CARING ABOUT QUALITY OF LIFE

Fiscal 2020 Universal Registration Document

sodexo
QUALITY OF LIFE SERVICES

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INTEGRATED REPORT

Sodexo is committed to the practice of Integrated reporting, based on the recommendations of the International Integrated Reporting Council (IIRC) and the Group's roadmap for corporate responsibility Better Tomorrow 2025.

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

This Fiscal 2020 Integrated Report draws on information from the Universal Registration Document in which it is published.

TRANSPARENCE
LABEL BRONZE 2020

This label recognizes the most transparent documents and information materials according to the criteria of the *classement annuel de la Transparence* (annual Transparency ranking) (http://www.grandsprixtransparence.com).

Caring about quality of life

Founded in 1966 by Pierre Bellon, Sodexo is the global leader in Quality of Life services, an essential factor in the performance of individuals and organizations.

Sodexo is the only company in the world with a unique client offering of On-site Services, Benefits & Rewards Services and Personal & Home Services, the result of more than 50 years of experience.

Caring about quality of life means giving meaning and value to every stage of life, through foodservices, reception, cleaning and maintenance services, technical maintenance, services and programs driving employee engagement, solutions simplifying and optimizing the management of travel and professional expenses, and home care, childcare and concierge services.

Sodexo services contribute to consumer satisfaction and its clients' performance while promoting the development of its teams and the economic, social and environmental development of local communities.

Key figures as of August 31, 2020

During the second half of Fiscal 2020, Sodexo faced an unprecedented decline in business due to the Covid-19 pandemic, significantly affecting its financial performance, share value and workforce.

Sodexo teams around the world are fully mobilized to ensure the health and safety of all. The Group remains confident in terms of its financial structure, market positioning and medium-term prospects.

19.3
BILLION EURO IN CONSOLIDATED REVENUES

420,000
EMPLOYEES

64
COUNTRIES

100
MILLION CONSUMERS SERVED DAILY

1.3
MILLION AFFILIATED MERCHANTS

#1
FRANCE-BASED PRIVATE EMPLOYER WORLDWIDE[1]

80.1%
EMPLOYEE ENGAGEMENT RATE[2]

#1
IN ITS SECTOR IN BOTH THE DOW JONES SUSTAINABILITY INDEX (DJSI)[3] AND THE 2020 SAM SUSTAINABILITY YEARBOOK[4]

Source: Sodexo

[1] 2020 Forbes Global 2000 ranking. [2] 2020 employee engagement survey sent to 328,547 Sodexo employees of whom 59% responded. [3] The Dow Jones Sustainability Index (DJSI) provides a global ranking of the companies most advanced in the area of sustainable development. It is jointly compiled by the Standard & Poor's Dow Jones Indices and SAM. [4] The SAM Sustainability Yearbook is the world's most comprehensive publication on corporate sustainability performance. More than 2,600 companies were evaluated according to economic, financial, social and environmental indicators.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Universal Registration Document was filed on November 23, 2020 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to article 9 of said regulation.
The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.
This Universal Registration Document is available on Sodexo's website, www.sodexo.com and on the website of the AMF, www.amf-france.org.


sodexo
sodexo
sodexo

Vision & mission

Whether eating a healthy lunch at work, in a restaurant or at home, working efficiently and safely in a well-designed space, organizing daily life for a better work-life balance or enjoying a cultural or sports event, Sodexo, world leader in Quality of Life services, has been helping since 1966 to improve these moments of daily life.
From childhood to professional life to retirement, Sodexo is focused on delivering a positive impact not only on individual health and wellbeing, but also on neighborhoods, cities and the planet.

Message from Sophie Bellon

CHAIRWOMAN OF THE BOARD OF DIRECTORS

"On a fundamental level, we have always been a growth company. My ambition for Sodexo is clear: we will continue to be one."

There will definitely be a before and an after. Widespread lockdowns, isolation, concern for our most vulnerable loved ones and impending economic collapse: the pandemic has affected all of us in an extremely tangible way, to varying degrees. It has forced us to rebalance our priorities virtually overnight. It has made us acutely aware of how fragile and critically important our health and our human and social ties are.

In 2019, we wondered what challenges the new decade had in store. In 2020, the entire world was turned upside down. We already suspected that uncertainty had become our new normal: there can no longer be any doubt. We've stepped squarely into the 21st century. Will it be a time of getting back to what really matters? In any case, our societies find themselves more than ever at a crossroads in terms of economic, social and environmental balance.

2020 has been a pivotal year for Sodexo too. Never before has our company experienced such extreme upheaval. The global health crisis that has dealt such a blow to the world and the real economy has also created a sudden drop in demand for our services. We are a link – a vital one – in the chain, and when our clients are brought to a standstill, it affects us directly. The impact on our company is undeniable: we lost nearly a third of our revenue in the second half of our fiscal year. We've had to make some very painful decisions to compensate for the abrupt slowdown in certain areas of our business: -88% in our Sports & Leisure segment, -47.2% in Education and -29.2% in Business & Administrations. Every aspect of our development has been deeply and permanently affected. On a fundamental level, we have always been a growth company. My ambition for Sodexo is clear: we will continue to be one. We will respond to this crisis by accelerating the transformation of our traditional value creation models, not only to secure the future of our company, but even more so to open new development paths.

To that end, I first want to highlight how strongly the previous months have revealed the vital importance and tremendous value of our service professions. Our teams working in health care facilities and with senior populations have also been on the front lines in the fight against the virus. They have helped keep essential infrastructures running. Without them, there can be no economic recovery. This is why our own recovery requires that we forcefully reaffirm the virtue of these often ignored professions, which are suffering from the current context but are so instrumental to the smooth running of schools, universities, offices and hospitals – and even society at large.

Our mission to improve quality of life has never made more sense. Faced with the pandemic threat, at a time when protecting health and well-being is at the forefront of everyone's minds, including in countries where that seemed like a given, I know that our know-how and our diverse, complementary assets give us a powerful advantage. It enables us to be a step ahead by creating a cutting-edge offer, in line with the most ambitious and advanced scientific research.

The disruption required from us also involves structural changes that will enable us to truly put consumers at the heart of our model. The pandemic and lockdowns have amplified consumer trends that had already begun, and on which we were already working: we are now speeding up. Innovative business models geared towards increasingly flexible, digitalized and sustainable dining options, revised production modes adapted to new consumption patterns, focus on the most profitable markets with a still tighter country portfolio and a targeted and modernized Facilities Management offer: it's up to us to make the right choices, with Denis Machuel and Sodexo's entire leadership team, and with the support of the Board of Directors. It's up to us to focus our efforts on the areas of highest value. I am convinced that we will bring our revenue back up to pre-crisis levels, but its nature and composition will be different.

Transforming our model also involves further developing agile, decentralized working methods, in keeping with the new situation. It involves combining global vision and strategy with the autonomy to execute at the local level. Indeed, in the heat of the moment, with support from our transversal teams, our operational teams were able to find concrete solutions to meet the unprecedented challenges faced by our clients and suppliers, in all the countries and environments where we operate. Our employees adjusted to the situation from one day to the next to implement enhanced sanitary measures and new service offers, to lend their support to their colleagues on the busiest sites, all the while caring for the most vulnerable. In this urgent situation, common sense prevailed over the bureaucracy that threatens any multinational. We were able to refocus on priorities, work differently, and give employees the freedom to take initiative. Not only is there no going back, but I also want to accelerate and further streamline the rebalancing of our organization towards the local level, so that decisions keep being made as close to the field as possible. After all, this is where our true value is created, in the daily contacts with our clients, consumers and suppliers.

> **"This crisis has revealed the vital importance of our service professions. Once again, I want to express my sincere gratitude to our teams for their exemplary engagement throughout this most unusual year."**

Our return to sustained, profitable growth is closely linked to the acceleration of our supportive approach, in which generating wealth simultaneously benefits all of our stakeholders and ecosystems. This goal has been at the heart of our mission since 1966 and is an integral part of our performance requirements. But it is more relevant now than ever. If all corporations are now expected to show their ability to take action to address world issues, few are able to have a social and environmental impact as significant as Sodexo: we are present in 64 different countries through our 420,000 employees, serving 100 million consumers every day.

Sodexo is the world leader it is today because ambition, courage, and the ability to adapt quickly in an ever-changing world are an integral part of who we are.

Our success is supported by a solid foundation: our mission, the founding values that are the basis of our identity, and our financial independence. We also have one priceless advantage: our teams. They are the ones who make Sodexo the great company that it is, and their sense of service shines through every day, particularly under exceptional circumstances. It is thanks to their determination, their commitment and their courage that we have weathered the storm. Once again, I want to express my sincere gratitude to them for their exemplary engagement throughout this most unusual year. I also want to express my full confidence in our ability to create the conditions that will support the future development and growth of our company.

I am convinced that the key to our future success now lies in the implementation of an innovative management model that allows each of our employees and our clients to be both proponents of and players in our company's transformation, and in the transformation of the world.

Our mission

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

Our values

SERVICE SPIRIT

TEAM SPIRIT

SPIRIT OF PROGRESS

This mission and these values are embodied daily through the commitment of our 420,000 employees, operating in our 3 business activities in 64 countries.

"The Super Bowl and the commitment of my entire team to making it a successful experience is something I will never forget. But after that, we took on another role: helping the most vulnerable among us."

DAYANNY DE LA CRUZ, CENTERPLATE[1] EXECUTIVE CHEF

AT HARD ROCK STADIUM IN MIAMI, ON-SITE SERVICES (UNITED STATES)

— The first female Head Chef to have managed the kitchens of the Super Bowl, in February 2020, Dayanny De La Cruz and a team of 100+ chefs introduced 65,000+ fans to the tastes of regional South Florida cuisine. In addition to the many products from local suppliers, the offering included vegetarian dishes, including the Impossible™ Burger. With increasingly personalized services and major initiatives to phase out single-use plastic, such as replacing cups and bottles with aluminum, fans of one of the most famous sporting events in the world were offered a diverse, sustainable and unforgettable experience.

— Since March 2020, faced with Covid-19-related event cancellations, the Chef and her team redirected their efforts to produce nearly 10,000 meals a day for homebound senior citizens, working in close collaboration with Miami-Dade County and DeliverLean. They also partnered with the Miami Dolphins Foundation to produce boxed meals for local schools, shelters and missions. As of August 31, more than 1 million meals had been distributed among the different programs.

[1] Centerplate, part of Sodexo since 2017, specializes in food and hospitality services at sports facilities, convention centers and cultural venues in North America.

“

I am happy to be part of a dynamic and caring company where relationships are characterized by goodwill and we are given the resources to fully reassure parents about the care and development of their children.”

CAROLINE HOUSSIAUX,
CHILDCARE(2) DIRECTOR

IN STAINS, PERSONAL & HOME SERVICES (FRANCE)

— Caroline believes in her mission to reveal everyone’s potential, to contribute to the development of the children entrusted to her care and the professionals on her team, whose methods and skills are continuously enriched, and to reassure parents. Recognizing that team spirit is central to effective performance, she fosters an environment conducive to camaraderie and sharing between families and childcare providers. With the active support of regional teams and support services, and aligned with Sodexo’s values, she offers parents availability, flexibility and services adapted to their changing expectations.

— Through the strong service spirit common to all hospital nurseries, she and her team have remained active during confinement due to the pandemic, supporting healthcare providers and ensuring continued care for the children.

2 With the *Crèche Attitude* network of 300 owned childcare centers and more than 1,200 partner nurseries, Sodexo is one of the leaders in the French childcare facilities sector.

JUAN APONTE,
MARKET ANALYTICS MANAGER

BENEFITS & REWARDS SERVICES (MEXICO)

— In Mexico as elsewhere, Sodexo’s teams share strong common values. By offering innovative solutions to daily challenges, within a committed and enthusiastic team, Juan is proud to put his skills at the service of clients, consumers and affiliate partners.

— Faced with the health emergency, Juan and his colleagues developed “Sodexo Consumer Assist”, a platform to provide medical assistance to over 12,000 Sodexo electronic wallet consumers. The program identifies and helps those with Covid-19 symptoms and provides information and advice on seeking appropriate medical attention.

1

“

Continuous process improvement and smart incorporation of technology are essential to deliver value to all stakeholders. This is what Sodexo does, by integrating a wide range of skills, different cultures and ways of thinking, framed by ethics and respect, which allows each one of us to develop our own potential.”

Our ethical principles

Ethics are essential to Sodexo's success and a fundamental pillar of its commitments to responsible business conduct. Sodexo's management has zero tolerance for abusive practices, such as corruption or human rights violations. Sodexo is, and will continue to be, a company that clients, consumers, partners and other stakeholders can trust.

CENTRAL TO ITS VALUES AND ETHICAL PRINCIPLES, RESPECT FOR HUMAN RIGHTS IS A PILLAR OF SODEXO'S COMMITMENT TO BUSINESS INTEGRITY AND ESSENTIAL TO ITS MISSION.

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

To maintain this trust, Sodexo's employees and partners agree to respect the ethical principles in all activities:

LOYALTY

Caring about quality of life means placing trust at the heart of our relationships. Sodexo is built on a solid foundation of loyalty to its clients, employees and shareholders, and on honest and open relationships with them. Loyalty is one of the cornerstones of how our business operates.

TRANSPARENCY

This is a key principle for Sodexo that applies consistently with all stakeholders: clients, consumers, employees, shareholders and the general public. We ensure that all are informed in a clear and precise manner about our products, services, commitments and performance.

RESPECT FOR PEOPLE

Humanity is central to our business. Sodexo is committed to acting in favor of equal opportunity, regardless of ethnicity, age, gender, beliefs, religion or sexual orientation. Improving quality of life means treating each individual with respect, dignity and consideration.

INTEGRITY

We do not tolerate and we condemn all practices that are not based on honesty, integrity and fairness, regardless of where our business operates in the world. We make our position clear to our clients, suppliers and employees, and expect them to reject corrupt and unfair practices.

Independence ensured through founding family shareholding

1

Sodexo's independence is ensured through the shareholding of Mr. and Mrs. Pierre Bellon and their children who control 72.6% of the family coordinating company, Bellon SA.
As of August 31, 2020, Bellon SA held 42.8% of Sodexo's capital and 57.1% of the exercisable voting rights.

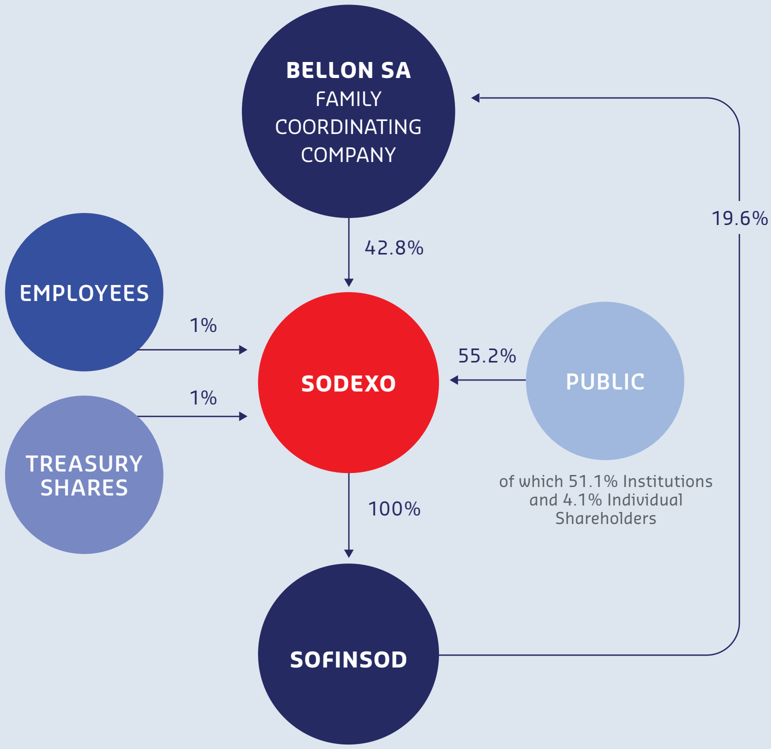
In June 2015, Mr. and Mrs. Pierre Bellon and their children entered into a 50-year agreement, which prevents the direct descendants of Sodexo's founder from freely disposing of their shares in Bellon SA.

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.

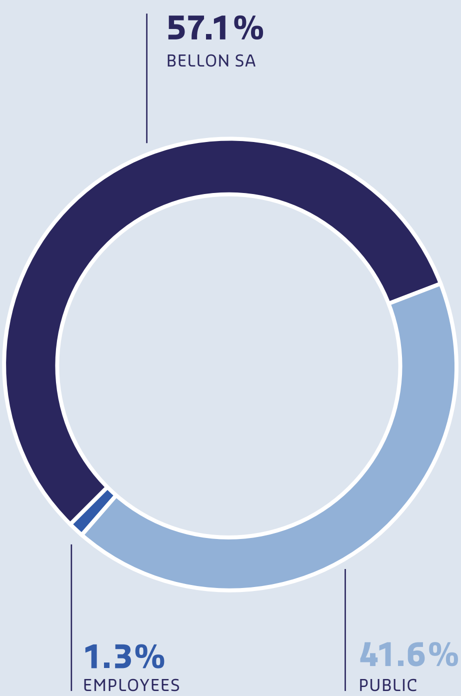
This independence enables the Company to sustain its values, focus on a long-term strategy, maintain management continuity and ensure its sustainability.

Since the creation of Bellon SA, the sustained commitment to build a truly international organization and a strong management team, nurture lasting client relationships and develop a successful integrated offer, reflects this vision.

