue growth of around 3%;**
- **Operating profit growth (excluding exceptional expenses related to the Adaptation and Simplification program and currency effect) of 8% to 9%.**

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 operating profit, excluding currency effect, of between 8% and 10%.**

3.1.3.7 Alternative Performance measure definitions

Exceptional expenses

Exceptional expenses are the costs of implementation of the Adaptation and simplification program and Operational Efficiency Program (€108m in Fiscal 2016, €0m in Fiscal 2015 and €27m in Fiscal 2014).

Financial ratios

Please refer to section 3.5.1 "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 3.5.1 "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 2016 figures at Fiscal 2015 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, Fiscal 2016 and Fiscal 2015 figures in VEF have been converted at the exchange rate of USD 1 = VEF 645 vs. VEF 199 for Fiscal 2015.

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 less operating cash.

Net profit before non-recurring items

Reported Net Profit excluding non-recurring items (for Fiscal 2016 exceptional expenses and early debt reimbursement indemnity, both net of taxes of respectively €71m and €13m and €0m for Fiscal 2015).

Non-recurring items

Fiscal 2016 exceptional expenses of €108m related to the adaptation and simplification program in operating profit and €21m of early debt reimbursement indemnity in financial expense, both net of taxes (respectively €71m and €13m). There were no items considered as non-recurring for Fiscal 2015.

Operating margin

Operating profit divided by Revenues

Operating Margin at constant rate

Margin calculated converting Fiscal 2016 figures at Fiscal 2015 rates, except for countries with hyperinflationary economies. As a result, for Venezuelan Bolivar, Fiscal 2016 and Fiscal 2015 figures in VEF have been converted at the exchange rate of USD 1 = VEF 645 vs. VEF 199 for Fiscal 2015.

Operating margin before exceptional expenses

Operating profit before exceptional expenses divided by Revenues

Operating profit before exceptional expenses

Reported Operating Profit excluding exceptional expenses (€108m in Fiscal 2016, €0m in Fiscal 2015 and €27m 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 and divestments, as follows:

- For businesses acquired during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- For businesses acquired 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 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 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 2015 in Venezuelan Bolivar, have been converted at the exchange rate of USD 1 = VEF 645 (vs. VEF 199 for Fiscal 2015).

3.2 CONSOLIDATED FINANCIAL STATEMENTS AS OF AUGUST 31, 2016

3.2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euro)	Notes	Fiscal 2016	Fiscal 2015
Revenues	3	20,245	19,815
Cost of sales	4.1	(17,135)	(16,657)
Gross profit		3,110	3,158
Administrative and Sales Department costs	4.1	(2,001)	(1,978)
Other operating income	4.1	22	12
Other operating expenses	4.1	(42)	(56)
Operating profit before share of profit of companies consolidated by the equity method that directly contribute to the group's business (1)	3	1,089	1,136
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	3 and 4.9	6	7
Operating profit		1,095	1,143
Interest income	4.2	34	65
Financial expense	4.2	(145)	(172)
Share of profit of other companies consolidated by the equity method	3 and 4.9	7	7
Profit for the period before tax		991	1,043
Income tax expense	4.3	(330)	(320)
Profit for the year		661	723
Of which:			
Non-controlling interests		24	23
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		637	700
Earnings per share *(in euro)*	4.4	4.21	4.60
Diluted earnings per share *(in euro)*	4.4	4.15	4.54

(1) Including 108 million euro in costs recorded in Fiscal 2016 in connection with the adaptation and simplification program (see note 2.22.4).

3.2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euro)	Notes	Fiscal 2016	Fiscal 2015
Profit for the year		**661**	**723**
Components of other comprehensive income to be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale financial assets	4.11.2 and 4.14	1	(1)
Change in fair value of Cash Flow Hedge instruments	4.16 and 4.14	(2)	(5)
Change in fair value of Cash Flow Hedge instruments reclassified to profit or loss	4.16 and 4.14	1	3
Currency translation adjustment		(7)	37
Tax on components of other comprehensive income to be reclassified subsequently to profit or loss	4.14		1
Share of other components of comprehensive income of companies consolidated by the equity method, net of tax	4.14 and 4.9	4	3
Components of other comprehensive income that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plan obligation	4.17.1 and 4.14	(211)	56
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	4.14	31	(13)
Total other comprehensive income (loss), after tax		**(183)**	**81**
COMPREHENSIVE INCOME		**478**	**804**
Of which:			
Equity holders of the parent		455	782
Non-controlling interests		23	22

3.2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in millions of euro)	Notes	August 31, 2016	August 31, 2015
NON-CURRENT ASSETS			
Property, plant and equipment	4.5	604	594
Goodwill	4.6	5,328	5,300
Other intangible assets	4.7	467	505
Client investments	4.8	562	485
Companies consolidated by the equity method	4.9	95	71
Financial assets	4.11	125	122
Derivative financial instrument assets	4.16	5	3
Other non-current assets	4.12	25	22
Deferred tax assets	4.20	287	232
Total non-current assets		**7,498**	**7,334**
CURRENT ASSETS			
Financial assets	4.11	44	24
Derivative financial instrument assets	4.16		35
Inventories		268	270
Income tax receivable		184	176
Trade and other receivables	4.12	3,990	3,891
Restricted cash and financial assets related to the Benefits and Rewards Services activity	4.11	799	739
Cash and cash equivalents	4.13	1,375	2,008
Total current assets		**6,660**	**7,143**
TOTAL ASSETS		**14,158**	**14,477**

Liabilities and shareholders' equity

(in millions of euro)	Notes	August 31, 2016	August 31, 2015
SHAREHOLDERS' EQUITY			
Share capital		615	628
Additional paid-in capital		822	1,109
Reserves and retained earnings		2,231	1,973
Equity attributable to equity holders of the parent		**3,668**	**3,710**
Non-controlling interests		**34**	**34**
Total shareholders' equity	**4.14**	**3,702**	**3,744**
NON-CURRENT LIABILITIES			
Borrowings	4.15	2,515	2,765
Derivative financial instrument liabilities	4.16		
Employee benefits	4.17	587	418
Other non-current liabilities	4.19	193	192
Provisions	4.18	105	88
Deferred tax liabilities	4.20	149	130
Total non-current liabilities		**3,549**	**3,593**
CURRENT LIABILITIES			
Bank overdrafts	4.13	28	39
Borrowings	4.15	43	315
Derivative financial instrument liabilities	4.16		5
Income tax payable		124	133
Provisions	4.18	89	83
Trade and other payables	4.19	3,945	4,069
Vouchers payable		2,678	2,496
Total current liabilities		**6,907**	**7,140**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**14,158**	**14,477**

3.2.4 CONSOLIDATED CASH FLOW STATEMENT

(in millions of euro)	Notes	Fiscal 2016	Fiscal 2015
OPERATING ACTIVITIES			
Operating profit		1,089	1,136
Elimination of non-cash and non-operating items			
Depreciation, amortization and impairment of intangible assets and property, plant and equipment		308	277
Provisions		23	(11)
(Gain)/loss on disposal and other non-cash items		9	
Dividends received from companies consolidated by the equity method		11	10
Interest paid		(143)	(189)
Interest received		35	39
Income tax paid		(313)	(289)
Operating cash flow		1,019	973
Change in working capital from operating activities		(74)	44
Change in inventories		(1)	5
Change in trade and other receivables		(97)	(239)
Change in trade and other payables		(60)	202
Change in vouchers payable		132	100
Change in financial assets related to the Benefits and Rewards Services activity		(48)	(24)
Net cash provided by operating activities		**945**	**1,017**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		(345)	(302)
Disposals of property, plant and equipment and intangible assets		25	18
Change in client investments	4.8	(76)	(62)
Change in financial assets		(47)	17
Acquisitions of subsidiaries		(38)	(56)
Dispositions of subsidiaries		(4)	7
Net cash used in investing activities		**(485)**	**(378)**
FINANCING ACTIVITIES			
Dividends paid to parent company shareholders	4.14	(335)	(276)
Dividends paid to non-controlling shareholders of consolidated companies		(20)	(25)
Purchases of treasury shares	4.14	(280)	(84)
Disposition of treasury shares		62	59
Increase in share capital			2
Change in non-controlling interests		(2)	
Proceeds from borrowings		1	7
Repayment of borrowings		(527)	(1,048)
Net cash provided by/(used in) financing activities		**(1,101)**	**(1,365)**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**(641)**	**(726)**
Net effect of exchange rates and other effects on cash		19	8
Net cash and cash equivalents, beginning of period		1,969	2,687
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	**4.13**	**1,347**	**1,969**

3.2.5 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	Translation adjustment	Total shareholders' equity: Attributable to equity holders of the parent	Total shareholders' equity: Non-controlling interests	Total shareholders' equity: Total
Notes	4.14			4.14	4.14				
Shareholders' equity as of August 31, 2014	157,132,025	628	1,109	(409)	2,318	(457)	3,189	32	3,221
Profit for the year					700		700	23	723
Other comprehensive income (loss), net of tax					44	38	82	(1)	81
Comprehensive income					744	38	782	22	804
Dividends paid					(276)		(276)	(24)	(300)
Treasury shares				(25)			(25)		(25)
Share-based payment (net of income tax)					38		38		38
Change in ownership interest without any change of control					(2)		(2)		(2)
Other[(1)]					4		4	4	8
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 year					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 shares				(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**

(1) Including the effects of hyperinflation.

3.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED LIST OF NOTES

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, 2016 were approved by the Board of Directors on November 15, 2016 and will be submitted to the Shareholders' Meeting on January 24, 2017.

1. SIGNIFICANT EVENTS

On March 10, 2016, the Euronext Scientific Board on Indices announced its decision to include Sodexo in the CAC 40 index. This decision took effect as from the March 21, 2016 market trading session.

During Fiscal 2016, Sodexo redeemed the full outstanding balance of its 360 million U.S. dollars private placement carried out in 2008, of which 70 million dollars was an early repayment. In addition, it redeemed in advance 138 million U.S. dollars of its 2011 U.S. private placement. These redemptions, as well as (i) Sodexo's early redemption on September 29, 2016 of a further 108 million U.S. dollars of the 2011 U.S. private placement, and (ii) a 600 million euro bond issue launched on October 14, 2016, have enabled the Group to reduce its average cost of borrowing and to extend the maturities of its borrowings.

On November 17, 2015, the Board of Directors decided to launch a share repurchase and cancellation program for 300 million euro. As part of this program, during Fiscal 2016, Sodexo SA purchased 3,151,060 of its own shares for 280 million euro, representing 2% of the share capital as of August 31, 2015. On June 14, 2016, Sodexo SA carried out a capital reduction representing a total of 300 million euro by cancelling these shares as well as 239,826 other treasury shares that it had previously purchased and which had not been allocated to free share plans.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2016

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 http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

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

The IFRS application dates as approved by the European Union 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 or amendments whose application was mandatory for the Group effective for the fiscal year beginning September 1, 2015 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 2016.

The Group has not applied any IFRSs that had not yet been approved by the European Union as of August 31, 2016.

The Group is currently analyzing the impacts of applying (i) IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" (applicable by the Group as from Fiscal 2019) and (ii) IFRS 16 "Leases" (applicable by the Group as from Fiscal 2020), provided that these standards have been adopted for use in the European Union.

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, 2016 is provided in note 6.

2.3.3 Foreign currency translation

The exchange rates used are derived from rates quoted on the Paris stock exchange and other major international financial markets.

2.3.3.1 FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

2.3.3.2 FINANCIAL STATEMENTS DENOMINATED IN FOREIGN CURRENCIES

Countries with stable currencies

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

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

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) to replace the SICAD II platform. In mid-July 2015, Sodexo decided to transition to the new platform and in Fiscal 2015 started bidding for dollars on SIMADI. In March 2016 another new foreign exchange platform, called DICOM, was put in place, and in Fiscal 2016 the Group carried out trades on this platform. As of August 31, 2016 and August 31, 2015, 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 SIMADI and subsequently DICOM. The exchange rate used for the fiscal year ended August 31, 2015 was therefore 1 U.S. dollar = 199 bolivars (1 euro = 223.14 bolivars), and for the fiscal year ended August 31, 2016 it was 1 U.S. dollar = 645 bolivars (1 euro = 718 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 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 acquired assets or liabilities assumed, is recognized as goodwill in the statement of financial position.

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

2.4.2 Bargain purchases

When the fair value of the net 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 are adjusted to goodwill only if they occur within the time period allowed (a maximum of one year as of the date of acquisition) and if they result from facts and circumstances that existed at the acquisition date. In all other cases, the change is recognized in profit or loss except when the consideration transferred consists of an equity instrument.

2.4.5 Step acquisitions

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

2.5 Intangible assets

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

Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

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

Integrated management software	3-7 years
Other software	3-5 years
Patents and licenses	2-10 years
Client relationships	3-20 years
Other intangible assets	3-20 years

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

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

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

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

2.6 Property, plant and equipment

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

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

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

The useful lives generally used by the Group are:

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

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

The carrying amounts of items of property, plant and equipment are tested for impairment if there is an indication that an item 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 31.

2.8.2.1 CASH GENERATING UNITS

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

Impairment tests are performed at the level of the CGU or group of CGUs corresponding to the lowest level at which goodwill is monitored by the Group. This level generally corresponds to one of the Group's two main operating segments, with the On-site Services activity further segmented into geographic regions. Goodwill is not tested for impairment at a higher level than the operating segment (see note 3).

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

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

2.8.2.2 INDICATIONS OF IMPAIRMENT

The main indicators that a CGU may be impaired are a significant decrease in the CGU's revenues and 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.

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 plan reflects the growth rate for the business sector and region involved.

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.

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

2.8.2.4 RECOGNITION OF IMPAIRMENT LOSSES

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

2.8.3 Reversal of impairment losses

Impairment losses recognized with respect to goodwill cannot be reversed.

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

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

2.9 Client investments

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

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

2.10 Inventories

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

2.11 Trade and other receivables

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

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

2.12 Financial instruments

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

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

2.12.1 Financial assets

Financial assets are measured and recognized in three main categories:

- **available-for-sale financial assets** include equity investments in non-consolidated entities, marketable securities with maturities greater than three months, and restricted cash. They are measured at fair value, with changes in fair value recognized in other comprehensive income. When an available-for-sale financial asset is sold or impaired, the cumulative fair value adjustment recognized in other comprehensive income is transferred to the income statement. For securities listed on an active market, fair value is considered to equal market value. If no active market exists, fair value is generally determined based on appropriate financial criteria for the specific security. If the fair value of an available-for-sale financial asset cannot be reliably measured, it is recognized at cost;

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

2.12.2 Derivative financial instruments

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

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

For Cash Flow Hedges, the necessary documentation is prepared at inception and updated at each period end. Gains or losses arising on the effective portion of the hedge are recognized in other comprehensive income, and are not recognized in the income statement until the underlying asset or liability is realized. Gains or losses arising on the ineffective portion of the hedge are recognized in the income statement.

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

2.12.3 Commitments to purchase non-controlling interests

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

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

2.12.4 Bank borrowings and bond issues

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

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise current bank account balances, cash on hand and short-term cash investments in money-market instruments which either have an initial maturity of less than three months at the moment of purchase or may be withdrawn at any time at a known cash value with no material risk of loss in value.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying non-current asset are included in the cost of that asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying 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 macro-economic 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 multi-employer plans, primarily in Sweden and the United States. These plans are accounted for as defined contribution plans, as the information provided by the plan administrators is insufficient for them to be accounted for as defined benefit plans.

2.17.3 Other long-term employee benefits

Other long-term employee benefits are measured in accordance with IAS 19. The expected cost of such benefits is recognized as a non-current liability over the employee's period of service.

Actuarial gains and losses and past service costs arising from plan amendments and the establishment of new plans are recognized immediately in the income statement.

2.18 Vouchers payable

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

2.19 Share-based payment

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

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

3

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 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 reduce the expenses to which they relate.

2.22.4 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.

3. OPERATING SEGMENTS

The Group's activities are monitored by the chief operating decision maker as follows: On-site Services and Benefits and Rewards Services. The On-site Services activity is further segmented by geographic region.

Operating segments with similar economic characteristics, including similar long-term average operating margins, are aggregated in a single operating segment.

The Group's operating segments are as follows:

- On-site Services operating segments:
  - North America,
  - Continental Europe,
  - United Kingdom and Ireland,
  - Rest of the World;
- Benefits and Rewards Services.

The On-site Services – Rest of the World segment aggregates the activities of three operating segments: On-site Services – Latin America, On-site Services – Africa, Middle East, Asia and Australia and On-site Services – China. These three operating segments aggregate countries and regions located in emerging economies and therefore have certain shared economic characteristics. In addition, none of these countries or regions meets the quantitative threshold for separate reporting under paragraph 13 of IFRS 8.

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

3.1 By operating activity

Fiscal 2016 *(in millions of euro)*	On-site Services									
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Benefits and Rewards Services	Corporate expenses	Eliminations	Unallocated[2]	Total
Revenues (third-party)	8,629	5,690	2,008	3,143	19,470	775				20,245
Inter-segment sales (Group)						5		(5)		
TOTAL	**8,629**	**5,690**	**2,008**	**3,143**	**19,470**	**780**		**(5)**		**20,245**
Operating profit[1]	568	281	137	96	1,082	262	(136)	(5)	(108)	1,095
Share of profit of other companies consolidated by the equity method										7
Net financing costs										(111)
Income tax expense										(330)
Non-controlling interests										24
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT										**637**
Depreciation/ amortization of property, plant and equipment and intangible assets	51	113	67	36	267	31	10			308
Other non-cash items	13	9	3	5	30	5	14			49

(1) Including share of profit of companies consolidated by the equity method that directly contribute to the Group's business.
(2) Corresponding to the costs incurred in connection with the adaptation and simplification program (see note 2.22.4).

Fiscal 2015 *(in millions of euro)*	**On-site Services** North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	**Benefits and Rewards Services**	**Corporate expenses**	**Eliminations**	**Unallocated**	**Total**
Revenues (third-party)	7,972	5,686	1,832	3,504	18,994	821				19,815
Inter-segment sales (Group)						6		(6)		
TOTAL	**7,972**	**5,686**	**1,832**	**3,504**	**18,994**	**827**		**(6)**		**19,815**
Operating profit[1]	499	238	94	161	992	285	(128)	(6)		1,143
Share of profit of other companies consolidated by the equity method										7
Net financing costs										(107)
Income tax expense										(320)
Non-controlling interests										23
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT										**700**
Depreciation/ amortization of property, plant and equipment and intangible assets	49	107	30	40	226	31	20			277
Other non-cash items	9	8	2	4	23	3	12			38

(1) Including share of profit of companies consolidated by the equity method that directly contribute to the Group's business.

3.2 By significant country

The Group's operations are spread across 80 countries, including three that each represent over 10% of consolidated revenues: France (the Group's home country), the United States and the United Kingdom. Revenues and non-current assets in these countries are as follows:

August 31, 2016 *(in millions of euro)*	France	United States	United Kingdom	Other	Total
Revenues (third-party)	2,712	8,266	2,040	7,227	20,245
Non-current assets[(1)]	1,102	3,343	713	1,803	6,961

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

August 31, 2015 *(in millions of euro)*	France	United States	United Kingdom	Other	Total
Revenues (third-party)	2,796	7,588	1,933	7,498	19,815
Non-current assets[(1)]	1,092	3,277	880	1,635	6,884

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

3.3 By type of service

Revenues by type of service are as follows:

(in millions of euro)	Fiscal 2016	Fiscal 2015
Foodservices	13,609	13,356
Facilities management services	5,861	5,638
Total On-site Services revenues	**19,470**	**18,994**
Benefits and Rewards Services	780	827
Eliminations	(5)	(6)
TOTAL CONSOLIDATED REVENUES	**20,245**	**19,815**

4. NOTES TO THE FINANCIAL STATEMENTS AS OF AUGUST 31, 2016

4.1 Operating expenses by nature

(in millions of euro)	Fiscal 2016[3]	Fiscal 2015
Depreciation, amortization and impairment losses	(305)	(253)
Employee costs		
• Wages and salaries	(7,521)	(7,350)
• Other employee costs[1]	(2,260)	(2,137)
Purchases of consumables and change in inventory	(5,796)	(5,716)
Other operating expenses[2]	(3,274)	(3,223)
TOTAL	**(19,156)**	**(18,679)**

(1) Primarily payroll taxes, but also including costs associated with defined benefit plans (note 4.17), defined contribution plans (note 4.17), and stock options and free shares (note 4.22).
(2) Other operating expenses mainly include operating lease expenses (315 million euro for Fiscal 2016 and 318 million euro for Fiscal 2015), professional fees, other purchases of consumables, sub-contracting costs and travel expenses.
(3) Including 108 million euro in costs recorded in Fiscal 2016 in connection with the adaptation and simplification program.

4.2 Finance income and expense

(in millions of euro)	Fiscal 2016	Fiscal 2015
Gross borrowing cost[1]	(104)	(150)
Interest income from short-term bank deposits and equivalent	17	22
Net borrowing cost	**(87)**	**(128)**
Interest income from loans and receivables at amortized cost	3	5
Other interest income	12	13
Other interest expense[2]	(26)	(6)
Net foreign exchange gains/(losses)	(6)	9
Net interest cost on net defined benefit plan obligation	(5)	(9)
Monetary adjustment for hyperinflation	(4)	(7)
Change in fair value of derivative financial instruments not qualified for hedge accounting	1	1
Other	1	15
Net financial expense	**(111)**	**(107)**
Interest income component	34	65
Financial expense component	(145)	(172)

(1) Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.
(2) Including, in Fiscal 2016, 21 million euro related to the early redemption of 208 million U.S. dollars' worth of U.S. private placements, breaking down as (i) 70 million U.S. dollars for the final tranche of the placement carried out in September 2008, and (ii) 138 million U.S. dollars for the March 2011 placement (see note 4.15, "Borrowings").

4.3 Income tax expense

4.3.1 Income tax rate reconciliation

(in millions of euro)	Fiscal 2016	Fiscal 2015
Profit for the period before tax	991	1,043
Share of profit of companies consolidated by the equity method	(13)	(14)
Accounting profit before tax	**978**	**1,029**
Tax rate applicable to Sodexo SA(1)	38.0%	38.0%
Theoretical income tax expense	**(371)**	**(391)**
Effect of jurisdictional tax rate differences	61	68
Additional tax on dividends paid	(10)	(8)
Permanently non-deductible expenses or non-taxable income	(8)	30
Other tax repayments/(charges), net	10	(7)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	5	7
Tax loss carry-forwards arising during the period but not recognized as a deferred tax asset	(9)	(15)
Actual income tax expense	**(322)**	**(316)**
Withholding taxes	(8)	(4)
TOTAL INCOME TAX EXPENSE	**(330)**	**(320)**

(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 2016	Fiscal 2015
Current income taxes	(351)	(328)
Adjustments to current income tax payable in respect of prior periods	(1)	4
Provision for tax exposures	(1)	1
Utilization of tax credits, tax losses and temporary difference carry-forwards	18	(13)
Current income taxes	**(335)**	**(336)**
Deferred taxes on temporary differences arising or reversing during the period	(1)	15
Deferred taxes on changes in tax rates or liability for taxes at new rates	(1)	4
Utilization of tax credits, tax losses and tax loss carry-forwards	15	1
Deferred income taxes	**13**	**20**
ACTUAL INCOME TAX EXPENSE	**(322)**	**(316)**

The effective tax rate, calculated on the basis of profit for the period before taxes and excluding the share of profit of companies consolidated by the equity method, increased from 31.1% for Fiscal 2015 to 33.7% for Fiscal 2016.

4.4 Earnings per share

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

	Fiscal 2016	Fiscal 2015
Profit for the period attributable to equity holders of the parent	637	700
Basic weighted average number of shares	151,277,059	152,087,430
Basic earnings per share[(1)]	**4.21**	**4.60**
Average dilutive effect of stock option and free share plans	2,048,951	2,053,869
Diluted weighted average number of shares	153,326,010	154,141,299
Diluted earnings per share[(1)]	**4.15**	**4.54**

(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, 2016, such shares total 7,377,472 (6,270,193 as of August 31, 2015).

All of the stock option plans and free share plans have a dilutive impact in both Fiscal 2015 and Fiscal 2016.

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, 2014	**81**	**392**	**82**	**555**
Increases during the fiscal year	9	205	19	233
Decreases during the fiscal year	(4)	(11)	(5)	(20)
Newly consolidated companies		11		11
Newly deconsolidated companies	(3)	(1)		(4)
Depreciation expense	(2)	(171)	(13)	(186)
Translation adjustment	2	6	2	10
Other	(11)	34	(28)	(5)
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)
Translation adjustment	(1)	(2)	(1)	(4)
Other	2	21	(22)	1
Carrying amount – August 31, 2016	**71**	**471**	**62**	**604**

(in millions of euro)	August 31, 2016	August 31, 2015
Cost	1,865	1,834
Accumulated depreciation and impairment	(1,261)	(1,240)
Carrying amount	**604**	**594**

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

Sodexo holds property, plant and equipment under a large number of finance leases on sites throughout the world. These leases relate mainly to kitchens and kitchen equipment, and office equipment; the terms are negotiated locally.

Carrying amount *(in millions of euro)*	**Buildings**	**Plant and equipment**	**Construction in progress and other**	**Total**
August 31, 2014	7	14		21
August 31, 2015	6	14		20
August 31, 2016	5	9		14

(in millions of euro)	**August 31, 2016**	**August 31, 2015**
Cost	40	49
Accumulated depreciation and impairment	(26)	(29)
Carrying amount	**14**	**20**

Maturities of payments under finance leases are provided in note 4.15.5.

4.6 Goodwill

Changes in goodwill, aggregated by operating segment, were as follows during the fiscal year:

(in millions of euro)		August 31, 2015	Additions during the period	Disposals during the period	Translation adjustment	Other	August 31, 2016
On-site Services North America	Gross	2,623	3		20		2,646
	Impairment						
On-site Services United Kingdom and Ireland	Gross	652	24		(91)		585
	Impairment						
On-site Services Continental Europe	Gross	1,047					1,047
	Impairment						
On-site Services Rest of the World	Gross	433			32		465
	Impairment						
Benefits and Rewards Services	Gross	545	22		18		585
	Impairment	(2)					(2)
Holding companies	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**5,302**	**49**		**(21)**		**5,330**
	IMPAIRMENT	**(2)**					**(2)**

Goodwill recognized in Fiscal 2016 on acquisitions made during the year mainly concerned the acquisition of Elder Home Care Limited in Ireland and Sistemas de Incentivos Empresariales (Siempre) SA in Panama.

Changes in goodwill, aggregated by operating segment, were as follows in Fiscal 2015:

(in millions of euro)		August 31, 2014	Additions during the period	Disposals during the period	Translation adjustment	Other	August 31, 2015
On-site Services North America	Gross	2,226	6		391		2,623
	Impairment						
On-site Services United Kingdom and Ireland	Gross	597			55		652
	Impairment						
On-site Services Continental Europe	Gross	1,055		(2)	(6)		1,047
	Impairment						
On-site Services Rest of the World	Gross	509			(76)		433
	Impairment						
Benefits and Rewards Services	Gross	584	53		(92)		545
	Impairment	(2)					(2)
Holding companies	Gross	2					2
	Impairment						
TOTAL	**GROSS**	**4,973**	**59**	**(2)**	**272**		**5,302**
	IMPAIRMENT	**(2)**					**(2)**

Goodwill recognized in Fiscal 2015 on acquisitions made during that year mainly concerned the acquisition of 100% of Motivcom Plc in the United Kingdom.

4.7 Other intangible assets

The tables below show movements in other intangible assets during Fiscal 2015 and Fiscal 2016.

(in millions of euro)	Licenses and software	Client relationships, trademarks and other	Total
Carrying amount – August 31, 2014	**111**	**413**	**524**
Increases during the fiscal year	57	5	62
Decreases during the fiscal year		(1)	(1)
Newly consolidated companies		20	20
Amortization expense	(45)	(39)	(84)
Impairment losses recognized in profit or loss		(7)	(7)
Translation adjustment	2	(14)	(12)
Other	18	(15)	3
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)
Translation adjustment	(2)		(2)
Other	(5)	4	(1)
Carrying amount – August 31, 2016	**161**	**306** (1)	**467**

(1) Including trademarks and lease rights with an indefinite useful life for 50 million euro as of August 31, 2015 and 2016.
(2) Including amortization of rights related to the Rugby World Cup.

(in millions of euro)	August 31, 2016	August 31, 2015
Cost	1,064	1,063
Accumulated amortization and impairment	(597)	(558)
Carrying amount	**467**	**505**

Amortization and impairment losses are reported under either cost of sales or general and administrative costs, except for amortization and impairment of client relationship and trademark intangible assets, which are recognized in "Other operating expenses".

4.8 Client investments

(in millions of euro)	Fiscal 2016	Fiscal 2015
Carrying amount – September 1	485	361
Increases during the fiscal year	165	139
Decreases during the fiscal year	(89)	(77)
Translation adjustment	1	62
Carrying amount as of August 31	**562**	**485**

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 2015 and Fiscal 2016 are shown below:

(in millions of euro)	Fiscal 2016			Fiscal 2015		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total
As of September 1	55	6	61	43	4	47
Positive amounts	65	6	71	56	4	60
Negative amounts	(10)		(10)	(13)		(13)
Share of profit for the period	10	3	13	11	3	14
Other comprehensive income[1]	4		4	3		3
Dividend paid for the period	(10)	(1)	(11)	(8)	(1)	(9)
Changes in scope of consolidation	22		22			
Translation adjustment				5		5
Other movements		(1)	(1)	1		1
AS OF AUGUST 31	**81**	**7**	**88**	**55**	**6**	**61**
Positive amounts	88	7	95	65	6	71
Negative amounts	(7)		(7)	(10)		(10)

(1) Corresponding to changes in fair value of derivative financial instrument hedges, net of tax (note 4.16).

4.10 Impairment of assets

Accumulated impairment losses of 16 million euro and 50 million euro were recognized on property, plant and equipment and intangible assets (including goodwill) as of August 31, 2016 and 2015 respectively. Movements for the year represented a net charge of 1 million euro in Fiscal 2016 (net charge of 7 million euro in Fiscal 2015), with the balance corresponding to the derecognition of assets written down in full.

Assets with indefinite useful lives were tested for impairment as of August 31, 2016 using the methods described in note 2.8.2.

The main assumptions used rely on the macro-economic outlook for the geographic regions in which the CGUs or groups of CGUs defined by Sodexo operate. They are as follows (any impairment loss is recognized in other operating expenses):

Economic region	Fiscal 2016		Fiscal 2015	
	Discount rate[1]	Long-term growth rate[2]	Discount rate[1]	Long-term growth rate[2]
Continental Europe	7.7%	1.75%	8.7%	1.75%
North America	7.3%	2.0%	7.9%	2.0%
United Kingdom and Ireland	7.3%	1.7%	7.9%	2.1%
Latin America	9.8%	4.0%	10.6%	4.0%
Rest of the World (excluding Latin America)	8.2%	3.0%	9.4%	3.0%
Benefits and Rewards Services	8.9%	3.4%	9.9%	3.4%

(1) The discount rate defined by the Group has been increased for certain regions in order to incorporate more significant risk factors affecting certain countries.
(2) The long-term growth rate serves to extrapolate the terminal value based on data in the management plans.

Sensitivity analysis

Sodexo has analyzed the sensitivity of impairment test results to different long-term growth rates and discount rates.

The results of this sensitivity analysis indicated no probable scenario where a change in the discount rate or long-term growth rate would result in the recoverable amount of a CGU 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, 2016. The results of this analysis indicated no risk of impairment for any of the CGUs or groups of CGUs.

The Group is particularly attentive to economic trends in Latin America, which accounted for approximately 9% of consolidated revenue in Fiscal 2016, especially trends in Brazil. These trends have been taken into account in the business plans prepared by 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

	August 31, 2016		August 31, 2015	
(in millions of euro)	Current	Non-current	Current	Non-current
Available-for-sale financial assets				
Investments in non-consolidated companies				
Cost		51		46
Impairment		(6)		(2)
Carrying amount		45		44
Restricted cash and financial assets related to the Benefits and Rewards Services activity				
Cost	799		739	
Impairment				
Carrying amount	799		739	
Loans and receivables				
Receivables from investees				
Cost		27		32
Impairment		(1)		(1)
Carrying amount		26		31
Loans and deposits				
Cost	46	63	26	55
Impairment	(2)	(9)	(2)	(8)
Carrying amount	44	54	24	47
TOTAL FINANCIAL ASSETS	**843**	**125**	**763**	**122**
Cost	845	141	765	133
Impairment	(2)	(16)	(2)	(11)
Carrying amount	843	125	763	122

PRINCIPAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES

The Group holds 18.50% of Bellon shares, 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.

3

RESTRICTED CASH

Restricted cash of 507 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 (264 million euro), India (77 million euro), Belgium (51 million euro) and Romania (41 million euro). The funds remain the property of Sodexo but are subject to restrictions on their use. They may not be used for any purpose other than to reimburse affiliates and must be kept separate from the Group's unrestricted cash. Restricted cash is invested in interest-bearing instruments.