SHAREHOLDING STRUCTURE
As of August 31, 2020



VOTING RIGHTS
As of August 31, 2020



A Board of Directors to ensure sound governance

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

BOARD OF DIRECTORS AS OF AUGUST 31, 2020

Independent Directors 7

EMMANUEL BABEAU
Chief Financial Officer, Philip Morris International

LUC MESSIER
President of Reus Technologies LLC

FRANÇOISE BROUGHER*

SOPHIE STABILE
Chief Financial Officer, Lagardère
Chairwoman of the Audit Committee

SOUMITRA DUTTA
Professor of Management, Cornell University

CÉCILE TANDEAU DE MARSAC
Chairwoman of the Compensation and Nominating Committees

VÉRONIQUE LAURY

Director proposed for nomination at the Shareholders' Meeting on January 12, 2021

FEDERICO J. GONZÁLEZ TEJERA

SOPHIE BELLON*
Chairwoman of the Board

3 Family Directors

FRANÇOIS-XAVIER BELLON
Chairman of the Management Board of Bellon SA

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

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

2 Employee representatives

PHILIPPE BESSON
Head of Projects and Sponsorship, Sodexo France

CATHY MARTIN
Regional Manager, Sodexo Canada

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

* whose renewal is proposed at the Fiscal 2020 Shareholders' Meeting on January 12, 2021.

BOARD OF DIRECTORS KEY FIGURES AS OF AUGUST 31, 2020

70%
independent Directors*

4
nationalities

4 years
on average in office for independent Directors

97%
average attendance

60%
women*

56
average age

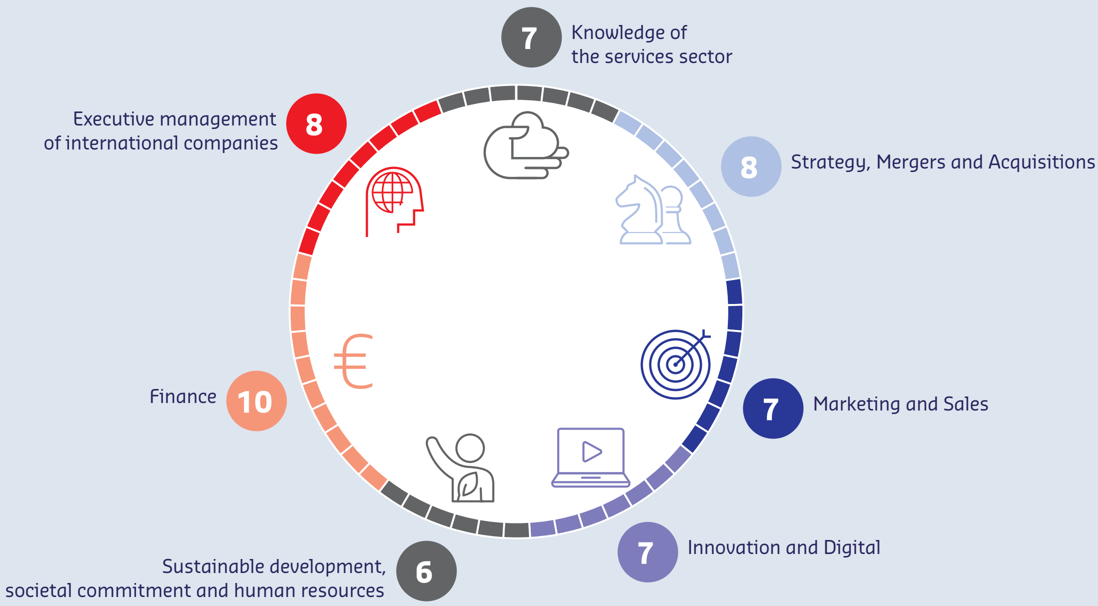
BOARD OF DIRECTORS COMMITTEES

AUDIT COMMITTEE
5 members
75% independent*
100% attendance

NOMINATING COMMITTEE
4 members
50% independent
95% attendance

REMUNERATION COMMITTEE
4 members
100% independent*
96% attendance

BOARD OF DIRECTORS' AREAS OF EXPERTISE



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

* Excluding employee representatives.

The Group's evolution since its creation

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

KEY MOMENTS

1966
Sodexo founded by Pierre Bellon

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

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

1975
Opening of Foodservices in schools and hospitals

1976
1st meal voucher

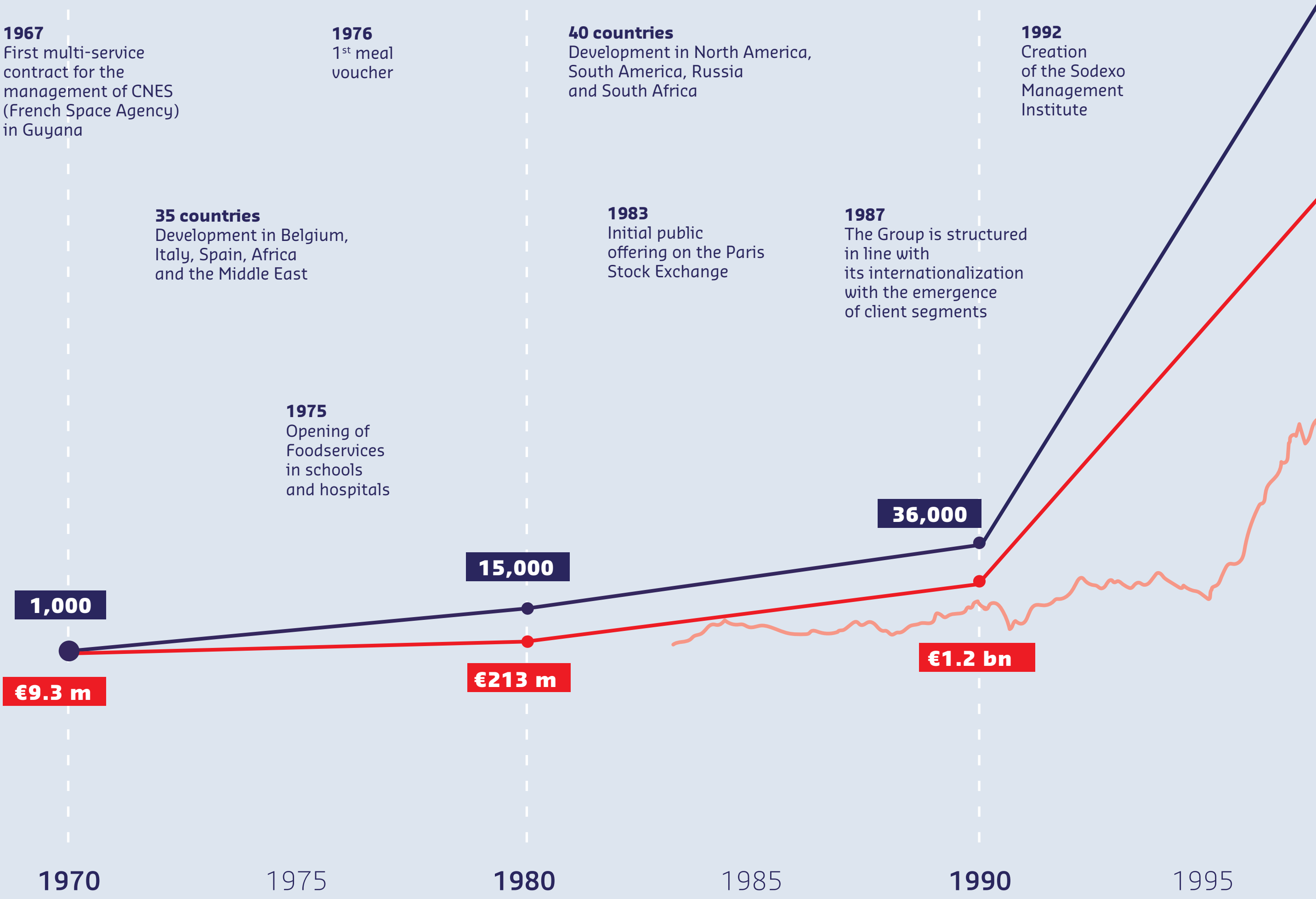
40 countries
Development in North America, South America, Russia and South Africa

1983
Initial public offering on the Paris Stock Exchange

1987
The Group is structured in line with its internationalization with the emergence of client segments

1992
Creation of the Sodexo Management Institute

1995
Acquisitions of Gardner Merchant (UK) Partena (Sweden)



1996
Creation of Stop Hunger, a global non-profit network that works towards a hunger-free world

1998
Creation of the European Works Council

1998-2001
Acquisition of Marriott Management Services (U.S.)

2000-2005
Launch of new Quality of Life services: Facilities Management services, vouchers and cards services

2007
Sarbanes-Oxley Act conformity, Section 404

72 countries
Including Brazil, China, India

Rapid growth in new markets: technical maintenance, energy and water consumption efficiency, spatial planning

2016
- Appointment of Sophie Bellon as Chairwoman of the Board of Directors, on January 26
- Launch of the Sodexo Ventures fund

2017
Renewal of corporate responsibility commitments (Better Tomorrow 2025)

2018
- Denis Machuel becomes CEO on January 23
- Implementation of the strategic agenda, “Focus on Growth”
- Sodexo becomes a leader in the Sports & Leisure segment globally with the acquisition of Centerplate

2019
- Sodexo expands its offering by strengthening its position in Foodservices – Novae (Switzerland), Alliance in Partnership (United Kingdom) – and in Personal & Home services – Pronep (Brazil), Crèches de France (France) and the Good Care Group (United Kingdom)
- Sodexo strengthens its technological capabilities with the acquisition of a strategic minority stake in Zeta (India) and a strategic investment in Meican (China)
- Part of the “Future 50 Foods” program, Sodexo is developing 40 new sustainable recipes

2020
During the second half of Fiscal 2020, Sodexo faced an unprecedented decline in business due to the Covid-19 pandemic, significantly affecting its financial performance, share value and workforce. Sodexo teams around the world are fully mobilized to ensure the health and safety of all. The Group remains confident in terms of its financial structure, market positioning and medium-term prospects.

2000-2010
Acquiqitions of Sogeres and Score Group (France), Wood Dining Services, Circles, Comfort Keepers® (USA), Zehnacker (Germany), Radhakrishna Hospitality Services Group (India), VR (Brazil)

2009
Implementation of the first launch of our corporate responsibility roadmap

Development of integrated Quality of Life services, for key global accounts

A year marked by the Covid-19 crisis

After delivering solid growth momentum in the first half of Fiscal 2020, Sodexo naturally aligned itself with its clients and its communities to confront the Covid-19 crisis.

Frontline teams demonstrated their determination in critical areas such as support for the healthcare & seniors sector, government authorities and also in procurement.

Through its expertise and close stakeholder ties, Sodexo is fully mobilized to respond to the multiple challenges and needs of thousands of businesses and organizations, consumers, employees and suppliers in adapting to this new reality.

Message from Denis Machuel

CHIEF EXECUTIVE OFFICER

This crisis has also highlighted our strengths: the relevance of our unique service offering, the resilience of our business model, and the exceptional commitment of our employees."

The fiscal year that has ended has been an exceptional one, marked by the most significant crisis in Sodexo's history. As the Covid-19 pandemic continues to spread and severely impact society, our teams everywhere are fully mobilized to support our clients, our consumers and the communities with which the Group interacts. This has been our mission for more than 50 years. And with the crisis confirming the relevance of our businesses and the resilience of our model, we are accelerating our transformation to seize the numerous emerging market opportunities.

Since 2018, Sodexo's teams have demonstrated their ability to strengthen our business model. Our "Focus on Growth" strategic agenda delivered the first solid results with organic revenue growth of +3.6% over the last fiscal year, the highest in seven years, confirmed by a dynamic +3.2% growth during the first half of Fiscal 2020.

Covid-19 interrupted this positive momentum. Since February 2020, with the full support of Sophie Bellon and the Board of Directors, Sodexo has mobilized to respond on two fronts – first, reducing health risks and protecting the health of our teams, our consumers and our partners and second, ensuring the continuity of our operations and those of our clients, while preserving the Group's liquidity and longevity. This challenge was all the more complex as we operate in 64 countries and in diverse business sectors within specific environments.

I am extremely proud of the commitment shown by our teams, who have been able to deploy the range of Sodexo services under exceptional conditions. The essential role of our people has come out of the shadows and into the spotlight, highlighting the value of our services. Around the world, Sodexo employees have worked collectively to support caregivers, patients and consumers, in hospitals, senior residences, schools and factories that remained open, as well as in public administration sectors under pressure. Everywhere, our teams have been on the front line, strengthening sanitary measures to preserve the health and safety of all, adjusting our Foodservices, supporting suppliers and partners, and helping those most vulnerable by donating meals, merchandise and supporting government programs. Our teams have also demonstrated their agility to seize business development opportunities such as selling additional cleaning and disinfection services or winning significant new contracts like the Los Angeles Surge Hospital in California and the deployment of rapid health testing centers in the United Kingdom.

"Despite the crisis, Sodexo remains true to its promises and commitments. With our teams, we are creating a collective dynamic and clear path forward to create value for all of our stakeholders."

Sodexo's innovation and responsiveness were fully demonstrated through the creation of "rise with Sodexo." Launched in record time, this global program highlights the unmatched value, uniqueness and relevance of our service portfolio, particularly given the current context. Focused on the needs of our clients and consumers, this program enables them to meet the challenges they face in terms of safe health, well-being and performance. And because we are convinced that trust is a key element in this new reality, we have strengthened this program by establishing a Medical Advisory Board and a certification label for our sites with Bureau Veritas.

Of course, there have been business impacts from closing or reducing many parts of our business, including in Sports & Leisure, Schools & Universities and Corporate Services. To respond to the pandemic's economic consequences, we quickly identified all possible means to reduce costs, interrupted non-essential investments and protected our cash flow. As much as possible, we have sought solutions to preserve employment and support our teams impacted by the crisis, for example by forging partnerships with other sectors under pressure or by establishing an unprecedented global Employee Relief Program, made possible by the support of the Group's senior executives. Our financial results in the second half of the year were inevitably impacted by the Covid-19 pandemic, with annual consolidated revenues of 19.3 billion euro, down -12%. Our operating margin was 2.9% and the free cash flow stood at 72 million euro. Through rigorous management of the crisis, the fiscal year ended with a solid balance sheet, with liquidity of 5.1 billion euro, allowing us to look to the future with confidence.

During this exceptional period, and reflecting the value of our multi-services expertise, numerous clients placed or renewed their trust in us to support them, both in Facilities Management services and for Foodservices either on-site or off-site. Over the year, our client retention rate demonstrated its solidity at 93.5%. The crisis has also highlighted our strengths: the relevance of our unique service offering, the resilience of our business model, and the exceptional commitment of our employees. With a solid financial model and balanced geographical distribution, we can count on the compatibility of our three activities as a true competitive advantage.

Sodexo's transformation, initiated before the crisis by strategic choices and targeted investments over the past few years, must be accelerated to build tomorrow's growth. Indeed, the trends that we had previously identified have greatly accelerated with the Covid-19 pandemic. To move forward, we are focusing on three priorities: rationalize, enable and transform.

First, we are simplifying our organization by reducing our overhead costs on a long-term basis and bringing our teams closer to the field and our clients, while adjusting our resources to meet post-crisis needs. We are also continuing to optimize and streamline our geographic presence as well as our portfolio of technical maintenance services.

At the same time, to generate growth, we are continuing to invest in key targeted fields of marketing and sales, as well as in digital, data and IT systems. These investments, combined with sustainable and responsible Foodservices offers, will allow us to be more focused than ever on consumer expectations. I am convinced that Sodexo is well positioned to capitalize on the new expectations generated by the crisis, the increasing outsourcing of services, the growing demand for integrated services and the challenges of flexible workspaces. Today, we have all the necessary assets to respond to these demands.

We are also accelerating the transformation of our core business, Foodservices. With redesigned operational and business models, Sodexo has the ability to offer its consumers multimodal and multichannel dining experiences, reinforced by digital innovations and meal delivery offers. Our clients can also count on our expertise in employee benefit solutions, adapted to new forms of mobility and to remote working. Investments in new Foodservices models driven by digital, one of the engines of our growth, such as FoodChéri, Alchemista, Zeta or Meican, are fully aligned with the expectations and needs of today and tomorrow. So too are our major pioneering commitments to inclusive growth, to the promotion of healthy and sustainable food choices, to the reduction of our carbon emissions and to our fight against food waste.

Today, despite the crisis, Sodexo remains true to its promises and commitments. I know that Sodexo will regain momentum for growth that is based on responsible consumption of resources and putting people at the heart of everything we do. With our teams, we are creating a collective dynamic and clear path forward to create value for all of our stakeholders.

A stable and engaged Executive Committee

The Executive Committee participates in the development and implementation of the strategic and operational plan, and ensures the deployment of initiatives. This diverse team combines transversal expertise and skills representative of all the Group's activities, segments and geographic regions.

THE EXECUTIVE COMMITTEE AS OF OCTOBER 1, 2020

Denis Machuel
Group Chief Executive Officer
Chairman of the Executive Committee

Nationality: French

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

Nationality: British

Sarosh Mistry
Region Chair, North America, On-site Services
Chair, Universities North America, On-site Services
Chief Executive Officer, Homecare Services worldwide

Nationality: American

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

Nationality: French

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

Nationality: Australian

Belen Moscoso Del Prado
Group Chief Digital & Innovation Officer

Nationality: Spanish

Cathy Desquesses
Group Chief People Officer

Nationality: French

Satya-Christophe Menard
Chief Executive Officer, Schools worldwide and Universities rest of the world, On-site Services

Nationality: French

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

Nationality: Indian

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

Nationality: Australian

Sylvia Metayer
Group Chief Growth Officer

Nationalities: French, British and Canadian

Anna Notarianni
Region Chair, France, On-site Services

Nationality: French

EXECUTIVE COMMITTEE KEY FIGURES AS OF OCTOBER 1, 2020

8
NATIONALITIES

32%
WOMEN

47%
NON-FRENCH

3 years
AVERAGE TENURE ON THE EXECUTIVE COMMITTEE

53
AVERAGE AGE

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

Nationality: French

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

Nationality: British

Marc Rolland
Group Chief Financial Officer

Nationality: French

Aurélien Sonet
Chief Executive Officer, Benefits & Rewards Services

Nationality: French

Dianne Salt
Group Chief Communications Officer

Nationality: Canadian

Bruno Vanhaelst
Group Chief Sales and Marketing Officer

Nationality: Belgian

Didier Sandoz
Chief Executive Officer, Corporate Responsibility and Personal & Home Services

Nationality: French

This year, we bid farewell to a long-serving member of our senior management team, Damien Verdier, Group Chief Corporate Responsibility Officer and a member of the Sodexo Executive Committee since 2005, who is retiring.