"Restricted cash and financial assets related to the Benefits and Rewards Services activity" breaks down as follows by currency:

(in millions of euro)	August 31, 2016	August 31, 2015
Euro	409	404
Dollar USD	4	2
Real BRL	153	113
Sterling GBP	13	15
Other currencies	220	205
TOTAL	**799**	**739**

4.11.2 Changes in current and non-current financial assets

(Carrying amount in millions of euro)	August 31, 2015	Increase/ (decrease) during the period	Impairment	Change in scope of consolidation	Change in fair value	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**

(Carrying amount in millions of euro)	August 31, 2014	Increase/ (decrease) during the period	Impairment	Change in scope of consolidation	Change in fair value	Translation adjustment and other	August 31, 2015
Available-for-sale financial assets	799	23		13	(1)	(51)	783
Loans and receivables	89	7				6	102
TOTAL	**888**	**30**		**13**	**(1)**	**(45)**	**885**

4.12 Trade and other receivables

	August 31, 2016			August 31, 2015		
(in millions of euro)	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount
Other non-current assets	25		25	22		22
Advances to suppliers	9		9	16		16
Trade receivables	3,583	(113)	3,470	3,416	(106)	3,310
Other operating receivables	365	(5)	360	365	(4)	361
Prepaid expenses	151		151	199		199
Non-operating receivables				5		5
TOTAL TRADE AND OTHER RECEIVABLES	**4,108**	**(118)**	**3,990**	**4,001**	**(110)**	**3,891**

The maturities of trade receivables as of August 31, 2016 and August 31, 2015 respectively were as follows:

Breakdown of trade receivables due as of August 31:	August 31, 2016		August 31, 2015	
	Gross amount	Impairment	Gross amount	Impairment
Less than 3 months due	520	(11)	522	(4)
More than 3 months and less than 6 months due	55	(5)	55	(9)
More than 6 months and less than 12 months due	120	(18)	127	(22)
More than 12 months due	84	(73)	72	(62)
TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31	**779**	**(107)**	**776**	**(97)**
TOTAL TRADE RECEIVABLES NOT YET DUE AS OF AUGUST 31	**2,804**	**(6)**	**2,640**	**(9)**
TOTAL TRADE RECEIVABLES AS OF AUGUST 31	**3,583**	**(113)**	**3,416**	**(106)**

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, 2016	August 31, 2015
Marketable securities	353	355
Cash	1,022	1,653
Total cash and cash equivalents	1,375	2,008
Bank overdrafts	(28)	(39)
NET CASH AND CASH EQUIVALENTS	**1,347**	**1,969**

Marketable securities comprised:

(in millions of euro)	August 31, 2016	August 31, 2015
Short-term notes	152	188
Term deposits	173	143
Mutual funds and other	28	24
Total marketable securities	353	355

Cash and cash equivalents break down as follows by currency:

(in millions of euro)	August 31, 2016	August 31, 2015
Euro	116	133
Dollar USD	156	699
Real BRL	236	245
Sterling GBP	323	395
Other currencies	516	497
Cash and cash equivalents net of bank overdrafts	1,347	1,969

Around 74% of the Group's cash and cash equivalents, together with the 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 equivalent is subject to restriction at period end.

4.14 Statement of changes in shareholders' equity

Sodexo takes a long term view in managing its capital structure, with the objective of ensuring the Group's liquidity, optimizing its financial structure and allowing shareholders to benefit from its strong cash flows.

Contributing to decisions made may be objectives for earnings per share or estimated future cash flows, or balancing various components of the consolidated statement of financial position in order to meet the net debt criteria defined by Group management and communicated to the marketplace, notably a net debt to equity ratio of less than 75%. 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.

On November 17, 2015, the Board of Directors decided to launch a share repurchase and cancellation program for 300 million euro. As part of this program, during Fiscal 2016, Sodexo SA purchased 3,151,060 of its own shares for 280 million euro, representing 2% of the share capital as of August 31, 2015. On June 14, 2016, Sodexo SA carried out a capital reduction representing a total of 300 million euro by cancelling these shares as well as 239,826 other treasury shares that it had previously purchased and which had not been allocated to free share plans. As of August 31, 2016, the Company's share capital therefore comprised 153,741,139 shares (compared with 157,132,025 as of August 31, 2015). The par value of Sodexo SA shares is 4 euro per share.

As of August 31, 2016, the Group held 3,074,444 Sodexo shares (versus 4,862,456 as of August 31, 2015) with a carrying amount of 217 million euro (326 million euro as of August 31, 2015) to cover its obligations under stock option and free share plans for Group employees. These treasury shares are deducted from shareholders' equity at cost. In Fiscal 2015, Sodexo purchased 84 million euro worth of Sodexo SA shares.

Company 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 2016 amounted to 335 million euro (taking into account the number of shares held in treasury). The ordinary dividend per share was 2.20 euro and the dividend premium per share was 0.22 euro.

Items recognized directly in other comprehensive income (OCI) (Group share) are shown below:

	Fiscal 2016			Fiscal 2015		
(in millions of euro)	Increase/ (decrease) during the year, pre-tax	Income tax (expense) /benefit	Increase/ (decrease) during the year, net of tax	Increase/ (decrease) during the year, pre-tax	Income tax (expense)/ benefit	Increase/ (decrease) during the year, net of tax
Available-for-sale financial assets	1		1	(1)		(1)
Cash Flow Hedges	4	(1)[(1)]	3	2		2
Remeasurements of net defined benefit obligation	(211)	31	(180)	56	(13)	43
Translation adjustment	(6)		(6)	38		38
TOTAL OTHER COMPREHENSIVE INCOME (GROUP SHARE)	**(212)**	**30**	**(182)**	**95**	**(13)**	**82**

(1) Of which -1 million euro related to hedging instruments recognized in other comprehensive income for equity method companies and presented in the line item "Share of other components of comprehensive income of companies consolidated by the equity method, net of tax" in the consolidated statement of comprehensive income.

4.15 Borrowings

Changes in borrowings during Fiscal 2016 and Fiscal 2015 were as follows:

(in millions of euro)	August 31, 2015	Increases	Repayments	Discounting effects and other	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**

(in millions of euro)	August 31, 2014	Increases	Repayments	Discounting effects and other	Translation adjustment	Changes in scope of consolidation	August 31, 2015
Bond issues	2,014		(880)	(29)			1,105
Bank borrowings	1,811	4	(158)	4	278	5	1,944
Finance lease obligations	14	6	(7)				13
Other borrowings	13	1	(1)		(1)	6	18
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,852**	**11**	**(1,046)**	**(25)**	**277**	**11**	**3,080**
Net fair value of derivative financial instruments	(36)	2	(2)	(8)	11		(33)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,816**	**13**	**(1,048)**	**(33)**	**288**	**11**	**3,047**

4.15.1 Borrowings by currency

	August 31, 2016		August 31, 2015	
(in millions of euro)	Current	Non-current	Current	Non-current
Bond issues				
Euro	9	1,097	9	1,096
Total	**9**	**1,097**	**9**	**1,096**
Bank borrowings(1)				
U.S. dollar	27	1,401	296	1,576
Euro				68
Other currencies			2	2
Total	**27**	**1,401**	**298**	**1,646**
Finance lease obligations				
Euro	3	6	3	7
Other currencies	1	1	1	2
Total	**4**	**7**	**4**	**9**
Other borrowings(2)				
Euro	1	2	1	3
Other currencies	2	8	3	11
Total	**3**	**10**	**4**	**14**
TOTAL EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**43**	**2,515**	**315**	**2,765**
Net fair value of derivative financial instruments(3)		(5)	(30)	(3)
TOTAL INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**43**	**2,510**	**285**	**2,762**

(1) Including the proceeds of the U.S. private placements described in note 4.15.3.2.
(2) Including 8 million euro as of August 31, 2016 and 9 million euro as of August 31, 2015 corresponding to liabilities recognized in connection with commitments to repurchase the 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:

- 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;
- 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, 2016.

Neither of these tranches is 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 July 2015, this facility – which now amounts to 531 million euro plus 709 million U.S. dollars – was extended until July 2, 2020, and in May 2016 it was further extended to July 2, 2021. The maturity date can be extended again, on application by Sodexo SA and subject to the lenders' consent, 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 August 31, 2016. As of August 31, 2015, 65 million euro had been drawn down under the euro tranche.

4.15.3.2 U.S. PRIVATE PLACEMENTS

During Fiscal 2016, Sodexo SA redeemed the full outstanding balance of its September 29, 2008 U.S. private placement totaling 360 million U.S. dollars, as follows:

- September 29, 2015: 290 million U.S. dollars (259 million euro), corresponding to the second tranche of the placement;
- August 25, 2016: 70 million U.S. dollars redeemed in advance (62 million euro), corresponding to the final tranche of the placement, whose original maturity was in September 2018.

Also on August 25, 2016, Sodexo SA redeemed in advance 138 million U.S. dollars (122 million euro) corresponding to 23% of each of the three tranches of the U.S. private placement carried out on March 29, 2011.

The features of the Group's outstanding private placements as of August 31, 2016 are as follows:

Date of the placement	Principal outstanding *(in millions of U.S. dollars)*	Fixed interest rate	Maturity
March 29, 2011	193	4.24%	March 2018
	173	4.85%	March 2021
	96	4.95%	March 2023
TOTAL	**462(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	**1,562**		

(1) After deducting 138 million U.S. dollars repaid on August 25, 2016 (57.5 million U.S. dollars for the first tranche, 51.75 million U.S. dollars for the second tranche and 28.75 million U.S. dollars for the third tranche).

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, 2016, August 31, 2015 and February 29, 2016.

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, 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%. As of August 31, 2015, nearly 100% of the Group's borrowings were at fixed rate. The average rate of interest as of that date was 3.8%.

The bond issues and borrowings from financial institutions described above include customary early redemption clauses. These clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

4.15.5 Maturity of borrowings

August 31, 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 balance sheet date.
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, i.e., after the Fiscal 2016 year-end (see note 4.29).

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	784	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 the 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, i.e., after the Fiscal 2016 year-end.

August 31, 2015 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	3		1,096	1,105
Bank borrowings	287	1	10	489	1,157	1,944
Finance lease obligations		1	3	8	1	13
Other borrowings		1	3	14		18
TOTAL	**287**	**9**	**19**	**511**	**2,254**	**3,080**

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 balance sheet date.
Credit facility renewal rights are taken into account in determining maturities.

August 31, 2015 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		8	16	95	1,204	1,323
Bank borrowings	287	1	47	719	1,312	2,366
Finance lease obligations		1	3	9	1	14
Other borrowings		1	3	15		19
Impact of derivative financial instruments excluding those related to the PPP companies	1	6		5		12
TOTAL	**288**	**17**	**69**	**843**	**2,517**	**3,734**

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, 2016	August 31, 2015
Currency instruments		5	2
Assets	*Trading*	*7*	*7*
Liabilities	*Trading*	*(2)*	*(5)*
Cross-currency swaps[(1)]			31
Assets	*Cash Flow Hedge*		*30*
Assets	*Trading*		*5*
Liabilities	*Cash Flow Hedge*		*(3)*
Liabilities	*Trading*		*(1)*
Net derivative financial instruments		5	33

(1) Relates to euro-BRL cross-currency swaps with a notional value of 220 million BRL as of August 31, 2015 for which accrued interest of 4 million euro was recognized as a liability as of August 31, 2015.

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

	August 31, 2016				August 31, 2015			
(in millions of euro)	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Currency lender positions	20	5		25	92	11		103
Czech Crown/Euro	*6*	*5*		*11*	*72*	*11*		*83*
Polish Zloty/Euro	*14*			*14*	*20*			*20*
Currency borrower positions	(16)	(67)	(10)	(93)	(75)	(81)	(17)	(173)
UK Sterling/Euro	*(4)*	*(17)*	*(6)*	*(27)*	*(4)*	*(18)*	*(13)*	*(35)*
Brazilian Real/Euro					*(58)*			*(58)*
Czech Crown/Euro					*(1)*	*(2)*		*(3)*
Mexican Peso/Euro	*(7)*	*(13)*		*(20)*	*(8)*	*(21)*		*(29)*
Other	*(5)*	*(37)*	*(4)*	*(46)*	*(4)*	*(40)*	*(4)*	*(48)*
TOTAL	**4**	**(62)**	**(10)**	**(68)**	**17**	**(70)**	**(17)**	**(70)**
Fair value		5		5	32	5	(4)	33

The "face value" represents the nominal value of currency hedging instruments, including amounts related to forward agreements. Foreign currency amounts are translated at year-end closing rates.

4.17 Long-term employee benefits

(in millions of euro)	August 31, 2016	August 31, 2015
Net defined benefit plan asset[1]	(4)	(3)
Net defined benefit plan obligation	408	236
Other long-term employee benefits	179	182
Employee benefits	583	415

(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 recognized in operating expenses were 430 million euro for Fiscal 2016, compared to 386 million euro for Fiscal 2015.

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 trustees and Sodexo UK whereby from November 1, 2012 the plan would remain open only to employees who transferred to Sodexo UK from the public sector, as Sodexo UK has a legal obligation to pay them certain benefits. 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 over the five years from January 1, 2013 and (ii) 7.5 million pounds sterling over the following seven years. Over the same period, it is expected that the regular contributions made by Sodexo UK will decrease given that only public sector members will be able to obtain new benefits under the terms of the agreement. Lastly, in October 2012, Sodexo SA issued a parent company guarantee to the Trustee in order to cover Sodexo UK's obligations in connection with the plan. This guarantee is for up to 100 million pounds sterling for a duration of 12 years. 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 will be frozen and the plans will continue to be 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").

Sodexo also contributes to multi-employer plans, mainly in Sweden and the United States. These plans are accounted for as defined contribution plans.

Changes in the present value of the defined benefit plan obligation and the fair value of plan assets are shown below:

	Fiscal 2016			Fiscal 2015		
	Benefit obligation	Plan assets	Net benefit obligation	Benefit obligation	Plan assets	Net benefit obligation
As of September 1	1,217	(984)	233	1,169	(874)	295
Expense/(income) recognized in the income statement	47	(34)	13	56	(33)	23
Current service cost	*23*		*23*	*30*		*30*
Past service cost	*(15)*		*(15)*	*(15)*		*(15)*
Effect of settlements						
Interest cost/(income)	*39*	*(34)*	*5*	*41*	*(33)*	*8*
Remeasurement losses/(gains)	359	(148)	211	(28)	(28)	(56)
Actuarial losses/(gains) arising from changes in demographic assumptions	*(14)*		*(14)*	*1*		*1*
Actuarial losses/(gains) arising from changes in financial assumptions	*386*	*(148)*	*238*	*(18)*	*(28)*	*(46)*
Experience adjustments	*(13)*		*(13)*	*(11)*		*(11)*
Translation adjustment	(141)	122	(19)	70	(63)	7
Contributions made by plan members	1	(1)		2	(2)	
Employer contributions		(25)	(25)		(26)	(26)
Benefits paid from plan assets	(36)	36		(42)	42	
Benefits paid other than from plan assets	(9)		(9)	(10)		(10)
AS OF AUGUST 31	**1,438**	**(1,034)**	**404**	**1,217**	**(984)**	**233**
Of which:						
Partially funded plans	1,280	(1,034)	246	1,071	(984)	87
Unfunded plans	158		158	146		146

The amounts recorded in the income statement for defined benefit plans totaled 13 million euro in Fiscal 2016 (23 million euro in Fiscal 2015) and break down as follows:

- net expense of 3 million euro in Fiscal 2016 (net expense of 12 million euro in Fiscal 2015) in cost of sales;
- net expense of 5 million euro in Fiscal 2016 (net expense of 3 million euro in Fiscal 2015) in Administrative and Sales Department costs;
- net expense of 5 million euro in interest expense (see note 4.2).

Defined benefit plan assets comprise:

(in millions of euro)	August 31, 2016	August 31, 2015
Equities	171	177
Bonds	8	116
Real estate	56	61
Cash	9	16
Derivative instruments		1
Investment funds	125	121
Insurance and other	665	492
TOTAL	**1,034**	**984**

Recognized net actuarial losses arising from changes in financial assumptions amounted to 386 million euro, of which 305 million euro in the United Kingdom (mainly due to a decrease in the discount rate which was partly offset by the lower long-term inflation rate) and 53 million euro in the Netherlands, mainly due to a decrease in the discount rate.

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2016 and 2015:

August 31, 2016	France	Netherlands	United Kingdom	Italy
Discount rate(1)	0.25%-0.75%	0.75%	2.1%	0.25%-1.5%
Salary long-term 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.

August 31, 2015	France	Netherlands	United Kingdom	Italy
Discount rate(1)	1%-1.75%	2%	4%	0.75%-1.25%
Salary long-term inflation rate(2)	2.25%-2.75%	2%	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)*	84	17	26	28
Average term of the plans *(in years)*	11	23	22	7

(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): 3.1%; consumer price index (CPI): 2.1% for Fiscal 2015.

With respect to the assumptions provided in the above table, a reduction of 1% in the discount rate would increase the gross obligation to 1,749 million euro (compared to 1,438 million euro with the assumptions used as of August 31, 2016), while a rise of 0.5% in the long-term inflation rate would increase the gross obligation to 1,541 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 20 million euro into defined benefit plans in Fiscal 2017.

4.17.2 Other employee benefits

Other employee benefits, in the amount of 179 million euro as of August 31, 2016 (182 million as of August 31, 2015), 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 2016 was 18 million euro (25 million euro in Fiscal 2015), of which 2 million euro (also 2 million euro in Fiscal 2015) related to a deferred compensation program in the United States and was reported in financial expense.

4.18 Provisions

(in millions of euro)	August 31, 2015	Increases/ charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other	Changes in scope of consolidation	Discounting impact on long-term provisions	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).*

(in millions of euro)	August 31, 2014	Increases/ charges	Reversals with utilization	Reversals without utilization	Translation adjustment and other	Changes in scope of consolidation	Discounting impact on long-term provisions	August 31, 2015
Tax and social security exposures	54	16	(7)	(11)	(5)			47
Employee claims and litigation	35	15	(7)	(4)	(4)			35
Contract termination and loss-making contracts	21	11	(16)	(6)	4			14
Reorganization costs	24	5	(16)	(2)				11
Client/supplier claims and litigation	29	3	(2)	(5)	1			26
Negative net assets of associates*	13				(2)			11
Other provisions	16	16	(2)		(3)			27
TOTAL PROVISIONS	**192**	**66**	**(50)**	**(28)**	**(9)**			**171**

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

Provisions for exposures and litigation are determined on a case-by-case basis and rely on management's best estimate of the outflows deemed likely to satisfy legal or implicit obligations to which the Group is exposed as of the end of the year.

Current and non-current provisions are as follows:

	August 31, 2016		August 31, 2015	
(in millions of euro)	Current	Non-current	Current	Non-current
Tax and social security exposures	8	43	7	40
Employee claims and litigation	32	28	17	18
Contract termination and loss-making contracts	3	4	8	6
Reorganization costs	24	5	11	
Client/supplier claims and litigation	19	3	23	3
Negative net assets of associates*		7		11
Other provisions	3	15	17	10
TOTAL PROVISIONS	**89**	**105**	**83**	**88**

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

4.19 Trade and other payables

(in millions of euro)	August 31, 2016	August 31, 2015
Operating payables	164	165
Non-operating payables	29	27
TOTAL OTHER NON-CURRENT LIABILITIES	**193**	**192**
Advances from clients	308	418
Trade payables	2,024	1,953
Employee-related liabilities	1,112	1,126
Tax liabilities	251	266
Other operating payables	109	100
Deferred revenues	107	126
Non-operating payables	34	80
TOTAL TRADE AND OTHER CURRENT PAYABLES	**3,945**	**4,069**
TOTAL TRADE AND OTHER PAYABLES	**4,138**	**4,261**

Employee-related liabilities include mainly short-term employee benefits.

Maturities of trade and other payables	Carrying amount	Undiscounted contractual value
Less than 3 months	2,802	2,802
More than 3 months and less than 6 months	279	279
More than 6 months and less than 12 months	818	818
More than 1 year and less than 5 years	190	198
More than 5 years	49	57
TOTAL TRADE AND OTHER PAYABLES	**4,138**	**4,154**

4.20 Deferred taxes

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	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

Movements in deferred taxes were as follows in Fiscal 2015:

(in millions of euro)	August 31, 2014	Deferred tax benefit/ (expense)	Deferred tax recognized in other comprehensive income	Translation adjustment and other	August 31, 2015
• Employee-related liabilities	205	2	(13)	18	212
• Fair value of financial instruments	5		1	(6)	
• Intangible assets	(61)	8		(16)	(69)
• Other temporary differences	(155)	9		36	(110)
• Tax loss carry-forwards	84	1		(16)	69
TOTAL	**78**	**20**	**(12)**	**16**	**102**
Of which deferred tax assets	226				232
Of which deferred tax liabilities	(148)				(130)

Deferred tax assets arising on tax loss carry-forwards and not recognized because their recovery is not considered probable totaled 55 million euro (65 million euro as of August 31, 2015), including 6 million euro generated by subsidiaries prior to their acquisition (7 million euro as of August 31, 2015).

Temporary differences on employee-related liabilities relate primarily to post-employment benefits.

The other temporary differences mainly include deferred taxes recognized on the portion of goodwill amortization that is tax deductible 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, 2016 Carrying amount	August 31, 2016 Fair value	Fair value level Level 1	Fair value level Level 2	Fair value level Level 3	Fair value level Total
Marketable securities	Financial assets at fair value through profit or loss	4.13	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 instruments, assets		4.16	5	5		5		5

Financial liabilities *(in millions of euro)*	Category	Note	August 31, 2016 Carrying amount	August 31, 2016 Fair value	Fair value level Level 1	Fair value level Level 2	Fair value level Level 3	Fair value level Total
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 and financial debts	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 instruments, liabilities		4.16						

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2016.

Financial assets *(in millions of euro)*	Category	Note	August 31, 2015 Carrying amount	Fair value	Fair value level Level 1	Level 2	Level 3	Total
Marketable securities	Financial assets at fair value through profit or loss	4.13	355	355	24	331		355
Restricted cash and financial assets related to the Benefits and Rewards Services activity	Available-for-sale financial assets	4.11	739	739	75	664		739
Trade and other receivables	Loans and receivables at amortized cost	4.12	3,891	3,891				
Other financial assets	Available-for-sale financial assets	4.11	44	N/A				
	Loans and receivables at amortized cost	4.11	102	102				
Derivative financial instruments, assets		4.16	38	38		38		38

Financial liabilities *(in millions of euro)*	Category	Note	August 31, 2015 Carrying amount	Fair value	Fair value level Level 1	Level 2	Level 3	Total
Bond issues(1)	Financial liabilities at amortized cost	4.15	1,105	1,150	1,150			1,150
Bank borrowings	Financial liabilities at amortized cost	4.15	1,944	1,988		1,916	72	1,988
Other borrowings and financial debts	Financial liabilities at amortized cost	4.15	31	31				
Bank overdrafts	Financial liabilities at amortized cost		39	39				
Trade and other payables	Financial liabilities at amortized cost	4.19	4,069	4,069				
Vouchers payable	Financial liabilities at amortized cost		2,496	2,496				
Derivative instruments, liabilities		4.16	5	5		5		5

(1) Fair value is calculated on the basis of listed bond prices as of August 31, 2015.

There was no transfer between the different levels between Fiscal 2015 and Fiscal 2016.

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.

The table below shows the data used in the valuation model for each plan measured under IFRS 2.

Date of grant	Exercise price	Expected volatility *(in %)*	Contractual life *(in years)*	Risk-free interest rate *(in %)*	Expected dividend yield *(in %)*	Expected life *(in years)*
December 13, 2011	51.40 euro	24.00%	7	3.48%	3.00%	6
December 13, 2011	51.40 euro	24.00%	6	2.85%	3.00%	5

The expected life of the options is incorporated into the binomial model based on option holders' behavior expected over the contractual life of the options and based on historical data, and is not necessarily indicative of future exercises.

The expected volatility is based on the assumption that volatility calculated using regression analysis of daily returns over the five- or six-year period (the expected life of the options) prior to the date of grant is an indicator of future trends. It is determined by reference to a weighted average of the historical volatility of the shares observed over periods corresponding to the expected life of the options granted and the implicit volatility expected in the marketplace.

The risk-free interest rate is the rate on Government bonds (with reference to iBoxx rates in the euro zone) for a maturity similar to the life of the options.

The assumptions with respect to the exercise behavior of grantees used in determining the fair value of the options are also based on historical data, which may not be indicative of future exercise behavior, and are as follows:

- grantees resident in France for tax purposes:
  - 50% of grantees will exercise their options once the share price exceeds the exercise price by 20%,
  - 50% of grantees will exercise their options once the share price exceeds the exercise price by 40%;
- grantees not resident in France for tax purposes:
  - 30% of grantees will exercise their options once the share price exceeds the exercise price by 20%,
  - 30% of grantees will exercise their options once the share price exceeds the exercise price by 40%,
  - 30% of grantees will exercise their options once the share price exceeds the exercise price by 70%,
  - 10% of grantees will exercise their options once the share price exceeds the exercise price by 100%.

MOVEMENTS DURING FISCAL 2016 AND FISCAL 2015

The table below provides the quantity, weighted average exercise price (WAP) and movements of stock options during the period.

	Fiscal 2016		Fiscal 2015	
	Number	WAP *(in euro)*	Number	WAP *(in euro)*
Outstanding at the beginning of the period	**2,340,544**	**48.17**	**3,600,156**	**47.78**
Forfeited during the period	(27,309)	40.96	(23,398)	46.40
Exercised during the period	(1,296,304)(1)	48.11	(1,236,214)(2)	47.08
Outstanding at the end of the period	**1,016,931**	**48.43**	**2,340,544**	**48.17**
Exercisable at the end of the period	**1,016,931**	**48.43**	**2,055,294**	**47.72**

(1) The weighted average share price at the exercise date of options exercised in the period was 90.97 euro.
(2) The weighted average share price at the exercise date of options exercised in the period was 83.69 euro.

The weighted average residual life of options outstanding as of August 31, 2016 was 1.4 years (August 31, 2015: 2.2 years).

The exercise prices and exercise periods for options outstanding as of August 31, 2016 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, 2016
January 2010	January 2011	January 2017	39.88 euro	184,338
December 2010	December 2011	December 2017	48.37 euro	251,450
December 2010	December 2011	December 2016	48.37 euro	43,666
December 2011	December 2012	December 2018	51.40 euro	371,465
December 2011	December 2012	December 2017	51.40 euro	166,012
TOTAL				**1,016,931**

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, 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 50% (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 Fiscal 2013, 2014 and 2015, the performance condition is based on annual growth in Group net income over a three-year period, and, for part of the share grant made to Group Executive Committee members in 2015, on Total Shareholder Return (TSR). 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. 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 Fiscal 2016, the performance condition is based on annual growth in consolidated operating profit (before exceptional items and excluding currency effects) over a four-year period, and, for part of the share grant made to Group Executive Committee members, on Total Shareholder Return (TSR). For the shares subject to this condition to vest, Sodexo's TSR must be positive and must outperform the CAC 40 GR (Gross Total Return) index, published by Euronext, between January 27, 2016 and the date of the Shareholders' Meeting called to approve the Fiscal 2019 financial statements.

ESTIMATED FAIR VALUE AT DATE OF GRANT

The fair value of free shares is estimated at the date of grant based on the share price at that date after deductions for dividends on the shares that will not be paid to beneficiaries during the vesting period and, where applicable, a lock-up discount. The lock-up discount is determined based on the cost for the employee of a two-step strategy consisting of selling the shares forward for delivery at the end of the lock-up period and purchasing the same number of shares for immediate delivery, with the purchase financed by a loan, taking into account market inputs.

The fair value of free shares subject to a performance condition based on Total Shareholder Return is estimated using a binomial model that takes into account the vesting conditions.

MOVEMENTS IN FISCAL 2016 AND FISCAL 2015

The table below shows movements in free shares granted in Fiscal 2016 and Fiscal 2015:

	Fiscal 2016	Fiscal 2015
Outstanding at the beginning of the period	**2,333,495**	**1,656,455**
Granted during the period	881,175	848,875
Forfeited during the period	(175,545)	(37,455)
Delivered during the period	(251,882)	(134,380)
Outstanding at the end of the period	**2,787,243**	**2,333,495**

The weighted average fair value of the free shares was 75.21 euro for shares granted in Fiscal 2016 (79.67 euro for shares granted in Fiscal 2015).

The table below shows the grant dates of free shares outstanding as of August 31, 2016, 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
April 25, 2013	International	4	N/A	2.5%	0.6%	6%		491,070
March 11, 2014	France	3	2	2.5%	0.5%	5.8%		106,443
March 11, 2014	International	4	N/A	2.5%	0.8%	5.8%		524,175
April 27, 2015	France	2	2	2.5%	0.1%	5.2%		148,591
April 27, 2015	France	3	2	2.5%	0.1%	5.2%	21%	112,149
April 27, 2015	International	4	N/A	2.5%	0.2%	5.2%	21%	547,140
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%	8,350
April 27, 2016	N/A	4	N/A	2.5%	0%	N/A	22%[(2)]	842,575
TOTAL								**2,787,243**

(1) Applicable for the portion of the 2015 and 2016 free share grants for which the performance condition is based on TSR. 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 is determined by reference to the CAC 40 GR index. The volatility used for this index is 35%.

4.22.3 Expense recognized during the year

The expense recognized in the Fiscal 2016 income statement for stock options and free shares was 49 million euro (38 million euro in Fiscal 2015).

4.23 Business combinations

The main acquisitions carried out by the Group during the period are set out in note 4.6, "Goodwill".

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 2016 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, 2016	August 31, 2015
Less than 1 year	111	115
1 to 5 years	239	217
More than 5 years	75	92
TOTAL	**425**	**424**

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

- equipment on sites, office equipment and vehicles for 110 million euro (102 million euro as of August 31, 2015);
- the rent for office premises of 302 million euro (306 million euro as of August 31, 2015), related mainly to the corporate headquarters in Issy-les-Moulineaux (38 million euro) and the offices of Sodexo France (43 million euro) and Sodexo, Inc. (86 million euro).

4.24.3 Other commitments given

(in millions of euro)	August 31, 2016				August 31, 2015
	Less than 1 year	1 to 5 years	More than 5 years	Total	Total
Financial guarantees to third parties		1		1	2
Site management commitments	1	3		4	1
Performance bonds given to clients	47		146	193	222
Other commitments	18	1	119	138	151
TOTAL	**66**	**5**	**265**	**336**	**376**

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

Bellon SA acquired 1,648,422 Sodexo shares between April 21 and August 17, 2016. On March 1, 2016, the AMF granted Bellon SA an exemption from the requirement to file a public tender offer (requirement set out in paragraph 6 of article 234-9 of the AMF's General Regulation). Following these acquisitions and the capital reduction carried out by Sodexo by canceling 3,390,886 shares, as of August 31, 2016 Bellon SA held 39.61% of Sodexo SA's share capital, representing 54.81% of the voting rights.

During Fiscal 2016, Sodexo paid fees of 6.1 million euro (6.5 million euro in Fiscal 2015) under the assistance and advisory services contract with Bellon SA.

Bellon SA received dividends of 130.5 million euro from Sodexo SA in February 2016 and the Group received dividends of 2 million euro from Bellon SA during Fiscal 2016.

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, 2016			August 31, 2015
	Gross	Impairment	Carrying amount	Carrying amount
Loans	79	(2)	77	78

Off-balance sheet commitments	August 31, 2016	August 31, 2015
Financial guarantees to third parties	1	2
Performance bonds given to clients	193	222

Transactions	Fiscal 2016	Fiscal 2015
Revenues	430	405
Operating expenses		
Financial income and expense, net	3	4

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, 2016 and August 31, 2015 respectively for Fiscal 2016 and Fiscal 2015 comprise the following :

(in euro)	Fiscal 2016	Fiscal 2015
Short-term benefits	16,512,645	19,696,486
Post-employment benefits	824,031	875,581
Fair value of free shares at the grant date	13,458,349	13,152,098

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.

4.27 Group employees

The following table shows the breakdown of Group employees:

	August 31, 2016	August 31, 2015
Managers	53,468	50,116
Employees	372,126	372,728
TOTAL	**425,594**	**422,844**

Group employees by activity and region were as follows:

	On-site Services							
	North America	Continental Europe	United Kingdom and Ireland	Rest of the World	Total	Benefits and Rewards Services	Holding companies	Total
August 31, 2016	133,100	98,309	37,677	151,445	420,531	4,547	516	425,594
August 31, 2015	132,510	99,267	37,311	149,203	418,291	4,095	458	422,844

4.28 Litigation

Sodexo is involved in litigation arising from its ordinary activities. The Group does not believe that liabilities relating to such litigation will in aggregate be material to its activities or to its consolidated financial position.

To the best of the Company's knowledge, there have been no governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threatened of which Sodexo is aware) which may have, or have had in the past 12 months, material effects on Sodexo and/or the Group's financial position or profitability.

4.29 Subsequent events

On September 29, 2016 Sodexo redeemed in advance 108 million U.S. dollars of its March 2011 U.S. private placement, and on October 14, 2016 it carried out a new bond issue comprising 600 million euro worth of bonds redeemable in April 2027. These refinancing transactions have enabled the Group to reduce its average cost of borrowings and to extend their maturities.

On September 7, 2016, Sodexo acquired Inspirus LLC in the United States (Benefits and Rewards Services) and, on October 14, 2016 PSL Ltd in the United Kingdom (On-site Services).

On November 15, 2016, the Board of Directors decided to launch a share repurchase and cancellation program for 300 million euro.

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, 2016 and 2015, 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 principle 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, 2016				August 31, 2015			
	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
Dollar USD	831	50	31	171	763	50	33	167
Real BRL	91	18	17	70	107	23	21	57
Sterling GBP	201	13	13	64	193	8	12	82

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, 2016.

5.2 Exposure to liquidity risk

The nature of the Group's bank borrowings and bond issues as of August 31, 2016 is described in detail in note 4.15.

As of August 31, 2016, more than 99% of the Group's consolidated borrowings was borrowed on capital markets and bank financing covered less than 1% of the Group's financing needs. As of August 31, 2015, more than 98% of the Group's consolidated borrowings was borrowed on capital markets and bank financing covered less than 2% of the Group's financing needs. The reimbursement 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 2021. No amounts had been drawn down on the facility as of August 31, 2016 (65 million euro as of August 31, 2015).

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 is approximately 12% (11% as of August 31, 2015) of the Group's operating cash (including restricted cash and financial assets related to the Benefits and Rewards Services activity) with a banking group whose rating is A-1.

6. SCOPE OF CONSOLIDATION

The main companies consolidated as of August 31, 2016 and presented in the table below together represent over 80% of consolidated revenues. The other entities represent individually less than 1% of each of revenues, operating profit and the Group share of net income and of shareholders' equity.

The first column shows the percentage interest held by the Group, and the second column the percentage of voting rights held by the Group. Percentage interests and percentages of voting rights are only shown if less than 97%.

Companies newly consolidated during the year are indicated by the letter "N".