During his 41 years with Sodexo, Damien has embodied Sodexo's values perfectly through his exceptional ability to unite teams and develop talent, his undeniable spirit of service and his convictions, in particular his pioneering commitment to corporate responsibility.

We thank him for his contribution and wish him every success in his role as President of the *Groupement des Professions de Services*.

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

A growing first half

The improving growth momentum confirmed in the first half of Fiscal 2020, reflects the focused action of Sodexo teams around the "Focus on Growth" strategic agenda.

Until the Covid-19 global pandemic struck, Sodexo had shown its ability to strengthen its business model by listening to its clients and consumers and better responding to rising new trends. The first half of the year, from September 1, 2019 to February 29, 2020, with organic growth of +3.2%, reflected solid, profitable and sustainable growth, driven by the momentum of most segments and regions, in line with the strategic agenda.

A CHANGING MARKET

The priority for Foodservices is producing healthy, varied and balanced meals that respond to the expectations of clients and consumers. Another challenge for Sodexo is inventing the cuisine of the future, combining healthy, sustainable food with enjoyable, customized experiences, by leveraging its expertise in Facilities Management, Benefits & Rewards Services and Personal & Home Services.

BEING CLIENT AND CONSUMER CENTRIC

With its focused approach on clients and consumers, in-depth knowledge of its markets and differentiating services, Sodexo improved its client retention rate during the first half and won new contracts or significantly extended others such as Merck/MSD in 66 countries and Procter & Gamble in 30 countries (Corporate Services). Numerous local contracts have also been concluded, such as with KLM in the Netherlands (Corporate Services) and Transport for London in the United Kingdom (Government & Agencies), the Tim Horton Field in Canada and the World Market Center Las Vegas in the United States (Sports & Leisure), Grupo Hycsa in Mexico (Benefits & Rewards Services), and Naugatuck Schools and the University of Hawaii in the United States (Education).

In order to support new trends, Sodexo adapts its offers to the changing needs of its consumers: new on-site Foodservices solutions, like the Enjoy offer in France for small spaces, initiatives to fight food waste (such as WasteWatch) or new recipes, nutrition programs like the Melting Pot offer for schools in the Middle East, which enables students to discover the diversity of culinary traditions.

True to this entrepreneurial and collaborative culture, Sodexo also promotes open innovation through Sodexo Ventures and the Accelerators program by building partnerships with startups internationally and developing internal corp-ups, offering specific services such as Wx or Doctor House.

ENHANCING OPERATIONAL EFFICIENCY

To support its operational efficiency objectives, Sodexo has launched initiatives across all segments and activities aimed at optimizing costs and simplifying the organization. The available financial capacity is then dedicated to deploying new offers and digital solutions and strengthening marketing and sales. Regional Marketing & Sales Distribution Centers are gradually being implemented to provide increasing support to segments in the areas of digital marketing, client relations and the commercial approach for Global Strategic Accounts. At the heart of the Group's strategy is the STEP framework (Sodexo Targets for Enhanced Performance), which is based on common operational indicators to assess, manage and drive performance at all levels of the company.

NURTURING TALENT

Sodexo employees are central to its offering and its culture. Excellent service quality is ensured through three major levers: a performance culture, resource planning, and training and development for all. The Aspire program for performance management and individual and collective development, aligned with the STEP strategic indicators, new compensation policies and apprenticeship/mentoring solutions for young people in many countries are just a few of the examples of initiatives implemented at Sodexo.

The Group is also fully committed to guaranteeing the health and safety of its teams and to diversity, inclusion and business integrity. In support of inclusion initiatives, the Group has structured an international network, Pride, to provide support and visibility to LGBTQ+ employees and partnered with leading organizations worldwide (Workplace Pride, Out&Equal, Acon...). Long-term support for gender equality is reflected by the renewal of Sodexo's inclusion in the 2020 Bloomberg Gender-Equality index.

ANCHORING CORPORATE RESPONSIBILITY

Sodexo's commitment to corporate responsibility is a real competitive advantage today. Each year, an increasing number of clients, with their focused expectations and policies in this area, seek the Group's expertise. In line with its corporate responsibility roadmap Better Tomorrow 2025, Sodexo acts to strengthen its performance, by promoting healthy and sustainable food choices, reducing carbon emissions, fighting against food waste and boosting local and solidarity-based procurement. For example, Sodexo has joined the Sustainable Coffee Challenge and is committed to ensuring that by 2021, 100% of the coffee served under its own brands are procured from responsible sources. The Group also encourages volunteerism among its teams through the Stop Hunger Goodness Platform. Already operational in North America, the United Kingdom, Belgium and at Sodexo headquarters, this online solution connects employees to the Stop Hunger network of associations.

GOVERNMENT & AGENCIES

RESPONDING TO CLIENT CHALLENGES

"Sodexo teams that support our critical objectives at Montgomery House are quite simply doing an outstanding job. From behind-the-scenes maintenance through enhanced and precision cleaning, to keeping us all fed and snacked via the café, your people are just first class. You know how important it is to keep things working and you know how to take care of us."

COLONEL ANDY SZABO,
ASSISTANT CHIEF OF STAFF OF THE JOINT COMMAND AT MONTGOMERY HOUSE IN ALDERSHOT (UNITED KINGDOM)

HUMAN RESOURCES

PROMOTING INCLUSION OF ALL

"We are committed to ensuring that each employee can reach their full potential, regardless of their personal characteristics, age, gender, culture, origin, sexual orientation or disability. True to its founding values, Sodexo has joined the international initiative "The Valuable 500", to unlock the potential and social and economic value of people with disabilities around the world. Sodexo is therefore committed to ensuring that, by 2025, 100% of its workforce has access to initiatives supporting the inclusion of people with disabilities. We are proud to be part of this movement and hope that many other companies will do the same so that our collective efforts become the normal way of doing business."

MARGOT SLATTERY,
GLOBAL CHIEF DIVERSITY & INCLUSION OFFICER, SODEXO

HEALTHCARE

PLACING FREEDOM OF CHOICE AT THE HEART OF THE MEDICAL EXPERIENCE

Backed by a partnership of more than 20 years, Elsan, the second largest private hospital group in France, joined forces with Sodexo to co-build and deploy the leading brand for healthcare hospitality in its 78 establishments in France. "Symphonia by Elsan" offers a set of services to improve the daily life of patients, healthcare professionals and visitors contributing to the comfort and safety of all: a varied Foodservices offer adapted to nutritional requirements and consumers' desires, completely redesigned environments and a service to fight against the risk of infection.

SPORTS & LEISURE

ENRICHING THE LIVE EXPERIENCE

Once again, Sodexo demonstrated its expertise in the field of major international sporting events during the Rugby World Cup, hosted for the first time in Japan. To provide teams and the global public an unforgettable experience, Sodexo designed, developed and offered all of the hospitality services at the 12 stadiums hosting matches as well as Foodservices ranging from snacks to premium dinners, and at the World Rugby Awards ceremony. Emblematic of the event was the main Webb Ellis pavilion, constructed in the International Stadium Yokohama. This temporary structure composed of 19 private suites and a 700-seat restaurant saw 8,600 guests served during the tournament.

BENEFITS & REWARDS SERVICES

INNOVATING FOR RENEWED CONFIDENCE

Since 2008, Sodexo has managed the Belgian service voucher, used to pay for cleaning services, ironing, transport for seniors and assistance with daily tasks for a quarter of Belgian households, or 1.2 million active users. Our solid position in the market and our technical know-how enabled us to win the bids in 2019 for all three regions, Flanders, Brussels and Wallonia, with an offer 100% focused on the digital experience. This market, with total 2019 issue volume of 3.1 billion euro, finances the revenues of about 2,000 home services companies, a sector that is one of Belgium's major employers.

CORPORATE RESPONSIBILITY

FIGHTING FOOD WASTE

For Sodexo, the fight against food waste is a daily commitment. Sodexo is the first group in its sector to link its financing to its actions to combat food waste. Through its WasteWatch program and its smart waste measurement technology, Sodexo teams collect waste data at restaurants and implement operational and behavioral changes to eliminate waste generated by kitchens or thrown away by consumers. Since the program start, Sodexo has managed to avoid more than 17,000 tons of carbon emissions.

ORGANIC GROWTH REVENUE FOR FIRST HALF FISCAL 2020

+3.2%
ON-SITE SERVICES

+4.0%
BENEFITS & REWARDS SERVICES

Full mobilization from the first moments

Since December 2019 and the appearance of Covid-19 in Asia, Sodexo has been fully mobilized to protect the health and safety of its consumers and employees and ensure the continuity of operations with its clients through its support for all stakeholders.

FRONTLINE EMPLOYEES

First in Asia, then around the world, thousands of Sodexo employees working in hospitals, senior residences or public sector entities under pressure have been collectively supporting caregivers, patients and consumers during the crisis, through their professionalism and with the little touches that make the difference.

As the pandemic has spread across the world, more stringent disinfection standards and precautionary measures have been implemented on sites. Sodexo teams have applied their expertise in clinical engineering to ensure the operational management of medical equipment and delivered critical Facilities Management services such as hygiene and cleaning services on Corporate or Education sites that remain open.

Everywhere, adaptation and collaboration have been at the forefront as the crisis deepened in order to ensure the continuity of operations while dealing with reductions in attendance, cancellation of services and the closure of sites. As often as possible, teams with declining business activity have been redeployed to reinforce sites under pressure. Inter-segment collaboration was strengthened in France, for example, through the production of meals by the Education segment for Corporate sites that remained open or, in the United Kingdom, by the support of Sports & Leisure teams for Healthcare teams to help ensure the proper functioning of Covid-19 testing centers deployed across the country.

UNWAVERING SUPPORT FOR CLIENTS AND CONSUMERS

In this exceptional situation, Sodexo's mission to improve quality of life has taken on even greater relevance. More than ever listening to and at the side of clients, whether in person or remotely, Sodexo teams have pooled their strengths and expertise to help them ensure the continuity of their business activities, adapting services and practices at each phase of the pandemic, with the health and safety of all an absolute priority. Exceptional measures put in place include adapting services in restaurants, creating simplified menus and further reinforcing hygiene measures in the kitchen and on sites. In the United States, for example, Sodexo has adapted the services and operational measures to ensure safety on the U.S. Marine Corps sites.

In Europe and elsewhere, Sodexo teams are personally committed to ensuring their activity's continuity. At the height of the crisis, many employees chose to adapt their personal lives (accommodation, transport, family life) to the constraints imposed by the sanitary situation.
The hidden heroes of Foodservices and Facilities Management services have mobilized to ensure the provision of food and the protection of health and safety on client sites, as well as those of Home Services teams which continued to take care of their clients experiencing even more isolation during this period.

The essential work of the supply chain teams and the strength of partnerships with suppliers also contributed to the safety of all and the continuity of activities, including by ensuring the supply of raw materials, masks and personal protective equipment.

CORPORATE RESPONSIBILITY FULLY EXPRESSED

As partners in daily life, it is natural for Sodexo teams to support health professionals dealing with this crisis, keeping open the essential activities such as school meals or childcare centers as well as donating products. In France for example, 1,200 meal trays were offered by Lenôtre in the Paris-region, nearly 30 tons of fruit and vegetables were distributed to over 100 health facilities and staff and hundreds of electronic tablets were provided to patients to maintain the link with their families. In many countries, on-site retail services have been reinvented to help caregivers cope with day-to-day life, such as "Grocery & Meals to Go" in North America and "Key Workers, Key Essentials" in the United Kingdom, solutions that allow healthcare teams to place orders online and have them delivered directly to the hospital.

Beyond healthcare staff, Sodexo works as closely as possible with local communities to support their needs. In the United States, despite closures of many universities, Sodexo teams continued to prepare more than four million meals per week for students in financial need while teams from Centerplate mobilized to support confined seniors in Miami-Dade County and to support families in Orlando through the "Feed the Need Florida" initiative. In India, more than 2.7 million meals prepared by Sodexo were distributed to those most in need in several cities under confinement.
The unprecedented mobilization of Sodexo and its teams, combined with the support of client companies and the action of the global Stop Hunger network, have made it possible to support food aid associations in many countries.

Because the exceptional situation facing the company has unfortunately had an impact on the employment of some of its on-site employees, Sodexo has created a global Employee Relief Program of 30 million euro funded by contributions from the Group's senior executives and the company. This program has notably made it possible to finance the extension of health insurance coverage in the United States and to grant food financial aid in Brazil.

Sodexo also mobilized from the start of the crisis to support its ecosystem of suppliers, impacted by the sudden interruption of numerous Foodservices activities by identifying possible logistical support arrangements, help with the disposal of stocks, volume transfers to active segments and flexible financing solutions, especially for Small and Medium Entreprises (SMEs) and local suppliers.
Sodexo has also provided support to its restaurant partners, for example by adopting an early repayment system for restaurant vouchers in France and by organizing the solidarity initiative *"Vivent les restos"*.

EMPLOYEES MOBILIZED ON THE FRONT LINE

"As soon as the first suspected cases appeared, my team and I were fully mobilized to support hospital staff. All of us had a role to play in ensuring the health and safety of healthcare professionals and patients in the face of this crisis. Our corporate values and the trust placed in us by our clients enabled us to cope. I am so very proud of the work accomplished by our teams."

JUAN XU,
AREA MANAGER FOR RENMIN AND WUHAN UNION HOSPITALS, ON-SITE SERVICES, SODEXO CHINA

COMMITTED TO SUPPORTING CLIENTS

"Nestlé Chile was identified by the government as a primary-level essential company, needed for the continued supply of food products to citizens. Together with Sodexo teams and with constant communication, we quickly adapted to the new requirements defined by the health authorities and by Nestlé, always keeping the health of our workers as the first priority. New standards and risk mitigation measures were implemented for Facilities Management services, with innovative solutions thanks to the global expertise of Sodexo."

ANDRES AGUILAR MIRANDA,
BUSINESS EXCELLENCE, STUDIES & STRATEGIC PLANNING, WORKPLACE SOLUTIONS MARKET LEAD, NESTLÉ CHILE

COMBINING EXPERTISE WITH RESPONSIVENESS

As a strategic supplier to the UK Government, Sodexo teams from different segments – Healthcare, Sports & Leisure... – worked in partnership with the Department of Health and Social Care and the Boots company to install and operate Covid-19 testing centers. From an initial 16 drive-through testing centers and nine walk-in centers for National Health Service staff and frontline workers, Sodexo expanded the collaboration by deploying 40 additional mobile testing units throughout the country for anyone displaying symptoms. Sodexo applied its expertise throughout the entire process, from infrastructure design, test training and flow management to security, Personal Protective Equipment (PPE) and test kit procurement, cleaning and waste management.

SOLIDARITY IN THE FACE OF THE FOOD EMERGENCY

At the height of the crisis in Brazil, Stop Hunger Brazil supported the "Mãos de Maria" social and solidarity program. With the support of Sodexo and partner companies, they provided nearly 70 women temporary work preparing 10,000 meals a day for families in the Paraisópolis favela. Operations were led out of the public educational restaurant facilities, modernized thanks to the 2018 Women Stop Hunger Award. In addition to the distribution of meals, Stop Hunger has increased its fundraising campaign for social projects, contributing alongside Sodexo clients to distribute more than 45,500 Stop Hunger food cards (valued at approximately 3.3 million euro), helping over 227,500 people obtain necessities from local merchants and survive the health and economic crisis.

HELPING GOVERNMENT TO SUPPORT CITIZENS

Building on trusting relationships and innovative solutions, Benefits & Rewards Services teams put their expertise at the service of Panama's humanitarian aid plan. Through a contract worth 51.5 million U.S. dollars, Sodexo enabled nearly 610,000 families to benefit from food baskets and vouchers to meet the essential needs for food, medicines, hygiene and disinfection products through an extended network of affiliates that benefit from a digital reimbursement solution. Globally, Sodexo is proud to support public programs in 19 countries that benefit more than 7.8 million users.

SUPPORTING THE HEALTH EMERGENCY

In early April 2020 in California, Sodexo helped re-open the former St. Vincent Hospital, which would become the Los Angeles Surge Hospital dedicated to Covid-19 patients. The unused building was refreshed and brought up to regulatory standards in just 13 days. Sodexo also provides catering, cleaning, servicing, maintenance, as well as biomedical engineering services for the 266 hospital patients.

LISTENING TO SUPPLIERS

Part of the social and solidarity economy, the Bou'Sol network ensures the creation and operation of five *"Pain et Partage"* bakeries. Since 2003, Sodexo has partnered with the bakeries, which offer paths to employment and ensure the production of breads made with locally produced organic flour. Faced with the closure of Foodservices sites and local food issues, Sodexo connected this trusted partner with preparing solidarity lunches for families from disadvantaged neighborhoods in Marseille. Sodexo also participated in the crowdfunding campaign launched in Bordeaux to ensure the sustainability of the local employment integration system.

"The link with Sodexo is the result of innovative cooperation which strengthens solidarity between people and the territory. It is a partnership for sustainable and inclusive food that allows us to approach the future confidently and to grow together."

SAMUEL MOUGIN,
CO-FOUNDER OF THE BOU'SOL NETWORK

Effectively managing business activity through an unprecedented crisis

Faced with the rapid spread of Covid-19 around the world, Sodexo's priority has been to adapt its activities to ensure the Group's sustainability.

AN IMMEDIATE OPERATIONAL RESPONSE

To reduce the impact of the drop in revenue caused by the partial or total closure of a significant number of sites, particularly in the Education, Corporate Services and Sports & Leisure segments, Sodexo immediately identified all possible means to reduce costs and capital expenditures, and preserve cash.

The Group quickly adopted a set of rigorous measures, including proactive above-site and workforce cost management to adapt to rapid changes in the situation, redeployment of teams to high-demand sites and leveraging government measures to protect employment. Other steps included strict management of cash focused on maintaining ongoing dialogue with clients, appropriate and careful monitoring of inventories and the supply chain, and postponement of all non-essential investments.

Adapting services, from enhancing the Foodservices offer to implementing additional Facilities Management services in response to local conditions, also helped to strengthen the confidence of clients and in some cases even expand the business, like the development of Covid-19 testing centers in the United Kingdom. For example, Corporate Services teams deployed a smart App worldwide and in record time that enables real-time monitoring of the situation on 1,400 Global Account client sites: sites open/closed, zones at risk to the spread of the virus, changes in the service offering, business continuity plan, cost management, thus enabling efficient management of the activity.

A SIGNIFICANT IMPACT ON THE GROUP'S PERFORMANCE

The pandemic interrupted the positive growth momentum that had been driven by the strategic agenda launched in 2018. In the second half of Fiscal 2020, organic revenue growth fell by -27.5%. The organic trend nevertheless improved in the fourth quarter, falling only -24.9%, after a -36% decline in the third quarter, adjusted for the first two weeks before lockdown. Consolidated revenues stood at 19.3 billion euro for the year, down -12% compared to the previous year.

On-site Services revenues declined by -12.1% for the year and by -27.8% in the second half. This downturn is the most severe ever experienced by Sodexo. The revenue decline for the Business & Administrations segment was -29.2% for the second half, with a highly mixed situation among the sub-segments. For example, sales from Sports & Leisure activities, which closed very quickly in mid-March, fell by -88% over the period, while the decline in Corporate Services was -26%. In Healthcare & Seniors, the decrease was limited to -11.1% for the period, due in particular to the slowdown in elective surgery in hospitals. The Education segment was down -47.2% in the second half of the year, strongly impacted by the closure of most schools and universities around the world, although Foodservices were requested by certain governmental authorities in order to provide meals to families.

Revenue from Benefits & Rewards Services was down -18.8% over the second half of the year and -13.4% for the full year, with an improving trend after the end of the lockdown in Europe and the gradual reopening of restaurants.

Despite this crisis, Sodexo's financial situation is solid. The underlying operating profit margin for the year was 2.9%. Underlying Net profit amounted to 306 million euro. The Group has been particularly active in scrupulously watching over its cash flow, by reimbursing the USPP of 1.4 billion euro, thus resolving the issue of the covenant thresholds and by issuing 2.5 billion euro of bonds in April and July. Free cash flow reached 72 million euro and underlying earnings per share stood at 2.10 euro.

SOME RESILIENCE FACTORS OF THE BUSINESS MODEL

This unprecedented crisis has highlighted the resilience of Sodexo's model, including the diversity of its services portfolio and its geographical footprint. The Group's global presence has enabled it to maintain continuous activity in response to the pandemic's spread around the world. Corporate services activity in China has even returned to growth on a monthly basis by the end of the second half of the fiscal year.

Sodexo can also rely on its Facilities Management services, which represents 40% of On-site Services and which have fallen by only -1.4% during the second half, compared with a drop of -42.2% in Foodservices. This is in a context where cleaning, disinfection or maintenance of installations are key services to ensure that clients are able to gradually reopen sites, and particularly in Global Accounts that represent nearly 10% of sales. Its varied sectoral expertise also enables the Group to face this unprecedented crisis and demonstrate the usefulness of its services, particularly in Healthcare & Seniors, or in Energy & Resources and Government & Agencies; these last two represent 14% of On-site Services revenue and posted a +1.3% increase in revenue in the second half of Fiscal 2020. Despite the pandemic, Sodexo won significant new contracts in multiple segments, including Energy & Resources. In Peru, Sodexo is providing its expertise in Facilities Management and Foodservices for 8,000 Anglo American Quellaveco employees and is extending its contract with Nexa to cleaning services. Sodexo also won a new contract with Antofagasta Minerals in Chile. In Norway, the Group won a significant contract to provide food, cleaning and laundry services for eight offshore platforms with the deployment of innovative technological solutions to improve operational efficiency and safety of services.

Benefits & Rewards Services also contributed to Sodexo's resilience. Although impacted by the drop in revenues in Employee Benefits and Services Diversification, the teams were able to accelerate the digitization of the activity during the crisis by converting clients to digital, developing new partnerships with delivery platforms and strengthening complementarity with On-site Services, in particular through the development of Sodexo cards to improve the meal experience for people working from home. The activity was also supported by contracts concluded with several governments for the distribution of public aid to populations most affected by the crisis.

For more information on Fiscal 2020 financial performance, see pages 46-47 and chapter 2.

Supporting the recovery with confidence

To reopen and feel safe in one's work environment, at school or at a sporting event, through proven sanitary protocols and to benefit from new services that respond to new needs is a prerequisite for successful adaptation to the world's new realities.

In creating "rise with Sodexo," a global program to provide support to organizations based on the complementarity of On-site Services, Benefits & Rewards Services and Personal & Home Services, the Group reaffirms its mission as a privileged partner for its clients and a leader in improving quality of life in the communities it serves. It is an offer designed to respond to the safety, well-being and performance challenges that clients face.

Drawing on its expertise and experience acquired in Asia, Sodexo is implementing a powerful and targeted market strategy supported by a global offer of more than 40 essential services, structured around five areas:

- Preparing an expert risk assessment and restart process through a structured and personalized approach for the client environment.
- Protecting people and places through a wide array of services ranging from disinfection to contactless services to ensure both the productivity and the well-being of client teams.
- Enabling teams to perform at their best with services for both on-site and home workers with healthy and sustainable food offers to simplify life for consumers, grab-and-go solutions, retail and digital convenience and meal cards.
- Supporting consumer wellness and the maintenance of social links and communication.
- Optimizing the experience according to new health needs and standards with optimized management of energy efficiency in line with Sodexo's environmental commitments.

The "rise with Sodexo" program is being rolled out across all segments and locations worldwide. In Germany, for example, the healthcare teams have installed smart sensors to measure and manage restaurant occupancy in real time at Tübingen University hospital. In France, Sports & Leisure is offering new hybrid experiences, combining physical and connected events, to allow audiences to engage and gather safely. In the United Kingdom, Benefits & Rewards Services and On-site Services teams have combined their skills to offer Sodexo's Employee Experience Card, a new offer combining the on-site or affiliated restaurants card with payment cards for purchasing office supplies for people working from home and gift cards to build employee loyalty and strengthen engagement.

To support the deployment of the "rise with Sodexo" program and offer its clients the guarantees necessary for a confident restart, Sodexo also launched two initiatives to boost the quality of its protocols.

A new Sodexo Medical Advisory Council, responsible for offering technical guidance and validation of health and safety protocols for its services has been set up. This governance body comprises experts from around the world in epidemiology, family medicine, nutrition, occupational and behavioral health, as well as in pandemic planning and operations.

In addition, Sodexo has partnered with Bureau Veritas to introduce a hygiene verification label that is linked to Sodexo's procedures and services, enabling clients and consumers to resume their activity on site with peace of mind. The label covers both Facilities Management services (reception, cleaning and disinfection services, security and maintenance) and Foodservices (adaptation of Foodservices processes with social distancing, etc.).

SUPPORTING CUSTOMERS WITH CONFIDENCE

"Since 2014, Sodexo has supported us at all of our 20 sites in France, representing 51,000 m². of office space, with traditional Facilities Management services, such as reception, telephone switchboard and cleaning as well as through innovative services like quality of life hubs, featuring floor captains to ensure the well-being of the teams and the safety of the space. Close collaboration during the various phases of managing the Covid-19 pandemic enabled us to preserve the health and safety of teams by reinforcing cleaning and disinfection services and also during the confinement phase converting correspondence to digital to ensure the continuity of our activities. We were also able to count on the Sodexo team's agility and expertise in supporting us in reopening the offices and working together on the procedures to be implemented to ensure that our teams could return to our sites with confidence."

YVES CHÂTELET,
WORK ENVIRONMENT DIRECTOR, DELOITTE (FRANCE)

INNOVATING TO IMPROVE OPERATIONAL EFFICIENCY

Sodexo's technical expertise is reinforced by the use of advanced technological solutions. Energy & Resources teams in Australia have implemented a global collaborative project to offer a 2.0 remote maintenance service through connected glasses, in partnership with RealWear and AMA's Xperteye solution, for Rio Tinto mining sites, spread over 1,500 kms. This solution, now available for all clients worldwide allows on-site personnel to be guided remotely by specialized technicians and thus limit downtime of essential equipment and ensure continuity of operations at decentralized sites. The service was particularly useful during the lockdown, allowing remote inspections of isolated sites, health and safety audits and virtual site visits.

INNOVATION SERVING CONSUMER EXPERIENCE

Sodexo has accelerated the development of technological solutions to offer a continuously improved workplace experience. In China, a smart retail solution was successfully deployed at more than 30 client sites. With the partnership with Meican, Chinese consumers on some sites can also make their choice, order and pay directly via a digital platform before picking up their "contactless" lunch prepared by Sodexo teams or their dinner from partner restaurants. Everywhere, new services are being deployed to meet the expectations of consumers, such as Bite+ in the United States that facilitates campus Foodservices, and the ordering and remote payment Apps, B by Sodexo in Belgium and Twelve in the United Kingdom.

INTENSIFICATION OF DIGITALIZATION OF BENEFITS & REWARDS SERVICES

Changes in working methods, reinforced by the Covid-19 pandemic, have accelerated the digital transformation of Benefits & Rewards Services. Through new solutions and the adaptation of existing services driven by the acceleration of the migration from paper to cards and the increase in contactless transactions, Sodexo's priority is to meet the new needs of its clients, partners and users in search of security and flexibility. Sodexo is also capitalizing on its unique service offering with a 360° dining experience focused on consumer practices in the workplace as well as outside. An example can be found in the Czech Republic, where more than 20,000 meal vouchers were provided for people working from home during the lockdown. This expertise and the digital solutions proposed provided responsiveness and flexibility to support government economic recovery plans. In Belgium, for example, Sodexo supports several initiatives, such as the payment of a subsidy to many SMEs in Wallonia and the distribution of food cards for inhabitants living in a precarious situation.

STRENGTHENED PARTNERSHIPS WITH DELIVERY PLATFORMS

With more than 70 partnerships with meal delivery platforms in 7 countries, consumers can now use their Sodexo meal card as a payment method to order at their favorite restaurants. In Portugal, Sodexo is the first and only issuer of meal cards providing online ordering with Uber Eats, now present in nearly 40 cities. In France, in addition to 40 delivery sites that are already partners (FoodChéri, Nestor, Class'Croute, etc.), holders of the Pass Restaurant card have access with Deliveroo to 12,000 restaurants in 300 cities. Its partnership extends to other services such as booking holidays on the Booking.com site in Romania for users of Tourist Pass vouchers and cards.

NEW DELIVERED MEAL OFFERS

In a changing environment, now affected by an unprecedented crisis, new expectations and needs are emerging that are providing numerous development opportunities for Sodexo. The delivery model launched in Brazil has made it possible to approach the B2C market, transforming four existing sites into cloud kitchens by creating virtual restaurant offers and by developing some strategic partnerships with marketplaces such as Rappi and Ifood. Initially launched in three cities, the new service offer is being rolled out across the country and is regularly enriched with new menu options while building synergies with the capabilities of Benefits & Rewards Services and suppliers. Deli Express was also launched in Singapore to offer a convenient and healthy selection of soups and salads for lunch on weekdays available on the Grab mobile App. In the United Kingdom, The Good Eating Company also launched a new workplace food delivery solution for urban markets. In France, Sodexo is already reaching consumers in their homes and offices through FoodChéri as well as with Seazon, the first subscription offer of freshly cooked meals delivered every week throughout France. Adapted to specific consumer needs, these offers are also provided by Amelis as a home assistance solution.

TOWARDS RESPONSIBLE ECONOMIC RECOVERY

In collaboration with World Wildlife Fund (WWF), Sodexo committed to reducing its carbon emissions by 34% (scopes 1, 2 and 3) between 2017 and 2025. With this ambition validated by the Science-Based Target initiative, Sodexo has become the first company in the Foodservices sector to have a carbon target in line with the Paris Agreement objective of limiting climate warming to 1.5° C.

With the program "rise with Sodexo", the Group is strengthening its actions to contribute to the preservation of biodiversity and to the efforts against climate change, including through increasing the proportion of low-carbon emission menus, increasing responsible purchasing, reducing food waste and raising employee awareness.

Efficiency and transformation for future growth

In order to adapt to its rapidly changing business sector and to respond to long-term structural challenges, Sodexo is accelerating its transformation to progressively adjust its organization, increase its agility and seize the numerous opportunities for future growth.

The shock wave from the global health crisis has accelerated Sodexo's transformation. The Covid-19 crisis strongly impacted the Foodservices activity in many segments and accelerated certain consumption trends.

In line with major global trends (see page 30), Sodexo is refining its strategy to capitalize on the increasing outsourcing of services and account for demographic changes, particularly in developing economies, while responding to societal forces such as changing consumption choices or resource scarcity.

FREEING UP FINANCIAL CAPACITY

To maintain its competitiveness and increase its agility and ability to act, Sodexo is pursuing and accelerating the transformation initiated in 2018. The Group, which has already reduced its international presence from 80 to 64 countries, is thus continuing to optimize its geographic footprint, with an emphasis on regions with the greatest potential for growth and profitability. The Group thus intends to strengthen its efforts in its main markets, the United States, the United Kingdom and France in particular, and to accelerate its investments in the markets with strong growth potential such as Brazil, China and India.

Additionally, having successfully rebalanced its market dynamics and the balance between global/local contracts and Facilities Management and Foodservices, Sodexo is continuing to rationalize its technical services portfolio to focus its efforts on those with the greatest potential and highest added value.

To meet new post-crisis challenges, particularly the impact of working from home in the Corporate Services segment, the Group is adapting its workforce to the volumes of on-site activity. Sodexo is also embarking on a program to optimize and simplify its central structures, including transitioning from 12 to 7 regions and pooling support functions. This program, which should generate about 175 million euro of SG&A savings, will increase the company's agility and efficiency, to be closer to client needs on the ground.

CUMULATIVE RESTRUCTURING COSTS

350 MILLION

EURO BY FISCAL 2021

INVESTING EFFICIENTLY TO REVITALIZE GROWTH

Building on the initial gains in terms of operational efficiency and commercial relevance, the Group is continuing its efforts to anticipate and respond ever better to the needs of its clients and to strengthen their loyalty, around a unique portfolio of services.

To do this, the Group is continuing its targeted investments around key catalysts, such as the deployment of a global client relationship management tool for On-site Services, creating regional centers of marketing-sales expertise in Europe, and building client loyalty with the overhaul of Sodexo's "Clients for Life" program. New technologies, automation, robots and the Internet of Things will also improve the execution and operational efficiency of its services. Building on its investments, Sodexo is strengthening its go-to-market strategies and building unique relationships with its clients.

The transformation of Benefits & Rewards Services is now reflected in a business digitization rate of 86%, up 13 points in just two years. The platform implemented in partnership with Zeta in India, combining both a new consumer-centric approach and robust digital payment technology, is gradually being leveraged in other countries, including Brazil, to deliver a holistic and unique multi-benefits experience. Sodexo now offers a robust digital ecosystem and more than 70 partnerships with e-commerce sites and delivery platforms and has accelerated time to market for its offers. With more than 36 million consumers every day and nearly one billion digital transactions per year, the Benefits & Rewards Services business is now the technological arm of Sodexo.

To stimulate growth, improve its competitiveness and meet the expectations of its clients and consumers, Sodexo is stepping up its efforts to transform its supply chain, through operational efficiency gains, acceleration of digitization and consolidation of its responsible sourcing approach. To differentiate itself, the Group relies in particular on these commitments in the areas of health, nutrition and well-being, social equality and protection of biodiversity, for win-win partnerships, like its Partner Inclusion Program or its commitments to reduce carbon emissions. With 20 billion euro in annual purchasing capacity from approximately 150,000 suppliers around the world, Sodexo is able to transform its procurement model while having a positive impact on its supplier ecosystem and on the planet.

ACCELERATING THE TRANSFORMATION TO REINVENT THE MODEL

To respond to changing behaviors and expectations, particularly in terms of corporate foodservices, in response to trends greatly reinforced by the pandemic such as working from home or meals delivery, Sodexo is accelerating development of its multi-modal and multi-channel offers and the adaptation of its production and operating models.

The Group's approach is to place the consumer at the heart of its model and to respond to the diversity of situations with relevant services. In particular, the Group intends to develop its operating model through new off-site production sites and strengthening the digitization of services, such as pre-order, click & collect and digital payment solutions, which are gradually being rolled out in all segments and regions, as well as digital platforms such as SoHappy used daily by 250,000 French consumers and solutions implemented in China in partnership with Meican.

Sodexo is thereby reinforcing its value proposition to its clients and meeting the individual needs of consumers, regardless of their place of consumption, through the complementarity of meal delivery offers such as Alchemista in the United States and FoodChéri in France as well as through its Benefits & Rewards Services.

Through the diversity of its offers and the adaptation of its production methods, Sodexo is able to meet the expectations of consumers and thus increase their average purchase, while improving productivity.


sodexo
TruMoo
Our Farmers Pledge
NO Artificial
Growth Hormones*

Leader in Quality of Life services

Focused on its stakeholders and global trends, and inspired by the energy of its 420,000 employees, Sodexo constantly adapts its unique integrated service offering to deliver ever better support to its clients and consumers to meet the challenges of a changing market.

More than ever, Sodexo's ambition is to improve quality of life and contribute to the performance of organizations and the progress of society.