		% interest	% voting rights	Principal activity	Country
France					
	Sodexo 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
	LIDO Segsmhi			On-site	France
	Sogeres (consolidated)			On-site	France
	Lenôtre SA (consolidated)			On-site	France
	Sodexo Pass France SA			Benefits and Rewards	France
	Groupe Crèche Attitude (consolidated)			On-site	France
	Sodexo Pass International SAS			Holding	France
	Sofinsod SAS			Holding	France
	Etin SAS			Holding	France

		% interest	% voting rights	Principal activity	Country
Americas					
	Sodexo do Brasil Comercial SA (consolidated)			On-site	Brazil
	Sodexo Pass do Brasil Serviços E Comercio SA			Benefits and Rewards	Brazil
	Sodexo Canada Ltd (consolidated)			On-site	Canada
	Sodexo Chile (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 Global Services, LLC			On-site	United States
Europe					
	Sodexo Services GmbH (consolidated)			On-site	Germany
	Sodexo Beteiligungs BV & Co. KG			On-site	Germany
	Ga-Tec Gebäude Und Anlagentechnik GmbH			On-site	Germany
	Sodexo 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
	Sodexo Iberia SA (consolidated)			On-site	Spain
	Sodexo Italia SPA (consolidated)			On-site	Italy
	Sodexo Nederland BV (consolidated)			On-site	Netherlands
	Sodexo Pass Česka Republika AS			Benefits and Rewards	Czech Republic
	Sodexo Ltd (consolidated)			On-site	United Kingdom
	Sodexo Remote Sites Scotland Ltd			On-site	United Kingdom
	Motivcom Plc			Benefits and Rewards	United Kingdom
	Sports Travel And Hospitality Ltd	60%	60%	On-site	United Kingdom
	Sodexo Global Services UK Ltd			Holding	United Kingdom
N	Elder Home Care Ltd			On-site	Ireland
	Sodexo AB			On-site	Sweden
	Sodexo Avantaj Ve Odullendirme Hizmetleri AS			Benefits and Rewards	Turkey
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 Limited			On-site	India
	Sodexo Shanghai Management Services			On-site	China
	Sodexo Management Company Ltd Shanghaï			On-site	China
	Sodexo Services Asia			Holding	Singapore
	Kelvin Catering Services (Emirates) LLC	49%	49%	On-site	United Arab Emirates

3.4 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. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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

For the year ended August 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended August 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Sodexo SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at August 31, 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- the Company has tested goodwill and intangible assets with an indefinite useful life for impairment, and has assessed whether assets with a finite useful life presented an indication of impairment, in accordance with the methods set out in notes 2.8 and 4.10 to the consolidated financial statements.

  We have reviewed the methods used for the aforementioned tests, as well as the methodology applied to assess value in use based on the present value of future cash flows, after tax. We have also reviewed the documentation prepared for this purpose and the consistency of the data used, particularly the assumptions used to prepare the business plans;
- the provisions for pension and other post-employment benefits as described in notes 2.17 and 4.17 to the consolidated financial statements have chiefly been assessed by independent actuaries. We have reviewed the data and assumptions used by these actuaries as well as their conclusions, and have verified that note 4.17 provides appropriate information.

The aforementioned items are based on estimates and underlying assumptions which are uncertain by nature. As stated in note 2.2 to the consolidated financial statements, actual results may differ materially from such estimates in different conditions.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the Group's Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, November 16, 2016

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Jean-Christophe Georghiou	Hervé Chopin

3.5 SUPPLEMENTAL INFORMATION AND CONDENSED GROUP ORGANISATION CHART

3.5.1 FINANCIAL RATIOS

		Fiscal 2016	Fiscal 2015
Gearing ratio	Borrowings[1] – operating cash[2] / Shareholders' equity and non-controlling interests	11%	9%
Net debt ratio	Borrowings[1] – operating cash[2] / Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)[3]	0.3	0.2
Debt coverage	Borrowings / Operating cash flow	2.5 years	3.1 years
Financial independence	Non-current borrowings / Shareholders' equity and non-controlling interests	67.9%	73.8%
Return on equity	Profit attributable to equity holders of the parent / Equity attributable to equity holders of the parent (before profit for the period)	21%	23.3%
Return on capital employed (ROCE)	Operating profit after tax[4] / Capital employed[5]	18.6%	19.7%
Interest cover	Operating profit / Net borrowing cost	12.6	9.0

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

		Fiscal 2016	Fiscal 2015
(1) Borrowings	Non-current borrowings	2,515	2,765
	+ current borrowings excluding overdrafts	43	320
	- derivative financial instruments recognized as assets	(5)	(38)
		2,553	**3,047**
(2) Operating cash	Cash and cash equivalents	1,375	2,008
	+ financial assets related to the Benefits and Rewards Services activity	799	739
	- bank overdrafts	(28)	(39)
		2,146	**2,708**
(3) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)	Operating profit	1,095	1,143
	+ depreciation and amortization	308	277
		1,403	**1,420**
(4) Operating profit after tax	Operating profit	1,095	1,143
	Effective tax rate	33.7%	31.1%
		726	**788**
(5) Capital employed	Property, plant and equipment	604	594
	+ goodwill	5,328	5,300
	+ other intangible assets	467	505
	+ client investments	562	485
	+ working capital excluding restricted cash and financial assets of the Benefits and Rewards Services activity	(3,057)	(2,888)
		3,904	**3,996**

3.5.2 TWO-YEAR FINANCIAL SUMMARY

	Fiscal 2016	Fiscal 2015
Total shareholders' equity	**3,702**	**3,744**
Equity attributable to equity holders of the parent	3,668	3,710
Non-controlling interests	34	34
Borrowings[1]		
Non-current borrowings	2,510	2,762
Current borrowings	43	285
Cash and equivalent, net of bank overdrafts	**1,347**	**1,969**
Restricted cash and financial assets of the Benefits and Rewards Services activity	**799**	**739**
Net borrowings[2]	**(407)**	**(339)**
Revenue	**20,245**	**19,815**
Operating profit	1,095	1,143
Profit for the period	661	723
Profit attributable to non-controlling interests	24	23
Profit attributable to equity holders of the parent	**637**	**700**
Weighted average number of shares	**151,277,059**	**152,087,430**
Earnings per share *(in euro)*	4.21	4.60
Dividend per share paid during the fiscal year *(in euro)*	2.20	1.80
Share price at August 31 *(in euro)*	103.85	78.43
Highest share price in the fiscal year *(in euro)*	106.7	95.76
Lowest share price in the fiscal year *(in euro)*	70.45	69.49

(1) Including financial instruments, excluding bank overdrafts.
(2) Cash and cash equivalents + restricted cash and financial assets of the Benefits and Rewards Services activity – borrowings.

3.5.3 EXCHANGE RATES

ISO codes	Countries	Currency	Closing exchange rate at August 31, 2016 1 euro =	Average exchange rate Fiscal 2016 1 euro =
CFA	Africa	CFA (thousands)	0.655957	0.655957
ZAR	South Africa	Rand	16.173100	16.300437
DZD	Algeria	Dinar (thousands)	0.121607	0.119364
SAR	Saudi Arabia	Riyal	4.177700	4.146708
ARS	Argentina	Peso	16.707770	13.804670
AUD	Australia	Dollar	1.480600	1.515236
BRL	Brazil	Real	3.601600	4.069056
BGN	Bulgaria	Lev	1.955800	1.955800
CAD	Canada	Dollar	1.458300	1.467846
CLP	Chile	Peso (thousands)	0.751500	0.759373
CNY	China	Yuan	7.431100	7.192666
COP	Colombia	Peso (thousands)	3.277000	3.396370
KRW	South Korea	Won (thousands)	1.243660	1.289506
CRC	Costa Rica	Colon (thousands)	0.608240	0.588839
DKK	Denmark	Krone	7.443200	7.452107
AED	United Arab Emirates	Dirham	4.091100	4.060749
USD	United States	Dollar	1.113200	1.106304
GNF	Guinea	Guinea Franc (thousands)	10.087270	8.610867
HKD	Hong Kong	Dollar	8.635700	8.584888
HUF	Hungary	Forint (thousands)	0.310340	0.312997
INR	India	Rupee (thousands)	0.074556	0.073829
IDR	Indonesia	Rupiah (thousands)	14.786640	15.012379
ILS	Israel	Shekel	4.222900	4.270151
JPY	Japan	Yen (thousands)	0.115010	0.125645
KZT	Kazakhstan	Tenge (thousands)	0.376800	0.355973
KWD	Kuwait	Dinar	0.335700	0.334116
LBP	Lebanon	Pound (thousands)	1.676010	1.665130
MGA	Madagascar	Ariary (thousands)	3.364000	3.499481
MYR	Malaysia	Ringgit	4.551900	4.579276
MAD	Morocco	Dirham	10.883800	10.822399
MXN	Mexico	Peso	20.942400	19.514957
MZN	Mozambique	Metical	80.6400000	56.243626
NOK	Norway	Kroner	9.276500	9.395157
NZD	New Zealand	Dollar	1.535300	1.634442
OMR	Oman	Rial	0.428500	0.425283
PEN	Peru	Sol	3.758200	3.698711
PHP	Philippines	Peso	51.975000	51.919513
PLN	Poland	Zloty	4.353300	4.330257
QAR	Qatar	Riyal	4.056300	4.025784
CZK	Czech Republic	Koruna (thousands)	0.027026	0.027058
RON	Romania	New Lei	4.457500	4.476613
GBP	United Kingdom	Pound	0.848060	0.767297
RUB	Russia	Ruble (thousands)	0.072662	0.074984
SGD	Singapore	Dollar	1.518100	1.533490
SEK	Sweden	Krona	9.515900	9.335048
CHF	Switzerland	Swiss Franc	1.095700	1.092968
TZS	Tanzania	Shilling (thousands)	2.430750	2.403868

ISO codes	Countries	Currency	Closing exchange rate at August 31, 2016 1 euro =	Average exchange rate Fiscal 2016 1 euro =
THB	Thailand	Baht	38.549000	39.287374
TND	Tunisia	Dinar	2.463300	2.281360
TRY	Turkey	New Lira	3.293100	3.236583
UYU	Uruguay	Peso	31.805000	33.563485
VEF	Venezuela	Bolivar (thousands)	0.718014	0.718014
VND	Vietnam	Dong	24,808.780000	24,712.708597

3.5.4 INVESTMENT POLICY

(in millions of euro)	Fiscal 2016	Fiscal 2015
Acquisitions of property, plant equipment and intangible assets, plus client investments	398	352
Acquisitions of equity interests	42	49

Investments in progress as of August 31, 2016:

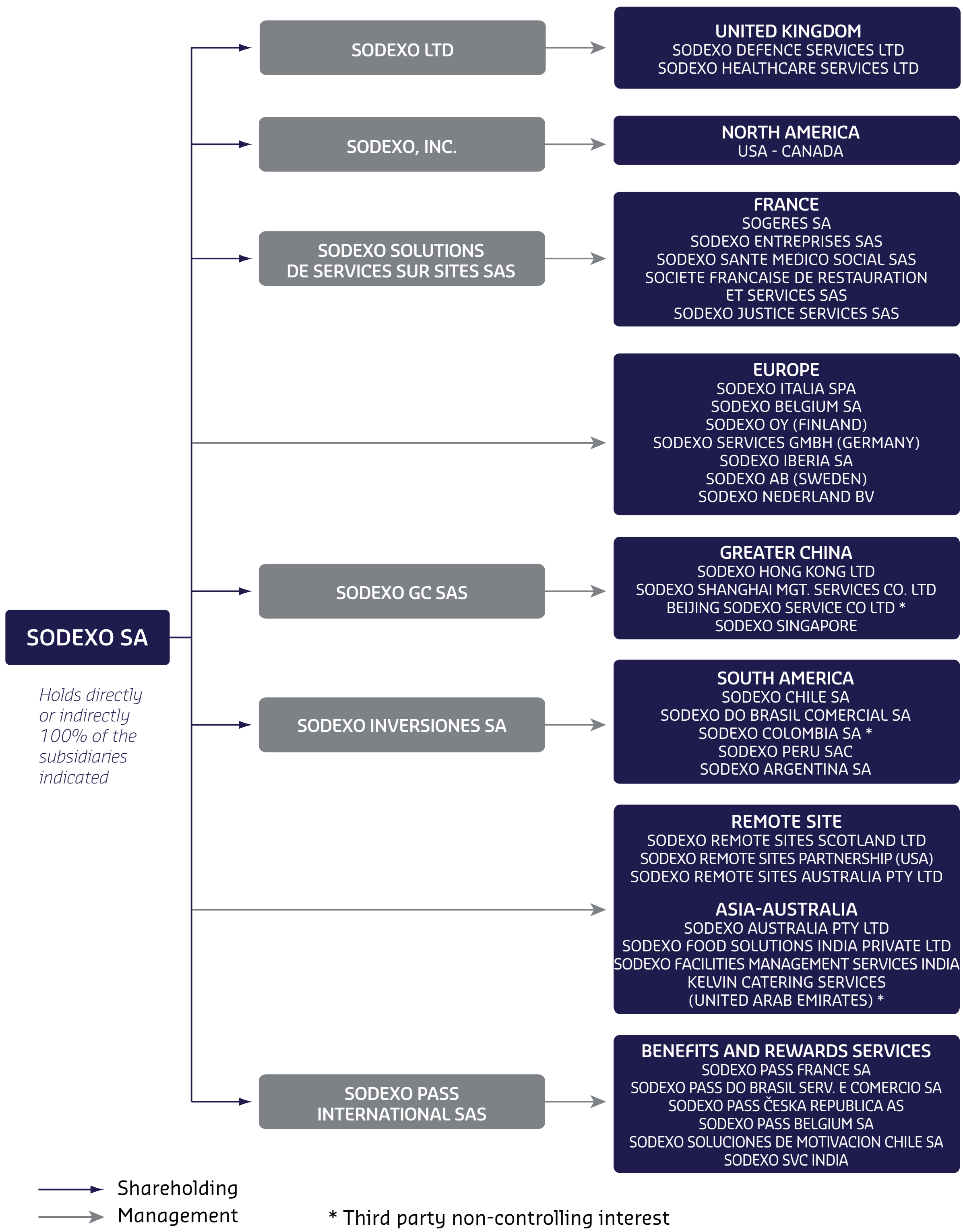
- post-balance sheet acquisitions of equity interests: the Group has invested 138 million euro to acquire equity interests since the closing date, with notably the acquisition of Inspirus LLC in the United States (Benefits and Rewards Services) on September 7, 2016 and the acquisition of PSL Ltd in the United Kingdom (On-site Services) on October 14, 2016;
- other firm commitments to acquire equity interests: as of the date of this document Sodexo has not made any significant firm commitment to acquire equity interests.

Because of the nature of the Group's activities, investments represent less than 2% of revenues and mainly relate to investments on the Group's sites, which are used to support operating activities and are financed by operating cash. None of these investments is individually significant, with the exception of the 64 million euro investment made as part of a 10-year agreement signed in 2016 with the multinational mining corporation Rio Tinto in Australia.

The main acquisitions made during Fiscal 2016 are indicated in note 4.6, "Goodwill," to the consolidated financial statements.

A detailed description of changes in investments is provided in notes 4.5, 4.7 and 4.8 to the consolidated financial statements.

3.5.5 CONDENSED GROUP ORGANIZATION CHART



NB : The operating subsidiaries indicated for each geographic area or activity are those with the highest revenues for Fiscal 2016.

3.6 RISK MANAGEMENT

3.6.1 RISK FACTORS

3.6.1.1 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 service 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 be vary by 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 in 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 these two 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 Management 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, 2016, the client retention rate for On-site Services was 93.1%.

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 foodservices, cleaning or technical maintenance) or a range of services. They may come from the foodservices sector or other facilities management sectors or offer other specialized technical services or even be companies specializing in property management services which sub-contract the services to various third parties.

In addition, competition may arise when existing or potential clients opt to self-operate their On-site Services rather than outsource them.

In the 36 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 affiliates in each geography. 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.

Food, services and workplace safety risk

Every day, Sodexo serves a vast number of consumers worldwide, and it is committed to the safety of the food and services provided.

In addition, workplace accidents may occur in foodservices 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 of the Group's sites, there could be impacts on its activities, its profits and its 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. However, food cost inflation has remained low during Fiscal 2015 and 2016 in the majority of our geographies, minimising such effects.

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.

3.6.1.2 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 worldwide 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.

3.6.1.3 Environmental risks

Sodexo is aware of the potential environmental impact of its activities, even though it operates on its clients' sites. Rather than underestimate its importance, the Group makes every effort to manage and limit environmental risk.

The environmental impact of its activities arises mainly from:

- consumption of water and energy in foodservices facilities, food preparation and cleaning;
- production of waste from food preparation and cleaning (packaging, organic matter, waste fats and oils, and waste water from cleaning);
- climate change leading to exceptional weather incidents having an impact on the cost of commodities.

As part of its role as a corporate citizen, Sodexo launched The Better Tomorrow Plan in 2009. This continuous improvement plan identifies 18 commitments of which eight focus on the environment.

3.6.1.4 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.

3.6.1.5 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 some of the services concerned. However, Sodexo offers more than 250 different services in 36 countries and therefore considers that this risk is largely dispersed.

3.6.1.6 Liquidity, interest rate, foreign exchange and counter-party risk

Sodexo has access to a wide variety of bank funding sources in addition to raising funds directly from investors on the commercial paper and bond markets. Because it has operations in 80 countries, all components of the financial statements are inevitably influenced by foreign currency translation effects, and in particular by fluctuations in the U.S. dollar, the British pound Sterling, the Swedish crown, the Brazilian real, and the Venezuelan Bolivar Fuerte. However, exchange rate fluctuations do not generate operational risk, because each subsidiary bills its revenues and incurs its expenses in the same currency.

Sodexo uses derivative instruments to manage its exposure to interest rate and foreign exchange risk.

Additional information about these risks is provided in notes 5.1, 5.2 and 5.3 to the consolidated financial statements.

3.6.1.7 Economic downturn risk

Adverse economic conditions could affect the Group's operations and earnings. The weight of national debt and continued unemployment could lead to significant pressures on economic activity both in the public and private sectors, leading to a decline in demand for the services Sodexo offers its clients – in particular in the Corporate segment – and thus have a negative impact on operations. Nonetheless, Sodexo's clients are predominantly (around two-thirds of annual revenues) in less cyclical sectors such as Education, Healthcare, Justice and Defense.

The Remote sites activity is dependent on the petroleum and mining industries. Lastly, unfavorable economic conditions could result in a lengthening of payment 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.

3.6.1.8 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 2016.

3.6.2 RISK COVERAGE

3.6.2.1 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 liability insurance program benefitting the countries in which the Group operates;
- 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.

In addition, Sodexo maintains compulsory insurance as legally required in the countries where it operates.

3.6.2.2 Deductibles

Retained or self-insured risks correspond to the deductibles specified in the insurance programs contracted by Sodexo. They consist for the most part of frequency risks (*i.e.,* risks that recur regularly) but from time to time may also include intensity risks (*i.e.,* risks representing substantial amounts). In some countries, these retained risks correspond to deductibles under employer's liability, workers compensation, third-party automobile and property insurance.

In North America, deductibles range from 5,000 U.S. dollars to 5,000,000 U.S. dollars per occurrence and some of the corresponding self-insured risks have been managed by a captive insurance company since June 1, 2006. Outside North America, deductibles generally range from 7,500 euro to 2,000,000 euro per occurrence.

3.6.2.3 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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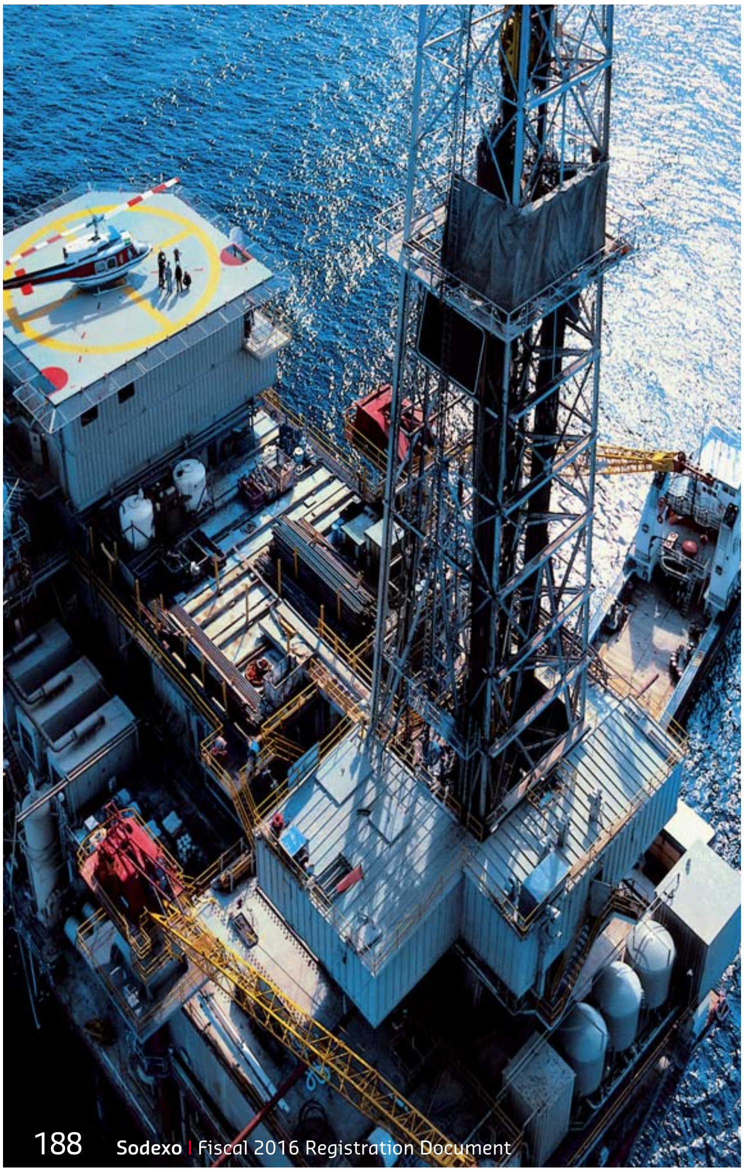

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INFORMATION ON THE ISSUER

4.1 SODEXO SA INDIVIDUAL COMPANY FINANCIAL STATEMENTS

4.1.1 INCOME STATEMENT

(in thousands of euro)	Note	Fiscal 2016	Fiscal 2015
Revenues	3	132,047	86,221
Other income		243,982	254,185
Purchases		(580)	(724)
Employee costs		(55,654)	(59,527)
Other external charges		(193,891)	(137,945)
Taxes other than income taxes		(10,269)	(12,676)
Depreciation, amortization and increase in provisions		(2,871)	(1,252)
Operating profit		112,764	128,282
Financial income/(expense), net	4	569,446	353,380
Exceptional income/(expense), net	5	(50,835)	(143,679)
Employee profit-sharing		(296)	(45)
Income taxes	6	(15,164)	(13,809)
Net income		615,915	324,129

4.1.2 BALANCE SHEET

Assets

(in thousands of euro)	Note	August 31, 2016	August 31, 2015
FIXED AND INTANGIBLE ASSETS, NET			
Intangible assets	7	15,424	15,408
Property, plant and equipment	7	1,249	1,579
Financial investments	7-9	4,982,097	5,073,647
Total fixed and intangible assets	**7**	**4,998,770**	**5,090,634**
CURRENT AND OTHER ASSETS			
Accounts receivable	9	65,362	43,948
Prepaid expenses, other receivables and other assets	9	476,764	541,119
Marketable securities	11	216,576	325,700
Cash		143,637	226,015
Total current and other assets		**902,339**	**1,136,782**
TOTAL ASSETS		**5,901,109**	**6,227,416**

Liabilities and equity

(in thousands of euro)	Note	August 31, 2016	August 31, 2015
SHAREHOLDERS' EQUITY			
Share capital		614,965	628,528
Additional paid-in capital		822,460	1,108,954
Reserves and retained earnings		1,708,086	1,427,133
Restricted provisions		17,045	16,746
Total shareholders' equity	**13**	**3,162,556**	**3,181,361**
Provisions for contingencies and losses	10	323,047	284,948
LIABILITIES			
Borrowings	14-15	1,837,759	2,018,876
Accounts payable		29,631	18,674
Other liabilities		548,116	723,557
Total liabilities and provisions		**2,738,553**	**3,046,055**
TOTAL LIABILITIES AND EQUITY		**5,901,109**	**6,227,416**

4.2 NOTES TO THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

DETAILED LIST OF NOTES

1. SIGNIFICANT EVENTS

1.1 Capital transactions

On November 17, 2015, the Board of Directors decided to launch a share repurchase and cancellation program for 300 million euro. As part of this program, as described in note 13.2 "Changes in shareholders' equity," during Fiscal 2016, Sodexo SA purchased 3,151,060 of its own shares for 280.4 million euro, representing 2% of the share capital as of August 31, 2015. On June 14, 2016, Sodexo SA carried out a capital reduction representing a total of 300 million euro by cancelling these shares as well as 239,826 other treasury shares that it had previously purchased and which had not been allocated to free share plans.

1.2 Borrowings

During Fiscal 2016, Sodexo SA reimbursed the full outstanding balance of its 360 million U.S. dollars private placement carried out in 2008, including 70 million U.S. dollars in advance. In addition, it reimbursed in advance 138 million U.S. dollars of its 2011 U.S. private placement.

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 2016 are the same as those applied in Fiscal 2015. The financial statements have been prepared using the historical cost convention.

Amounts in tables are in thousands of euro.

Exceptional items comprise items that do not relate to ordinary activities, and certain items that do relate to ordinary activities but are of an exceptional nature.

The balance sheet and income statement of Sodexo SA include amounts for branches in 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 is less than the net carrying amount.

The value in use of investments is determined on the basis of net asset value, profitability and the future prospects of the investee.

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.

3. ANALYSIS OF NET REVENUES

(in thousands of euro)	Fiscal 2016	Fiscal 2015
Revenues by business activity		
On-site Services	3,490	3,566
Holding company services	128,557	82,655
TOTAL	**132,047**	**86,221**
Revenues by geographic region		
France	128,660	82,655
French overseas departments and regions	3,387	3,566
TOTAL	**132,047**	**86,221**

4. FINANCIAL INCOME AND EXPENSE, NET

(in thousands of euro)	Fiscal 2016	Fiscal 2015
Dividends received from subsidiaries and equity investments	519,260	402,688
Interest income	74,913	27,422
Interest expense	(61,487)	(107,871)
Net foreign exchange gain/(loss)	(502)	4,436
Net change in provisions for financial items	37,262	26,705
TOTAL	**569,446**	**353,380**

Interest income includes a 57.8 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 36 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 2016	Fiscal 2015
Net change in provision for negative net assets of subsidiaries and equity investments	3,193	(5,595)
Net expense on treasury shares and commitments under stock option plans	(18,861)	(15,522)
Net change in restricted provisions and exceptional depreciation	(299)	(150)
Net change in provisions for tax losses reclaimable by subsidiaries included in French tax consolidation	(8,062)	(8,537)
Debt forgiveness/subsidies given		(4,281)
Net gain/(loss) on asset disposals	(6,410)	(109,594)
Other	(20,396)	
TOTAL	**(50,835)**	**(143,679)**

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 18.9 million euro net expense on treasury shares and commitments under stock option plans comprises:

- a 27.6 million euro loss on the sale of treasury shares in connection with the exercise of stock options and delivery of free shares;
- a 0.9 million euro net increase in the provision for free share grants;
- a 9.6 million euro release of the provision for stock option plans.

The "Other" line item includes 20.5 million euro due as a result of the early reimbursement of 208 million U.S. dollars of U.S. private placements, breaking down as (i) 70 million U.S. dollars for the final tranche of the placement carried out in September 2008, and (ii) 138 million U.S. dollars for the March 2011 placement (see note 15.2, "Other borrowings").

6. ANALYSIS OF INCOME TAX EXPENSE

(in thousands of euro)	Pre-tax income	Income taxes	After-tax income
Operating income	112,764	(40,191)	72,573
Financial income/(expense), net	569,446	(9,208)	560,238
Exceptional income/(expense), net	(50,835)	34,146[1]	(16,689)
Employee profit-sharing	(296)	89	(207)
TOTAL	**631,079**	**(15,164)**	**615,915**

(1) This amount includes the 3.9 million euro tax gain arising from the French tax consolidation.

7. FIXED AND INTANGIBLE ASSETS

(in thousands of euro)	Gross value at August 31, 2015	Additions during the period	Decreases during the period	Other movements during the period	Gross value at August 31, 2016	Net value at August 31, 2016
Intangible assets	21,319	639	810	210	21,358	15,424
Property, plant and equipment	9,919	204	31	26	10,118	1,249
Financial investments						
• Equity investments	4,932,361	44,120	55,172	70,392	4,991,701	4,892,732
• Receivables related to equity investments	314,562	15,026	244,165	136	85,559	85,423
• Other financial assets	4,764	16,209	17,054	26	3,945	3,943
Total financial investments	**5,251,687**	**75,355**	**316,391**	**70,554**	**5,081,205**	**4,982,097**
TOTAL	**5,282,925**	**76,198**	**317,232**	**70,790**	**5,112,681**	**4,998,770**

"Other movements during the period" were due to the Group's reorganization of its legal structure.

Financial investments include merger deficits for a total of 10.9 million euro, allocated in full to equity investments.

Equity investments

Companies created and acquired

Sodexo SA created and acquired new foreign subsidiaries in connection with the Group's international expansion during the fiscal year. In addition, it took up shares issued for capital increases carried out by a number of its existing subsidiaries.

8. DEPRECIATION AND AMORTIZATION

(in thousands of euro)	Accumulated depreciation and amortization August 31, 2015	Increases during the period	Decreases during the period	Other movements during the period	Accumulated depreciation and amortization August 31, 2016
Intangible assets	5,911	361	548	210	5,934
Property, plant and equipment	8,340	534	31	26	8,869
TOTAL	**14,251**	**895**	**579**	**236**	**14,803**

"Other movements during the period" were due to the Group's reorganization of its legal structure.

9. AMOUNT AND MATURITIE 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	4,991,701		4,991,701	98,969	4,892,732
Receivables related to equity investments	85,559	13,813	71,746	136	85,423
Other financial assets	3,945		3,945	3	3,942
Total financial investments	**5,081,205**	**13,813**	**5,067,392**	**99,108**	**4,982,097**
Accounts receivable	66,760	66,760		1,398	65,362
Prepaid expenses, other receivables and other assets	477,222	336,618	140,604	458	476,764
Total accounts and other receivables	**543,982**	**403,378**	**140,604**	**1,856**	**542,126**
TOTAL	**5,625,187**	**417,191**	**5,207,996**	**100,964**	**5,524,223**

There is no commercial paper included in accounts receivable.

10. PROVISIONS AND IMPAIRMENT

(in thousands of euro)	August 31, 2015	Increases and charges during the period	Decreases, releases and reclassifications during the period	Other movements during the period	August 31, 2016
Provisions for contingencies and losses	284,948	95,144	58,852	1,807	323,047
Impairment					
• financial investments	178,042	12,878	92,937	1,125	99,108
• current assets	1,170	1,240	554		1,856
Total impairment	**179,212**	**14,118**	**93,491**	**1,125**	**100,964**
TOTAL	**464,160**	**109,262**	**152,343**	**2,932**	**424,011**
Increases and decreases					
• operating items		11,142	6,342		
• financial items		25,940	63,294		
• exceptional items		72,180	82,707		

"Other movements during the period" were due to the Group's reorganization of its legal structure.

As of August 31, 2016, the main provisions for contingencies and losses were for the following:

- stock options and free share grants for 203.8 million euro;
- losses reclaimable by subsidiaries included in the French tax consolidation for 90.9 million euro;
- subsidiaries in negative net equity positions for 13.8 million euro;
- foreign exchange losses for 13.1 million euro.

11. MARKETABLE SECURITIES

(in thousands of euro)	Gross value August 31, 2016	Net value August 31, 2016	Net value August 31, 2015
Treasury shares	216,576	216,576	326,245
TOTAL	**216,576**	**216,576**	**326,245**

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE FISCAL YEAR

(in thousands of euro)	Marketable securities	Other financial assets
Number of shares held		
September 1, 2015	4,862,456	
Acquisitions		3,151,060
Disposals	(1,548,186)[1]	
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital		(3,390,886)
Allocation as treasury shares held for cancellation	(239,826)	239,826
August 31, 2016	3,074,444	
Gross value of shares held		
September 1, 2015	326,245	
Acquisitions		280,387
Disposals	(89,998)[1]	
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital		(300,057)
Allocation as treasury shares held for cancellation	(19,670)	(19,670)
August 31, 2016	216,577	

(1) Disposals of treasury shares classified as marketable securities 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, 2016, the Company's share capital totaled 614,964,556 euro and comprised 153,741,139 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	3,181,361
Dividends approved by Shareholders' Meeting and paid	(347,070)
Dividends on treasury shares	12,108
Net income for the fiscal year	615,915
Restricted provisions	299
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	(300,057)
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	**3,162,556**

On November 17, 2015, the Board of Directors decided to launch a share repurchase and cancellation program, and on June 14, 2016, Sodexo SA carried out a capital reduction by cancelling 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	1,108,656	8,656		1,100,000
Borrowings from related companies	305,938	2,309	116,780	186,849
Other borrowings	423,165	8,144	172,926	242,095
Sub-total borrowings	**1,837,759**	**19,109**	**289,706**	**1,528,944**
Accounts payable(1)	29,631	29,631		
Other liabilities	548,116	544,197	3,919	
TOTAL	**2,415,506**	**592,937**	**293,625**	**1,528,944**

(1) Only accounts payable and accrued expenses are included in this line item.

There is no commercial paper included in payables.

Accounts payable by amount and due date *(in thousands of euro)*	Total	< 30 days	31-44 days	45-75 days	76-90 days	> 90 days
Non-Group accounts payable(2)	15,112	14,189	600	323		
Group accounts payable	14,519	14,519				
TOTAL	**29,631**	**28,708**	**600**	**323**		

(2) Only accounts payable and accrued expenses are included in this line item.

15. BOND ISSUES AND OTHER BORROWINGS

15.1 Bond issues

On June 24, 2014, Sodexo SA completed a bond issue structured in two tranches:

- 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;
- 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.

Neither of these tranches is subject to financial covenants.

As described in note 25, "Post-balance sheet events", on October 14, 2016, Sodexo SA carried out a new bond issue comprising 600 million euro worth of bonds redeemable at par on April 14, 2027 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 14.