Services adapted for the short- and long-term

Beyond the current crisis, preparing for the long-term future means being aware of the world's great transformations. By defining and analyzing 11 major megatrends with demographic, social, environmental, economic and technological implications, Sodexo is fine-tuning its strategy and adapting its offers. Some of these megatrends are accelerating faster than others as a result of Covid-19 and Sodexo is ready to respond and seize the opportunities.

Demographic shifts

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

Urbanization

Rapid urbanization is contributing to the increase in GDP per capita, but the emergence of mega-cities (>10 million inhabitants) is creating enormous economic and social challenges. Urbanization projects are expected to be impacted in the short-term but will continue to expand in the long-term.

Emerging middle class

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

Global economy

Capital, information and talent are now interconnected, providing companies with new sources of growth. As globalization continues to shape the economy, we expect a push toward regional and local sourcing as well.

Developing markets

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

Public deficits

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

Environmental issues and resource scarcity

8.6 billion inhabitants in 2030: the demographic boom is weighing on natural resources, heightening global warming and disrupting traditional consumption pattern. The current crisis has raised the level of consciousness on this issue.

Empowered consumers

Consumers and clients now have unlimited access to information and expect personalized services and experiences. The current crisis has definitely accelerated this trend, empowering consumer communities.

Digital transformation

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

Ownership vs. use

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

Future of work

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

1 Roland Berger Trend Compendium, UN DESA.

Many of these rapidly accelerating trends are leading to "new normals". As an international company, Sodexo is preparing for the future and transforming itself to provide new offers and solutions.

INNOVATIVE MEAL EXPERIENCES

The traditional workplace food offering with kitchens serving on-site employees, at set hours, is one dimensional. As behaviors and perceptions of work have evolved, so have expectations when it comes to food in the workplace and how it supports people during their day. That is why Sodexo is investing in companies like Meican, China's leading corporate Foodservices platform to harness the power of data and digital. With its unique positioning and core competency in the digital Foodservices market, Meican provides a wide range of Foodservice options for multiple company scenarios. In all countries, Sodexo is enhancing its current services with tech-enabled solutions, building partnerships to meet new and evolving guest expectations and developing new capabilities such as the Enjoy offer in France that delivers food solutions to companies without kitchens.

Megatrends impacts: Digital transformation, Empowered consumer

CONTINUED BENEFITS FOR WORKING FROM HOME

Working from home is now part of everyday life, especially with the onset of Covid-19 as companies are becoming more flexible on their employee's working location. Sodexo believes that it is of utmost importance to provide at-home offers that boost productivity, wellbeing and quality of life of employees. Through Benefits & Rewards Services, specifically meal and food vouchers, Sodexo has managed to expand its offering to those workers who have been working from home during the sanitary crisis and will continue to do so in the new normal, as for example in the United Kingdom with the launch of the Employee Experience Card or in France with the opportunity to put in place a combination of Foodservice solutions, as well as a meal card thereby giving access to local restaurants and food delivery, through FoodChéri, and food delivery platforms when working from home.

Megatrends impacts: Future of work, Digital transformation, Empowered consumer

WORKSPACE SOLUTIONS

70% of top CEOs agree that creating a great workplace experience is essential for productivity, retention, or sense of belonging[1]. Specifically, at the end of the Covid-19 confinement, many clients are encouraging their employees to come back to the office. Wx is a Sodexo corp-up that helps organizations optimize their workplace experience through ethnography, IoT and data science. With both their consultancy services and technology solutions, Wx helps clients to define a functional and sustainable working environment. From wireless sensors that measure occupancy to machine learning algorithms and a space analytics platform, Wx ultimately leads to better decision-making and an enhanced employee experience and productivity.

Megatrends impacts: Empowered consumer, Future of work

AT-HOME CARE

As people are living longer and are choosing to live at home, Sodexo's goal is to create a life plan with the elderly person and their family in order to ensure that seniors and disabled individuals can live independently and as comfortably as possible at home. For instance, Comfort Keepers in the U.S. as well as Amelis in France and The Good Care Group in the United Kingdom help ensure senior safety and wellbeing particularly today through the current pandemic. Caregivers are specially trained to provide care within the safety and comfort of home. From picking up prescriptions and grocery shopping to providing day-to-day companionship and personal care, Sodexo's services enable seniors to stay at home longer.

Megatrends impacts: Empowered consumer, Demographic shifts

FROM GLOBAL TO LOCAL

Mindful of the impact of sourcing choices, and committed to promoting low carbon emission products, Sodexo Supply Management experts favor short circuits and local and seasonal offers, to reduce the ecological footprint and to continually improve the quality of the meals prepared. A global Sodexo Supply Chain Inclusion Program is promoting the integration of small and medium-sized enterprises, businesses owned and/or run by women or persons belonging to minorities, and suppliers who are actively committed to diversity and inclusion. In its Benefits & Rewards Services, Sodexo is also highlighting and giving visibility through digital tools to local restaurants or restaurants sourcing locally to raise awareness and drive more traffic. As part of Better Tomorrow 2025, the objective is to reach 10 billion euro of business value benefiting SMEs by 2025. .

Megatrends impacts: Environmental issues and resource scarcity

1 How leaders are managing mental health and wellbeing in the workplace - Deloitte November 2019.

A unique range of Quality of Life services

Through its three business activities, On-site Services, Benefits & Rewards Services and Personal & Home Services, Sodexo offers a complete response to the needs of its clients and accompanies consumers throughout their lives.

Operating in 64 countries, with unmatched leadership in developing economies, Sodexo adapts its integrated offer to local needs while providing consistently high-quality service throughout the world. Its services create value for clients and improve the daily lives of consumers through the fulfillment of its economic, social and environmental commitments.

Sodexo leverages synergies between its three business activities in terms of business development opportunities and global reputation. Sharing of organization and infrastructure enables the Group to achieve economies of scale, while offering an array of professional career opportunities for its employees.

Detailed knowledge of client and consumer needs is essential to developing and expanding this unique offering of Quality of Life services.

ON-SITE SERVICES

- **BUSINESS & ADMINISTRATIONS**
  - Corporate Services
  - Energy & Resources
  - Government & Agencies
  - Sports & Leisure
  - Others
- **HEALTHCARE & SENIORS**
  - Healthcare
  - Seniors
- **EDUCATION**
  - Schools
  - Universities

BENEFITS & REWARDS SERVICES

- **EMPLOYEE BENEFITS**
- **SERVICES DIVERSIFICATION**

PERSONAL & HOME SERVICES

- **CHILDCARE**
- **CONCIERGE SERVICES**
- **HOMECARE**

On-site Services

Increasing a company's efficiency, caring for patients in the hospital, fostering a learning environment, providing safety and comfort on a remote site: services delivered improve quality of life for millions of consumers and enable clients to improve their performance.

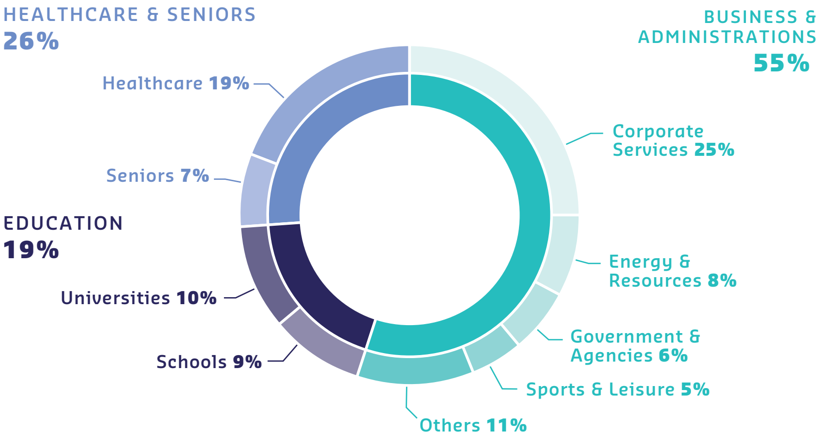
At the heart of Sodexo's offering, Foodservices, on site or in a specific environment, contribute to improving the quality of life for consumers. Sodexo also offers its clients its multiple expertise and services in many areas, from the design of workplaces to the sterilization of medical devices, reception and cleaning services and so on.

To deepen understanding of the challenges its clients face and adapt the organization to the globalization of the market, estimated at 900 billion euro[1], On-site Services are organized around global segments: Business & Administrations, Healthcare & Seniors and Education.

This approach enables Sodexo to leverage its size, its global presence and its sector expertise, and thereby increase the value provided to its clients. It also helps the Group to best meet the needs of consumers, whose expectations can vary considerably from one segment to another.

REVENUES BY CLIENT SEGMENT AND SUB-SEGMENT

as of August 31, 2020



KEY FIGURES[2]

as of August 31, 2020

96%
of Group revenues

18.6
billion euro
in consolidated revenues

408,526
employees

Source: Sodexo

BUSINESS & ADMINISTRATIONS

Sodexo promotes quality of life at work through customized solutions that help businesses, public institutions, managers of prestigious venues and organizers of major events to create welcoming, creative, efficient and innovative solutions, for all audiences, employees or visitors, even under challenging conditions.

HEALTHCARE & SENIORS

Sodexo responds to the challenges of healthcare and an aging population. Alongside healthcare professionals throughout the care journey, Sodexo offers equipment engineering and clinical infrastructure solutions and a range of value-added integrated services, designed to improve the quality of life of patients and seniors in residences or health facilities.

EDUCATION

Sodexo supports schools and universities in fostering a fulfilling educational environment in schools and on campuses while helping universities improve their attractiveness. The Group offers educational solutions and tools, and supports clients in their infrastructure design and renovation projects.

1 Market potential for On-site Services, including Personal & Home Services. Sodexo estimate (Market estimates are likely to evolve over time, given the growing reliability of information sources in various countries.)
2 Including Personal & Home Services.

Benefits & Rewards Services

With its range of nearly 250 services, Benefits & Rewards Services strives to improve the quality of life of employees and help improve business performance.

To attract and retain their employees, companies can count on the innovative and personalized solutions offered by Sodexo such as meal or food card solutions.

Driven by technological innovations, these Quality of Life services help to improve employee engagement, recognition, work-life balance, travel and expense management, health and well-being.

EMPLOYEE BENEFITS

From Meal Pass to Gift Pass, Sodexo offers its clients innovative and personalized solutions to improve the quality of life of their employees, as well as services aimed at recognizing their efforts: incentive and recognition programs, professional development tools, etc.

SERVICES DIVERSIFICATION

Sodexo offers simple and easy-to-access solutions to meet mobility challenges, as well as health and wellness, and incentive and recognition *via* unique platforms such as fuel cards, Mobility Pass travel booking and management of business expenses.

KEY FIGURES

as of August 31, 2020

4% of Group revenues

773 million euro in consolidated revenues

4,708 employees

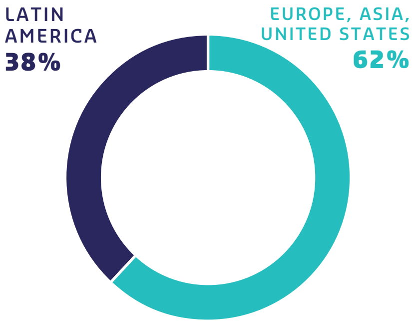
470,000 clients

36 million beneficiaries and consumers

1.3 million affiliated merchants

REVENUES BY REGION

as of August 31, 2020



Personal & Home Services

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

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

CHILDCARE

In France, Germany and Spain, Sodexo offers childcare solutions, whether pre-school or not, optimal alternatives to traditional childcare facilities, with working hours adapted to the needs of working parents. Thanks to genuine educational expertise, these services offer children a variety of activities that reveal and stimulate their potential, and provide parents with the conditions for a fulfilling parenthood balancing between personal and professional life.

CONCIERGE SERVICES

Accelerated by the changes of work life habits, companies are looking for partners that bring the physical and virtual space together so their employees can connect, collaborate and perform at the highest level. With Circles concierge services, Sodexo enhances the quality of life of consumers while improving the organization's productivity, performance and brand reputation.

HOMECARE

Whether an aging senior, a patient requiring skilled hospital care or a person with a disability or illness, people want to stay at home as long as possible. Sodexo offers customized services across the care continuum, from homemaker-companion services such as preparing balanced meals and helping with errands, to highly skilled care provided by therapists, nurses, and doctors. These care and support services are delivered in North America, France, Ireland, the United Kingdom, Brazil, Norway, Singapore and China.

A sustainable value creation model

OUR MISSION

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

OUR AMBITION

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

INPUTS/RESOURCES

420,000 engaged employees

HUMAN

19.3 BILLION EURO in consolidated revenues

ECONOMIC

Innovation insight gained from **100** MILLION consumers

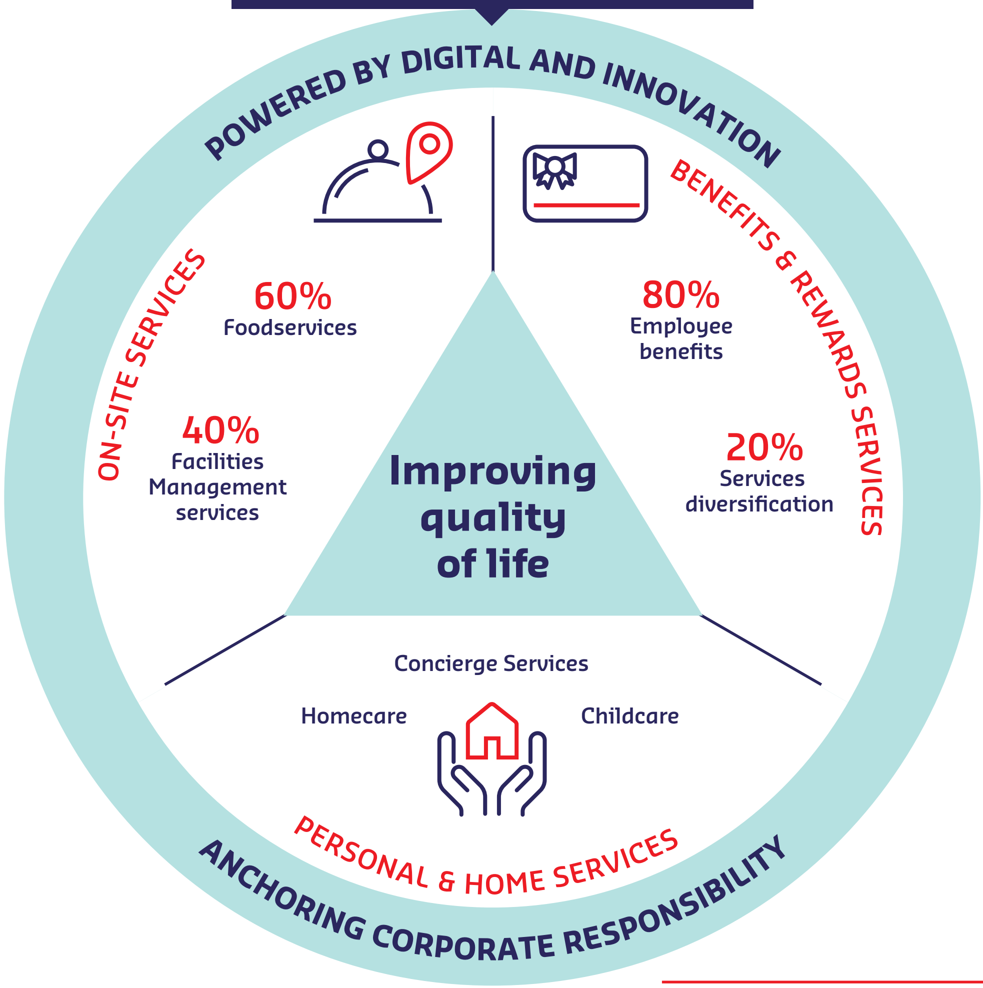
RELATIONSHIPS

SUSTAINABLE PROCESSES Responsibly-sourced raw materials

NATURAL RESOURCES

OUR BUSINESS

11 MEGATRENDS
See page 30



Sodexo's success, as a service provider, employer and corporate citizen, depends on its ability to build enduring relationships with all of its stakeholders.