15.2 Other borrowings

15.2.1 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 July 2015 this facility – which now amounts to 531 million euro plus 709 million U.S. dollars – was extended until July 2, 2020, and in May 2016 it was further extended to July 2, 2021. The maturity date can be extended again, on application by Sodexo SA and subject to lenders' consent 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 August 31, 2016. As of August 31, 2015, 65 million euro had been drawn down under the euro tranche.

15.2.2 U.S. private placements

During Fiscal 2016, Sodexo SA reimbursed the full outstanding balance of its September 29, 2008 U.S. private placement totaling 360 million U.S. dollars, as follows:

- September 29, 2015: 290 million U.S. dollars (259 million euro), corresponding to the second tranche of the placement;
- August 25, 2016: 70 million U.S. dollars reimbursed in advance (62 million euro), corresponding to the final tranche of the placement, whose original maturity was in September 2018.

Also on August 25, 2016, Sodexo SA reimbursed in advance 138 million U.S. dollars (122 million euro) corresponding to 23% of each of the three tranches of the U.S. private placement carried out on March 29, 2011.

The table below shows the outstanding principal amounts due under this placement as well as a summary of its features.

Date of the placement	Principal outstanding *(in millions of U.S. dollars)*	Fixed interest rate	Maturity
March 29, 2011	193	4.24%	March 2018
	173	4.85%	March 2021
	96	4.95%	March 2023
TOTAL	**462(1)**		

(1) Representing 415 million euro.

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, 2016, August 31, 2015 and February 29, 2016.

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.

As described in note 25, "Post-balance sheet events", on September 29, 2016, Sodexo SA reimbursed in advance 108 million U.S. dollars (96 million euro) corresponding to 18% of the original amount of each of the three tranches of the U.S. private placement carried out on March 29, 2011.

16. ACCRUED EXPENSES – DEFERRED REVENUES AND PREPAID EXPENSES

Accrued expenses *(in thousands of euro)*	
Borrowings	19,102
Accounts payable	11,302
Tax and employee-related liabilities	19,733
TOTAL	**50,137**

Deferred revenues and prepaid expenses *(in thousands of euro)*	
Deferred revenues	264
Prepaid expenses	5,670

17. RELATED-PARTY INFORMATION

(in thousands of euro)	Related parties	Associated companies	Other	Total
Assets – Gross values				
Equity investments	4,989,148	2,553		4,991,701
Receivables related to equity investments	85,423	136		85,559
Other investment securities	53		3	56
Accounts receivable	58,210	93		58,303
Other operating receivables	17,244			17,244
Due from related companies	3,867	143		4,010
Non-operating receivables	136,157			136,157
TOTAL	**5,290,102**	**2,925**	**3**	**5,293,030**
Liabilities				
Accounts payable	14,519			14,519
Due to related companies	428,320	1		428,321
TOTAL	**442,839**	**1**		**442,840**
Income statement				
Financial income	586,694	912		631,326
Financial expenses	57,186			57,186

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.

18. FINANCIAL COMMITMENTS

18.1 Commitments made by Sodexo SA

(in thousands of euro)	August 31, 2016	August 31, 2015
Performance bonds given to Sodexo Group clients	1,484,731	1,431,342
Financial guarantees to third parties	1,878,764	1,823,589
Retirement benefit commitments	12,132	7,356
Other commitments	158,736	183,495
TOTAL	**3,534,363**	**3,445,782**

Virtually all financial guarantees to third parties relate to loans to Sodexo SA subsidiaries.

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 38.3 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.

18.2 Commitments received by Sodexo SA

(in thousands of euro)	August 31, 2016	August 31, 2015
Commitments received	1,715,353	2,156,329

Certain borrowings by Sodexo SA are counter-guaranteed by Sodexo, Inc.

18.3 Financial instrument commitments

Sodexo SA did not enter into any new financial instrument commitments during the fiscal year. The only ongoing commitments as of the end of the year were as follows:

Description	Inception date	Expiration date	Nominal amount	Market value as of August 31, 2016
Forward currency purchase	April 2011	April 2021	703 million USD	100 million EUR
Forward currency purchase	March 2012	April 2021	100 million USD	7 million EUR

Sodexo may use derivative financial instruments in order to hedge its exposure to volatility in interest and currency exchange rates.

19. PRINCIPAL FUTURE ADJUSTMENTS TO THE TAX BASIS

Increases *(in thousands of euro)*	
Exceptional amortization	17,045

Decreases *(in thousands of euro)*	
Employee profit-sharing	282
Other non-deductible provisions	2,238

The future tax liability related to this unrealized tax difference was 5 million euro, calculated at a rate of 34.43%.

20. RETIREMENT BENEFIT COMMITMENTS

20.1 Retirement benefits payable by law or under collective agreements

Sodexo SA is required to pay benefits to retiring employees on the terms stipulated in a company-wide collective agreement. The amount of the commitment has been calculated on the basis of rights vested at the balance sheet date, taking into account assumptions about final salary, discount rates and employee turnover.

This commitment, which is not recognized as a liability in the balance sheet, is estimated at 3.3 million euro, compared with 2.3 million euro at August 31, 2015.

20.2 Commitments related to a supplementary retirement plan

Commitments related to the supplementary retirement plan of 8.8 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.

21. DIRECTORS' FEES

Directors' fees paid to Board members during the fiscal year represented less than 1 million euro.

22. FRENCH TAX CONSOLIDATION

22.1 Benefit arising from French tax consolidation

Sodexo SA recognized a benefit of 3.9 million euro from the French tax consolidation for Fiscal 2016. 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.

22.2 Tax losses reclaimable as of August 31, 2016

The amount of potentially reclaimable tax losses from subsidiaries included in the French tax consolidation as of August 31, 2016 was 264 million euro, resulting in a provision of 91 million euro (using a rate of 34.43%).

23. AVERAGE NUMBER OF EMPLOYEES

	Fiscal 2016	Fiscal 2015
Managers	265	233
Supervisors	30	27
Other	37	40
Apprentices	5	1
TOTAL	**337**	**301**

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.

24. 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.

25. POST-BALANCE SHEET EVENTS

As described in note 15, "Bond issues and other borrowings," on September 29, 2016 Sodexo SA reimbursed in advance 108 million U.S. dollars of its March 2011 U.S. private placement, and on October 14, 2016 it carried out a new bond issue comprising 600 million euro worth of bonds redeemable in April 2027.

On November 15, 2016, the Board of Directors decided to launch a share repurchase and cancellation program for 300 million euro.

26. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(in thousands of euro)	Capital	Other shareholders' equity	Percentage interest in capital	Book value of investment		Loans and advances granted, net	Guarantees given	Revenues for most recent fiscal year	Income for most recent fiscal year	Dividends received during the fiscal year
				gross	net					
Detailed information										
French subsidiaries										
Sodexo Pass International SAS	406,656	146,494	93.46%	380,057	380,057				119,924	91,451
Sodexo Entreprises	52,139	24,095	99.15%	201,669	201,669			589,861	21,969	50,426
Sofinsod	82,683	16,382	100.00%	133,860	133,860				13,070	2,250
Holding Sogeres	6,098	23,472	100.00%	104,702	104,702				(18,020)	
Sodexo GC	15,095	(14,375)	100.00%	72,218	69,013				(4,415)	
Lenôtre SA	2,606	(3,524)	100.00%	62,394	43,188			104,161	(1,927)	
Société Française de Restauration et Services	1,899	1,054	90.92%	21,782	21,782		2,140	240,725	(237)	3,371
ONE SAS	7,225	(9,630)	100.00%	20,525					(1,117)	
Sodexo Afrique SARL	5,880	(4,205)	99.80%	14,539	2,984		16		374	
SoTech Services	2,025	570	100.00%	12,500	12,500				1,307	
Ouest Catering	516	15,358	100.00%	7,900	7,900				7,674	1,362

(in thousands of euro)	Capital	Other shareholders' equity	Percentage interest in capital	Book value of investment gross	Book value of investment net	Loans and advances granted, net	Guarantees given	Revenues for most recent fiscal year	Income for most recent fiscal year	Dividends received during the fiscal year
French equity investments										
Sogeres	1,987	11,554	37.05%	72,570	72,570			424,952	9,171	3,874
Foreign subsidiaries										
Sodexo, Inc.	4	1,151,999	100.00%	2,120,232	2,120,232		1,456,202	7,993,232	224,511	240,626
Sodexo Holdings Ltd	368,842	273,358	100.00%	751,028	751,028		1,179		50,168	55,121
Sodexo Beteiligungs BV & Co. KG	175,846	(22,785)	100.00%	195,456	195,456				(8,471)	
Sodexo do Brasil Comercial SA	54,183	365,007	51.24%	159,393	159,393		11,543	548,444	6,300	
Sodexo Food Solutions India Private Limited	2,683	(7,245)	98.00%	97,678	97,678		6,270	109,189	(4,045)	
Sodexo Scandinavian Holding AB	55,696	13,029	100.00%	86,089	86,089		45,713		(85)	
Compagnie Financière Aurore International	58,010	203,202	100.00%	68,918	68,918				5,760	
Sodexo Remote Sites USA Inc.	8,983	1,186	100.00%	61,487	61,487				(1,261)	
Sodexo Belgium SA	16,765	20,698	88.54%	38,560	38,560		3,958	312,325	5,717	
Sodexo Services Enterprises LLC	6,089	(704)	100.00%	38,720	38,720				5,870	
Sodexo Australia Pty Ltd	32,261	(374)	100.00%	36,378	36,378		18,759	72,591	1,088	
Sodexo Iberia SA	3,467	14,979	98.86%	26,804	26,804			208,422	3,463	3,292
Sodexo Entegre Hizmet Yonetimi AS	7,650	(3,791)	100.00%	19,036	3,859			54,400	(691)	
Sodexo Mexico SA de CV	2,909	(2,649)	100.00%	11,434				47,404	(2,843)	
Sodexo Chile SA	12,293	12,561	99.61%	10,911	10,911			303,147	(5,509)	
Kalyx Ltd	18	135,457	100.00%	9,430	9,430			191,710	41,332	
Sodexo Facilities Management Services India Private Ltd	6,781	(2,143)	97.80%	7,345	7,345		6,270	73,542	300	
Sodexo OY	5,046	(2,813)	100.00%	7,054	7,054			125,465	456	
Sodexo Italia SpA	1,898	63,060	100.00%	7,029	7,029			387,468	13,871	
Sodexo Argentina SA	709	3,099	99.39%	6,832	6,832		2,349	98,219	(471)	
Foreign equity investments										
Sodexo GmbH	308	307,318	37.37%	38,702	38,702				4,082	
Aggregate information										
Other French subsidiaries				24,118	22,185		80,269			37,933
Other foreign subsidiaries				46,284	31,953	3,168	41,821			25,914
Other French equity investments				475	7		1,786			487
Other foreign equity investments				17,645	16,509		3,456			4,045
TOTAL				**4,991,755**	**4,892,785**	**3,168**	**1,681,733**			**520,152**

4.3 SUPPLEMENTAL INFORMATION ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

4.3.1 FIVE-YEAR FINANCIAL SUMMARY

(in euro)	Fiscal 2016[1]	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Capital at end of period					
Share capital	614,964,556	628,528,100	628,528,100	628,528,100	628,528,100
Number of ordinary shares outstanding	153,741,139	157,132,025	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	132,047,019	86,220,958	84,594,216	77,175,406	63,336,905
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	586,620,650	369,855,443	363,475,307	397,787,059	370,162,664
Income tax	(15,163,785)	(13,808,673)	4,963,697	2,071,317	22,363,609
Employee profit-sharing	(296,105)	(45,596)	(7,200)	(6,400)	(131,452)
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	615,915,281	324,129,494	268,787,333	341,642,070	340,498,609
Dividend payout	370,749,327	347,069,897	283,403,569	255,192,660	249,839,920
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	3.72	2.27	2.34	2.54	2.50
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	4.01	2.06	1.71	2.17	2.17
Net dividend per share[2]	2.40	2.20	1.80	1.62	1.59
Dividend premium per eligible share[2]	0.24	0.22	0.18	0.16	

(1) Subject to approval by the Shareholders' Meeting to be held on January 24, 2017.
(2) The Board of Directors proposes that the Shareholders' Meeting on January 24, 2017 approve the payment of a cash dividend of 2.40 euro per share. In addition, and in accordance with the system adopted by the 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 2017, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.24 euro per share (provided that they do not represent over 0.5% of the capital per shareholder).

(in euro)	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Employee data					
Average number of employees during the fiscal year	337	301	293	285	279
Salary expense for the fiscal year	39,794,262	38,786,911	33,804,922	28,898,315	16,202,743
Social security and other employee benefits paid during the fiscal year	15,859,722	20,740,524	17,972,987	16,419,324	12,591,005

4.3.2 APPROPRIATION OF EARNINGS

(in thousands of euro)	Fiscal 2016[1]	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Net income	615,915	324,129	268,787	341,642	340,499
Retained earnings	965,687	980,728	987,575	891,353	790,921
Retained earnings[2]	12,099	7,905	7,637	9,773	9,773
Retained earnings[3]	9	(5)	133		
Transfer to legal reserve	-	-	-	-	-
Transfer from long-term capital gains reserve					
Distributable earnings	1,593,710	1,312,757	1,264,132	1,242,768	1,141,193
Net dividend	368,979	345,691	282,838	254,554	249,840
Dividend premium[4]	1,770	1,379	566	639	
Reserves					
Retained earnings	1,222,961	965,687	980,728	987,575	891,353
Number of shares outstanding	153,741,139	157,132,025	157,132,025	157,132,025	157,132,025
Number of shares entitled to a dividend	153,741,139	157,132,025	157,132,025	157,132,025	157,132,025
Earnings per share *(in euro)*	4.01	2.06	1.71	2.17	2.17

(1) Subject to approval by the Shareholders' Meeting to be held on January 24, 2017.
(2) Corresponding to dividends not paid on treasury shares.
(3) Corresponding to 10% dividend premium not paid.
(4) The Board of Directors proposes that the Shareholders' Meeting on January 24, 2017 approve the payment of a cash dividend of 2.40 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 2017, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.24 euro per share (provided that they do not represent over 0.5% of the capital per shareholder).

4.4 STATUTORY AUDITORS' REPORTS

4.4.1 STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the Statutory Auditors' Report issued in French and is provided solely for the convenience of English speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended August 31, 2016

To the Shareholders,

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

In compliance with the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended August 31, 2016, on:

- the audit of the accompanying financial statements of Sodexo SA;
- the justification of our assessments;
- the specific verification required by the law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at August 31, 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matter:

- your Company has valued financial investments held in accordance with the accounting principles set out in the note 2.1.3 "Financial investments" to the financial statements. We performed procedures, on a test basis, in order to review the data and assumptions on which the valuations were based and the calculations made by your Company.

The assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III - Specific verifications and information

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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 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 acquisition of investments and controlling interests and the identity of shareholders and holders of the voting rights has been properly disclosed in the Management Report.

Neuilly-sur-Seine and Paris La Défense, November 16, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Jean-Christophe Georghiou	Hervé Chopin

4.4.2 STATUTORY AUDITORS' REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of the Statutory Auditors' 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.

Shareholders' Meeting held to approve the financial statements for the year ended August 31, 2016

SODEXO SA
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. It is your responsibility, in accordance with article R.225-31 of the French Commercial Code *(Code de commerce),* to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, if applicable, in accordance with article R.225-31 of the French Commercial Code, to inform you of the agreements and commitments authorized during previous years which were applicable during the period.

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 authorized by the Board of Directors.

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 311-3-12º of the French Social Security Code, which states that the Chairs of the Boards of Directors and the Chief Executive Officers of French joint stock corporations *(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 Director's 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.

Agreements and commitments previously approved by the Shareholders' Meeting

Continuing agreements and commitments entered into in prior years

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 were applicable during the year.

TRANSACTIONS WITH MICHEL LANDEL, GROUP CHIEF EXECUTIVE OFFICER

- Purpose and reasons given as to why they are beneficial for the Company:

The Board of Directors of Sodexo decided on November 6, 2008, decision approved by the Shareholders' Meeting on January 19, 2009, that in the event of the termination of his employment 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.

Concerning his supplemental pension plan, Michel Landel is a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code and article 137-11-1 of the French Social Security Code, and which has been set up for the most senior executives employed by 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 3,729,769 euro as of August 31, 2016 and the charge recognized by the Company for the year ended August 31, 2016 was 192,697 euro.

Continuing agreements and commitments entered into in prior 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 report on related-party agreements and commitments for the year ended August 31, 2013, and was not approved by the Shareholders' Meeting held to examine the August 31, 2013 accounts.

Service agreement between Bellon SA and Sodexo

- Directors affected by the agreement:

Bernard Bellon, François-Xavier Bellon, Sophie Bellon, Nathalie Bellon-Szabo and Astrid 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.

Sodexo receives under this agreement 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 for Michel Landel, Group Chief Executive Officer (employed by Bellon SA until December 31, 2015), Elisabeth Carpentier, Chief Human Resources Officer, Siân Herbert-Jones, Group Chief Financial Officer (until February 29, 2016), Marc Rolland, Group Chief Financial Officer (as of March 1, 2016), and Damien Verdier, Group Chief Strategic Planning, Organization, Research & Development and Innovation Officer (as of February 1, 2016), 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 for five years with an automatic renewal. 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 beforehand by the Board of Directors at its meeting held 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 fees payable to Bellon SA under this agreement are approved annually by the Board of Directors of Sodexo (with directors who are members of the Bellon family not taking part in the vote).

For the year ended August 31, 2016, Bellon SA invoiced Sodexo under this agreement a total of 6,083,250 euros excluding VAT.

Neuilly-sur-Seine and Paris La Défense, November 16, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Jean-Christophe Georghiou	Hervé Chopin


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sodexo


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5

CORPORATE GOVERNANCE

5.1 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 15, 2016 meeting. This report will be presented to the shareholders at the next Shareholders' Meeting on January 24, 2017.

5.1.1 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 Chairman and the Chief Executive Officer). Further, the Internal Rules of the Board of Directors require each director to own at least 400 Sodexo shares, except for directors representing employees to whom no such requirement applies in accordance with French law.

5.1.1.1 Composition as of August 31, 2016

		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	
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	Executive Director, Harvard Kennedy School's Center for Public Leadership	Feb. 8, 2005	2017(2)	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	
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 Executive Officer, Sodexo Sports and Leisure	Jul. 26, 1989	2018	
Philippe Besson	Director representing employees	Jun. 18, 2014	2017	N/A(3)
Françoise Brougher	Business Lead, Square	Jan. 23, 2012	2018	X
Soumitra Dutta	Dean and Professor of Management, Cornell College of Business, Cornell University	Jan. 19, 2015	2018	X
Paul Jeanbart	Chief Executive Officer, Rolaco	Feb. 13, 1996	2017(4)	X
Michel Landel	Chief Executive Officer, Sodexo	Jan. 19, 2009	2017(2)	
Cathy Martin	Director representing employees	Sept. 10, 2015	2018	N/A(3)

(1) Independent director as defined by the AFEP-MEDEF Code of corporate governance of listed companies, except for the recommendation that a director should not serve on the Board for more than 12 years (in the case of Mr. Paul Jeanbart).
(2) The Board of Directors will propose the renewal of these mandates at the Shareholders' Meeting of January 24, 2017.
(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.
(4) Mr. Paul Jeanbart has informed the Board of Directors of his decision not to stand for re-election at the next Shareholders' Meeting.

5.1.1.2 Chairman Emeritus

PIERRE BELLON – CHAIRMAN EMERITUS

Born January 24, 1930.
4 children.
Nationality: French.
Graduate of the École des hautes études commerciales (HEC).

Number of Sodexo shares held: **12,900**.

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Background

Pierre Bellon joined Société d'Exploitations Hôtelières, Aériennes, Maritimes et Terrestres in 1958 as Assistant Manager. He later served as Managing Director and then Chairman and Chief Executive Officer.

In 1966, he founded Sodexho SA. He served as Chairman and Chief Executive Officer until August 31, 2005, when Michel Landel was named Chief Executive Officer following the Board decision to separate the roles of Chairman and Chief Executive Officer. Pierre Bellon remained as Chairman of the Board of Directors of Sodexo SA (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;
- National President of the French National Center for Young Business Leaders (formerly the Center for Young Employers), 1968-1970;
- President of the French National Federation of Hotel and Restaurant Chains, 1972-1975;
- Member of the French Economic and Social Council, 1969-1979.

Other positions and corporate offices held

- 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: Association Pierre Bellon;

Past corporate offices

- Chairman of the Board of Directors: Sodexo SA;
- Member of the Board of Directors: Kering (formerly PPR)*, CMA-CGM; Air Liquide*; *Association nationale des sociétés par actions* (ANSA).

* *Listed company.*

5.1.1.3 Board members as of August 31, 2016

SOPHIE BELLON

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**.

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

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:** Association Pierre Bellon;
- **Member of the Board of Directors:** L'Oréal*; Association nationale des sociétés par actions (ANSA).

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:** Altys Multiservices SA**;
- **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)

Number of Sodexo shares held: **400.**

Business address:
Schneider Electric
35, rue Joseph-Monier
92500 Rueil-Malmaison (France)

Background

Emmanuel Babeau is Deputy Chief Executive Officer of Schneider Electric, in charge of Finance and Legal Affairs.

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.

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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).

Number of Sodexo shares held: **410.**

Address:
11, avenue Théophile-Gautier
75016 Paris (France)

Background

Robert Baconnier began his career in 1967 as a civil servant at the French Ministry of Economy and Finance, and was assigned to the Internal Revenue Service *(Direction Générale des Impôts).* From 1977 to 1979, he was Technical Advisor to the office of the Minister of Economy and Finance, then Deputy Director in the office of the Minister for the Budget. From 1979 to 1983, he was Deputy Director in charge of the International Division of the Tax Legislation Department. In 1983, he was appointed head of the Litigation Department of the French Internal Revenue Service. In 1986, he became head of the French Internal Revenue Service. From 1990 to 1991, he was Paymaster General at the French Treasury.

In 1991, he joined the law firm Bureau Francis Lefebvre, where he served as Chairman of the Management Board until 2004.

He then held office as Chairman and Chief Executive Officer of *Association nationale des sociétés par actions* (ANSA) until January 2012, when he was named Honorary Chairman. 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.*

PATRICIA BELLINGER

Born March 24, 1961.
4 children.
Nationality: dual American and British.
BA in Literature, Harvard University.

Number of Sodexo shares held: **400**.

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Background

Patricia Bellinger began her career in Madrid, Spain in 1986 by founding a casting agency, and she continued to work in media and communications in Spain until 1995. In 1995, she returned to the USA and joined Bristol Myers Squibb (BMS), the pharmaceutical company, where she was successively Associate Director for Communications and Associate Director for Public Affairs. In 1998, she became the Corporate Director of Culture and Human Resources Diversity. In 2000, she joined 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, Harvard Business School. In August 2013, she was also appointed Executive Director at Harvard Kennedy School's Center for Public Leadership (CPL) as well as an adjunct lecturer at the School.

Other positions and corporate offices held

- **Member of the Board of Trustees:** Facing History and Ourselves; U Aspire;
- **Member of the Board of Directors:** Pattern Energy Inc.;
- **Other:** Member of the Advisory Board of Program in Education, Afterschool and Resiliency (PEAR); McLean Hospital (Harvard Medical School); 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);
- **Member of the Business Advisory Board:** Sodexo, Inc.

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ASTRID BELLON

Born April 16, 1969.
Graduate of ESLSCA.
Nationality: French.
Master of Arts in Cinema Studies, New York.

Number of Sodexo shares held: **38,000**.

Business address:
Bellon SA
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Background

Astrid Bellon is a member of the Management Board of Bellon SA.

Other positions and corporate offices held

- **Chairwoman:** Sofrane SAS;
- **Member of the Management Board:** Bellon SA;
- **Legal Manager:** Sobelnat SCA (Permanent Representative of Sofrane SAS);
- **Founding member:** Association Pierre Bellon.

Other corporate offices held within the past five years but no longer held

None.

BERNARD BELLON

Born August 11, 1935.
5 children.
Nationality: French.
Degree in French Literature from IAE Aix-Marseille.

Number of Sodexo shares held: **305,732.**

Business address:
14, rue Saint Jean
1260 Nyon (Switzerland)

Background

Bernard Bellon was director of Compagnie Hôtelière du Midi (part of the Compagnie de Navigation Mixte Group) from 1962 to 1970 and then held various managerial positions in banking at CIC-Banque de l'Union européenne Group from 1970 to 1988. He founded Finadvance SA, a venture capital company of which he was Chairman from its creation in 1988 until 2013.

Other positions and corporate offices held

- **Member of the Supervisory Board:** Bellon SA;
- **Founding member:** Association Pierre Bellon.

Other corporate offices held within the past five years but no longer held

- **Chairman 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.

Number of Sodexo shares held: **36,383.**

Business address:
Bright Yellow Group Plc
2 East Throp House, 1 Paddock Road
Reading RG4 5BY (United Kingdom)

Background

François-Xavier Bellon is the CEO of Bright Yellow Group, a company he acquired in 2007. This company based in the United Kingdom specializes in providing in-home services to dependent persons.

Previously, François-Xavier Bellon was Sales and Marketing Director of the Global Temporary Work Division of the Adecco Group, where he spent more than seven years. His last posting was in London.

Francois-Xavier Bellon also spent ten years with Sodexo, where he was Chief Executive of Sodexo United Kingdom at the time of his resignation in 2004. After joining the Healthcare subsidiary in 1995, he was successively Head of Sector, Head of Development, based in Paris, and then Chief Executive Officer of the Mexican subsidiary for five years.

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:** Footprint Ltd; LifeCarers Ltd; Bright Yellow Group Plc;
- **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.

NATHALIE BELLON-SZABO

Born January 26, 1964.
3 children.
Nationality: French.
Graduate of the European Business School.

Number of Sodexo shares held: **1,147**.

Business address:
Sodexo Prestige Sports and Leisure/
Sodexo Prestige Sites and Brands
Tour Horizons
CP H 200
30, cours de l'Île Seguin
92777 Boulogne Billancourt (France)

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. She is also Chief Executive Officer of Sodexo Sports and Leisure.

On September 1, 2015, she was appointed Chief Operating Officer of Sodexo Sports and Leisure worldwide.

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**; Excel SAS**; Gedex**;
- **Chairwoman of the Board of Directors:** L'Affiche SA**; Millenia SA**;
- **Chairwoman of the Management Board:** Société du Lido (SEGSHMI)**; Lenôtre SA**;
- **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**;
- **Legal Manager:** Courcelles Miromesnil SARL**.

PHILIPPE BESSON

Born September 21, 1956.
4 children.
Nationality: French.

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

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.

Other positions and corporate offices held

None.

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** *Sodexo Group company.*

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).

Number of Sodexo shares held: **400**.

Business address:
Square
1455 Market Street
San Francisco, CA 94103 (USA)

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 & Co. 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

- Business Lead, Square.

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 Sciences, Artificial Intelligence, University of California, Berkeley, USA.

Number of Sodexo shares held: **400**.

Business address:
College of Business
Cornell University
Ithaca, New York (USA)

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 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.

Other corporate offices held within the past five years but no longer held

- Chairman of the Board of Directors: Fisheye Analytics Ltd, Singapore.

PAUL JEANBART

Born August 23, 1939.
3 children.
Nationality: dual Canadian and Swiss.
Civil engineer.

Number of Sodexo shares held: **400**.

Business address:
Immeuble Président Mouawad
Rue Pierre Hélou, Hazmié, Beirut
(Lebanon)

Background

Co-founder, partner and Chief Executive Officer of the Rolaco Group since 1967.

Other positions and corporate offices held

- **Chairman:** Oryx Finance Limited;
- **Chairman of the Board of Directors:** Hôtels Intercontinental Genève SA; Luxury Brand Development SA, parent company of Orfèvrerie Christofle;
- **Member of the Board of Directors:** Semiramis Hotel Co.; Rolaco Holding SA (Executive Director) and subsidiaries/affiliates of the Rolaco Group.

Other corporate offices held within the past five years but no longer held

- **Member of the Supervisory Board:** Club Méditerranée SA*.

MICHEL LANDEL

Born November 7, 1951.
3 children.
Nationality: French.
Graduate of the European Business School.

Number of Sodexo shares held: **202,360**.

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

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 Sodexho Marriott Services. In 1999, he became Chief Executive Officer of Sodexho Marriott Services, now Sodexo, Inc.

Michel Landel was named Vice Chairman of the Executive Committee of Sodexo in February 2000.

From June 2003 through August 2005, Michel Landel served as Group Co-President and Co-Chief Operating Officer in charge of North America, the United Kingdom and Ireland, together with Remote Site Management.

He has been Chief Executive Officer of Sodexo since September 1, 2005 and Chairman of the Executive Committee.

Other positions and corporate offices held

- **Chief Executive Officer:** 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.

* *Listed company.*
** *Sodexo Group company.*

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.

Election of a new member of the Board of Directors

At the Shareholders' Meeting on January 24, 2017, shareholders will be asked to elect Ms. Cécile Tandeau de Marsac as a director for a three-year term expiring at the close of the Shareholders' Meeting to be called to approve the financial statements for the fiscal year ending August 31, 2019. On the recommendation of the Nominating Committee, the Board of Directors considers that Ms. Tandeau de Marsac will qualify as an independent director based on the criteria in the AFEP-MEDEF Code of corporate governance for listed companies.

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

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 July 2012, she was appointed General Manager of Human Resources at Solvay.

Other positions and corporate offices held

None.

5.1.1.4 Principles governing the composition of the Board of Directors

As of August 31, 2016, the Board of Directors had 14 members, of which six (42% of all Board members[1]) are women, including one woman director representing employees. This is evidence that women are well represented on the Board and that the Group complies with the Copé-Zimmerman Act passed in France on gender-balanced representation on Boards. Nine Board members hold French nationality only and the others hold American, British, Canadian, Indian and Swiss nationalities.

The Board 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 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 discusses the Company's policy on equal opportunities and pay.

During Fiscal 2016, six[1] Board members were deemed independent directors (see section 5.1.1.1). No independent director has any business ties with the Company or any other Group entity.

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. 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.

5.1.1.5 Preparation and organization of the work of the Board of Directors

Sodexo is governed by a Board of Directors which is chaired by Ms. Sophie Bellon since January 26, 2016.

Role of the Chairman of the Board of Directors

The Chairman of the Board of Directors represents the Board and organizes and directs its work, and reports to the shareholders at the Shareholders' Meeting. The Chairman also represents the Board in matters concerning third parties such as employee representatives, external auditors and shareholders. The Chairman oversees the functioning of all of the Company's Corporate Governance structures and, in particular, ensures that the Board members are able to fulfill their mission.

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.

Mission of the Board of Directors

The Board of Directors defines Sodexo's strategy, long-term objectives and overall policies.

It regularly supervises the management of the business and in particular progress made on metrics it has identified.

It appoints corporate officers to manage Group policies.

It ensures the existence and effectiveness of risk management and internal control procedures, and oversees the quality of information provided to shareholders and to the financial markets in the financial statements and in connection with major financial transactions.

As required by law, the Board of Directors approves the financial statements for publication, proposes dividends, and makes decisions on significant investments and financial policy.

At least three days ahead of Board meetings, each Board member is given briefing documents so that he or she can review and/or investigate the issues to be discussed.

(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.

The Group's senior executives make regular presentations to the Board, in particular at the beginning of September, when the budget, the five-year plans and the ten-year financing plan 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 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 (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 unpublished information during the course of his or her duties is bound by a duty of confidentiality.

Directors are also prohibited from trading in Sodexo securities as follows:

- during the period commencing thirty calendar days before the Board meeting that approves the interim and annual consolidated financial statements for publication and up to and including the date of publication of those interim and annual financial statements;
- during the period commencing fifteen calendar days prior to the date of publication of the consolidated financial information for the first and third quarters up to and including the date of their publication.

Transactions by directors in the Company's shares must be disclosed to the public. Consequently, directors are required to inform the Group Legal Department of all transactions in Sodexo shares.

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, at its meeting in November 2015, the Board of Directors decided that directors representing employees would be allowed the time necessary to prepare their participation in each Board meeting and would 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).

Board Committees

To support its decision-making process, the Board has created three committees, each with its own charter approved by the Board of Directors. Broadly, their role is to examine specific issues ahead of Board meetings, and to submit opinions, proposals and recommendations to the Board.

AUDIT COMMITTEE

Composition as of August 31, 2016:

- Mr. Robert Baconnier, who chairs the Committee in his capacity as a "financial expert";
- Ms. Sophie Bellon;
- Mr. Soumitra Dutta;
- Mr. Paul Jeanbart.

In accordance with the recommendations concerning Audit Committee membership set out in the AFEP-MEDEF Code of corporate governance for listed companies, as of September 1, 2016, Sophie Bellon is no longer a member of the Audit Committee.

As of September 1, 2016 the Audit Committee comprised the following members:

- Mr. Robert Baconnier, who chairs the Committee in his capacity as a "financial expert";
- Mr. Emmanuel Babeau;
- Mr. François-Xavier Bellon;
- Mr. Soumitra Dutta.

All Audit Committee members have recognized expertise in finance and accounting, as confirmed by their professional background (see section 5.1.1.3).

The Audit Committee is responsible for ensuring that the Group's accounting policies are appropriate and consistently applied.

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 6.2), 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 and seek advice from outside experts.

During Fiscal 2016, 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 four times during the fiscal year, with a 94% attendance rate.

Issues addressed by the Committee included:

- review of the main risks and the risk management process;
- progress report on the evaluation of internal control;
- approval of the Internal Audit Plan for Fiscal 2016;
- 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 2016. The Audit Committee also approved in advance all other engagements performed by the Group's external auditors and by member firms of their networks;
- re-appointment of one of the external auditors;
- the new EU tax reporting requirements;
- review of the compensation to be paid under the service contract signed between Sodexo and Bellon SA for Fiscal 2017;
- 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 2015 and the interim consolidated financial statements for the first half of Fiscal 2016. In addition to four 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, 2016:

- Ms. Patricia Bellinger, who chairs the Committee;
- Ms. Nathalie Bellon-Szabo;
- Ms. Sophie Bellon;
- Ms. Francoise Brougher.

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, 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

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directors in relation to the criteria concerning the composition of the Board specified in the relevant legislation and in the Board's Internal Rules. For compliance reasons, the Committee also provides the Board of Directors from time to time with a list of directors qualifying as independent;

- provides an opinion to the Board on the nomination of the Chief Executive Officer and as appropriate one or more 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 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;
- proposes procedures that enable the Board of Directors to assess the efficiency of its own operations, and notably to determine the terms and conditions for carrying out the periodic self-assessment of the operations of the Board of Directors and its Committees, or any such assessment that may be performed by an external consultant;
- regularly reviews the training plans for directors as well as the welcome and induction process for new directors.

The Nominating Committee met four times in Fiscal 2016, notably to review the succession plans for the members of the Group Executive Committee, the training of directors representing employees, the composition of the Board Committees, and the nomination proposals for the new director. The average attendance rate at these meetings was 94%.

COMPENSATION COMMITTEE

Composition as of August 31, 2016:

- Ms. Patricia Bellinger, who chairs the Committee;
- Mr. Robert Baconnier,
- Ms. Sophie Bellon;
- Mr. Philippe Besson, director representing employees.

In accordance with the recommendations concerning Compensation Committee membership set out in the AFEP-MEDEF Code of corporate governance for listed companies, as of September 1, 2016, Sophie Bellon is no longer a member of the Compensation Committee.

As of September 1, 2016 the Compensation Committee comprised the following members:

- Ms. Patricia Bellinger, who chairs the Committee;
- Mr. Emmanuel Babeau;
- Mr. Robert Baconnier.
- Mr. Philippe Besson, director representing employees.

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 5.3 of this document.

The Compensation Committee met five times during the fiscal year and the attendance rate was 100%.

The Compensation Committee made recommendations to the Board 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 that 866,075 shares should be granted to 1,264 people on April 27, 2016 (with some of the shares subject to performance conditions), and expressed its opinion on individual grants and the performance conditions proposed by the Chief Executive Officer.

Board meetings during the year

BOARD MEETINGS

The Board of Directors met nine times during Fiscal 2016, fulfilling the minimum requirement of four meetings per year as stated in the internal rules. The Board of Directors has decided that its annual September meeting would include a review not only of the annual budget but also of the largest entities' strategic plans. Plans not reviewed during the September meeting are examined at subsequent Board meetings held during the fiscal year.

The average attendance rate at Board meetings during Fiscal 2016 was 95%.

Date	Main items on the agenda	Attendance rate
September 10, 2015	Strategic planning. Human resources. Benefits and Rewards business. Approval of the Fiscal 2016 budget. Policy for equal opportunities and equal pay. Organizational transformation.	100%
November 17, 2015	Approval of the Fiscal 2015 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 Shareholders' Meeting. Nomination proposal for a new director. Pierre Bellon's succession. Organizational transformation. Approval of the share repurchase program.	93%
December 1, 2015	Adoption of another free share plan.	100%
January 26, 2016 Pre-Annual Shareholders' Meeting	Business review for the opening months of Fiscal 2016. Main human resources policies.	87%
January 26, 2016 Post-Annual Shareholders' Meeting	Appointment of Sophie Bellon as Chairwoman of the Board of Directors. Approval of Sophie Bellon's compensation package.	93%
March 8, 2016	Business review for the first five months of Fiscal 2016. Governance and operating procedures of the Board of Directors. Cost-efficiency plan. Approval of the fee payable under the service contract between Bellon SA and Sodexo for the period April 2016 to March 2017. Organizational transformation.	93%
April 12, 2016	Approval of the interim consolidated financial statements for the first half of Fiscal 2016 for publication. Achievement of the performance condition applicable to the April 2013 performance share plan. Approval of the performance conditions for the April 2016 performance share plan. Acquisitions and acquisition opportunities. Approval of the Interim Report for the first half of Fiscal 2016. Review of the first-half earnings press release.	100%
April 27, 2016	Adoption of the 2016 performance share plan.	100%
June 14, 2016	Business review for the first nine months of Fiscal 2016. Strategic planning process. On-site Services: Energy and Resources. Innovation and Digital. Refinancing options. Directors' fees. Re-appointment of the external auditors. Capital reduction following the cancellation of shares.	86%

DIRECTORS' PARTICIPATION RATES

	Participation rate
Pierre Bellon	100%*
Sophie Bellon	100%
Emmanuel Babeau	100%
Robert Baconnier	100%
Patricia Bellinger	89%
Astrid Bellon	89%
Bernard Bellon	100%
François-Xavier Bellon	100%
Nathalie Bellon-Szabo	100%
Philippe Besson	100%
Françoise Brougher	89%
Soumitra Dutta	78%
Paul Jeanbart	100%
Michel Landel	100%
Cathy Martin	89%
Peter Thompson	75%*

* *The directorships of Pierre Bellon and Peter Thompson expired at the close of the Shareholders' Meeting on January 26, 2016.*

ASSESSMENT OF BOARD OPERATING PROCEDURES

The most recent formal assessment of the Board's operating procedures was carried out in Fiscal 2014, and the next formal evaluation will take place in Fiscal 2017. At least once a year, the Board of Directors devotes an agenda item to discussing its operating procedures.

The findings of the formal assessment carried out in Fiscal 2014 provided confirmation that the Board's operating procedures were generally considered satisfactory and that the number of directors was deemed adequate. The directors expressed satisfaction with the significant role played by the Audit Committee. They also expressed their confidence in the work of the Nominating Committee and the Compensation Committee, but suggested that these Committees' expertise should be enhanced, bearing in mind the need to plan the succession of their Chairwomen.

It was suggested that the Board reinforce its international dimension and progressively renew its membership to bring in new expertise and better reflect the generations. In connection with this, an induction process for new directors has been put in place.

The directors all considered that their fellow members participate actively in the work of the Board. They appreciate the atmosphere at meetings of the Board and the climate of trust that prevails among its members. They are willing to become even more involved, suggesting in particular that strategic issues be discussed in more detail, that human resources policies be discussed once a year, along with the main risk factors, and that post mortem analyses of the main investments be performed.

The directors were unanimous in their appreciation of the strategic review conducted at the September meeting, welcoming this unique opportunity for an exchange of views with the 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 August 31, 2016 the Chief Executive Officer was required to obtain the prior consent of the Board to pledge corporate assets as collateral (for amounts exceeding 25 million euro for a duration of less than 5 years, for amounts exceeding 15 million euro for a duration of between 5 and 10 years, and for all guarantees covering a longer period), or to bind the Company beyond specific limits such as for the acquisition of shareholdings exceeding 25 million euro per transaction, disposals of shareholdings exceeding 20 million euro per transaction, or additional medium and long-term borrowings exceeding 50 million euro.

As of September 14, 2016, these limits were revised. Accordingly, 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 term is less than 25 years and amount less than €100 million, 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;
- term between 5 and 10 years and amount greater than or equal to €30 million;
- term less than 5 years and amount greater than or equal to €50 million.

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 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 start-up of new activities. These limits are not enforceable against third parties, as the Chief Executive Officer has the broadest powers to bind the Company in its dealings with third parties.

In his role as Chief Executive Officer, Michel Landel is supported by an Executive Committee.

The Executive Committee had thirteen members as of August 31, 2016 (including Michel Landel).

The Executive Committee meets once a month, and is the linchpin of the management structure. It is responsible not only for discussing and developing strategies to be recommended to the Board of Directors, but also for monitoring implementation of these strategies once the Board has approved them. The Executive Committee tracks implementation of action plans, monitors business unit performance, and assesses the potential benefits of growth opportunities and the risks inherent in its business operations.

Members of the Group Executive Committee as of September 1, 2016:

- **Michel Landel,** Chief Executive Officer and member of the Board of Directors of Sodexo, Chairman of the Executive Committee;
- **Ana Busto,** Group Chief Brand and Communication Officer;
- **Elisabeth Carpentier,** Group Chief Human Resources Officer;
- **Patrick Connolly,** CEO, Schools and Universities, On-site Services;
- **Lorna Donatone,** CEO, Geographic Regions and Region Chair for North America, On-site Services;
- **Pierre Henry,** Vice Chairman of the Group Executive Committee, CEO Sports & Leisure, On-site Services;
- **Nicolas Japy,** CEO, Energy & Resources, On-site Services;
- **Denis Machuel,** CEO, Benefits and Rewards Services and Personal and Home Services, Group Chief Digital Officer;
- **Satya-Christophe Menard,** CEO, Service Operations;
- **Sylvia Métayer,** CEO, Corporate Services, On-site Services;
- **Marc Rolland,** Group Chief Financial Officer;
- **Damien Verdier,** Group Chief Strategic Planning, Organization, Research & Development and Innovation Officer;
- **Debbie White,** CEO, Government and Healthcare, On-site Services.

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. The Committee considers and approves:

- significant new contracts (corresponding to all new contracts with estimated annual revenues of higher than an amount between 25 and 45 million euro depending on the business unit);
- all plans to acquire shareholdings or any other plan to invest in property, plant and equipment or intangible assets exceeding an amount in the range of between 2 and 6 million euro, depending on the business unit, as well as cumulative over-runs of any investment budget approved at the beginning of the fiscal year;
- disposals of shareholdings exceeding 1 million euro.

This Committee formally met nine times during Fiscal 2016 and its members also reviewed a number of time-sensitive items.

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 of director independence stated in the AFEP-MEDEF Code mentioned above, the Nominating Committee periodically provides the Board of Directors with a list of directors considered independent under those criteria (see section 5.1.1.1).

Sodexo complies with the AFEP-MEDEF Code of corporate governance for listed companies, except for the following recommendations:

AFEP-MEDEF Recommendations	Sodexo practice/Explanations
Independence criteria for Board members (section 9.4 of the Code) – Among the criteria to be evaluated in considering whether a Board member is independent is not having been a Board member for more than 12 years.	The Board of Directors decided not to apply the independence criteria limiting Board members' mandates to 12 years (with respect to Mr. Paul Jeanbart). In accordance with the advice of the Nominating Committee, the Board of Directors considers that such seniority is a positive factor for his knowledge of the Group, its history and its activities, and also that the ability to make independent decisions is the main criterion for a Board member to be independent. It should be noted that Mr. Paul Jeanbart is not seeking the renewal of his directorship which expires after the January 24, 2017 Shareholders' Meeting.
Meetings not attended by executive directors (section 10.4 of the Code) – The Code recommends that non-executive directors hold periodic meetings that are not attended by executive or in-house directors.	The Board of Directors plans to implement the practice of holding meetings not attended by executive or in-house directors during Fiscal 2017.
Time available for the Audit Committee's review of the financial statements (section 16.2.1 of the Code) – The Code states that the time available for reviewing the financial statements should be sufficient and recommends that the Audit Committee should receive them no less than two days before review by the Board.	In view of the fact that certain Audit Committee members travel from abroad to attend meetings, the meetings to review the accounts are held the day before their review by the Board. However, briefing files are sent to the Audit Committee members several days in advance to allow them to perform a satisfactory review ahead of the Board meeting.
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.	The Chief Executive Officer is already subject to presence and performance conditions; in addition he is required to hold in registered form a defined number of these shares for the duration of his mandate when exercising stock options and acquiring performance shares. 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.

(1) See glossary.

Attendance of shareholders at the Shareholders' Meeting

Specific procedures pertaining to the participation of shareholders at the Shareholders' Meeting are indicated in article 16 of Sodexo's bylaws (see section 6.5.12 of this document).

Information that could have a material impact in the event of a public tender offer

The share ownership and voting rights in the Company, provided in section 6.2.2 of this document, are considered to be the decisive factors among those referred to in article L.225-100-3 of the French Commercial Code.

5.1.2 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, it has established an organization and policies intended to identify, evaluate, prevent and manage these risks in order to limit any adverse impacts.

Internal control procedures are established by the Company and implemented under its responsibility, 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 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.

5.1.2.1 Strategy, long-term objectives and overall policies of the Group

The Group's strategy, long-term objectives and overall policies, as defined at the outset by 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.

5.1.2.2 Overall 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 policies are in the process of being re-drafted in simpler terms 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.

Seven 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 entities 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. In addition, a ten-year consolidated financing plan is prepared by the Group Finance Department. 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, 2016, Sodexo's holding company, Bellon SA, held 39.61% of the shares and 54.8% 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 the "5 Star" program, 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. The Group's risk management guidelines set out the procurement procedures that its teams are required to follow in terms of working with and managing suppliers and subcontractors. The level of the 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.

Sustainable development policy

Since its creation in 1966, Sodexo's vocation has been to "improve the Quality of Life" and contribute to the economic, social and environmental development of local communities. In 2003, the Group formalized a sustainable development strategy and policy that sets the following priorities:

- improve nutrition for the health and wellness of consumers: Sodexo is committed to food safety and the promotion of a balanced diet for its consumers. Sodexo plays a critical role in the fight against obesity and malnutrition and provides solutions that make health and wellness a priority.
- contribute to the social, economic, and environmental development in the cities, regions or countries where Sodexo is present:
  - 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.

In September 2016, Sodexo, world leader in Quality of Life Services, was named Global Sustainability Industry Leader in its sector for the 12th year in a row by the Dow Jones Sustainability Index (DJSI).

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.

Health and safety policies

Achieving best-in-class occupational health and safety performances is key to the Group's future commercial success and its reputation as a responsible global corporation.

Taking care of people is a number one priority for Sodexo and lies at the heart of its commitment to preserve the health and safety of its employees and the 75 million consumers served every day. In turn, this commitment is an integral part of Sodexo's corporate mission to improve 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.

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 warning the Chairwoman of the Board of Directors, the Audit Committee and the Executive Committee of 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, etc.

5.1.2.3 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 powers to the members of the Group Executive Committee, who themselves delegate to members of their executive teams.

Delegations of authority cover development, human resources, procurement, investments and finance.

Delegations of authority are generally implemented via "accountability contracts" in the form of one- and five-year plans, and must comply with the Group's general policies.

5.1.2.4 Improvement metrics

All progress can be measured. Accordingly, Sodexo has developed improvement metrics allowing for progress to be measured in five main areas: Development, Management, Procurement, Human Resources and Sustainable Development.

The Group Finance Department coordinates the process and monitors operational improvement metrics for activities and subsidiaries using a Group scorecard.

Making progress in these areas is critical for future growth of operating profit, operating cash flow and revenue.

The improvement metrics are presented each year to the Board of Directors and the Group Executive Committee in order to track progress in the areas concerned.

Development metrics:

- total growth potential for the Group over the next ten years, separated into potential by activity, by country and by client segment;
- client retention rate;
- client and consumer satisfaction rates;
- comparable unit growth;
- new business development rate compared to competitors;
- return on investments in development (particularly non tangible investments).

Management metrics:

- contract profitability;
- profitability of the different activities and client segments;
- gross operating margin and on-site costs;
- reduction in general and administrative expenses by subsidiary, by client segment and by function.

Procurement metrics:

- percentage of purchases made from referenced suppliers;
- reduction in the number of referenced products, reduction in the number of deliveries on a site, etc.

(1) See glossary.

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. Based on the most recent engagement survey carried out in April 2016, this rate was 68%;
- employee retention for all personnel and for site managers. This rate was 66% overall in Fiscal 2016 and 81% for on-site managers;
- internal promotion, which is measured by the number of employees promoted to site manager, to a middle management or a senior management position; representation of women in senior management, with a target for women in senior management positions of 25% by 2015, versus 18% in 2009. This proportion reached 30% in Fiscal 2016. In addition, it should be noted that 42% of the members of the Board of Directors and 38% of the Executive Committee members are women.
- percentage of Group revenues in countries having at least one OHSAS 18001 certification;
- number of work related accidents

Nutrition, health and wellness metrics, including:

- percentage of On-site Services revenues derived from activities with ISO 22000- or ISO 9001-certified food safety management systems;
- number of dietitians employed by Sodexo.

Economic, social and environmental development metrics, including:

- number of countries fighting hunger and malnutrition through Stop Hunger;
- percentage of Group revenues derived from On-site Services in countries that have SMEs (small and medium-sized enterprises) in their supply chain.

Environmental protection metrics, including:

- percentage of Group revenues derived from activities with ISO 14001-certified environmental management systems;
- percentage of suppliers having signed a supplier Code of conduct;
- percentage of sites implementing heightened awareness and behavior steps to reduce their consumption of water and energy;
- percentage of sites implementing equipment and processes to reduce their waste;
- certified sustainable fish and seafood as a percentage of total fish and seafood purchases.

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 section 2.6.3 of this document.

5.1.2.5 Description of the integrated risk management and internal control process

Sodexo has put in place a robust procedure for the identification of major risks, designed to ensure that risks are evaluated and managed at the appropriate level within the organization. Measures to manage risks are implemented either at the local or the Group level, depending on their nature.

The Group's internal control procedures rely on the fundamental principles defined by the Board of Directors.

The risk identification process is carried out in parallel at the central level for the Group, and locally

- The Group risk matrix is regularly updated and submitted to the Audit Committee and the Board of Directors.
- The Chief Executive Officers of the main Group subsidiaries assess the subsidiaries' main risks 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.

The Group is putting in place internal control procedures to manage newly identified risks.

The main risk factors to which the Group is exposed are described in section 3.6.1 of this Registration Document.

Internal control procedures are part of an ongoing process of identifying, evaluating and managing the Group's risk exposures. The internal control and risk management 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). In the coming years, further action will be taken to strengthen internal control, based increasingly on the COSO (Committee of Sponsoring Organizations) framework published in May 2013 (see glossary). Strongly endorsed by the Chief Executive Officer and Group Chief Financial Officer, the internal control and risk management approach was approved by the Board of Directors and the Audit Committee, and also has the backing of the Group Executive Committee.

The risk management and internal control approach applied within the Group consists of:

- the identification and assessment of risks;
- the description of the control environment, both at Group and subsidiary levels;
- documentation and self-assessment of these control points, both in subsidiaries and at Group level;
- independent testing of the effectiveness of these control points, by independent persons.

A very large number of Group subsidiaries, 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 subsidiaries together representing more than 92% of Group revenues, go beyond this initial phase, and evaluate the effectiveness of their controls. Some of these controls are also subject to effectiveness tests performed by independent persons (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. In nine main areas, 1,901 controls were independently tested by Group Internal Audit in different subsidiaries. Twenty-nine percent of the recommendations made by Internal Audit in Fiscal 2016 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.

The production and analysis of financial information is conducted through a collection of procedures put in place at both operational sites and in the Group and subsidiaries' Finance Departments.

The subsidiaries' Finance Departments produce monthly a cumulative income statement since the beginning of the fiscal year, a balance sheet, and a statement of cash flows. They also regularly produce projections for the full year. Financial statements are consolidated on a monthly basis by the Group Finance Department.

At the end of the first half, 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 business units certify the reliability of their financial statements, prepared in accordance with the IFRS standards adopted by the European Union. The external auditors of the main subsidiaries express a view on these financial statements in connection with the mission referred to them by the Group auditors. The Group Finance Department monitors changes to IFRS standards and interpretations and ensures that the accounting treatments applied by all subsidiaries 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.

Operational and financial reporting (comprising improvement metrics for client retention, sales development and revenue growth on existing comparable sites) is discussed within each business unit by its segment Chief Executive Officer and Executive Committee and is then presented 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 business units give the Group Chief Executive Officer and Group Chief Financial Officer insight into performance trends for the business unit 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 subsidiaries to:

- put in place insurance coverage to protect the interests of the Group;
- identify and evaluate the key risk exposures faced by Sodexo, with particular attention to the emergence of new risk factors associated with changes in our activities, especially in facilities management;
- reduce contractual risk, in particular by means of limitation of liability clauses or hold-harmless agreements; and
- achieve the appropriate balance between risk retention (self-insurance) and the insurance market in covering the potential financial consequences of Sodexo's risk exposure.

The Group Legal Department works pro-actively with the operational teams and is supported by the legal teams at local levels.. It oversees compliance with legal requirements. It also ensures that contractual negotiations are handled in a balanced manner, and that risks pertain solely to contractual obligations for services and are limited in value and duration.

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.

5.1.2.6 Group Internal Audit Department

The Internal Audit Director reports directly to the Chairwoman of the Board, thus ensuring the independence of the Group Internal Audit Department within the organization. The Internal Audit Director 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. A review of potential risks, conducted by the Chairwoman of the Board of Directors, the Group Chief Executive Officer, the Group Chief Financial Officer and the Internal Audit Director (with input from the external auditors and the Executive Committee), is used to prepare an annual list of organizational structures, subsidiaries, and issues eligible for internal audit. The Audit Committee reviews and approves this annual audit plan.

The responsibilities of the Internal Audit Department include:

- ensuring, 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 subsidiaries' internal controls, issuing action plans designed to remedy identified control weaknesses, and monitoring implementation of these action plans.

The Internal Audit Department may also conduct special assignments at the request of the Chairwoman of the Board, the Audit Committee, the Chief Executive Officer or the Executive Committee.

Most (68%) of the Group Internal Audit Plan approved by the Audit Committee at the start of Fiscal 2016 was completed during the year. The Group Internal Audit Department, with an average of 25 staff, conducted 75 audits in 31 countries. In addition, a network is in place of some 90 internal controllers (many of whom report to the finance managers). 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 subsidiaries. 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 2016. All audits are followed up on the ground within a maximum of 12 months.

Around 86% of recommendations made in years prior to Fiscal 2016 have been implemented by the subsidiaries' management. For Fiscal 2016, 29% of the 1,351 recommendations made by the Group Internal Audit Department have already been implemented and the other recommendations are addressed in action plans. The Audit Committee does not accept any refusal by a subsidiary to implement an internal audit recommendation. In Fiscal 2016, the Internal Audit Department carried out a survey of a sample of entities. The vast majority (98%) of them considered that the quality of audits was satisfactory; however, there were calls for Audit Reports to be issued more quickly.

Every year, the Group Internal Audit Department measures the savings made and the losses avoided through its audits. In Fiscal 2016, investigations, assistance engagements and process efficiency audits generated value added of 8.3 million euro (representing the sum of avoided costs and cost savings less internal audit costs).

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 subsidiaries.

In the preparation of this report, and in compliance with the recommendation issued by the French securities regulator, the *Autorité des marchés financiers* (AMF), in July 2010, Sodexo has notably relied on the "Reference Framework" produced by the French Market Advisory Group and published by the AMF.

Sophie Bellon
Chairwoman of the Board of Directors

5.1.3 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 SA

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, 2016

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, 2016.

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 16, 2016

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Jean-Christophe Georghiou	Hervé Chopin

5.2 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. Sophie Bellon, Ms. Nathalie Bellon-Szabo and Mr. François-Xavier Bellon (directors) are the children of Pierre Bellon, Chairman of the Board of Directors until January 26, 2016;
- Mr. Bernard Bellon (director) is the brother of Mr. Pierre Bellon.

There are no other family relationships between members of the Board of Directors and members of the Executive Committee of Sodexo.

No loans or guarantees have been made or given to either members of the Board of Directors or senior management by Sodexo or by any Group company.

No assets necessary for the Group's operations are owned by either members of the Board of Directors or senior management or by their families.

There are no potential conflicts of interest between the duties to Sodexo of members of the Board of Directors or senior management and their private interests. In particular:

- Mr. Pierre Bellon and his four children control 68.5% of Bellon SA, which in turn holds 39.61% of the share capital of Sodexo and 54.81% of the exercisable voting rights. Agreements prevent them from selling their Bellon SA shares to third parties; Mr. Pierre Bellon and his children created a 50-year *société en participation* (joint venture) in 2008 to prevent direct descendants of Pierre Bellon from freely disposing of their Bellon SA shares. 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 7.3% of the shares of Bellon SA;
- 5.7% of the shares of Bellon SA are held in treasury.

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.

As required under article 223-26 of the AMF's General Regulation, transactions in Company shares by management and related persons declared to the AMF pursuant to article L.621-18-2 of the French Monetary and Financial Code were as follows during Fiscal 2016:

- Mr. Michel Landel, Group Chief Executive Officer, exercised 100,000 stock options on January 13, 2016 for an exercise price of 39.40 euro per share and immediately sold 44,000 shares for 90.4384 euro each;
- Mr. Bernard Bellon (director of Sodexo SA) sold 7,025 shares at a price of 91.47 euro per share on November 25, 2015 and 7,025 shares for 95 euro each on December 1, 2015;
- Bellon SA (a company with close ties to Ms. Sophie Bellon, Ms. Astrid Bellon, Mr. Bernard Bellon, Mr. François-Xavier Bellon and Ms. Nathalie Bellon-Szabo, directors of Sodexo SA) entered into two forward purchase contracts for a total of 2.2 million Sodexo shares on March 11 and May 23, 2016. Under the two contracts, in the second half of Fiscal 2016, Bellon SA increased its holding in Sodexo through the purchase of 1,000,000 Sodexo shares in April 2016 and 0.6 million shares in August 2016. Given that Bellon SA is not authorized to increase its ownership interest in Sodexo by more than 1% within 12 consecutive months, the Company requested an exemption from the AMF's requirement to file a public tender offer, which it obtained on March 1, 2016, on the basis of article 234-9, 6º of the General Regulation.

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, 2016;

(b) the existence of three Board Committees, the majority of whose members are independent directors;

(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 Pierre Bellon's family, nor a corporate officer of Bellon SA – succeeded Mr. Pierre Bellon as Group Chief Executive Officer of Sodexo. Pierre Bellon remained as Chairman of the Board of Directors until January 26, 2016, with Ms. Sophie Bellon taking over as Chairwoman of the Sodexo Board of Directors 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 6.2.2 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 (this agreement is 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 agreements

- The special report of the Statutory Auditors on related-party agreements is presented in section 4.4.2 of this document.

  Since 1991, a service agreement between Sodexo and Bellon SA, Sodexo's managing holding company, has been in operation whereby Bellon SA provides assistance and advice in areas including strategy, finance, accounting, human resources, and investment strategy, either directly or via qualified experts.

  Benefits of the agreement for Sodexo

  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.

  Financial terms of the agreement

  Under the terms of the agreement, Bellon SA invoices Sodexo on a cost-plus basis with a 5% mark-up for the following services:

  - the salaries and related payroll taxes for Michel Landel, Group Chief Executive Officer (employed by Bellon SA until December 31, 2015), Elisabeth Carpentier, Chief Human Resources Officer, Siân Herbert Jones, Group Chief Financial Officer (until February 29, 2016), Marc Rolland, Group Chief Financial Officer (as from March 1, 2016) and Damien Verdier (Group Chief Strategic Planning, Organization, Research & Development and Innovation Officer as from February 1, 2016) who are employed and paid directly by Bellon SA during the above-mentioned periods;
  - studies and analyses of the Sodexo Group's strategic developments and their guiding principles, including the cost of related external consultancy services;
  - administrative expenses.

  The fees due under this agreement, and changes compared with the prior year, were reviewed by the Audit Committee in its March 7, 2016 meeting. In addition, and in compliance with the law, the contract is reviewed every year by the Board of Directors.

  The annual fee payable to Bellon SA is approved each year by the Board of Directors of Sodexo (without directors who are members of the Bellon family taking part in the vote).

  The fees billed by Bellon SA under this agreement amounted to 6.1 million euro excluding taxes for Fiscal 2016. Of this amount, 5.8 million euro was for compensation (including payroll taxes) and 0.3 million euro for the 5% mark-up. No external consulting costs and no administrative costs were incurred in Fiscal 2016.

  The terms and conditions of this service agreement were modified in April 2013 (change in the term of the agreement), in order to submit it to shareholders for approval every five years.

- The Company is not aware of any service contract (other than employment contracts) between a corporate officer and the Company or one of its subsidiaries granting benefits over the term of such contract.

5.3 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 2015, and the recommendations of the *Autorité des marchés financiers* (AMF – Financial Markets Authority) on corporate governance and corporate officers' compensation at listed companies.

5.3.1 COMPENSATION OF THE CORPORATE OFFICERS

5.3.1.1 Compensation of Pierre Bellon

Following Sodexo's Annual Shareholders' Meeting of January 26, 2016, the Board of Directors appointed Sophie Bellon as its Chairwoman and Pierre Bellon – Sodexo's Founding Chairman – as the Company's Honorary Chairman.

Mr. Pierre Bellon only received directors' fees until January 26, 2016 for his role as Board Chairman. However, Sodexo also provided him with the use of a car, an office and administrative assistance. In addition, Mr. Pierre Bellon did not receive any payment on the expiration of his corporate office and no free shares or stock options were granted to him.

COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Pierre Bellon Chairman of the Board of Directors until January 26, 2016 *(in euro)*	Fiscal 2016		Fiscal 2015	
	Gross amounts due (before tax)	Gross amounts paid (before tax)	Gross amounts due (before tax)	Gross amounts paid (before tax)
Fixed compensation	-	-	-	-
Variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Directors' fees paid by Sodexo SA in his capacity as Chairman of the Board of Directors	18,500	18,500	43,000	43,000
Fringe benefits	-	-	-	-
For information, amounts paid by Bellon SA in his capacity as Chairman of the Supervisory Board:				
• Fixed compensation	76,667	76,667	70,000	70,000
• Directors' fees	200,000	200,000	200,000	200,000
TOTAL	**295,167**	**295,167**	**313,000**	**313,000**

SUMMARY OF COMMITMENTS GIVEN TO THE CHAIRMAN OF THE BOARD OF DIRECTORS UNTIL JANUARY 26, 2016

	Employment contract		Supplemental retirement plan		Actual or potential liability for compensation or benefits resulting from termination or change of position		Compensation in connection with a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Pierre Bellon								
First elected: November 14, 1974		X		X		X		X
Term expired: January 26, 2016								

5.3.1.2 Compensation of Sophie Bellon

Ms. Sophie Bellon became Chairwoman of Sodexo's Board of Directors following the January 26, 2016 Shareholders' Meeting. Her annual compensation in this capacity was set at 550,000 euro. She does not receive any variable compensation, directors' fees or performance shares. Sodexo provides her with the use of a car, an office and administrative assistance. In addition, Ms. Sophie Bellon will not receive any payment upon the expiration of her corporate office.

COMPENSATION OF THE CHAIRWOMAN OF THE BOARD OF DIRECTORS

Sophie Bellon Chairwoman of the Board of Directors since January 26, 2016 *(in euro)*	Fiscal 2016 Gross amounts due (before tax)	Fiscal 2016 Gross amounts paid (before tax)
Fixed compensation	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	1,183	1,183
For information, amounts paid by Bellon SA in her capacity as a member of the Management Board:		
• Fixed compensation	93,333	93,333
• Directors' fees	-	-
TOTAL	**415,349**	**415,349**

SUMMARY OF COMMITMENTS TO THE CHAIRWOMAN OF THE BOARD OF DIRECTORS AS OF AUGUST 31, 2016

	Employment contract		Supplemental retirement plan		Actual or potential liability for compensation or benefits resulting from termination or change of position		Compensation in connection with a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Sophie Bellon								
Date appointed: January 26, 2016		X		X		X		X
Expiration of current term: 2018 Shareholders' Meeting								

5.3.1.3 Compensation policy for the Group Chief Executive Officer, Michel Landel

In order to avoid any boundary issues between the prerogatives of the Bellon SA holding company and those of its subsidiary, Sodexo SA, the Compensation Committee recommended that Mr. Michel Landel should no longer be remunerated by Bellon SA effective January 1, 2016, and that he should instead be remunerated by Sodexo SA as from that date. The Board of Directors approved this proposal and consequently his employment contract with Bellon SA was terminated.

Nevertheless, the main principles of the compensation policy applicable to Mr. Michel Landel remained unchanged, aimed at rewarding a balance between the long- and short-term performance to promote development of the business for the benefit of all stakeholders.

In 2015, the Board of Directors, pursuant to the Compensation Committee's recommendations, modified the conditions of the Chief Executive Officer's performance share grants by introducing a stock market performance indicator – a Total Shareholder Return[1] (TSR) target – into the plan's conditions. For the April 27,

(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.*

2016 plan, the TSR target was changed with the introduction of a comparison with the CAC 40 GR index in order to more effectively respond to shareholders' expectations.

The Group Chief Executive Officer's compensation package comprises:

- **a fixed salary,** which has been unchanged since January 1, 2011 in line with Sodexo's policy of favoring performance-based compensation;
- **an annual performance bonus** that is based on a specific set of criteria and objectives proposed at the beginning of each fiscal year by the Compensation Committee and approved by the Board of Directors.

  The annual performance bonus for Fiscal 2016 may represent up to:

  - 100% of the Group Chief Executive Officer's fixed salary upon fulfillment of all the targets set,
  - 150% of the fixed salary if the targets are exceeded,
  - 200% of the fixed salary if all the targets are exceeded and if the high-end of the growth target for operating profit is also exceeded.

  The bonus breaks down as follows:

  - 70% of the bonus depends on targets based on the Group's financial performance for the fiscal year. For Fiscal 2016, these financial targets were based on revenue, operating profit, Group net income and free cash flow,
  - 10% of the bonus depends on an occupational health and safety target,
  - 20% of the bonus depends on other non-financial objectives. For Fiscal 2016, these objectives notably related to the employee engagement rate (based on the results of a survey carried out in March/April 2016) and Sodexo's ranking in the Dow Jones Sustainability Index.

  The bonus amount is then adjusted by 90% to 110% depending on the achievement of the client retention target.

  These criteria and the level achieved for each are presented in the tables below.

  The bonus is calculated and paid after the close of the fiscal year to which it applies and the related approval of the financial statements by the Board of Directors;
- **a long-term incentive plan,** which currently consists solely of performance shares. In Fiscal 2016 the vesting period for performance shares was extended to four years.

  Vesting for all of the performance shares granted to the Chief Executive Officer is contingent on his presence within the Group[(1)] and meeting targets based on the Group's performance over a four-year period. The Board of Directors has limited the value of performance share grants to 150% of the Chief Executive Officer's maximum total annual compensation (comprising the fixed salary and the maximum annual performance bonus).

  Under article L.225-197-1 of the French Commercial Code, Mr. Michel Landel is required to hold in registered form a number of these shares equal in value to 30% of his base salary at the date of delivery of the said shares for the duration of his term.

  Mr. Michel Landel has not used and has agreed not to use, as long as he remains in office, hedging instruments on any performance shares or stock options (or on shares arising from the exercise of options) granted to him.