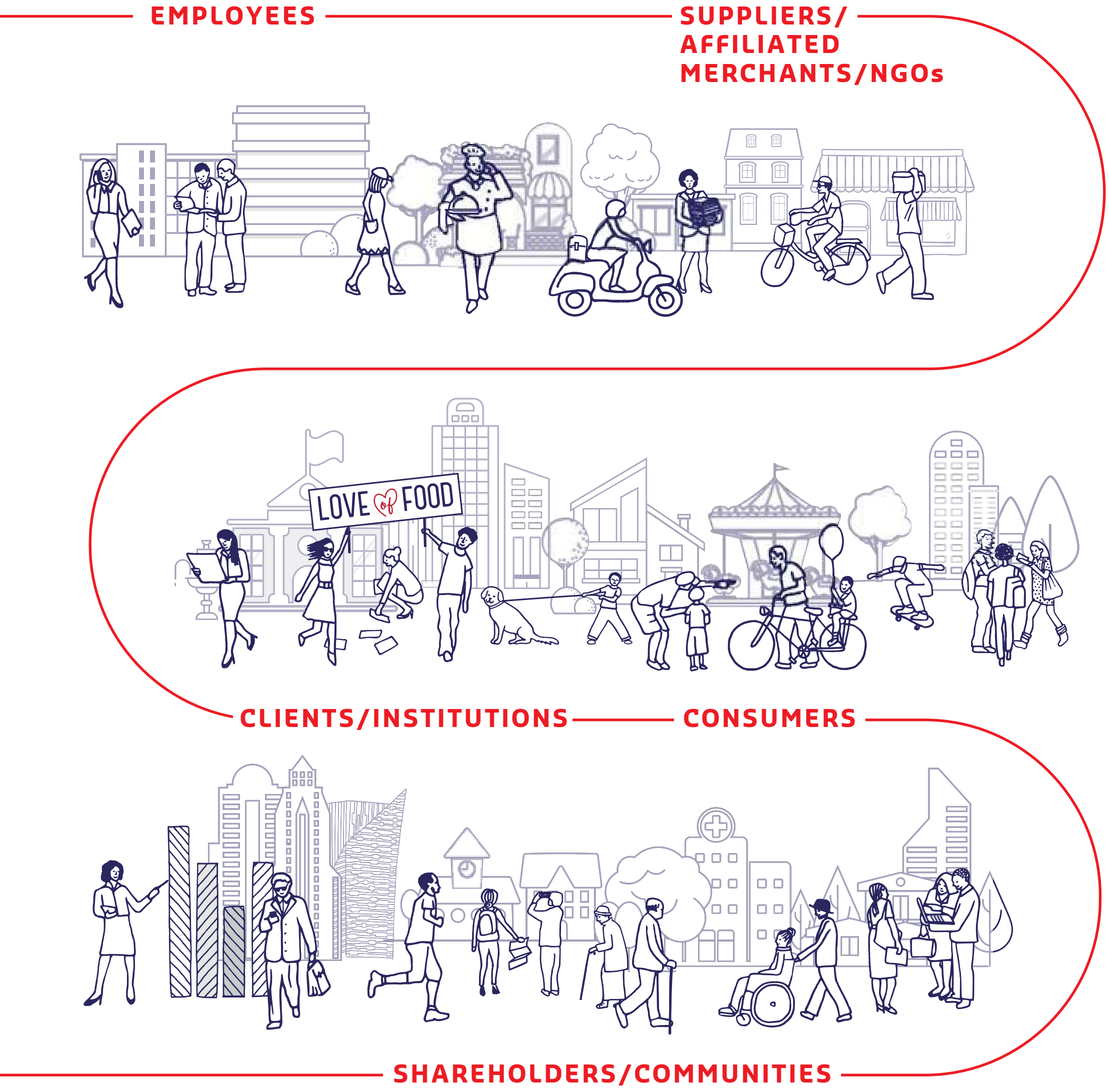
OUR VALUES

- Service spirit
- Team spirit
- Spirit of progress

OUR ETHICAL PRINCIPLES

- Loyalty
- Respect for people
- Transparency
- Integrity

STAKEHOLDERS → **OUTCOMES/IMPACTS**



83.1% RETENTION RATE of total workforce

HUMAN

-1.2% AVERAGE ANNUAL TSR Total Shareholder Return (5 years)

ECONOMIC

4.4 BILLION EURO spent with SMEs[1]

RELATIONSHIPS

22,990 TONS CO_2 reduction[2]

NATURAL RESOURCES

1 Small and Medium Enterprises.
2 Scopes 1 and 2, compared to 2017 baseline.

For more information, see Chapter 2.

Caring about quality of life for all

Listening to our stakeholders is the very foundation of our business activity. The strong relationships that Sodexo develops and maintains with its clients, consumers, employees, shareholders and local communities in the countries where the Group operates allow us to respond to their expectations while expanding the virtuous circle created by solutions that benefit all of its ecosystem.

IN SUPPORT OF THE DEVELOPMENT OF PARTNERS AND AFFILIATES

"Our restaurant has a warm and refined atmosphere and is located in the city center, in a commercial street with a mixed clientele. By joining the Sodexo network, I clearly increased the number of customers, especially during lunch. The development of digital solutions allows me to save time by facilitating customer payments, the management of operations and voucher reimbursement. I appreciate the decision to increase the payment ceiling to 38 euro, which has allowed us to approach the future with a bit more serenity."

DANA PETRYCKA,
RESTAURANT LA VILLA D'AUBRAC, NANTERRE (FRANCE)

LISTENING TO TRENDS AND NEEDS

"With Sodexo we have developed a long-term business relation based on trust. Since 2018, the 12,000 employees at the Madrid headquarters have benefited from a new digital and sustainable catering experience through the integration of IoT solutions. For example, we can order remotely, pay without contact, and have an easy access to the information of all ingredients in every dish. We also appreciate the efforts that Sodexo has made to eliminate plastic from the restaurant and the work we are doing together to keep making progress in sustainability."

MARIA DE PUI RUIZ DE LA CUESTA,
HUMAN RESOURCES AND FINANCE MANAGER, TELEFÓNICA (SPAIN)

REINVENTING SCHOOL CATERING

To offer, to enable discovery and, above all, to provide enjoyment through flavorful taste, over and over again: these are the aspirations of a top chef, who journeys from the kitchens of prestigious restaurants to the world of school food. The goal of this talented enthusiast, an active member of the *Toques Françaises, Euro-Toques* and *Cuisiniers de la République,* is to restore a taste for eating well to children through a variety of healthy, sustainable and, at times, amusing recipes. A talent rewarded by increased attendance in the canteen, enabled by Sodexo's understanding of a great chef's motivations and provision of the means to flourish and achieve a great success of which to be proud.

JEAN-CHRISTOPHE BROUDY,
C'MIDY KITCHEN CHEF AT THE GUILLAUME APOLLINAIRE COLLEGE IN YVELINES (FRANCE)

PERSONALIZED HOME HELP

"My caregiver has a good sense for the daily priorities as well as the flexibility to adapt to my lifestyle and situation. I am very grateful for the essential support she provides me through meals and cleaning and for her consideration, which goes far beyond my physical needs."

MARIE-CHRISTINE,
BENEFICIARY OF AMELIS HOMECARE SERVICES, AIX-EN-PROVENCE (FRANCE)

ACTING FOR A HUNGER-FREE WORLD

"The World Food Programme is relentlessly committed to ending hunger and reaching the Sustainable Development Goals, but we cannot do it alone. For six years, we have partnered with Stop Hunger, benefiting from financial support and the expertise of dedicated Sodexo employees who volunteered to work with us around the world. Together, we have built new tools and identified ways to improve our ability to reach school children with safe and nutritious meals prepared with food grown in their own country and communities. Together, we are making a difference in the lives of millions of people and providing a model for how the private sector can deliver impact."

VALERIE N. GUARNIERI,
ASSISTANT EXECUTIVE DIRECTOR OF THE UNITED NATIONS WORLD FOOD PROGRAMME

SERVING COMMUNITIES AND FUTURE GENERATIONS

"SodexoMAGIC strives each day to be recognized as an industry leader anchored in social progress that champions supplier diversity, economic development and sustainability. Our mission is to provide quality of life solutions that empower communities and future generations to eat healthy, live well, and provide opportunities to the underserved. Our 6,500 employees offer best-in-class Food and Facilities Management services at more than 1,700 sites in corporate services, healthcare, universities, K-12 schools and aviation."

SELENA CUFFE,
SODEXO MAGIC PRESIDENT

WELCOME TO THE CLUB

In creating a Shareholders' Club in 2019, Sodexo further strengthened its direct relations with its long-term individual shareholders. A true forum for discussion, the initiative provides opportunities to better know Sodexo's activities, services and managers, follow news about the company and benefit from occasional commercial offers and invitations to events in which the Group participates.

SUPPORTING LOCAL COMMUNITIES

Around the world, Sodexo is committed to developing partnership relationships with local communities. In Canada, Sodexo was certified at the Gold level – for the seventh time – by the CCAB[(1)] for its PAR[(2)] Program in recognition of the Group's work with 89 suppliers in 23 communities. In Australia, Sodexo achieved a second elevate reconciliation plan (RAP), which highlights the company's commitment to reconciliation and the advancement of Aboriginal and Torres Strait Islander Peoples through relationship building, direct employment and the economic development of Indigenous businesses.

1 Canadian Council for Aboriginal Business.
2 Progressive Aboriginal Relations.

CLOSE RELATIONSHIPS FOR A POSITIVE IMPACT

"Sodexo has been a partner for many years, and our collaboration is a perfect example of our common vision for a more sustainable future. Together, our chefs created recipes using ingredients from the Future 50 Foods Report, launched in 2019 by Knorr and WWF-UK. These recipes combine familiar foods, such as lentils, wild rice and kale, with lesser-known foods like fonio, pumpkin flowers and amaranth, selected for their lower environmental impact and high nutritional value. This was a unique opportunity to bring more sustainable and nutritious food choices to consumers across the world, while driving positive change and making a real impact. Sodexo has made these recipes available in 13 countries and 6,500 locations. Our teams are now working to make this even bigger in 2021."

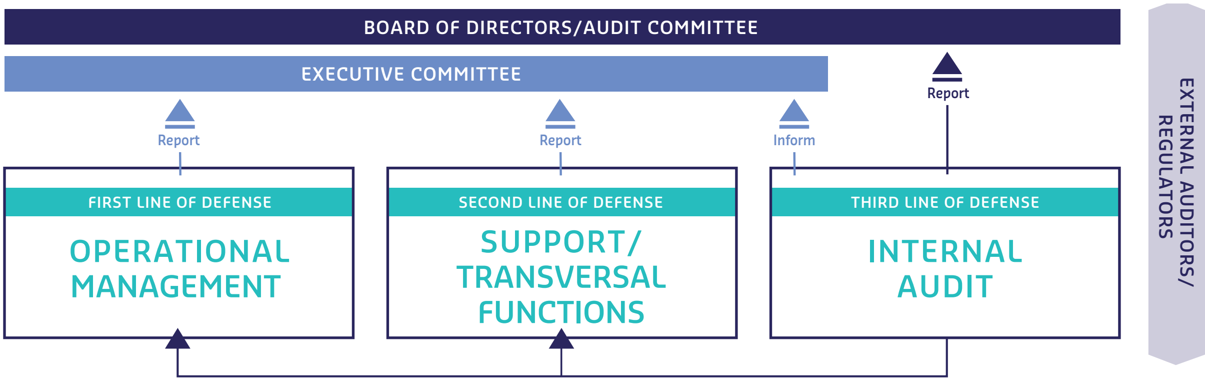
HARRY BROUWER,
CEO UNILEVER FOOD SOLUTIONS

ON-SITE SERVICES | BENEFITS & REWARDS SERVICES | PERSONAL & HOME SERVICES

Identifying and managing risks

As part of its activities and the continuity of its strategy, Sodexo is faced with a certain number of internal and external risks and uncertainties. In order to address them and protect its values, the Group has created an organization and policies aimed at identifying, evaluating, preventing and managing these risks to limit their negative impact.

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

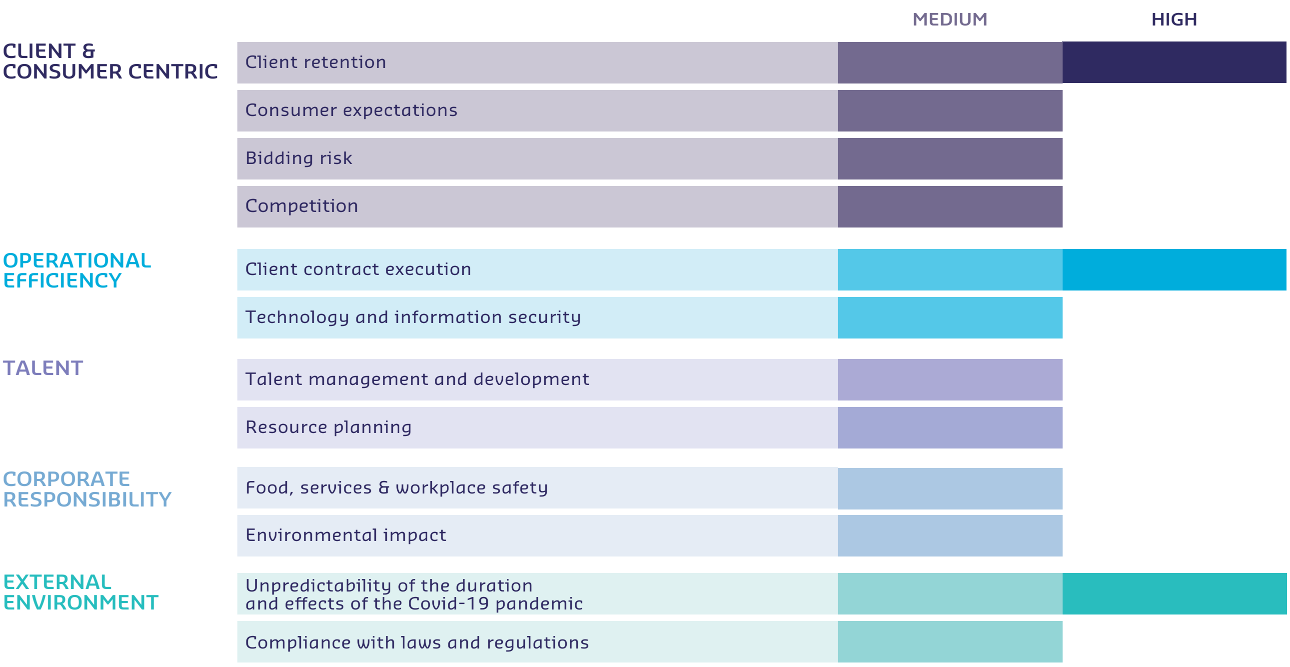


MAIN RISKS

Each year, a risk profile is established based on the risk assessments carried out by senior management of the main entities and interviews with senior executives.

Given the health situation linked to the Covid-19 pandemic and the Group's current situation, the risk profile has evolved this year to include a risk on the impact of this pandemic.

Thus, the following risks are considered the most significant for Sodexo as of August 31, 2020:

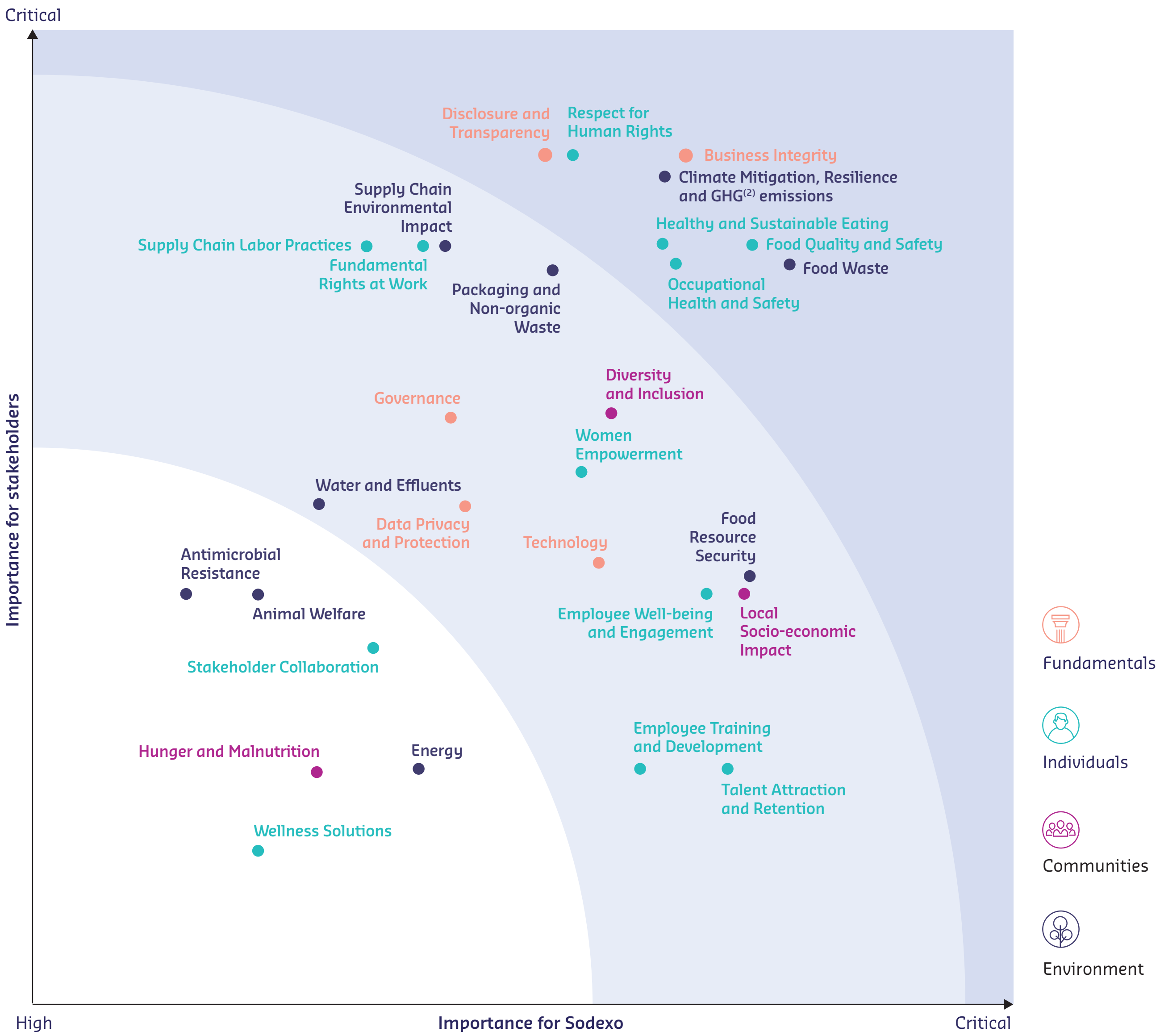


For more information, see page 239.

Sharing a common vision

To carry out its mission, Sodexo relies on strong relationships with all of its stakeholders. In 2019, in collaboration with Business for Social Responsibility[1], a new materiality study was conducted to identify and prioritize the key corporate responsibility issues and their impacts. This study was carried out in consultation with internal and external stakeholders, taking into account the evolution of contemporary issues – social, societal and environmental – as well as the evolution of the market and various expectations.

The consultations and analyses with employees, management team members, suppliers, clients, NGO partners, investors and ratings agencies enabled the quantitative and qualitative assessment of the issues identified upstream by Sodexo teams. The 30 issues, clearly defined and ranked by importance, were integrated into and enrich the Better Tomorrow 2025 corporate responsibility roadmap.



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

2 GHG: greenhouse gas.

For more information, see Chapter 2 and the dedicated page on sodexo.com.

Our Corporate Responsibility roadmap

Anchored in the Group's DNA since its creation, Sodexo's corporate responsibility is expressed through the Better Tomorrow 2025 roadmap. Responding to present and future challenges, it drives the deployment of our actions and measures their impact in the 64 countries where Sodexo operates.