  Mr. Michel Landel was granted 44,000 performance shares on April 27, 2016:

a. 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 2016, Fiscal 2017, Fiscal 2018 and Fiscal 2019)	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.*

b. the other 50% of the shares will be subject to the TSR vesting condition as described below.

(1) The Group Chief Executive Officer must still be working with the Group on the date of delivery of the shares.

Sodexo's TSR must outperform the CAC 40 GR (Gross Total Return) index, as published by Euronext (ISIN code QS0011131834), as follows:

Sodexo's TSR (between January 27, 2016 and the date of the Shareholders' Meeting called to approve the Fiscal 2019 financial statements)	Number of vested shares* (as a % of the number of shares subject to the TSR performance condition)
If Sodexo's TSR is negative or underperforms the CAC 40 GR index	0%
If Sodexo's TSR outperforms the CAC 40 GR index by between 0% and 8%	10% - 50%
If Sodexo's TSR outperforms the CAC 40 GR index by between 8% and 12%	50% - 100%
If Sodexo's TSR outperforms the CAC 40 GR index by more than 12%	100%

* *Rounded down to the nearest whole number; within the ranges provided above, the number of shares that vest 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 now 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.

As a result of these changes, the conditions now reflect a good balance between the Company's performance and Investor confidence in the Group.

For information purposes, the most recent stock option grant was in December 2011.

- **a travel allowance,** the amount of which varies depending on the countries visited and the length of stay;
- **a defined benefit pension plan.** Mr. Michel Landel is a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code and article 137-11-1 of the French Social Security Code, and which has been set up for the most senior executives employed by any of the French companies of the Group. Under this supplemental pension plan, (conditioned on a minimum of five years of presence in the plan), as a member of the plan for over 15 years, the pension paid can represent up to 15% of the average of his last three years fixed salary preceding his retirement. 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. The pension benefits payable under the plan are funded by annual contributions, which are revalued each year based on new commitments given and the balance of the plan assets held by the insurer. Mr. Michel Landel is not accruing any additional entitlements under this plan but when he became a corporate officer he retained the entitlements he had accrued up until the termination of his employment contract.

  The cumulative liability for Mr. Michel Landel under the plan was 3,729,769 euro as of August 31, 2016 and the charge recognized for Fiscal 2016 was 192,697 euro. Based on Michel Landel's compensation when his employment contract was terminated, 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 Mr. Michel Landel (gross amounts before tax and taking into account the pensions due to him under compulsory retirement plans) would amount to approximately 237,000 euro per year;
- **compensation in the event of termination of appointment.** As decided by the Board of Directors on November 6, 2008 and approved by the Shareholders' Meeting of January 19, 2009, Mr. Michel Landel is entitled to compensation, subject to certain performance conditions being fulfilled, in the event of termination of his appointment as Group 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 the annual increase in the Sodexo Group's consolidated operating profit (based on a constant scope of consolidation and currency exchange rates) is equal to or higher than 5% for each of the three fiscal years ended prior to the termination of Michel Landel's appointment.

In the event of incapacity, disability or death, the benefits paid to Mr. Michel Landel will be based on his total monetary compensation.

Mr. Michel Landel is not paid a director's fee for his role as a director of Sodexo SA.

In Fiscal 2016, his short-term compensation represented 43% of the total and his long-term compensation represented 57%.

In addition to his monetary compensation, he receives fringe benefits (company car).

The amounts paid in Fiscal 2016 for the above components, including measurement of the value of the performance shares granted, are provided in detail in the tables below.

SUMMARY OF COMPENSATION GRANTED TO THE GROUP CHIEF EXECUTIVE OFFICER

Michel Landel Group Chief Executive Officer *(in euro)*	Fiscal 2016		Fiscal 2015	
	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)	819,774	1,435,461	1,432,491	1,906,893
Exceptional compensation	-	-	-	-
Director's fees(2)	-	-	-	-
Fringe benefits(3)	2,150	2,150	2,400	2,400
TOTAL	**1,755,324**	**2,371,011**	**2,368,291**	**2,842,693**

(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 SA.
(3) Michel Landel has the use of a company car.

DETAILS 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 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.*

DETAILS OF VARIABLE COMPENSATION DUE FOR FISCAL 2015

		Weighting of objectives	Maximum in % of objective	Achievement level	Corresponding amount in euro
80% based on quantitative targets	Organic revenue growth	10%	100%	42%	38,783
	Growth in operating profit	30%	250%	233%	653,564
	Growth in net income	10%	250%	250%	233,350
	Free cash flow	10%	200%	200%	186,680
	Achievement of the savings related to the program to improve operational efficiency	20%	100%	100%	93,340
	Total quantitative targets	**80%**	**150%**	**129%**	**1,205,717**
20% based on non-financial objectives	Implementation of the Group's strategic priorities	20%	100%	100%	186,680
	Total non-financial objectives	**20%**	**100%**	**100%**	**186,680**
Subtotal before high-end operating profit growth target		**100%**	**170%**	**149%**	**1,392,397**
Cap on subtotal before high-end operating profit growth target		**100%**	**150%**	**149%**	**1,392,397**
Achievement of high-end operating profit growth target		**50%**	**50%**	**0%**	**0**
Total performance bonus for Fiscal 2015		**150%**	**200%**	**149%**	**1,392,397**
Travel allowance paid in December 2014					**40,094**
Total variable compensation for Fiscal 2015					**1,432,491**

* *Percentages for achievement levels have been rounded.*

PERFORMANCE SHARES GRANTED TO THE GROUP CHIEF EXECUTIVE OFFICER IN FISCAL 2016

	Date of plan	Number of shares granted in the fiscal year	Value of shares(1) *(in euro)*	Vesting date	End of lockup period(2)	Performance condition
Michel Landel	April 27, 2016	44,000(3)	2,313,300	April 27, 2020	April 27, 2020	Yes(4)

(1) Performance shares are measured at 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, 2016 and 5% 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 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 (as described in the first part of section 5.3.1.3).

STOCK OPTIONS EXERCISED BY THE GROUP CHIEF EXECUTIVE OFFICER IN FISCAL 2016

	Date of plan	Number of options exercised during the year(1)	Exercise price(1)
Michel Landel Group Chief Executive Officer	January 19, 2009	100,000	€39.40

(1) Number of options and exercise price adjusted for capital transactions carried out since the grant date.

SUMMARY OF COMPENSATION AND PERFORMANCE SHARES GRANTED TO THE GROUP CHIEF EXECUTIVE OFFICER DURING THE FISCAL YEAR

Michel Landel **Group Chief Executive Officer** *(in euro)*	Fiscal 2016	Fiscal 2015
Compensation due (gross, before tax)	1,755,324	2,368,291
Value of options	N/A	N/A
Value of performance shares granted	2,313,300	2,468,400
TOTAL	**4,068,624**	**4,836,691**

SUMMARY OF COMMITMENTS MADE TO THE GROUP CHIEF EXECUTIVE OFFICER AS OF AUGUST 31, 2016

	Employment contract		Supplemental retirement plan		Actual or potential liability for compensation or benefits resulting from termination or change of position		Compensation in connection with a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Michel Landel Group Chief Executive Officer								
Date appointed: September 1, 2005		X*	X		X			X
No fixed term								

* *Employment contract rescinded effective January 1, 2016.*

5.3.2 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.

5.3.2.1 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 700,000 euro by the Shareholders' Meeting of January 19, 2015. The total amount of directors' fees actually paid to all directors (both executive and non-executive) for Fiscal 2016 was 617,500 euro, compared with 599,000 euro for Fiscal 2015.

Directors' fees were calculated and paid in accordance with the Board of Directors' internal rules, based on the following criteria established for Fiscal 2016:

- **13,000** euro fixed fee to each director;
- **3,000** euro per attendance at Board meetings;
- **3,000** euro fixed fee to each member of a Board Committee;
- **2,000** euro per attendance at Committee meetings;
- **1,000** euro travel allowance per Board meeting attended for directors traveling from the United States;
- **17,500** euro fee for directors who chair the Board Committees (Audit, Compensation and Nominating Committees) in addition to their fee as a Committee member.

Directors' fees paid to non-executive directors in office as of August 31, 2016 for Fiscal 2016 and Fiscal 2015 were as follows:

Members of the Board of Directors	Fiscal 2016 *(in euro)*	Fiscal 2015 *(in euro)*
Pierre Bellon(4)	18,500	43,000
Robert Baconnier	79,500	62,500
Patricia Bellinger	95,000	88,000
Emmanuel Babeau	15,500	N/A
Astrid Bellon	31,000	34,000
Bernard Bellon(1)	36,000	39,500
Nathalie Bellon-Szabo	45,000	45,000
François-Xavier Bellon	34,000	34,000
Sophie Bellon(2)	35,000	63,000
Philippe Besson(3)	47,000	41,000
Françoise Brougher	45,000	46,000
Soumitra Dutta	46,000	23,000
Paul Jeanbart	43,000	43,000
Cathy Martin	31,000	N/A
Peter Thompson	22,000(4)	39,000

(1) This total includes 2,000 euro in directors' fees paid by Bellon SA in Fiscal 2016 and Fiscal 2015 for his role as a member of Bellon SA's Supervisory Board.
(2) Directors' fees paid by Sodexo for her role as a director until her appointment as Chairwoman of the Board of Directors.
(3) The directors' fees due to Mr. Philippe Besson for his role as director representing employees were paid to his trade union.
(4) Directors' fees received up until the end of his term on January 26, 2016.

5.3.2.2 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 retirement plan or compensation or benefits potentially resulting from the assumption, termination or change of duties.

	Fiscal 2016 (in euro)			Fiscal 2015 (in euro)		
	Total annual compensation			Total annual compensation		
	Fixed	Variable[1]	Fringe benefits	Fixed	Variable[1]	Fringe benefits
Astrid Bellon[2]	160,000	-	-	150,000	-	-
François-Xavier Bellon[3]	187,000	-	-	150,000	-	-
Sophie Bellon until January 26, 2016[4]	209,455	39,079	845	453,799	24,000	2,028
Nathalie Bellon-Szabo[5]	428,595	4,884	3,456	387,332	-	3,075

(1) Variable compensation is conditioned 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. Ms. 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 (246,667 euro for Fiscal 2016) and for her role as Chief Executive Officer of Sodexo Prestige (186,812 euro for Fiscal 2016). Ms. Nathalie Bellon-Szabo has the use of a company car.

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5.3.3 COMPENSATION POLICY FOR MEMBERS OF THE EXECUTIVE COMMITTEE

The compensation of 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 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 was reinforced for the 2016 plan which 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 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 100% of the 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 calculation is then adjusted to 90% or 110% depending on whether the client retention target is achieved.

  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. 50% of the shares vest if the beneficiary is still working with the Group at the vesting date, and the vesting of the other 50% is also subject to the following performance conditions (whose assessment period was increased to four years in Fiscal 2016 compared with three previously):

(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.

- 50% of the shares (*i.e.,* 25% of the total shares granted) 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% for the four fiscal years covered by the plan (as described in section 5.3.1.3, Compensation Policy for the Group Chief Executive Officer, Michel Landel),
- the other 50% of the shares (*i.e.,* 25% of the total shares granted) are subject to a TSR-based performance condition measured against the CAC 40 GR index (as described in section 5.3.1.3, Compensation Policy for the Group Chief Executive Officer, Michel Landel).

In addition to this monetary compensation, Executive Committee members receive fringe benefits (primarily a car) and retirement 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 2016 by the Group to members of the Executive Committee in office as of August 31, 2016 (including the Group Chief Executive Officer, details of whose compensation are provided in section 5.3.1.3 of this document), amounted to 14,696,831 euro.

This amount comprises:

- a fixed portion of 7,277,050 euro, including 35,472 euro of contributions to the above-mentioned retirement plans;
- a variable portion of 7,419,781 euro (comprising the Fiscal 2015 performance-based bonus and the travel allowances of 137,606 euro paid in Fiscal 2016).

5.3.4 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 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, 2016 was 1,016,931 (around 0.66% of the capital at that date) representing a total amount of 49,252,478 euro. All options were exercisable as of August 31,2016 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,
  - 50% of the free shares granted to members of the Executive Committee (excluding the Group Chief Executive Officer), as explained above,
  - tranches of the free shares granted to other beneficiaries, as explained below:

Number of shares granted to 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 7,500 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 7,500 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 2016 plan is based on average annual growth in consolidated operating profit (before exceptional 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 2016 through Fiscal 2019. Further details of the 2016 plan are provided in section 5.3.1.3.

For the performance shares granted to the Group Chief Executive Officer and the members of the Executive Committee, 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 27, 2016 will be delivered on April 27, 2020, 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 April 25, 2013 plan was met, *i.e.,* the cumulative annual growth in Group net income was at least 6% for Fiscal 2015 compared with the Group net income figure for Fiscal 2012, excluding exceptional expenses, and at constant currency exchange rates. Consequently, the shares granted under this plan were delivered on April 25, 2016.

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 exceptional expenses, and at constant currency exchange rates.

5.3.4.1 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 1, 2006	January 19, 2009 (A1)	631,575	100,000*	50% of the options: January 19, 2010 50% of the options: January 19, 2012[4]
January 19, 2009	January 11, 2010 (A1)	553,450		50% of the options: January 11, 2011 50% of the options: January 11, 2013[4]
January 19, 2009	January 11, 2010 (A2)	482,250		50% of the options: January 11, 2011 50% of the options: January 11, 2013[4]
January 19, 2009	January 11, 2010 (A3)	100,000	100,000*	100% of the options: January 11, 2013[4]
January 19, 2009	January 11, 2010 (B)	564,000		50% of the options: January 11, 2011 50% of the options: January 11, 2013[4]
January 19, 2009	December 13, 2010 (A1a)	63,650		December 13, 2011
January 19, 2009	December 13, 2010 (A1b)	282,650		70% of the options: December 13, 2011 30% of the options: December 13, 2013[4]
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

(1) Beneficiaries of plans:
(A) plan reserved for non-U.S. employees;
(A1) plan reserved for employees resident in France;
(A2) plan reserved for employees non-resident in France;
(A3) plan reserved for corporate officers;
(B) plan reserved for employees resident in North America;
(C) plan reserved for U.S. employees non-resident in the U.S.
(2) Total number of options granted by the Board of Directors at grant date.
(3) Exercise price adjusted after capital transactions carried out since grant date.
(4) Subject to achieving an annual increase in Group net income of at least 6% over three years at constant currency exchange rates.
(5) Total number of options cancelled as a result of departure of beneficiaries.
** 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.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2016	Cumulative number of options cancelled[5]	Options outstanding as of Aug. 31, 2016
January 18, 2016	39.40	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	570,499	61,076	0
January 10, 2017	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	412,952	56,160	84,338
January 10, 2016	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	412,729	69,521	0
January 10, 2017	39.88	100% at the 3rd anniversary date[4]	0	0	100,000
January 10, 2016	39.88	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	537,923	26,077	0
December 12, 2017	48.37	25% at each anniversary date	40,537	11,563	11,550
December 12, 2017	48.37	17.5% at each anniversary date 30% at the 3rd anniversary date[4]	174,637	35,113	72,900
December 12, 2017	48.37	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	172,000	0	47,000
December 12, 2016	48.37	25% at each anniversary date	40,137	6,963	3,750
December 12, 2016	48.37	17.5% at each anniversary date 30% at the 3rd anniversary date[4]	314,743	58,418	15,689
December 12, 2017	48.37	100% at the 3rd anniversary date[4]	0	0	120,000
December 12, 2016	48.37	17.5% at each anniversary date 30% at the 3rd anniversary date[4]	407,315	22,158	24,227
December 12, 2018	51.40	25% at each anniversary date	32,488	8,747	15,915

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 (A1b)	358,500		70% of the options: December 13, 2012 30% of the options: December 13, 2014(4)
January 19, 2009	December 13, 2011 (A1c)	330,000		50% of the options: December 13, 2012 50% of the options: December 13, 2014(4)
January 19, 2009	December 13, 2011 (A2a)	74,500		December 13, 2012
January 19, 2009	December 13, 2011 (A2b)	430,300		70% of the options: December 13, 2012 30% of the options: December 13, 2014(4)
January 19, 2009	December 13, 2011 (A2c)	65,000		50% of the options: December 13, 2012 50% of the options: December 13, 2014(4)
January 19, 2009	December 13, 2011 (A3)	135,000	135,000*	100% of the options: December 13, 2014(4)
January 19, 2009	December 13, 2011 (Bb)	483,500		70% of the options: December 13, 2012 30% of the options: December 13, 2014(4)
January 19, 2009	December 13, 2011 (Bc)	55,000		50% of the options: December 13, 2012 50% of the options: December 13, 2014(4)

(1) Beneficiaries of plans:
- *(A) plan reserved for non-U.S. employees;*
- *(A1) plan reserved for employees resident in France;*
- *(A2) plan reserved for employees non-resident in France;*
- *(A3) plan reserved for corporate officers;*
- *(B) plan reserved for employees resident in North America;*
- *(C) plan reserved for U.S. employees non-resident in the U.S.*

(2) Total number of options granted by the Board of Directors at grant date.
(3) Exercise price adjusted after capital transactions carried out since grant date.
(4) Subject to achieving an annual increase in Group net income of at least 6% over three years at constant currency exchange rates.
(5) Total number of options cancelled as a result of departure of beneficiaries.
** 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.*

Expiration date	Exercise price[3] *(in euro)*	Terms of exercise	Cumulative number of shares purchased as of Aug. 31, 2016	Cumulative number of options cancelled[5]	Options outstanding as of Aug. 31, 2016
December 12, 2018	51.40	17.5% at each anniversary date 30% at the 3rd anniversary date[4]	150,730	48,470	159,300
December 12, 2018	51.40	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	218,750	50,000	61,250
December 12, 2017	51.40	25% at each anniversary date	52,724	11,713	10,063
December 12, 2017	51.40	17.5% at each anniversary date 30% at the 3rd anniversary date[4]	349,182	39,464	41,654
December 12, 2017	51.40	12.5% at each anniversary date 50% at the 3rd anniversary date[4]	65,000	0	0
December 12, 2018	51.40	100% at the 3rd anniversary date[4]	0	0	135,000
December 12, 2017	51.40	17.5% at each anniversary date 30% at the 3rd anniversary date[4]	343,192	26,013	114,295
December 12, 2017	51.40	12.5% at each anniversary date 30% at the 3rd anniversary date[4]	55,000	0	0

Stock purchase options granted to or exercised by members of the Group Executive Committee as of August 31, 2016

Options granted to or exercised by members of the Group Executive Committee under plans still in effect in Fiscal 2016 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, 2016	Options exercised during the fiscal year	Options unexercised as of Aug. 31, 2016
Ana Busto	December 13, 2010 (A1b)	3,500	48.37	December 13, 2017	3,500	3,500	0
	December 13, 2011 (A1b)	5,000	51.40	December 13, 2018	5,000	5,000	0
Elisabeth Carpentier	December 13, 2011 (A1c)	50,000	51.40	December 13, 2018	43,750	43,750	6,250
Patrick Connolly	December 13, 2011 (B)	19,500	51.40	December 12, 2017	19,500	3,412	0
Lorna Donatone	December 13, 2011 (B)	19,500	51.40	December 12, 2017	19,500	3,412	0
Pierre Henry	December 13, 2011 (A2c)	65,000	51.40	December 12, 2017	65,000	8,125	0
Nicolas Japy	December 13, 2011 (A1c)	50,000	51.40	December 12, 2018	50,000	50,000	0
	January 19, 2009 (A1)*	100,000	39.40	January 18, 2016	100,000	100,000	0
	January 11, 2010 (A3)*	100,000	39.88	January 10, 2017	0	0	100,000
	December 13, 2010 (A3)*	120,000	48.37	December 12, 2017	0	0	120,000
Michel Landel	December 13, 2011 (A3)*	135,000	51.40	December 12, 2018	0	0	135,000
Denis Machuel	December 13, 2010 (A1b)	7,000	48.37	December 12, 2017	7,000	3,500	0
	December 13, 2011 (A1b)	20,000	51.40	December 12, 2018	15,000	15,000	5,000
Satya-Christophe Menard	December 13, 2011 (A2b)	20,000	51.40	December 12, 2017	20,000	3,500	0
Sylvia Métayer	January 11, 2010 (A1)	11,500	39.88	January 10, 2017	0	0	11,500
	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	0	0	20,000
Marc Rolland[2]	December 13, 2011 (A1b)	9,500	51.40	December 12, 2018	9,500	9,500	0
Damien Verdier	December 13, 2011 (A1c)	50,000	51.40	December 12, 2018	50,000	50,000	0
Debbie White	December 13, 2010 (B)	13,500	48.37	December 12, 2016	13,500	2,362	0
	December 13, 2011 (A2b)	20,000	51.40	December 12, 2017	20,000	3,500	0

(1) Total number of options granted by the Board of Directors at grant date.
(2) Mr. Marc Rolland joined the Executive Committee in December 2015 in the capacity of Group Chief Financial Officer.
** 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 2016

	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]	353,950	49.13

(1) Including 46,000 options granted on January 19, 2009; 13,500 options granted on January 11, 2010; 31,875 options granted on December 13, 2010 and 262,575 options granted on December 13, 2011.

5.3.4.2 Free shares granted to group managers

A total of 3,410,805 free shares had been granted to Group managers as of August 31, 2016 (cumulatively representing approximately 2.22% of the capital since the adoption of the resolution of the January 2013 Shareholders' Meeting) for an amount of 238,485,354 euro (based on estimated fair value at the grant date, taking into consideration 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 and 1,264 in 2016.

	2013 Plan	2014 Plan	2015 Plan	2015 Plan – 2nd grant	2016 Plan
Date of Shareholders' Meeting	January 21, 2013	January 21, 2013	January 21, 2013	January 21, 2013	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
Total number of shares granted	840,755	840,000	848,875	15,100	866,075
Total number of beneficiaries	1,123	1,200	1,299	8	1,264
% of share capital	0.54%	0.53%	0.54%	0.01%	0.56%
Performance conditions					
for grants of more than 250 shares					
Growth in Group net income	X	X	X	X	
Growth in consolidated operating profit					X
TSR – Applicable only to members of the Executive Committee (see description above)			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 **(1)**	288,975	280,825	276,140	6,750	
Number of shares granted to the corporate officer (Michel Landel)	37,000	40,000	40,000		
% of share capital	0.02%	0.03%	0.03%		
Cumulative number of shares cancelled **(2)**	(19,775)	(8,565)	(15,400)		
Transferred shares (beneficiaries participating in the international mobility program) **(3)**	(31,700)	(21,555)	0		
Vested shares (4)	(237,500)	(144,262)	0		
Situation of the French Plan at August 31, 2016 (1+2+3+4)	**0**	**106,443**	**260,740**	**6,750**	
INTERNATIONAL PLANS					
Vesting date	April 24, 2017	March 11, 2018	April 27, 2019	December 1, 2019	April 27, 2020
End of lock-up period	April 24, 2017	March 11, 2018	April 27, 2019	December 1, 2019	April 27, 2020
Total number of shares granted **(1)**	551,780	559,175	572,735	8,350	866,075
Number of shares granted to the corporate officer					44,000
% of share capital					0.03%
Cumulative number of shares cancelled **(2)**	(90,910)	(55,555)	(24,595)		(22,500)
Transferred shares (beneficiaries participating in the international mobility program) **(3)**	31,700	21,555	0		0
Vested shares **(4)**	(1,500)	(1,000)	(1,000)		(1,000)
Situation of the International Plan at August 31, 2016 (= 1+2+3+4)	**491,070**	**524,175**	**547,140**	**8,350**	**842,575**
TOTAL OF THE PLANS AT AUGUST 31, 2016	**491,070**	**630,618**	**807,880**	**15,100**	**842,575**

Free shares granted to members of the Group Executive Committee as of August 31, 2016

Free shares granted to members of the Executive Committee under plans approved by the Board of Directors since 2015 are listed below:

Name	Grant date (Board meeting date)	Number of shares granted	Vesting date	End of lock-up period/date available	Shares delivered as of August 31, 2016	Shares delivered during the fiscal year
Elisabeth Carpentier	April 25, 2013	13,000	April 25, 2015 or April 25, 2016	April 25, 2017 or April 25, 2018	13,000	6,500
	March 11, 2014	12,800	March 11, 2016 or March 11, 2017	March 11, 2018 or March 11, 2019	6,400	6,400
	April 27, 2015	13,000	April 27, 2017 or April 27, 2018	April 27, 2019 or April 27, 2020	-	-
	April 27, 2016	15,000	April 27, 2020	April 27, 2020	-	-
Pierre Henry	April 25, 2013	17,000	April 25, 2017	April 25, 2017	-	-
	March 11, 2014	16,800	March 11, 2018	March 11, 2018	-	-
	April 27, 2015	17,000	April 27, 2019	April 27, 2019	-	-
	April 27, 2016	19,500	April 27, 2020	April 27, 2020	-	-
Nicolas Japy	April 25, 2013	13,000	April 25, 2017	April 25, 2017	-	-
	March 11, 2014	12,800	March 11, 2018	March 11, 2018	-	-
	April 27, 2015	13,000	April 27, 2019	April 27, 2019	-	-
	April 27, 2016	13,000	April 27, 2020	April 27, 2020	-	-
Michel Landel	April 25, 2013	37,000	April 25, 2016	April 25, 2018	37,000	37,000
	March 11, 2014	40,000	March 11, 2017	March 11, 2019	-	-
	April 27, 2015	40,000	April 27, 2018	April 27, 2020	-	-
	April 27, 2016	44,000	April 27, 2020	April 27, 2020	-	-
Damien Verdier	April 25, 2013	13,000	April 25, 2015 or April 25, 2016	April 25, 2017 or April 25, 2018	13,000	6,500
	March 11, 2014	12,800	March 11, 2016 or March 11, 2017	March 11, 2018 or March 11, 2019	6,400	6,400
	April 27, 2015	13,000	April 27, 2017 or April 27, 2018	April 27, 2019 or April 27, 2020	-	-
	April 27, 2016	15,000	April 27, 2020	April 27, 2020	-	-
Ana Busto	April 25, 2013	2,500	April 25, 2015 or April 25, 2016	April 25, 2017 or April 25, 2018	2,500	750
	March 11, 2014	5,500	March 11, 2016 or March 11, 2017	March 11, 2018 or March 11, 2019	3,850	3,850
	April 27, 2015	10,000	April 27, 2017 or April 27, 2018	April 27, 2019 or April 27, 2020	-	-
	April 27, 2016	11,500	April 27, 2020	April 27, 2020	-	-
Denis Machuel	April 25, 2013	7,000	April 25, 2015 or April 25, 2016	April 25, 2017 or April 25, 2018	7,000	2,100
	March 11, 2014	9,000	March 11, 2016 or March 11, 2017	March 11, 2018 or March 11, 2019	4,500	4,500
	April 27, 2015	12,000	April 27, 2017 or April 27, 2018	April 27, 2019 or April 27, 2020	-	-
	April 27, 2016	13,500	April 27, 2020	April 27, 2020	-	-
Satya Menard	April 25, 2013	10,000	April 25, 2017	April 25, 2017	-	-
	March 11, 2014	9,000	March 11, 2018	March 11, 2018	-	-
	April 27, 2015	10,000	April 27, 2019	April 27, 2019	-	-
	April 27, 2016	11,500	April 27, 2020	April 27, 2020	-	-

Name	Grant date (Board meeting date)	Number of shares granted	Vesting date	End of lock-up period/date available	Shares delivered as of August 31, 2016	Shares delivered during the fiscal year
Sylvia Métayer	April 25, 2013	10,000	April 25, 2015 or April 25, 2016	April 25, 2017 or April 25, 2018	10,000	5,000
	March 11, 2014	9,000	March 11, 2016 or March 11, 2017	March 11, 2018 or March 11, 2019	4,500	4,500
	April 27, 2015	10,000	April 27, 2017 or April 27, 2018	April 27, 2019 or April 27, 2020	-	-
	April 27, 2016	13,500	April 27, 2020	April 27, 2020	-	-
Lorna Donatone	April 25, 2013	5,150	April 25, 2017	April 25, 2017	-	-
	March 11, 2014	9,000	March 11, 2018	March 11, 2018	-	-
	April 27, 2015	10,000	April 27, 2019	April 27, 2019	-	-
	April 27, 2016	12,000	April 27, 2020	April 27, 2020	-	-
Patrick Connolly	April 25, 2013	5,150	April 25, 2017	April 25, 2017	-	-
	March 11, 2014	9,000	March 11, 2018	March 11, 2018	-	-
	April 27, 2015	6,000	April 27, 2019	April 27, 2019	-	-
	April 27, 2016	11,500	April 27, 2020	April 27, 2020	-	-
Debbie White	April 25, 2013	10,000	April 25, 2017	April 25, 2017	-	-
	March 11, 2014	9,000	March 11, 2018	March 11, 2018	-	-
	April 27, 2015	10,000	April 27, 2019	April 27, 2019	-	-
	December 1, 2015	5,000	December 1, 2019	December 1, 2019	-	-
	April 27, 2016	11,500	April 27, 2020	April 27, 2020	-	-
Marc Rolland	April 25, 2013	2,300	April 25, 2017	April 25, 2017	-	-
	March 11, 2014	2,350	March 11, 2018	March 11, 2018	-	-
	April 27, 2015	2,350	April 27, 2019	April 27, 2019	-	-
	December 1, 2015	5,000	December 1, 2017 or December 1, 2018	December 1, 2019 or December 1, 2020	-	-
	April 27, 2016	12,000	April 27, 2020	April 27, 2020	-	-

(1) 100% of the free shares granted to Mr. Michel Landel, Group Chief Executive Officer, and 50% of the free shares granted to other beneficiaries are performance shares. See section 5.3.4 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 Mr. 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 2016 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 2016 to the ten Group employees receiving the largest number of shares	141,500	9,303,979

** 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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5.4 AUDITORS' FEES

	PricewaterhouseCoopers				KPMG			
	Amount		%		Amount		%	
(in millions of euro excluding VAT)	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015	Fiscal 2016	Fiscal 2015
Audit								
Audit of individual company financial statements and consolidated financial statements								
Issuer	0.6	0.6	11%	11%	0.6	0.6	13%	13%
Consolidated subsidiaries	4.9	4.8	86%	84%	3.4	3.7	76%	81%
Total audit	**5.5**	**5.4**	**96%**	**95%**	**4.0**	**4.3**	**89%**	**94%**
• Services directly related to the external auditors' engagement								
Issuer	-	0.1	-	2%	0.1	0.1	2%	2%
Consolidated subsidiaries	0.1	0.1	2%	2%	0.1	0.1	2%	2%
Total audit-related services	0.1	0.2	2%	4%	0.2	0.2	4%	4%
Sub-total – audit	**5.6**	**5.6**	**98%**	**99%**	**4.2**	**4.5**	**93%**	**98%**
Other services to consolidated subsidiaries								
Tax and legal services	0.1	0.1	2%	1%	0.3	0.1	7%	2%
Other								
Sub-total – other services	**0.1**	**0.1**	**2%**	**1%**	**0.3**	**0.1**	**7%**	**2%**
Total fees	**5.7**	**5.7**	**100%**	**100%**	**4.5**	**4.6**	**100%**	**100%**

In order to ensure that the Group receives a consistent and high-quality service, and to centralize relations with the external auditors at senior management and Audit Committee level, the Audit Committee has prepared a plan whereby one or the other of the international firms retained as external auditors by Sodexo (PricewaterhouseCoopers and KPMG, both members of the Regional Company of External Auditors of Versailles) is appointed to act as auditor to nearly all Group subsidiaries representing 97% of financial statement audit fees. 56% of these fees are paid to PricewaterhouseCoopers and 41% to KPMG.

Audit fees paid by Group subsidiaries to firms other than PricewaterhouseCoopers and KPMG (and member firms of their international networks) amounted to 0.3 million euro for Fiscal 2016.

All services performed by the external auditors during Fiscal 2016 were approved in advance by the Audit Committee.

The Audit Committee has established and implemented a policy to approve all audit engagements and fees and to pre-approve other services provided by the external auditors.


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6

SHAREHOLDERS AND SHARE CAPITAL

FINANCIAL COMMUNICATIONS CALENDAR

First quarter revenues, Fiscal 2017	January 12, 2017
Annual Shareholders' Meeting 2017	January 24, 2017
Ex-date	February 6, 2017
Record date	February 7, 2017
Dividend payment	February 8, 2017
Half-year interim results, Fiscal 2017	April 13, 2017
Nine month revenues, Fiscal 2017	July 6, 2017
Annual results, Fiscal 2017	November 16, 2017
Annual Shareholders' Meeting 2018	January 23, 2018

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

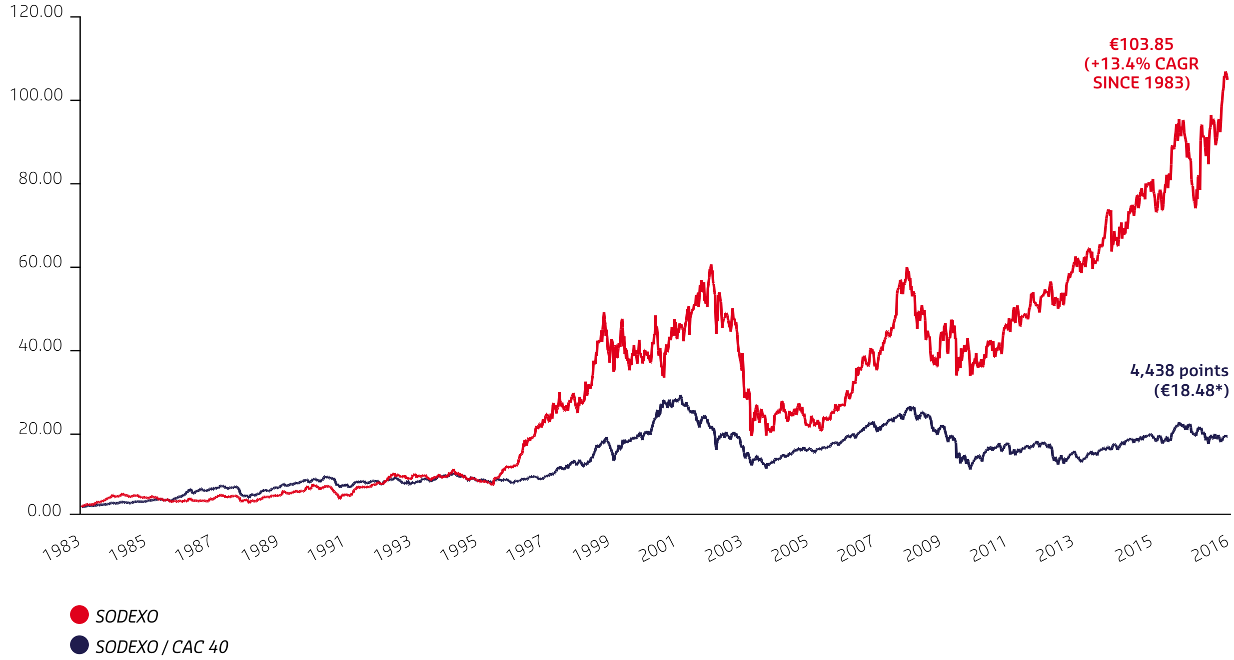
On the Sodexo website
www.sodexo.com ("Finance" section)

6.1 SODEXO SHARE PERFORMANCE

- Sodexo shares are listed on Euronext Paris (Euroclear code: FR0000121220) and have been included in the CAC 40 index since March 21, 2016. In addition, Sodexo offers securities listed in U.S. dollars, in the form of American Depositary Receipts (ADRs) that are traded on the over-the-counter (OTC) market, ticker SDXAY, with five ADRs representing one Sodexo share.
- As of August 31, 2016, Sodexo had a Standard & Poor's rating of A- long-term and A-1 short-term.

6.1.1 STOCK MARKET PERFORMANCE

ADJUSTED SODEXO SHARE PRICE TRENDS FROM INITIAL LISTING THROUGH AUGUST 31, 2016 *(IN EURO)*



** Theoretical trend of Sodexo share price assuming it had tracked the CAC 40 index[(1)] (the main stock market index of Paris).*
Source: Euronext.

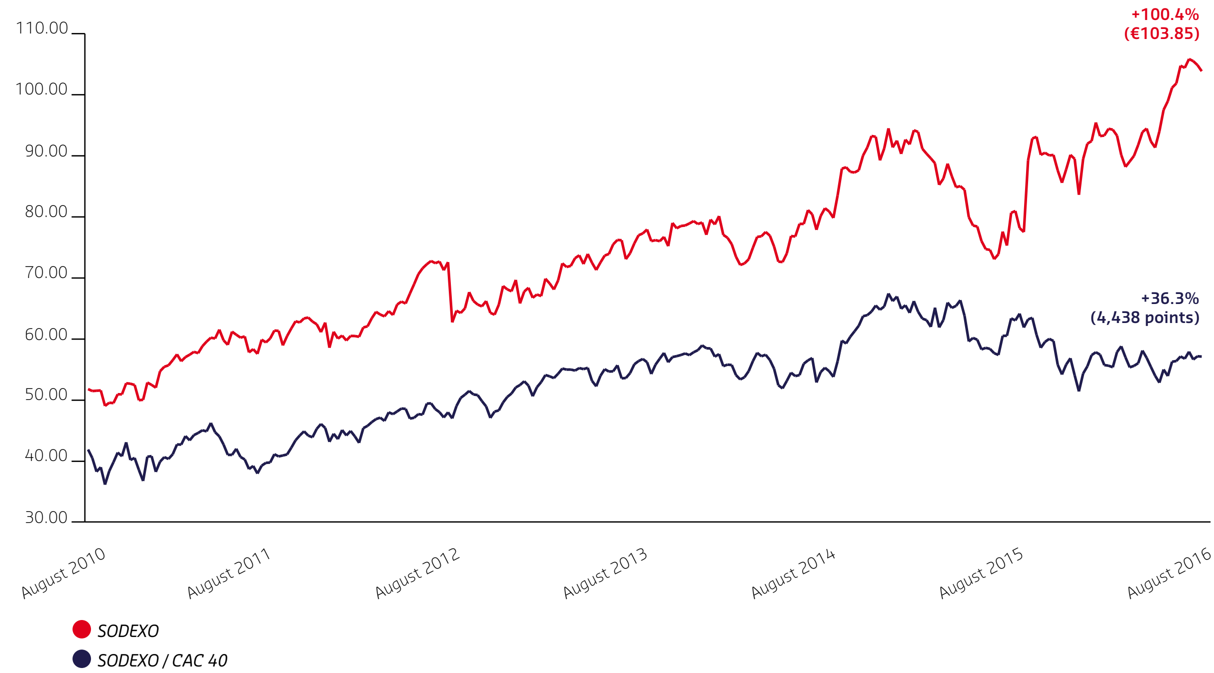
The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2016 (last trading day of Fiscal 2016), the closing share price was 103.85 euro.

Since its first listing, the value of the Sodexo share has multiplied by 67, whereas the CAC 40 index has multiplied by only 11.9 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 +13.4% per annum, excluding dividends.

(1) CAC 40 index reconstituted from 1983 to 1987.

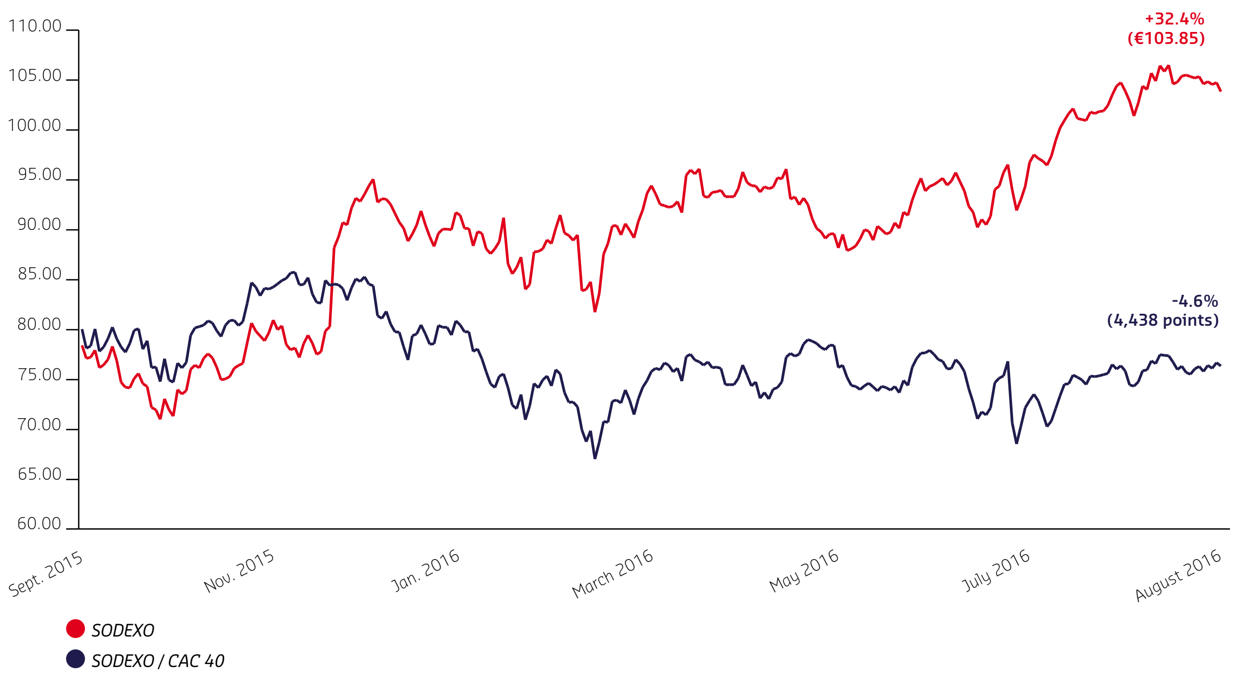
SODEXO SHARE PRICE FROM SEPTEMBER 1, 2011 THROUGH AUGUST 31, 2016 *(IN EURO)*



Source: Sodexo.

Over the last five fiscal years, Sodexo's share price increased by 100.4%, whereas the CAC 40 index increased by 36.3% during the same period.

SODEXO SHARE PRICE FROM SEPTEMBER 1, 2015 THROUGH AUGUST 31, 2016 *(IN EURO)*



Source: Sodexo.

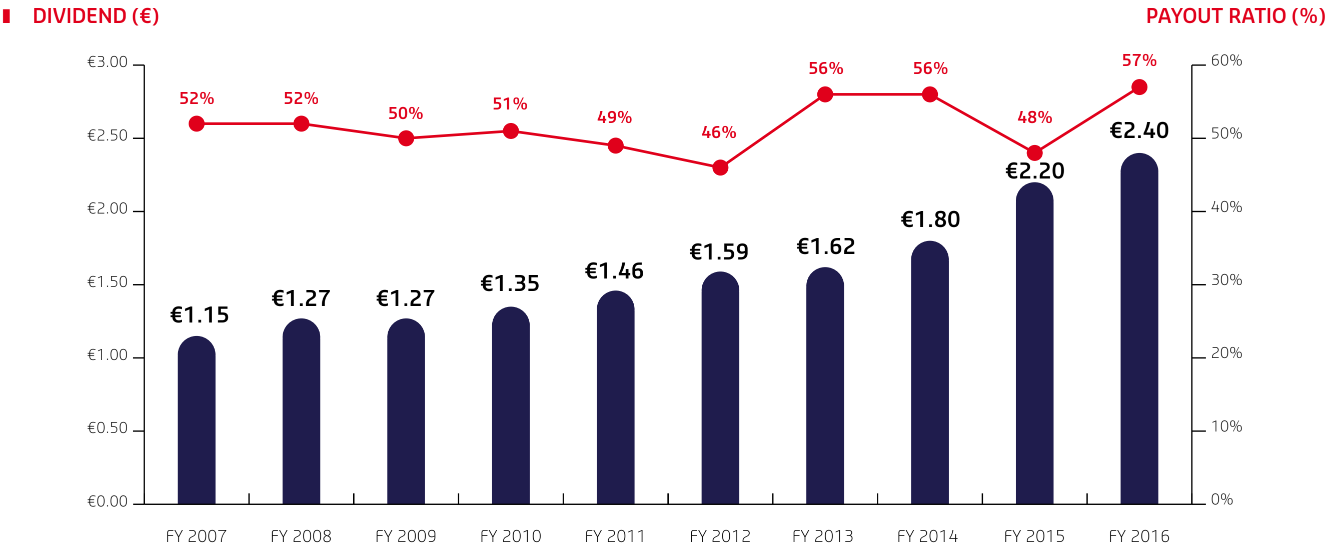
During the last fiscal year, Sodexo's share price increased by +32.4% compared with a -4.6% decrease for the CAC 40 index.

As of August 31, 2016 the market capitalization of Sodexo was 16 billion euro.

6.1.2 SHARE AND DIVIDEND PERFORMANCE

Dividend policy

The Group's dividend policy is aimed at securing long-term shareholder loyalty, by (i) regularly increasing the dividend, (ii) having a dividend payout ratio of around 50% and (iii) paying 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 24, 2017, the Board of Directors will propose that shareholders approve the payment of a cash dividend of 2.40 euro per share for Fiscal 2016, representing an increase of 9.1% compared with Fiscal 2015.

In addition, shares held in registered form for the past four years or more (*i.e.,* since at least August 31, 2012) and which are still held in such form when the dividend becomes payable in February 2017, will be entitled to a 10% dividend premium, representing an additional 0.24 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 58.2%.

The dividend and dividend premium will be paid on February 8, 2017, with a Euronext Paris ex-dividend date of February 6, 2017. The record date – *i.e.,* the date before which an investor must own the shares in order to receive the dividend – will be February 7, 2017.

Dividends not claimed within five years of the date on which they were payable to shareholders are forfeited.

	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2012
Share Price *(in euro)*					
Opening price as of September 1	77.71	75.03	67.30	63.12	52.11
Closing price as of August 31	103.85	78.43	74.97	66.77	62.87
Market capitalization as of August 31 *(in billions of euro)*	16.0	12.3	11.8	10.5	9.9
12-month low	70.45	69.49	66.69	58.50	48.13
12-month high	106.7	95.76	80.58	74.91	64.85
Daily average volume of share trading					
In number of securities	275,923	232,550	178,656	233,258	264,387
In value *(in thousands of euro)*	24,551	19,800	13,333	15,207	15,028
Dividend and share performance					
Total payout(2) *(in millions of euro)*	371(1)	335	276	247	240
Payout ratio including dividend premium *(Total payout/Group net profit)*	58.2%	47.9%	56.3%	56.5%	45.7%
Dividend per share (DPS) *(in euro)*	2.40(1)	2.20	1.80	1.62	1.59
10% dividend premium *(in euro)*	0.24(1)	0.22	0.18	0.16	N/A
Earnings per share (EPS)(3) *(in euro)*	4.21	4.60	3.23	2.91	3.48
Payout ratio (DPS/EPS)	57%	47.8%	55.7%	55.7%	45.7%
Total shareholder return (TSR)(4)	**36.5%**	**6.9%**	**13.8%**	**8.3%**	**23.5%**

(1) Subject to approval at the Annual Shareholders' Meeting on January 24, 2017.
(2) Theoretical payout for current fiscal year and actual figures for previous years. Includes dividend premium.
(3) Based on an average number of shares (quarterly average).
(4) Calculation of the Total Shareholder Return over a given period and calculated as follows: (market price at the end of the period – market price at the beginning of the period + dividends paid over the period, excluding the dividend premium)/market price at the beginning of the period.

6.1.3 BENEFITS OF BEING A REGISTERED SHAREHOLDER

Registered Sodexo shareholders are entitled to:

- double voting rights for registered shares held for at least four years;
- a dividend premium of 10%(1) for registered shares held for at least four years (the number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder);
- automatic invitation to Shareholders' Meetings and personalized information on all financial transactions (capital increases, bond issues, etc.);
- reduced 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.

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.

(1) Sodexo's fiscal year starts on September 1 of each year. The dividend premium payment will be made on February 8, 2017 for the fiscal year ended August 31, 2016 for shareholders holding registered shares (directly or indirectly) since August 31, 2012 and up until the payment of the dividend.

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, 2012	2016	February 2017	FR0011532431**
August 31, 2013	2017	February 2018	FR0011532415
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	FR0000121220

* *Dates provided for indicative purposes only and subject to the approval of a dividend payment by the Annual Shareholders' Meeting.*
** *On September 1, 2016 Euroclear merged the shares held under the code SODEXO ACTIONS PRIME DE FIDÉLITE 2017 – FR0011285121 into the code FR0011532431 (which will be eligible for the 10% dividend premium for the February 2017 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

6

6.1.4 ADR PROGRAM

Since Sodexo's voluntary delisting from the New York Stock Exchange in 2007, Sodexo American Depositary Receipts (ADRs) are traded on the over-the-counter (OTC) market, ticker SDXAY, with five ADRs representing one Sodexo share.

Advantages for US investors:

- US brokers purchase, sell and settle the ADRs in the same way as they would US company shares;
- 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 US investors to invest in international companies.

KEY INFORMATION ON THE SODEXO ADRS:

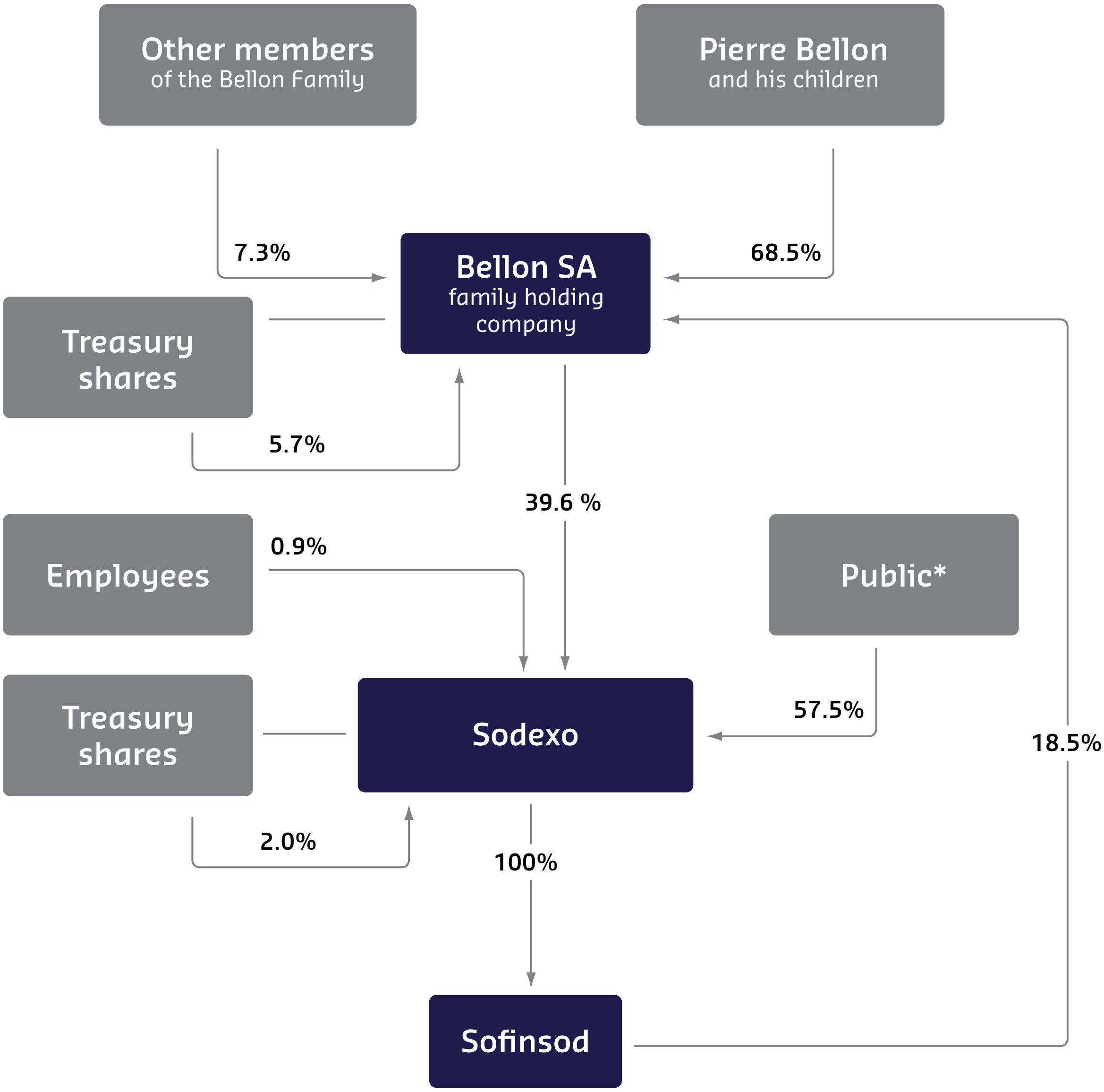
ADR ticker symbol	SDXAY
Platform	OTC
CUSIP	833792104
DR ISIN	US8337921048
ISIN code	FR0000121220
SEDOL	7062713
Custodian bank	Citi
ADR ratio	5 ADRs for 1 ordinary share

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

6.2 OWNERSHIP STRUCTURE

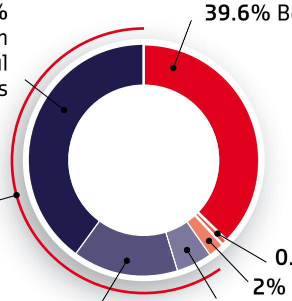
6.2.1 OWNERSHIP STRUCTURE AS OF AUGUST 31, 2016



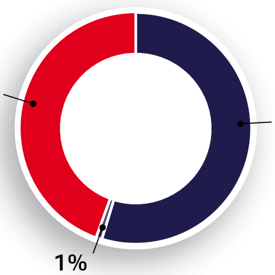
* *Treasury shares: as of August 31, 2016, Sodexo directly held 3,074,444 treasury shares (representing 2% of the share capital), which have been allocated to cover the various stock option and free share plans awarded to Group managers.*

Source: According to the most recent shareholder identification – Euroclear for bearer shareholders and Société Générale for registered shareholders.

OWNERSHIP STRUCTURE AS OF AUGUST 31, 2016:



BREAKDOWN OF ACTUAL VOTING RIGHTS:



Source:Orient Capital.

6.2.2 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 – notably 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, 2016				August 31, 2015				August 31, 2014			
	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	39.61	54.04	54.81	59,252,063	37.71	51.80	53.01	59,252,063	37.71	52.42	53.77
First Eagle Investment Management[1]	4,143,755	2.69	1.90	1.93	3,874,173	2.47	1.81	1.85	4,403,576	2.80	2.09	2.14
Allianz Global Investors[2]	N/A	N/A	N/A	N/A	4,451,664	2.83	2.08	2.12	4,249,974	2.70	2.02	2.07
Employees[3]	1,383,773	0.90	1.01	1.04	1,174,979	0.75	0.93	0.95	1,087,951	0.69	0.92	0.94
Treasury shares	3,074,444	2.00	1.41	0	4,862,456	3.09	2.26	0	5,298,649	3.37	2.51	0
Public	84,238,682	54.79	41.66	42.25	83,516,690	53.15	41.12	42.07	82,839,812	52.73	40.04	41.08
TOTAL	**153,741,139**	**100%**	**100%**	**100%**	**157,132,025**	**100%**	**100%**	**100%**	**157,132,025**	**100%**	**100%**	**100%**

(1) Acting on behalf of its managed funds (including First Eagle Funds, Inc.).
(2) Acting on behalf of its managed funds.
(3) In accordance with French Act no. 2015-990 of August 6, 2015 for growth, activity and equal economic opportunities, since Fiscal 2015 this figure has included the free shares held in registered form by employees and still subject to a lock-up period.

Bellon SA

Bellon SA's interest in Sodexo was increased following the Group's share repurchase and cancellation program. In addition, during Fiscal 2016 Bellon SA raised its stake in Sodexo by purchasing 1.6 million shares from March through August 2016. Consequently, as of August 31, 2016, it held 39.61% of the Company's share capital and 54.81% of exercisable voting rights. Given that Bellon SA is not authorized to increase its ownership interest in Sodexo by more than 1% within 12 consecutive months, the Company requested an exemption from the AMF's requirement to file a public tender offer, which it obtained on March 1, 2016.

Mr. Pierre Bellon and his four children control 68.5% of Bellon SA. Agreements prevent them from selling their Bellon SA shares to third parties. In 2008, Mr. Pierre Bellon and his children created a partnership *(société en participation)* for a period of 50 years 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.

As of August 31, 2016, the members of the Board of Directors, including the Group Chief Executive Officer, together held directly less than 0.50% of the Company's share capital.

Disclosure thresholds

On September 25, 2015, First Eagle Investment Management LLC, acting on behalf of the funds it manages, notified the Company that due to a purchase of 100,000 Sodexo shares on September 17, 2015 it had raised its interest to above 2.50% (disclosure threshold in the Company's bylaws), and that as of that date it held 2.53% of the share capital, representing 1.85% of the voting rights. Since then First Eagle has confirmed that its interest in the Company as of August 31, 2016 was slightly higher than one year earlier.

On December 7, 2015, Allianz Global investors, acting on behalf of the funds it manages, notified the Company that it had reduced its interest to below the disclosure threshold provided for in the Company's bylaws of 2.50% of the share capital and that as of that date it held 2.44% of the capital representing 1.78% of the voting rights.

The Company is not aware of any other shareholder that increased or decreased its shareholding to above or below any disclosure threshold (provided for by law or the Company's bylaws) in Fiscal 2016.

As of the date of this document, Sodexo is not aware of:

- any other shareholder holding 2.50% or more of the capital or voting rights of Sodexo directly or indirectly, individually, or in concert;
- any shareholders' agreement or other agreement which, if implemented, could result in a change of control of Sodexo.

Repurchases and disposals of Sodexo shares

During Fiscal 2016:

- at its meeting on January 26, 2016, the Board of Directors decided to implement the Company's share repurchase program as authorized by the Shareholders' Meeting held on the same date;
- Sodexo repurchased 3,151,060 shares (representing 2.05% of the share capital) at an average price of 88.98 euro per share plus trading fees of 101,160 euro excluding VAT;
- a review of the treasury shares allocated to covering stock option and free share plans was carried out. As this review showed that there were 239,826 shares too many allocated to the plans, at its meeting on April 12, 2016 the Board of Directors decided to reallocate these excess shares (whose cost price was 20 million euro) for cancellation;
- at its meeting on June 14, 2016, the Board of Directors decided to reduce the Company's share capital by cancelling a total of 3,390,886 shares (representing an aggregate 300 million euro). These shares comprised all of the 239,826 shares initially allocated to cover stock option and free share plans which were reallocated for cancellation as well as all of the 3,151,060 shares acquired by the Company for the purpose of cancellation;
- Sodexo transferred 1,548,186 shares on the exercise of stock options and for delivery under free share plans;
- as of August 31, 2016, Sodexo directly held 3,074,444 treasury shares (representing 2% of the share capital), which have been allocated to cover the various stock option and free share plans awarded to Group managers;
- the total carrying amount of the treasury shares portfolio was 217 million euro as of August 31, 2016.

Since August 31, 2016 the Company has not purchased any Sodexo shares.

Description of the new share repurchase plan (pursuant to article 241-2 of the General Regulation of the AMF) subject to authorization by the Shareholders' Meeting of January 24, 2017

- In its fifteenth resolution, the Board of Directors will propose that the Shareholders' Meeting of January 24, 2017 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 a period of 18 months, replacing the authorization given for the same purpose by the Shareholders' Meeting of January 26, 2016.

- The treasury shares held as of August 31, 2016 in connection with the share repurchase program are intended to cover the various stock option and free share plans set up for Group managers (for further details concerning stock options and free shares, please refer to section 5.3.4 of this document).
- The objectives of the repurchase program remain identical to previous years, in terms of covering stock option and free share plans as well as a possible capital reduction by the cancellation of 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 24, 2017 Shareholders' Meeting in section 7.2 of this document.

6.2.3 EMPLOYEE SHARE OWNERSHIP

As of August 31, 2016, employees held 0.90% of the Company's share capital (approximately 85% of which was held in an employees' mutual fund (FCPE)).

As of August 31, 2016, an estimated 29,881 employees held Sodexo shares.

Company employee savings plans

The various profit-sharing agreements in force allow employees of the Group's French subsidiaries to pay the amounts they receive in respect of these profit-sharing agreements into an employees' mutual fund invested in Sodexo shares, or into a restricted savings account. To qualify for favorable tax and social charges treatment, amounts due to employees are subject to a five-year lock-up period.

International employee share purchase plan

The Group has put in place international employee share purchase plans. The most recent of these, "Sodexo with me", was introduced in 2008 and allowed employees of French and foreign subsidiaries of the Group in more than 20 countries to subscribe to a special share capital issuance at a favorable share price. In connection with this plan, eligible employees were offered a choice of two formulas:

- the "Plus" plan allowed employees to invest up to 2.5% of their annual gross compensation and to benefit from a multiplier effect on the increase in the share price, or a guaranteed return in the absence of an increase in the share price;
- the "Classic" plan allowed employees to invest up to 25% of their annual gross compensation and to receive all of any increase in Sodexo's share price, while assuming the risk of any fall in the share price.

In September 2013, the amounts due to employees became available.

In accordance with the provisions of the plan and depending on the country, employees who chose the "Plus" plan received the cash value of their assets or transferred their assets invested in this plan to the Classic fund or a monetary fund. Following this legal deadline, the mutual fund "Sodexo with me" was renamed mutual fund "Sodexo with me Classic". The assets held in this fund are still available.

In addition, in 2006 a mechanism was introduced whereby employees of the Group's North American subsidiaries were able to invest between 1% and 8% of their annual gross compensation in the Company's shares through an Employee Share Purchase Plan. Participating employees qualified for a 10% discount on the share price. In light of the participation rate and administrative fees, this plan was suspended as of September 1, 2012. Investments made prior to the suspension date continue to benefit from the same advantages as before; however, new payments cannot be made into the plan. The related employees did not participate in the 2008 International Employee Share Purchase Plan.

6.3 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 organizing regular meetings with shareholders.

6.3.1 LISTENING TO OUR SHAREHOLDERS AND THE FINANCIAL COMMUNITY

In order to meet the Group's own transparency goals and 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 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 broadcast via a live webcast and subsequently available on the Sodexo website. In addition, all financial communications are available and archived on the website;
- transparency: all information about the Group, including the bylaws, Registration Document, Interim Report, press releases, presentations and share price trends, is also available on the website: www.sodexo.com.

6.3.1.1 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.

6.3.1.2 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 and including the date of 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 date of release of these quarterly publications.

6.3.1.3 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. The Group's Executive Committee members and key finance executives have formally agreed to this Code and to 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 proprietary information;
- to conduct all business fairly;
- to hold managers accountable for their behavior, and create an environment 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 comprehensible reporting.

6.3.2 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.amf-france.org). It is also available, along with the English-language Registration Document, at www.sodexo.com ("Finance" section, "Presentations and publications" tab).

An interactive version of the Registration Document in French and English is also available on the Group's website to facilitate reading.

6.3.3 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.

6.3.4 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.

6.4 ADDITIONAL INFORMATION ABOUT THE COMPANY'S SHARE CAPITAL

6.4.1 FIVE-YEAR SUMMARY OF CHANGES IN SHARE CAPITAL

The 300 million euro share repurchase and cancellation program announced in November 2015 was completed in Fiscal 2016, with the cancellation of 3,390,886 shares corresponding to a value of 300 million euro, approved at the Board meeting of June 14, 2016.

The Company's share capital, which was previously composed of 157,132,025 shares with a par value of 628,528,100 euro, is now composed of 153,741,139 shares, with a par value of 614,964,556 euro.

6.4.2 SECURITIES GIVING ACCESS TO CAPITAL

As of the date of this Registration Document, there are no securities outstanding, other than existing equity securities, which would give immediate or future access to the capital of Sodexo.

6.4.3 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 all other securities giving immediate or future access to Sodexo shares, or by capitalizing earnings, reserves or additional paid-in capital, subject to the following limits:

Currently valid authorizations	Maximum aggregate par value *(in millions of euro)*	Maximum *(% of share capital)*	Date of authorization	Date of expiration
Authorizations with pre-emptive rights				
• Issuance of ordinary shares and/or all other securities giving access to Sodexo shares	100	Approx. 16.3%	January 26, 2016	March 26, 2018
• Issuance of debt securities giving access 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 all other securities reserved for members of Employee Savings Plans	Approx. 9.2	1.5%	January 26, 2016	March 26, 2018
• Grant of free shares and performance shares[(1)]	Approx. 15.4	2.5%	January 26, 2016	March 26, 2019
Issuance of shares by capitalizing earnings, reserves or additional paid-in capital	100	Approx. 16.3%	January 26, 2016	March 26, 2018

(1) The use of this authorization by the Board of Directors in Fiscal 2016 is explained in section 5.3.4.2 of this document. The other authorizations have not been used.

6.5 GENERAL INFORMATION ABOUT SODEXO

6.5.1 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.

6.5.2 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.

6.5.3 NATIONALITY

French.

6.5.4 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.

6.5.5 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."*

6.5.6 REGISTRATION

Sodexo is registered in the Nanterre Register of Commerce and Companies under no. 301 940 219.

6.5.7 BUSINESS IDENTIFIER CODE (APE CODE)

5629B.

6.5.8 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.

6.5.9 MATERIAL CONTRACTS

During the last two years, the Company has not entered into any material contracts, other than those signed in the ordinary course of business, that create a material obligation or commitment for the entire Group.

6.5.10 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."

6.5.11 APPROPRIATION OF EARNINGS (EXCERPT FROM ARTICLE 18 OF THE BYLAWS)

"(...) 2. The first appropriation of net income, net of any accumulated losses from prior periods, must be an amount of at least 5% of net income to establish the reserve fund required by law. This appropriation ceases to be obligatory once this reserve fund is equal to one-tenth of the issued capital, but must be resumed if for any reason the reserve falls below one-tenth of the issued capital.

3. Distributable earnings comprise net income for the fiscal year, minus any accumulated losses brought forward and any transfer to the legal reserve, plus any retained earnings brought forward.

Distributable earnings are appropriated in the following order:

a) any sum that the Ordinary Shareholders' Meeting, on the proposal of the Board of Directors, decides to carry forward as retained earnings or to appropriate to the creation of an extraordinary reserve fund, contingency fund or other fund, whether or not created for a specific purpose;

b) the surplus is distributed among all of the shareholders, each share entitling its holder to an equal share of the profit. However, shareholders able to show that they have been a registered shareholder for at least four years as of the balance sheet date, and who remain registered at the dividend date related to the said fiscal year, are entitled to a dividend premium on the shares so registered, equal to 10% of the dividend paid on the other shares, the resulting dividend premium being 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 balance sheet date, and who remain registered at the date of a capital increase by capitalization of reserves, income or share premiums, *by distribution of bonus shares, are entitled to supplementary bonus shares equal to 10% of those to be distributed. In the case of odd lots, the number of supplementary shares will be rounded down to the nearest unit. The resulting new shares will qualify for the same treatment as the old shares from which they are derived for the purposes of calculating rights to the dividend premium and to receive supplementary bonus shares.*

The number of shares upon which a single shareholder shall be eligible for these dividend premiums or supplementary bonus shares may not exceed 0.5% of the share capital.

The foregoing terms and conditions will apply for the first time to the dividend payment payable for the fiscal year ended August 31, 2013 (to be set by the Ordinary Shareholders' Meeting expected to be called in January 2014)."

6.5.12 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."

6.5.13 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 in the event of an increase in the share capital by conversion of earnings, reserves or additional paid in capital in proportion to existing shares held by that shareholder that enjoy double voting rights."

6.5.14 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."

6.5.15 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."

6.5.16 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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ANNUAL SHAREHOLDERS' MEETING, JANUARY 24, 2017

7.1 REPORT OF THE BOARD OF DIRECTORS PRESENTATION OF RESOLUTIONS SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING, JANUARY 24, 2017

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 2016 presenting net income of 616 million euro and the consolidated financial statements of the Group presenting profit attributable to equity holders of the parent of 637 million euro.