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

Faced with the constant increase in the number of people who suffer from hunger, Sodexo reaffirms its commitment and determination to act through Stop Hunger, its main philanthropic cause. Thus the title of the commitment as a corporate citizen in favor of individuals has been changed from "Fight hunger and malnutrition" to "Act sustainably for a hunger-free world".

This commitment, which is fully in line with the United Nations' Zero Hunger Sustainable Development Goal, strengthens the notion of sustainability and Sodexo's willingness to act in the long term. The actions and indicators associated with this commitment have not been impacted by these changes.

In addition, the "500,000 women in communities educated through job training centers" objective has been reformulated to better reflect the actions Sodexo takes in support of women empowerment without limiting itself to training. The new, more ambitious goal is: "500,000 empowered women in communities".

OUR 9 COMMITMENTS AND 2025 OBJECTIVES

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

(1) See Chapter 2.2.6.2 (pages 76 and 77).
(2) Absolute reduction in Scope 1, Scope 2 and Scope 3 carbon emissions, compared to a 2017 baseline.

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

Enhancing efficiency and promoting performance

As a services company, Sodexo recognizes that employees are central to its ability to create sustainable value.

Sodexo's human resources strategy contributes to achieving its long-term growth objectives. It promotes empowerment, performance and accountability, anticipating resource and skill needs, investing in employee development and ensuring a safe, diverse and inclusive working environment that improves quality of life and fosters professional growth. The company's strategy enables it to manage the identified risks for its 370,000 consumer- and client-facing employees and its 50,000 managers.

A STRATEGY TO ENHANCE OPERATIONAL EFFICIENCY

To reinforce operational efficiencies and provide access to more sustainable employment, Sodexo leverages personnel management programs to connect employees with local opportunities in a huge diversity of roles offered by the company.

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

To ensure fair employment practices (compensation, data management), Sodexo is continuously improving its processes, governance and tools, including deploying a workforce management platform.

SHAPING A CULTURE OF PERFORMANCE

A culture of performance is about differentiating employees based on their individual contribution to the business, rewarding and recognizing their achievements and identifying the talent, that will be key to shaping the future success.

To reinforce its performance culture, Sodexo launched Aspire in 2019, a simplified performance assessment and development tool for its 50,000 managers worldwide. Aspire links manager objectives directly with the business strategy. When combined with the KPIs from the strategic STEP[(1)] framework, Aspire allows employees to demonstrate real performance impact and contribution to business success. Progress is monitored through ongoing collaborative and constructive dialogue and feedback.

As well as providing the business with an effective tool to support performance-based conversations and help individuals take ownership for their own career development, Aspire provides a framework to capture important information and data, which supports succession planning and talent reviews, which in turn allows Sodexo to support the development of future leaders.

A new compensation philosophy was launched to enhance performance culture and drive ownership through a number of levers. These include salary, which is fair and competitive against internal and external benchmarks; variable pay, which differentiates based on collective and individual achievements; and long-term incentives, which promote future performance and retention.

A STRATEGY TO ANTICIPATE AND ADAPT TO FUTURE NEEDS

The growth of the business relies on the ability to anticipate and adapt to the future needs of clients and consumers.

Through research on global trends and insights around the expected impact on clients and consumers, Sodexo is better able to adapt its resource model to meet future needs.

In the context of the Covid-19 pandemic, Sodexo's Human Resources team is working closely with operational teams to assure it provides the relevant support to clients in all segments, both in the immediate and longer-term future.

The short-term focus is on adapting services to ensure that health and safety is prioritized within clients' post-Covid recovery plans. For Sodexo, that means resourcing, training and upskilling employees to deliver standards and services that instill confidence and trust.

In the longer-term, Sodexo must remain agile and responsive to the needs of clients, many of whom will need to re-build and re-shape their businesses to remain competitive and successful. Sodexo also anticipates a war for talent emerging from the pandemic and that as the labor market opens, future candidates will want to work for companies that care for their employees. In line with Sodexo's mission and genuine focus on people, the Group is well positioned to compete for future talent.

[1] STEP for Sodexo Targets for Enhanced Performance.

IMPROVING ITS PRACTICES FOR SUSTAINABLE AND RESPONSIBLE SUPPLY

In 2020, Sodexo celebrated the 10th anniversary of partnering with WWF to continuously improve the Group's operations and procurement practices, as well as to reduce the carbon footprint associated with its activities. The main areas of collaboration are the responsible sourcing of agricultural and seafood products and the reduction of greenhouse gas emissions.

"We are delighted to renew our partnership with Sodexo, a long-standing partner of WWF. With more than 100 million consumers served every day around the world, Sodexo has the ability to drastically reduce its environmental impact in its practices, through its supply chain and in minimizing its carbon footprint. We are fully invested in supporting the company in its transformation and helping to create a collective dynamic throughout the Foodservices sector."

MARIE-CHRISTINE KORNILOFF,
DEPUTY DIRECTOR FOR ECONOMIC AFFAIRS, WWF FRANCE

WWF

Sodexo and WWF are working in partnership to promote sustainable eating and reduce the Group's carbon emissions

PRESERVING HEALTH, SAFETY AND WELL-BEING

Preserving the health and safety of its employees was Sodexo's utmost priority during the crisis. This involves not only physical health but also mental health and wellbeing. In the U.S., Sodexo introduced a text campaign to stay connected with frontline teams, when preparing to recall furloughed employees back to the workplace to address any concerns or anxieties they might have about returning to work. In the United Kingdom, the company launched a counseling service dedicated to helping more than 5,000 employees handling the additional pressure of working through the pandemic in healthcare environments.

VIEWING DIVERSITY AS AN OPPORTUNITY

Sodexo joined the Tent Partnership for Refugees in 2018, pledging to hire 300 work-eligible refugees by 2020 in Brazil, Canada, Sweden and the United States. With over 1,500 refugees hired since the initial pledge, Sodexo extended its commitment to hire 2,000 refugees globally by 2025. By providing what is often a first job opportunity in their host communities, Sodexo supports the livelihood and integration of refugees while enriching its teams with new talent.

MAKING INCLUSION A REALITY

In response to the Black Lives Matter movement, Sodexo, like many businesses, reaffirmed its commitment to fighting racism and inequality. In the U.S., Sodexo has deployed a series of race and social justice interventions, training and resources to support its workforce, including a townhall meeting for 5,000 employees, in which leaders engaged in a conversation about race and shared messages of support. In addition, Sodexo hosted several external webinars and mobilized its Diversity Leadership Council. Sodexo's long-standing commitment to diversity and inclusion is further demonstrated by a 28% increase in African Americans in senior leadership roles and a 17% increase in middle management roles in the U.S. in the past four years alone.

UNDERSTANDING WHAT DRIVES EMPLOYEE ENGAGEMENT

With many employees confined to their homes or working remotely during the pandemic, Sodexo recognized the potential impact of isolation and the increasing importance of engaging teams. Sodexo launched a survey to measure the sentiment of employees and the different feelings and concerns of the teams. The feedback provided important data, which enabled the company to increase the frequency of communications, design e-learning modules to satisfy relevant needs, and further promote regular team and one-to-one conversations. The Group also launched its global engagement survey in September 2020, introducing a far simpler format of 13 key questions – including 3 Covid-related – enabling more agile responses and giving more ownership to site managers to engage their teams and drive performance at a local level. The survey, conducted online and sent to 328,547 employees, attracted a participation rate of 59% (versus 62% in 2018). Despite the pandemic, the employee engagement rate increased by 11 point to 80.1%, expressing employee satisfaction and involvement.

PROMOTING HEALTHY AND SUSTAINABLE FOOD

Sodexo has increased its menu mix target for plant-based meals to more than 30% globally to address the growing consumer demand for sustainable food and more natural, local and healthy ingredients. Sodexo is working with its partners to offer consumers more responsible food choices that positively impact the global food system. Sodexo now offers its menus based on "Future 50 Foods" that encourage biodiversity at 6,500 sites in 13 countries. This initiative follows Sodexo's launch of 200 plant-based meals in the U.S. in 2018 and Green & Lean sustainable recipes in the United Kingdom and Ireland in 2017.

FIGHTING AGAINST FOOD WASTE

A member of the United Nations Champions 12.3 initiative, Sodexo has set a 2025 target of reducing food waste by 50% (compared to 2019). To achieve this, the Group is committed to supporting and stimulating the progress made by its chefs and employees on site, like the partnership developed in Australia with the anti-waste food platform Yume. Sodexo also combines its expertise with other member companies of the International Food Waste Coalition (IFWC) as part of a collaborative "from field to fork" approach. In addition, Sodexo joined nine other world leaders in the food industry in founding the 10x20x30 initiative, in which partners engage with their priority suppliers to put in place common processes for measuring waste throughout the value chain.

STRENGTHENING THE ENERGY EFFICIENCY OF SITES

Sodexo is committed to switching to 100% renewable energy by 2025 at its directly operated sites. This ambition extends to its clients, whom the Group supports in improving their energy efficiency and achieving their sustainability goals by offering them a comprehensive energy management service that generates significant savings and significant returns on investment. In Södertälje, Sweden, the external impact of AstraZeneca's Oazen restaurant was reduced by 67% by accelerating the Sodexo-supported Sparx program in partnership with the innovative company, Klimato, for calculating CO_2 emissions. The Coolab program, developed jointly by Sodexo and Nokia China helped to improve the energy efficiency of Nokia laboratories, saving 1.3 million euro, 12,620 MHW, and 9,945 tons of CO_2 emissions in 2019.

CREATING NEW INCLUSIVE MODELS IN REGIONS

In line with its mission, Sodexo is creating new models for an inclusive, financially sustainable economy that ensures equal opportunity in disadvantaged areas. Embodied by *"l'Atelier,"* this innovative model is based on consultation with local stakeholders and the needs of the regions. A pilot will be opened in the fall of 2021 in Clichy-sous-Bois (France) and will include a vegetable processing plant, a reception and early childhood center, a community space and a training room. Backed by a partnership with the *Agence nationale de rénovation urbaine,* the model will be deployed in around 20 regions by 2025. This project was also selected in the incubator of the Business for Inclusive Growth (B4IG) coalition, an initiative that Sodexo joined in August 2019. Coordinated by the OECD, the coalition brings together 38 large international companies mobilized to advance human rights within their value chains and to strengthen inclusion throughout their internal and external ecosystems.

CONTRIBUTING TO A HUNGER-FREE WORLD

Created by Sodexo in 1996, Stop Hunger is a global non-profit network acting in 47 countries. The human values and skills of the 26,000 Stop Hunger volunteers benefit local communities and hundreds of NGOs. In Fiscal 2020, they collected 8.6 million U.S. dollars in donations and distributed 7.3 million meals. Over the last 5 years, 44 million beneficiaries have been helped.

stop hunger

INNOVATING FOR THE REDUCTION OF SINGLE-USE PLASTICS

To combat the growing pollution of single-use plastics, Sodexo uses innovative and sustainable packaging and recycling solutions. An internal study identified relevant articles and proposed to replace the plastic articles with reusable, bioplastic and organic materials for clients in 17 countries. In France, FoodChéri, the first foodtech player to have used 100% eco-responsible packaging, is taking up the challenge of the zero-waste offer by proposing companies returnable packaging in reusable plastic. In India, Sodexo has replaced nearly 8 million plastic products with their equivalent in durable materials: paper straws, wooden beverage stirrers, wooden utensils, paper in aluminum packaging.

PRIORITY TO SHORT SUPPLY CHAINS

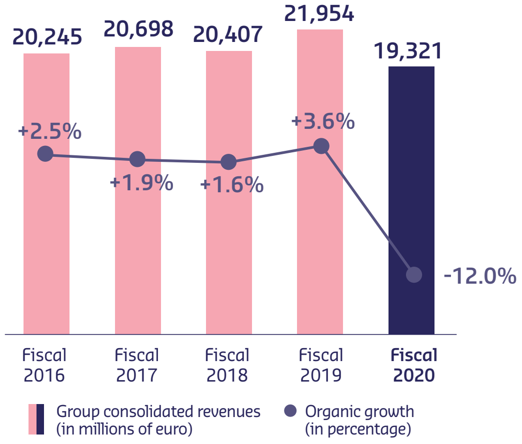
Sodexo's supply management teams are adopting new supply chain practices, including shorter routes, more local products and increased seasonal offerings. Sodexo gives small businesses priority access to its supply chain through its partner inclusion program and a methodology designed to help small and medium-sized businesses meet the Group's standards. Globally, 4.4 billion euro of Sodexo business value benefiting small and medium-sized businesses. In France, for instance, 60% of products are sourced from producers through direct supply.

Financial performance

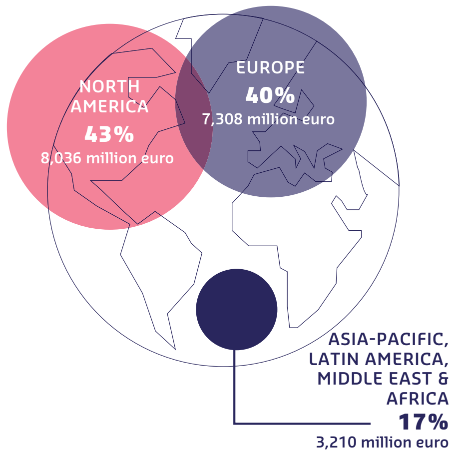
Fiscal 2020

After a first half in line with the Focus on Growth strategic agenda, with organic growth of +3.2%, Sodexo faced an unprecedented decline in business in the second half due to the Covid-19 pandemic, significantly affecting its financial performance and share value. To limit the impact of the crisis and preserve its long-term capacity for action, the Group implemented significant measures during the second half of the year. Sodexo is fully confident in terms of its financial structure, market positioning and medium-term prospects.

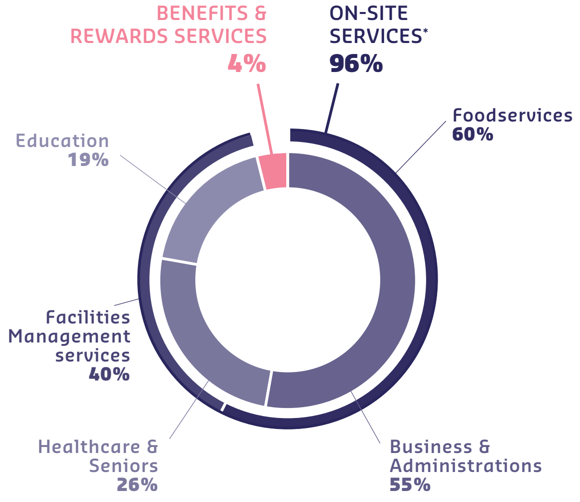
EVOLUTION OF CONSOLIDATED REVENUES AND ORGANIC GROWTH



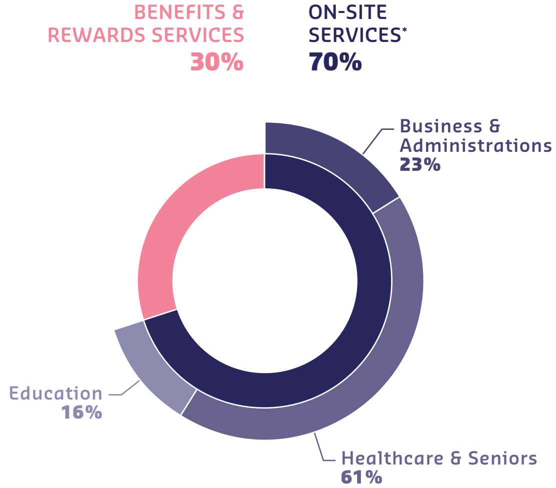
ON-SITE SERVICES REVENUES BY REGION



REVENUES BY ACTIVITY AND CLIENT SEGMENT

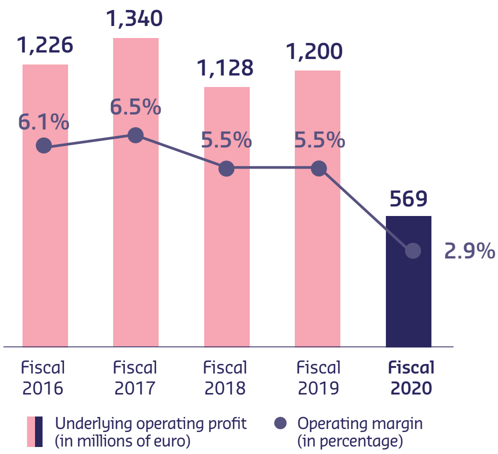


UNDERLYING OPERATING PROFIT BEFORE CORPORATE EXPENSES & INTRAGROUP ELIMINATION BY ACTIVITY AND CLIENT SEGMENT

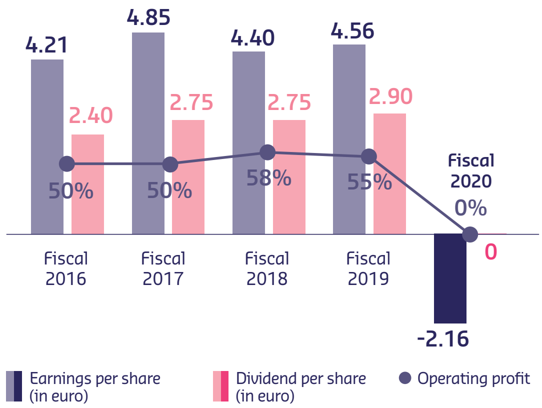


* Including Personal & Home Services.