Appropriation of net income for the fiscal year and dividend (third resolution)

This resolution relates to appropriation of net income for Fiscal 2016 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 2.40 euro per share, an increase of 9.1% 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, 2012 and still held when the Fiscal 2016 dividend becomes payable, will automatically be entitled, without any additional formality, to a 10% dividend premium, representing an additional 0.24 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 768,705 shares per shareholder based on the Company's capital as of August 31, 2016).

The dividend and dividend premium (for eligible shares) will become payable on February 8, 2017, with a Euronext Paris ex-dividend date of February 6, 2017. The record date – *i.e.,* the date on which an investor must own the shares in order to receive the dividend – will be February 7, 2017.

Approval of commitments falling within the scope of article L.225-42-1 of the French Commercial Code concerning supplemental health and benefit coverage for Sophie Bellon and Michel Landel (fourth and fifth resolutions)

As required by article L.225-42-1 of the French Commercial Code, in the fourth and fifth resolutions the Board is requesting the Shareholders' Meeting to approve commitments for Mrs. Sophie Bellon, Chairwoman of the Board of Directors, and Mr. Michel Landel, Chief Executive Officer, to continue to be members of the Company's supplemental health and benefit plans.

Ms. Sophie Bellon and Mr. 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 of the French Social Security Code, which states that the chairs of the boards of directors and the chief executive officers of French joint stock corporations *(sociétés anonymes)* must be members of such plans.

In addition, on the recommendation of the Compensation Committee, the Board of Directors decided that, following the termination of the employment contracts of Ms. Sophie Bellon and Mr. Michel Landel as a result of their 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 (association for the complementary pension scheme for employees) / Agirc (general association of pension institution executives employees) complementary retirement plan. Their membership of these plans will be subject to the same conditions as all of the Sodexo employees who are plan members.

These commitments are described in the statutory Auditors' report on related-party agreements and commitments in section 4.4.2 of this Registration Document.

Re-election and election of directors (sixth to eighth resolutions)

The directorships of Ms. Patricia Bellinger, Mr. Michel Landel and Mr. Paul Jeanbart expire at the close of the Shareholders' Meeting on January 24, 2017.

Mr. Paul Jeanbart, a director since February 13, 1996 whose current term expires at the close of the Shareholders' Meeting of January 24, 2017, has stated that he does not wish to stand for re-election. Ms. Sophie Bellon thanked Mr. Paul Jeanbart, personally and on behalf of the Board of Directors and all of the shareholders, for giving the Group the benefit of his extensive experience.

The Board of Directors is proposing, on the recommendation of the Nominating Committee, that the shareholders re-elect Ms. Patricia Bellinger and Mr. Michel Landel to the Board for a period of three years ending at the close of the Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2019.

Also on the recommendation of the Nominating Committee, the Board of Directors is proposing, in the eighth resolution, that the shareholders elect Ms. Cécile Tandeau de Marsac, General Manager of Human Resources of the Solvay Group, to the Board for a period of three years ending at the close of the Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2019. If elected, Ms. Tandeau de Marsac will be qualified as an independent director by the Board, in line with the recommendation of the Nominating Committee. Ms. Tandeau de Marsac would contribute to the Board her international experience and her expertise in human resources.

Biographical information on these directors is provided in section 5.1.1.3 of this Registration Document.

Re-appointment of an auditor and appointment of its alternate auditor (ninth and tenth resolutions)

The terms of PricewaterhouseCoopers Audit as auditor and Anik Chaumartin as alternate auditor expire at the close of the Shareholders' Meeting of January 24, 2017.

The Board of Directors is proposing, on the recommendation of the Audit Committee, that the shareholders renew the appointment of PricewaterhouseCoopers Audit as auditor and appoint Mr. Jean-Baptiste Deschryver as alternate auditor, for the statutory period of six years ending at the close of the Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2022.

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. Shareholders are invited to increase the maximum aggregate amount of directors' fees to 5% compared to the maximum aggregate amount of directors' fees set at 700,000 euro per fiscal year at the Shareholders' Meeting of January 19, 2015, in order to align itself with market practices.

Consequently, the Shareholders' Meeting is requested to set at 735,000 euro the maximum total 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 strict compliance with the Board of Directors' Internal Rules.

Opinion on the compensation and benefits due or awarded for Fiscal 2016 to each corporate officer (twelfth to fourteenth resolutions)

Pursuant to the recommendations in the AFEP-MEDEF Code of corporate governance for listed companies, as revised in November 2015 (section 24.3) – 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 to fourteenth resolutions to give their opinion on the compensation and benefits due or awarded for Fiscal 2016 to each corporate officer, namely Mr. Pierre Bellon, Chairman of the Board of Directors until January 26, 2016, Ms. Sophie Bellon, Chairwoman of the Board of Directors since January 26, 2016, and Mr. Michel Landel, Chief Executive Officer. Further information on these corporate officers' compensation and benefits is provided in section 5.3 of this Registration Document.

Compensation and benefits due or awarded for Fiscal 2016 to Pierre Bellon, Chairman of the Board of Directors until January 26, 2016

Type of compensation or benefits	Amount	Comments
Director's fees	€18,500	The amount paid to each director is calculated in accordance with the Board of Directors' Internal Rules and the criteria set out in section 5.3.2 of this Registration Document.

Mr. Pierre Bellon does not receive any of the following types of compensation or benefits: fixed salary, annual bonus, multi-year bonus, exceptional bonus, stock options, performance shares, compensation for loss of office, supplemental retirement benefits or any other type of benefit.

Compensation and benefits due or awarded for Fiscal 2016 to Sophie Bellon, Chairwoman of the Board of Directors since January 26, 2016

Type of compensation or benefits	Amount	Comments
Fixed salary	€320,833	Pre-tax gross amount due for the fiscal year.
Fringe benefits	€1,183	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, multi-year bonus, exceptional bonus, stock options, performance shares, compensation for loss of office or supplemental retirement benefits.

Compensation and benefits due or awarded for Fiscal 2016 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	€819,774	Variable compensation comprised of the bonus due for Fiscal 2016 (which will be paid during Fiscal 2017) corresponding to 83% of the fixed compensation due for the same fiscal year and travel allowances paid during Fiscal 2016 for which the amount varies depending on the countries visited and the duration of the stay. The bonus is based for 70% on quantitative targets based on the financial performance achieved by the Group for the year, 10% on an occupational health and safety objective, and for 20% on other non-financial objectives. These criteria and their achievement level are detailed in section 5.3.1.3 of this Registration Document (Compensation policy for the Group Chief Executive Officer).
Stock options and performance shares	44,000 performance shares valued at €2,313,300 based on the method used for the preparation of the consolidated financial statements	On April 27, 2016 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 *(Total Shareholder Return)* outperforms the CAC 40 GR (Gross Total Return) index, as published by Euronext, between January 27, 2016 and the date of the Shareholders' Meeting called to approve the Fiscal 2019 financial statements. This performance condition is described in detail in section 5.3.1.3 of this Registration Document (Compensation policy for the Group Chief Executive Officer). No stock options were granted to Michel Landel during Fiscal 2016.
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, 2016 was 3,729,769 euro and the charge recognized for Fiscal 2016 was 192,697 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 237,000 euro per year.
Other benefits	€2,150	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.

Share repurchases (fifteenth resolution)

The Board of Directors is requesting the Shareholders' Meeting to renew the authorization to purchase treasury shares under articles L.225-209 *et seq.* of the French Commercial Code.

This authorization would be valid for a period of eighteen months and would replace the previous authorization granted by the Shareholders' Meeting on January 26, 2016.

It would allow for 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, shareholder's 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;
- 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, 2016, the Company held 2% of its capital as treasury shares (refer to section 6.2.2 of this Registration Document for additional information on the use of the share repurchase program during Fiscal 2016).

Powers to perform formalities (sixteenth resolution)

This standard resolution concerns the conferring of powers to perform all formalities and filings relating to the resolutions approved by the Shareholders' Meeting.

7.2 RESOLUTIONS SUBMITTED TO THE ORDINARY SHAREHOLDERS' MEETING OF JANUARY 24, 2017

First and second resolutions: adoption of the individual company and consolidated financial statements, Fiscal 2016

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 2016 presenting net income of 616 million euro and the consolidated financial statements of the Group presenting profit attributable to equity holders of the parent of 637 million euro.

First resolution

(Adoption of the individual company financial statements, Fiscal 2016)

The Shareholders' Meeting, having heard 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, 2016 as presented, presenting net income of 616 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 2016)

The Shareholders' Meeting, having heard 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, 2016 as presented, presenting profit attributable to equity holders of the parent of 637 million euro.

The Shareholders' Meeting also approves the transactions reflected in these financial statements and/or described in these reports.

Third resolution: appropriation of net income and 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 2.40 euro per share, representing an increase of 9.1% on Fiscal 2015.

Shares held in registered form since at least August 31, 2012 and which are still held in such form as of February 8, 2017, when the dividend for Fiscal 2016 becomes payable, will automatically be entitled to a 10% dividend premium, representing an additional 0.24 euro per share.

The distribution of dividends and the 10% dividend premium represent a payout ratio of 58.2%.

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 2016 of	€615,915,281
plus retained earnings as of the close of Fiscal 2016 of	€977,794,947
Making a total available for distribution of	€1,593,710,228
In the following manner:	
• dividend (on the basis of 153,741,139 shares comprising the share capital as of August 31, 2016)	€368,978,734
• a 10% dividend premium (on the basis of 7,377,472 shares held in registered form as of August 31, 2016 that are eligible for the dividend premium after application of the limitation of 0.5% of capital per shareholder)	€1,770,593
• retained earnings	€1,222,960,901
TOTAL	**€1,593,710,228**

Accordingly, the Shareholders' Meeting resolves that a dividend of 2.40 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, 2012 and which are still held in such form when the dividend for Fiscal 2016 becomes payable, will automatically be entitled to a 10% dividend premium, representing an additional 0.24 euro per share. 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 768,705 shares per shareholder based on the Company's capital as of August 31, 2016).

The dividend and dividend premium (for eligible shares) will become payable on February 8, 2017, with a Euronext Paris ex-dividend date of February 6, 2017. The record date will be February 7, 2017.

In the event that the Company holds some 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 7,377,472 shares held in registered form that are eligible for the dividend premium as of August 31, 2016 cease to be recorded in registered form between September 1, 2016 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 2º 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 2015 (paid in 2016)	Fiscal 2014 (paid in 2015)	Fiscal 2013 (paid in 2014)
Dividend per share*	€2.20	€1.80	€1.62
Total payout	€334,962,161	€275,504,402	€247,423,253

* *Dividend fully eligible for the 40% allowance applicable to individuals domiciled for tax purposes in France, as provided for in article 158-3 2º of the French General Tax Code.*

Fourth and fifth resolutions: related-party commitments

Purpose

In the fourth and fifth resolutions the Board of Directors is requesting the Shareholders' Meeting to approve commitments that are subject to specific approval requirements under French company law. These requirements concern, in accordance with legal requirements, agreements and commitments entered into between a company and (i) any of its corporate officers, or (ii) a shareholder holding more than 10% of the company's voting rights, or (iii) a company in which a corporate officer of the Company holds a corporate office.

In accordance with legal requirements, related-party agreements and commitments are subject, before their conclusion, to prior approval of the Board of Directors.

The two commitments referred to in the fourth and fifth resolutions were entered into between Sodexo and Sophie Bellon and Michel Landel, respectively, and provide for Ms. Bellon and Mr. Landel to continue to be covered under supplemental health and benefit plans following the termination of their employment contracts as a result of their corporate officer positions.

These commitments are described in the statutory auditors' report on related-party agreements and commitments.

Fourth resolution

(Related-party commitment, in favor of Ms. Sophie Bellon, Chairwoman of the Board of Directors)

The Shareholders' Meeting, having heard the report of the Board of Directors and the statutory Auditors' report on related-party agreements and commitments governed by articles L.225-38 and L.225-40 to L.225-42 of the French Commercial Code, approve, in accordance with article L.225-42-1 of the French Commercial Code, the commitment given to Ms. Sophie Bellon, Chairwoman of the Board of Directors, concerning her supplemental health and benefit plan, as authorized by the Board of Directors on January 26, 2016 and as described in the statutory Auditors' report.

Fifth resolution

(Related-party commitment, in favor of Michel Landel, Chief Executive Officer)

The Shareholders' Meeting, having heard the report of the Board of Directors and the statutory Auditors' report on related-party agreements and commitments governed by articles L.225-38 and L.225-40 to L.225-42 of the French Commercial Code, approve, in accordance with article L.225-42-1 of the French Commercial Code, the commitment given to Mr. Michel Landel, Chief Executive Officer, concerning his supplemental health and benefit plan, as authorized by the Board of Directors on January 26, 2016 and as described in the statutory Auditors' report.

Sixth to eighth resolutions: re-election of two directors and election of a new director

Purpose

The Board of Directors currently comprises fourteen members, including two directors representing employees. The directorships of Ms. Patricia Bellinger, Mr. Michel Landel and Mr. Paul Jeanbart expire at the close of this Shareholders' Meeting. Mr. Paul Jeanbart has informed the Board that he does not wish to seek re-election. Consequently, in the sixth and seventh resolutions, shareholders are invited to re-elect Ms. Patricia Bellinger and Mr. Michel Landel to the Board for a period of three years.

In addition, on the recommendation of the Nominating Committee, in the eighth resolution the Board of Directors is proposing that the shareholders elect Ms. Cécile Tandeau de Marsac to the Board for a period of three years. Ms. Tandeau de Marsac would contribute to the Board her international experience and her expertise in human resources.

If these resolutions are adopted the Board of Directors will comprise a total of fourteen members, including two directors representing employees, six independent directors, seven women and four non-French nationals.

Sixth resolution

(Renewal of the directorship of Ms. Patricia Bellinger)

The Shareholders' Meeting, having heard the report of the Board of Directors and noting that the directorship of Ms. Patricia Bellinger expires this day, resolves to renew her directorship for a period of three years ending at the close of the Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2019.

Seventh resolution

(Renewal of the directorship of Mr. Michel Landel)

The Shareholders' Meeting, having heard the report of the Board of Directors and noting that the directorship of Mr. Michel Landel expires this day, resolves to renew his directorship for a period of three years ending at the close of the Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2019.

Eighth resolution

(Election of Ms. Cécile Tandeau de Marsac as a director)

The Shareholders' Meeting, having heard the report of the Board of Directors, elects Ms. Cécile Tandeau de Marsac as a director for a period of three years ending at the close of the Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2019.

Ninth and tenth resolutions: re-appointment of joint auditor and appointment of its alternate auditor

Purpose

The terms of PricewaterhouseCoopers Audit as auditor and Ms. Anik Chaumartin as alternate auditor expire at the close of this Shareholders' Meeting. Consequently, in the ninth and tenth resolutions, shareholders are invited to re-appoint PricewaterhouseCoopers Audit as auditor and appoint Mr. Jean-Baptiste Deschryver as its alternate auditor, both for a period of six years.

Ninth resolution

(Re-appointment of PricewaterhouseCoopers Audit as auditor)

The Shareholders' Meeting, having heard the report of the Board of Directors, renews the appointment of PricewaterhouseCoopers Audit as auditor for the statutory term of six years ending at the close of the Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2022.

Tenth resolution

(Appointment of Mr. Jean-Baptiste Deschryver as an alternate auditor)

The Shareholders' Meeting, having heard the report of the Board of Directors, appoints Jean-Baptiste Deschryver as an alternate auditor for the statutory term of six years ending at the close of the Shareholders' Meeting called to adopt the financial statements for the fiscal year ended August 31, 2022.

Eleventh resolution: annual directors' fees

Purpose

For information, at the Shareholders' Meeting of January 19, 2015, the maximum aggregate amount of directors' fees was set at 700,000 euro per fiscal year.

The preparation for and participation in Board and Committee meetings requires an increasing amount of time and personal commitment from Board members. Accordingly, shareholders are invited to approve an increase in the maximum aggregate amount of directors' fees to 5% paid to each director per fiscal year to better align with market practices.

The purpose of the eleventh resolution is to increase the maximum annual amount of directors' fees by 5% to 735,000 euro, with this amount remaining in effect until such time as the Shareholders' Meeting makes a new decision. This authorization would replace that given at the January 19, 2015 Shareholders' Meeting.

Eleventh resolution

(Annual directors' fees)

The Shareholders' Meeting, having reviewed the Report of the Board of Directors, sets at 735,000 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 to fourteenth resolutions: opinion on the compensation and benefits of corporate officers for Fiscal 2016 ("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, on a consultative basis, a say-on-pay vote in relation to corporate officers' compensation for the most recent fiscal year ended.

Consequently, in the twelfth to fourteenth resolutions, shareholders are invited to give, on a consultative basis, their opinion on the compensation and benefits due or awarded for Fiscal 2016 to Mr. Pierre Bellon, Chairman of the Board of Directors until January 26, 2016, Ms. Sophie Bellon, Chairwoman of the Board of Directors since January 26, 2016, and Mr. Michel Landel, Chief Executive Officer. All of these corporate officers' compensation and benefits as well as the Group's compensation policy are described in detail in section 5.3 of the Registration Document.

Twelfth resolution

(Opinion on the compensation and benefits due or awarded for the fiscal year ended August 31, 2016 to Mr. Pierre Bellon, Chairman of the Board of Directors until January 26, 2016)

The Shareholders' Meeting, having heard the report of the Board of Directors, votes favorably on the compensation and benefits due or awarded for the fiscal year ended August 31, 2016 to Mr. Pierre Bellon, Chairman of the Board of Directors until January 26, 2016, as described in section 5.3.1.1 of the Fiscal 2016 Registration Document and also included in the Board report.

Thirteenth resolution

(Opinion on the compensation and benefits due or awarded for the fiscal year ended August 31, 2016 to Ms. Sophie Bellon, Chairwoman of the Board of Directors since January 26, 2016)

The Shareholders' Meeting, having heard the report of the Board of Directors, votes favorably on the compensation and benefits due or awarded for the fiscal year ended August 31, 2016 to Ms. Sophie Bellon, Chairwoman of the Board of Directors since January 26, 2016, as described in section 5.3.1.2 of the Fiscal 2016 Registration Document and also included in the Board report.

Fifteenth resolution

(Opinion on the compensation and benefits due or awarded for the fiscal year ended August 31, 2016 to Mr. Michel Landel, Chief Executive Officer)

The Shareholders' Meeting, having heard the report of the Board of Directors, votes favorably on the compensation and benefits due or awarded for the fiscal year ended August 31, 2016 to Mr. Michel Landel, Chief Executive Officer, as described in section 5.3.1.3 of the Fiscal 2016 Registration Document and also included in the Board report.

Fifteenth resolution: authorization for the Company to purchase treasury shares

Purpose

In the fifteenth resolution shareholders are being requested to renew the authorization granted to the Board of Directors concerning the purchase of treasury shares (other than during public tender offers). Although the law permits a maximum of 10% of the Company's issued capital, shareholders are invited to decrease this limit to 5%.

The shares purchased under the program, pursuant to this resolution, would be used, *inter alia,* to cover free share plans and to be cancelled in order to reduce the Company's capital. As of August 31, 2016, the Company held 2% of its capital in treasury, corresponding to 3,074,444 shares, allocated to cover commitments to beneficiaries in connection with any stock option plans, free share grants or employee share purchase plans.

Fifteenth 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 eleventh resolution of the Shareholders' Meeting of January 26, 2016 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 the shares of Sodexo under a liquidity contract with an investment services provider, prepared in accordance with the Code of conduct recognized by the *Autorité des marchés financiers;* or
- 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 any financial instruments, option or by means of derivatives and by block purchase or disposal or in any ather way. The transactions may take place at any time, outside of periods of public tender offers, subject to the limits imposed by laws and regulations in force at the time.

The Shareholders' Meeting resolves that the maximum number of shares acquired under the present resolution may not exceed 5% of the Company's issued capital as of the date of the present Shareholders' Meeting (*i.e.,* as an indication, as of August 31, 2016, a maximum of 7,687,056 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. The Shareholders' Meeting authorize the Board of Directors, in case of modification of the nominal value of shares, capital increase through incorporation of reserves, free share plans, division or consolidation of securities, distribution of reserves or any other asset, depreciation of the capital, or any other operation relating to the share capital of the Company, the authority to adjust the maximum purchase price in order to take into account of the impact of these operations on the value of share.

The Shareholders' Meeting resolves that the total amount allocated to the share purchase 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 delegation to the Board of Directors having 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 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.

Sixteenth resolution: powers

Purpose

The sixteenth resolution is a standard resolution conferring powers to perform all legal formalities and filings relating to the resolutions approved at the Shareholders' Meeting.

Sixteenth resolution

(Powers)

The Shareholders' Meeting confers full powers on the bearer of a copy or extract of the minutes of the present Shareholders' Meeting to carry out all necessary formalities.

APPENDICES

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 boses 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.

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 managemen, 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 and divestments, as follows:

- for businesses acquired during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- for businesses acquired 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 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 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.

Performance shares

Sodexo shares granted free of consideration by the Board of Directors to the Chief Executive Officer and Group managers in order to reward individual performance and whose vesting is subject to the beneficiary still forming part of the Group at the end of the vesting period as well as the achievement of performance conditions (for grants representing over 250 shares). The proportion of performance shares within the overall number of shares granted can vary between 0% and 100% depending on the number of shares making granted and the responsibilities of the beneficiaries concerned.

Personal and Home Services

Sodexo Services provided in three main areas: childcare, concierge services and in-home care for dependent persons.

Registered shares

Registered shares are shares that are registered in the holder's name in Sodexo's share register (unlike bearer shares). They may be directly or indirectly registered. Registered Sodexo shareholders are entitled to:

- double voting rights for registered shares held for at least four years;
- a dividend premium of 10% for registered shares held for at least four years, limited to 0.5% of Sodexo's issued capital per shareholder;
- automatic invitation to Shareholders' Meetings and personalized information on all financial transactions (capital increases, bond issues, etc.);
- reduced administration costs (for directly registered shares only).

1. Directly registered shares (French *nominatif pur)*

The shares are recorded in the holder's name in a share account kept by the Company's registrar, Société Générale, allowing direct communications between the shareholder and Sodexo.

2. Indirectly registered shares (French *nominatif administré)*

In this case, the shares are registered in the holder's name in a share account managed by his or her bank or broker, which is responsible for the related custodial and administration services. The shares are administered in the same way as for bearer shares.

TSR

Total Shareholder Return (TSR) is a measure of the performance of a company's shares over time. The total return to the shareholder combines share price appreciation and dividends paid.

RESPONSIBILITY FOR THE REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

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 21, 2016

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 2017 to adopt the financial statements for Fiscal 2016
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			
Anik Chaumartin Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France	January 21, 2013	6 fiscal years	Shareholders' Meeting to be held in 2017 to adopt the financial statements for Fiscal 2016
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

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.

APPENDIX I OF EUROPEAN REGULATION NO. 809/2004

In accordance with Appendix I of European Regulation no. 809/2004	Pages
14. Board of Directors and Senior Management	
14.1. Information concerning members of the Board of Directors and Senior Management	217-226, 232-233, 244
14.2. Absence of potential conflict of interest within the membership of the Board of Directors and Senior Management	244-245
15. Compensation and benefits	
15.1. Amount of compensation of Corporate Officers	172, 246-253
15.2. Total amounts provided for or recognized for the payment of pensions or other benefits	172, 249
16. Duties of the Board of Directors	
16.1. Date of expiration of current terms	217
16.2. Service contracts between members of the Board of Directors and the CEO and the Company or one of its subsidiaries	N/A
16.3. Information concerning the Audit Committee, the Nominating Committee and the Compensation Committee	228-230
16.4. Statement of compliance with the current principles of Corporate Governance	233-234
17. Employees	
17.1. Number of Employees	24-25, 76-77, 96-98
17.2. Profit sharing and stock options	167-170, 218-226, 253-263
17.3. Employee participation in Share Capital	275, 277
18. Principal shareholders	
18.1. Shareholders holding more than 5% of the share capital or voting rights	275, 274
18.2. Existence of different voting rights	272, 275, 283
18.3. Controlling interests	274, 275, 244-245
18.4. Pact known to the issuer that could, if implemented, result in a change of control of Sodexo	N/A
19. Related party transactions	171-172, 201, 210-213, 244-245
20. Financial information concerning assets, financial position and Company operating profit	
20.1. Historical financial information*	306
20.2. Pro forma financial information	N/A
20.3. Financial statements	124-175, 190-207
20.4. Verification of historical annual financial information*	176-177, 208-209,306
20.5. Date of most recent financial information	31 août 2016
20.6. Interim and other financial information	N/A
20.7. Dividend distribution policy	21-22, 119, 271-272, 288, 292-293
20.8. Litigation	173,183-186
20.9. Material change in financial or commercial situation	N/A
21. Other information	
21.1. General information on the share capital	129, 155, 199, 275-277
21.2. General information on the Company	281-284, 227-234
22. Material contracts	282
23. Information coming from third parties, expert declarations and interest declarations	N/A
24. Information available to the public	268, 282
25. Information relating to subsidiaries	152-153, 174-175, 204-205

* *Pursuant to article 28 of Rule (CE) nº 809/2004 of the European Commission of April 29, 2004, the following information is incorporated by reference into this Registration Document:*

- *Group Management Report, Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 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.*

A. ANNUAL FINANCIAL REPORT

Information concerning the Annual Financial Report – articles L.451-1-2 of the Monetary and Financial Code and 222-3 of the General Regulation of the AMF	Pages
1. Individual Company Financial Statements	189-207
2. Consolidated Financial Statements	124-175
3. Management Report	See table below
4. Declaration of Responsibility	303
5. Statutory Auditors' Reports	176-177, 208-209
6. Auditors' fees	264
7. Chairman's Report on the operating procedures of the Board of Directors and on internal control and risk management procedures and attached Auditors' Report	216-243

B. MANAGEMENT REPORT

Reconciliation table for the Management Report pursuant to articles L.225-100 *et seq.* of the French Commercial Code

Main headings of the Management Report of the Board of Directors – French Commercial Code	Pages
1. Management Report	110-123
2. Description of main risks and uncertainties	183-186
3. Information concerning the members of the Board of Directors and senior management	217-234, 244-263
4. General information on the share capital	206, 274-277, 280-284
5. Employment and environmental information	71-106
6. Annual Ordinary General Meeting of Shareholders of January 24, 2017	288-297

C. INFORMATION REQUIRED BY ARTICLE R.225-105-1 OF THE FRENCH COMMERCIAL CODE ("GRENELLE II")

Grenelle II Chapters				Page Number
1. Workforce-related data:				
a	Employment:	i	total workforce and distribution of employees by gender, age group and geographical area	76-77
		ii	new employee hires and dismissals	77
		iii	remuneration and any related changes	78, 246-263
b	Work organisation:	i	working-time organisation	78
		ii	absenteeism	81
c	Labour/Management relations:	i	organisation of social dialogue including information procedures, consultation and negotiation with employees	81-82
		ii	summary of collective bargaining agreements	81-82
d	Health and safety:	i	occupational health and safety conditions	64; 81
		ii	summary of collective bargaining agreements signed with trade unions or workers' representatives on occupational health and safety	82
		iii	occupational accidents, including accident frequency and severity rates, and occupational diseases	81
e	Training and education:	i	policies implemented regarding training and education	80-81
		ii	total number of hours of training	80 et 97
f	Diversity and equal opportunity:	i	measures implemented to promote gender equality	64; 82-84
		ii	measures implemented to promote the employment and integration of disabled people	83-84
		iii	policy against discrimination	82-84
g	Promotion of and compliance with the core Conventions of the ILO relative to:	i	freedom of association and the right to collective bargaining	65; 84
		ii	non-discrimination in respect of employment and occupation	
		iii	the elimination of all forms of forced or compulsory labour	
		iv	the effective abolition of child labour	

Grenelle II Chapters				Page Number
2. Environmental data:				
a	General environmental policy:	i	the Company's organisational strategy to factor in environmental issues and, if appropriate, the approaches to auditing/obtaining certification for environment-related performance	90-95
		ii	information and training measures for employees regarding environmental protection	90-95
		iii	resources allocated to the prevention of environmental risks and pollution	90-95
		iv	amount of provisions and guarantees for environmental risks, unless such information is likely to cause serious harm to the Company in the event of ongoing litigation	99
b	Pollution:	i	Measures of prevention, reduction or repair of discharges into the air, water and ground, impacting severely the environment	101
		ii	consideration of noise and any other activity-specific pollution	101
c	Circular economy: i) Waste prevention and management	i	Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste	94-95
		ii	Actions against food waste	69; 94-95
	ii) Sustainable use of resources	i	Water consumption and water supply adapted to local constraints	94
		ii	Consumption of raw materials and measures implemented to improve efficiency in their use	68; 91-92
		iii	Energy consumption and measures implemented to improve energy efficiency and renewable energy use	68; 93
		iv	Land usage	101
d	Climate change:	i	Significant greenhouse gas emissions items generated as a result of the Group's activity, particularly by the use of goods and services they provide	93
		ii	Adaptation to consequences of climate change	27; 68
e	Protection of biodiversity:	i	measures implemented to protect or develop biodiversity	68; 91-92
3. Social data:				
a	Territorial, economic and social impact of the Company's activity:	i	regarding regional employment and development	67; 88
		ii	on local residents/communities	88
b	Relations with stakeholders, including associations for the promotion of social integration, educational institutes, environmental protection associations, consumer associations and local residents:	i	conditions surrounding dialogue with stakeholders	74-75
		ii	partnership or sponsorship actions	66; 87
c	Subcontractors and suppliers:	i	inclusion of social and environmental issues in the Company's procurement policy	91
		ii	extent of subcontracting and the importance placed on social and environmental responsibility in relations with subcontractors and suppliers	91; 101
d	Fair business practices:	i	anti-corruption policies and procedures	74
		ii	measures implemented to promote consumer health and safety	65; 85
e	Other actions implemented to promote human rights:	i	other actions implemented to promote human rights	65; 84

D. GLOBAL REPORTING INITIATIVE (GRI) GUIDELINE

GRI4		ISO 26000	Sustainable Development Goals and Principles of the United Nations Global Compact	Page
Strategy and analysis				
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	4.7 6.2 7.4.2		2-5; 8-11
G4-2	Provide a description of key impacts, risks, and opportunities.			183-186
Organizational profile				
G4-3	Report the name of the organization.	6.2		Cover Page
G4-4	Report the primary brands, products, and services.			26-61
G4-5	Report the location of the organization's headquarters.			281
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.			24-25
G4-7	Report the nature of ownership and legal form.			274-277; 281
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).			26-61
G4-9	Report the scale of the organization, including: • total number of employees; • total number of operations; • net sales (for private sector organizations) or net revenues (for public sector organizations); • total capitalization broken down in terms of debt and equity (for private sector organizations); • quantity of products or services provided.			20-25
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).		SDG 8 Principle 6	76-78
G4-12	Describe the organization's supply chain.			91-92; 236
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	6.2		183-186
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.			71-90
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: • holds a position on the governance body; • participates in projects or Committees; • provides substantive funding beyond routine membership dues; • views membership as strategic. This refers primarily to memberships maintained at the organizational level.			75

GRI4		ISO 26000	Sustainable Development Goals and Principles of the United Nations Global Compact	Page
Identified material aspects and boundaries				
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	5.2 7.3.2 7.3.3 7.3.4		100; 174-175
G4-19	List all the material Aspects identified in the process for defining report content.			71-106

G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows:
	• report whether the Aspect is material within the organization;
	• if the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either:
	  • the list of entities or groups of entities included in G4-17 for which the Aspect is not material, or
	  • the list of entities or groups of entities included in G4-17 for which the Aspects is material;
	• report any specific limitation regarding the Aspect Boundary within the organization.
				100-101

G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: • report whether the Aspect is material outside of the organization; • if the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified; • report any specific limitation regarding the Aspect Boundary outside the organization.	5.2 7.3.2 7.3.3 7.3.4		100-101
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect *Boundaries*.			100
Stakeholder engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.	5.3		74-75
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.			74-75
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.			74-75
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its *reporting*. Report the stakeholder groups that raised each of the key topics and concerns.			74-75
Report profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	7.5.3 7.6.2		99-100
G4-29	Date of most recent previous report (if any).			99-100
G4-30	Reporting cycle (such as annual, biennial).			99-100
G4-31	Provide the contact point for questions regarding the report or its contents.			Back Cover Page
G4-32	a. Report the "in accordance" option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be "in accordance" with the Guidelines.			102-106

GRI4		ISO 26000	Sustainable Development Goals and Principles of the United Nations Global Compact	Page
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	7.5.3 7.6.2		99-106
Governance				
G4-34	Report the governance structure of the organization, including Committees of the highest governance body. Identify any Committees responsible for decision-making on economic, environmental and social impacts.	6.2 7.4.3 7.7.5		217-234
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.			72
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.			72
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.		SDG 16	72; 74-75
G4-38	Report the composition of the highest governance body and its Committees by: • executive or non-executive; • independence; • tenure on the governance body; • number of each individual's other significant positions and commitments, and the nature of the commitments; • gender; • membership of under-represented social groups; • competences relating to economic, environmental and social impacts; • stakeholder representation.		SDG 5 SDG 16	217-234
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).		SDG 16	232
G4-40	Report the nomination and selection processes for the highest governance body and its Committees, and the criteria used for nominating and selecting highest governance body members, including: • whether and how diversity is considered; • whether and how independence is considered; • whether and how expertise and experience relating to economic, environmental and social topics are considered; • whether and how stakeholders (including shareholders) are involved.		SDG 5 SDG 16	227
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: • cross-board membership; • cross-shareholding with suppliers and other stakeholders; • existence of controlling shareholder; • related party disclosures.		SDG 16	227-230
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.			227-230

GRI4		ISO 26000	Sustainable Development Goals and Principles of the United Nations Global Compact	Page
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	6.2 7.4.3 7.7.5		232
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.		SDG 16	72; 238-241
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.			238-241
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.			238-241
G4-48	Report the highest Committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.			303
G4-51	a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: • fixed pay and variable pay: • performance-based pay, • equity-based pay, • bonuses, • deferred or vested shares; • sign-on bonuses or recruitment incentive payments; • termination payments; • clawbacks; • retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.			246-263
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	6.2 7.4.3 7.7.5		246-263
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.		SDG 16	246-263
Ethics and integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as Codes of conduct and Codes of ethics.	4.4 6.6.3	SDG 16	16; 74
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G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		SDG 16	16; 74

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