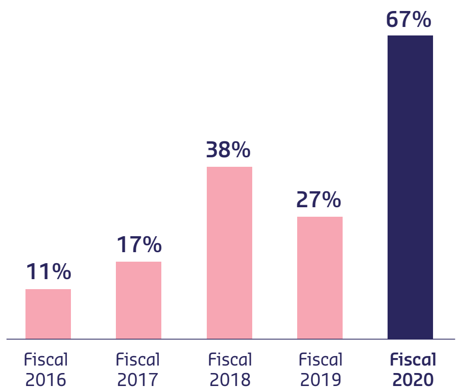
UNDERLYING OPERATING PROFIT AND OPERATING MARGIN



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

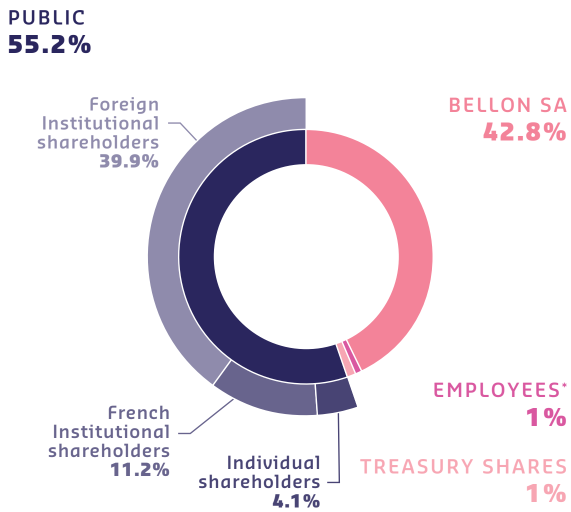


NET DEBT AS A PERCENTAGE OF SHAREHOLDERS' EQUITY*



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

SHAREHOLDERS AS OF AUGUST 31, 2020



Source: Nasdaq

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

SODEXO SHARE PRICE TREND

from September 1, 2019 through August 31, 2020

SODEXO: -42%

CAC 40: -10%

TOTAL SHAREHOLDER RETURN (TSR)

-1.2% per year over the past five fiscal years

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

For more information, see chapter 3.

Non-financial performance

Fiscal 2020

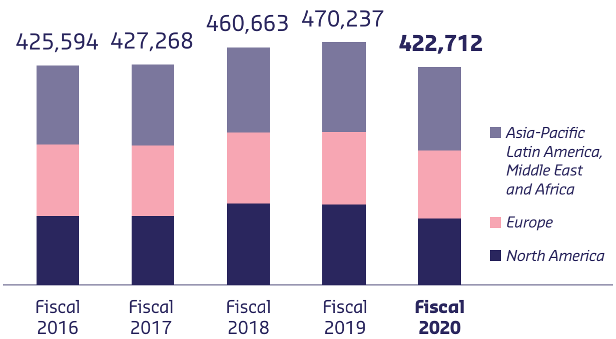
Everywhere, Sodexo teams are fully mobilized to ensure the health and safety of all and pursue the Better Tomorrow 2025 corporate responsibility roadmap to contribute to a better future.
During Fiscal 2020, Sodexo faced an unprecedented decline in business in the second half of the year due to the Covid-19 pandemic, significantly impacting its non-financial performance and the company's workforce.

Disclosure and transparency

Sodexo is convinced that clear, comparable and accessible information on its financial and non-financial performance, enables all of its stakeholders to make informed decisions. Since Sodexo's creation, our financial, social, societal and environmental performance has been publicly disclosed in the Universal Registration Document. To ensure transparency, the information and indicators have been audited by an independent third party for each of the past nine years.

1 IMPROVE THE QUALITY OF LIFE OF OUR EMPLOYEES, SAFELY

EVOLUTION OF WORKFORCE BY GEOGRAPHIC AREA



BETTER TOMORROW 2025 OBJECTIVE
80% employee engagement rate

80.1% employee engagement rate[1]

83.1% employee retention rate

89.2% site managers retention rate

0.77 lost time injury rate

8.8 hours of training on average provided annually per employee (excluding Germany)

INTERNAL PROMOTION RATES BY CATEGORY

5.8% for Off-site managers

7.3% for On-site managers

[1] 2020 employee engagement survey sent to 328,547 Sodexo employees of whom 59% responded.

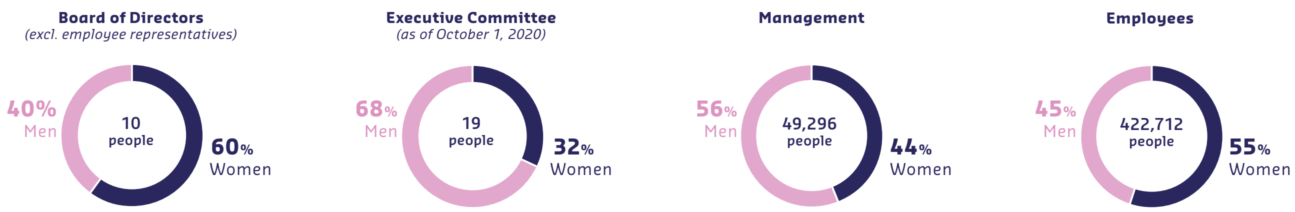
2 ENSURE A DIVERSE WORKFORCE AND INCLUSIVE CULTURE THAT REFLECTS AND ENRICHES THE COMMUNITIES WE SERVE

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

46% of our employees work in countries that have gender balance in their management

93.5% of the workforce works in countries with a non-discrimination policy that includes sexual orientation and gender identity

WORKFORCE BY GENDER AND BY CATEGORY
(as of August 31, 2020)



3 FOSTER A CULTURE OF ENVIRONMENTAL RESPONSIBILITY WITHIN OUR WORKFORCE AND WORKSPACES

BETTER TOMORROW 2025 OBJECTIVE

100% of our employees are trained on sustainable practices

- **57,279 employees** trained in sustainable practices
- **98.3%** of Group revenues from countries employing environmental experts

4 PROVIDE AND ENCOURAGE OUR CONSUMERS TO ACCESS HEALTHY LIFESTYLE CHOICES

BETTER TOMORROW 2025 OBJECTIVE

100% of our consumers are offered healthy lifestyle options every day

- **5,787 dieticians** employed by Sodexo around the world
- **96%** of On-site revenues from countries that have a system ensuring that employees with Foodservices responsibilities are trained in accordance with local standards and the overall food safety policy

5 PROMOTE LOCAL DEVELOPMENT AND FAIR, INCLUSIVE AND SUSTAINABLE BUSINESS PRACTICES

BETTER TOMORROW 2025 OBJECTIVE

10 billion euro of our business value will benefit SMEs[1]

- **4.4 billion euro** of our business value benefiting SMEs
- **57.6%** of the coffee purchased is certified sustainable (in kg)
- **95.7%** of spend with contracted suppliers having signed Sodexo's Supplier Code of conduct

6 SOURCE RESPONSIBLY AND PROVIDE MANAGEMENT SERVICES THAT REDUCE CARBON EMISSIONS

BETTER TOMORROW 2025 OBJECTIVE

34% reduction of carbon emissions[2]

- **15.9%** of reduction in Scopes 1 and 2 carbon emissions (in absolute, compared to 2017 baseline)
- **10.5%** of reduction in Scope 3 Supply Chain carbon emissions (in absolute, compared to 2017 baseline)
- **77.7%** of the total of fish and seafood procured is from sustainable sources

7 ACT SUSTAINABLY FOR A HUNGER-FREE WORLD

BETTER TOMORROW 2025 OBJECTIVE

100 million Stop Hunger beneficiaries

- **44 million** Stop Hunger beneficiaries
- **26,000** volunteers committed in Stop Hunger solidarity initiatives
- **7.3 million** meals distributed to the most deprived

8 DRIVE DIVERSITY AND INCLUSION AS A CATALYST FOR SOCIETAL CHANGE

BETTER TOMORROW 2025 OBJECTIVE

500,000 empowered women in communities

- **45,495** empowered women in communities
- **94.8%** of Group revenues from countries with initiatives to improve the quality of life of women

9 CHAMPION SUSTAINABLE RESOURCE USAGE

BETTER TOMORROW 2025 OBJECTIVE

50% reduction in our food waste

- **45.3%** reduction in our food waste at the 291 sites that have deployed the WasteWatch program
- **90.7%** of Group revenues from countries working to deliver on the United Nations' food waste objective

Acting responsibly is at the heart of our mission and everything we do on a daily basis. Sodexo is recognized for these commitments and encourages its teams to make progress to reduce our impact on ecosystems.

Sodexo is a member of the ESG 80, FTSE4Good and Dow Jones Sustainability Index and ranks as the leader in its sector for the 15th consecutive year. The Group is also ranked 1st among companies in its sector in the SAM Sustainability Yearbook and, for the 11th consecutive year, among the best companies in the DiversityInc ranking for LGBTQ+ employees, recruitment of women of color and executives women leaders. Sodexo also holds Ecovadis Gold certification.

For more information, see Chapter 2.

1 Small and Medium Enterprises.

2 Absolute reduction in Scope 1, Scope 2 and Scope 3 carbon emissions, compared to a 2017 baseline.

A responsible compensation policy

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

"OUR COMPENSATION POLICY, BALANCING INDIVIDUAL AND COLLECTIVE RECOGNITION AND LONG- AND SHORT-TERM PRIORITIES, SEEKS TO STRENGTHEN OUR CULTURE OF PERFORMANCE. THE STRONG AND RESPONSIBLE DECISIONS MADE DURING THE YEAR, IN RESPONSE TO THE EXCEPTIONAL SITUATION WE ARE FACING, REFLECT SODEXO'S VALUES."

CÉCILE TANDEAU DE MARSAC,
Chairwoman of the Compensation Committee

PRINCIPLES FOR COMPENSATION

- COMPLIANCE
- COMPETITIVENESS
- COMPLETENESS BALANCE
- PERFORMANCE
- TRANSPARENCY
- ALIGNMENT OF INTERESTS

EMPLOYEE RELIEF PROGRAM

Sodexo Employee Relief Program

In April 2020, faced with the social and economic consequences of the Covid-19 pandemic, Sodexo decided to create an Employee Relief Program. This global program, administered locally according to the specific needs of each country, supports the most vulnerable on-site staff that have been impacted by the business interruption and resulting revenue declines.

This solidarity initiative was enabled by a contribution from the company and by the reduction of the compensation of the Group's senior executives for a total of 30 million euro.

- The compensation of Sophie Bellon, Chairwoman of the Board of Directors, was reduced by 50% for the second half of the fiscal year.
- The fixed compensation of Denis Machuel, Chief Executive Officer, was reduced by 50% over the second half of the fiscal year and his variable compensation was suppressed for Fiscal 2020.
- Fixed compensation for Executive Committee members was reduced by 10% over the second half of the fiscal year, and their annual variable compensation was suppressed.
- The 200 senior executives, from all geographies, activities and segments, also contributed to this program through the cancellation of their annual variable compensation.

COMPENSATION OF THE CHAIRWOMAN OF THE BOARD OF DIRECTORS

100%
FIXED
COMPENSATION

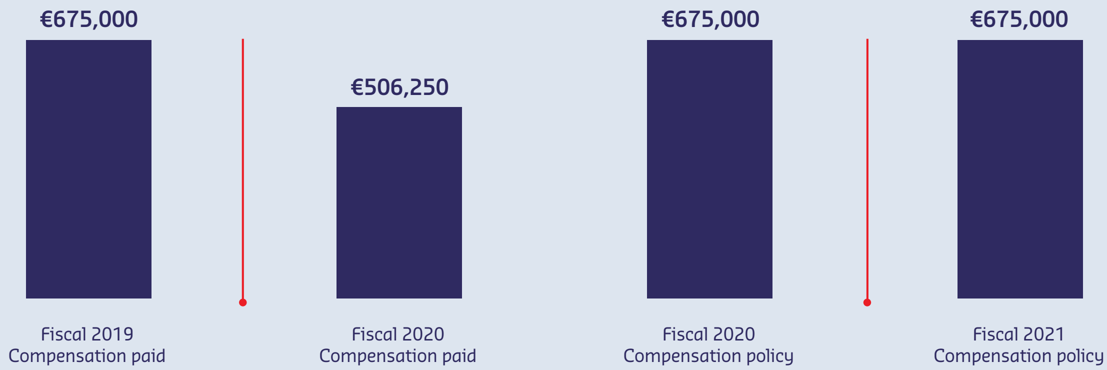
Compensation structure

The compensation structure applicable to the Chairwoman of the Board of Directors comprises a fixed compensation payment and collective health and benefit plans. As the Chairwoman is a non-executive director, in line with market practices in France, she does not receive any variable compensation, either short-term annual or multi-year, nor does she benefit from a long-term incentive plan.

Compensation details

- For Fiscal 2020, annual fixed compensation theoretically attributable to the Chairwoman of the Board of Directors was 675,000 euro.
- The compensation actually paid to Sophie Bellon, Chairwoman of the Board of Directors for Fiscal 2020 was 506,250 euro due to the decision made by the Board of Directors to reduce her fixed compensation by 50% during the second half of Fiscal 2020.
- The compensation of the Chairwoman of the Board of Directors will remain unchanged for Fiscal 2021 (675,000 euro).

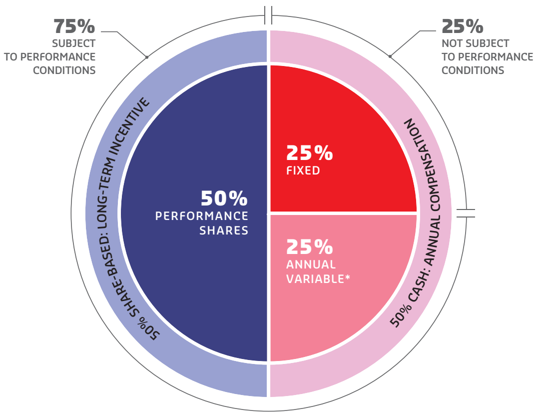
Summary of the fixed compensation of the Chairwoman of the Board of Directors



COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer's compensation policy is structured to achieve a balance between long- and short-term performance in order to promote the Group's development for the benefit of all of its stakeholders.

Compensation structure



* Assuming objectives 100% achieved.

Compensation details

FIXED COMPENSATION

- The Chief Executive Officer's annual fixed compensation, unchanged since his appointment on January 23, 2018, is 900,000 euro, reflecting the inherent responsibilities in the role.
- The fixed compensation actually paid to Chief Executive Officer Denis Machuel for Fiscal 2020 was 675,000 euro, due to the decision of the Board of Directors to reduce his fixed compensation for the second half of Fiscal 2020 by 50%.
- The Chief Executive Officer's fixed compensation for Fiscal 2021 will remain unchanged (900,000 euro).

ANNUAL VARIABLE COMPENSATION

- The Chief Executive Officer's annual variable compensation is intended to encourage the achievement of the annual performance targets determined by the Board of Directors in line with Sodexo's strategy.
- If all of the applicable targets are achieved, the annual variable compensation amounts to 100% of his annual fixed compensation (900,000 euro) and may reach up to 150% (1,350,000 euro) if the targets are exceeded.

	Weight	Fiscal 2020 Results	Achievement level
FINANCIAL PERFORMANCE			
Organic growth	20%	-12%	0%
Underlying operating profit margin excl. currency effect	20%	2.9%	0%
Net income growth (in millions of euro)	10%	(315)	0%
Free cash flow (in millions of euro)	20%	72	0%
NON-FINANCIAL PERFORMANCE			
Health and Safety (lost time injury rate)	10%	0.77	100%
Talent management	10%	-	75%
DJSI	10%	#1	100%
TOTAL	**100%**		**27.5%**

Given the impact of the sanitary crisis on the Fiscal 2020 performance, the level of attainment of the objectives was 27.5 %, or implicitly, variable compensation amounting to 247,500 euro.

However, given the decision made by the Board of Directors, the variable compensation for Fiscal 2020 has been suppressed.

Exceptionally and given the sanitary crisis caused by the Covid-19 pandemic, the budget for Fiscal 2021 is established for each of the first and second halves of the year, in line with the financial objectives communicated to the market. Thus, the financial performance targets were set in October 2020 for the first semester and will be set in April 2021 for the second semester.

For Fiscal 2021, the achievement rate for the Chief Executive Officer's variable compensation will be measured at two points in time: following publication of the half-year interim results and following publication of the annual results. This structure will apply to all employees eligible for variable compensation.

LONG-TERM COMPENSATION

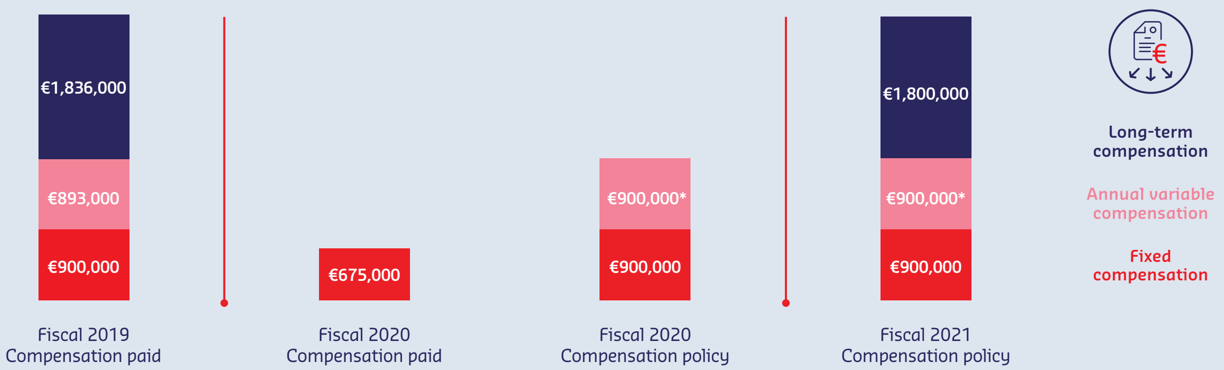
The long-term compensation program is intended to increase the Chief Executive Officer's motivation and loyalty while aligning his interests with those of the Company's stakeholders.

Long-term compensation currently consists solely of performance share grants.

Pursuant to the decision of the Board of Directors of November 6, 2019 to reduce the vesting-period from four to three years, and in order to maintain a regular annual delivery of performance shares, no performance shares were granted to the Chief Executive Officer in Fiscal 2020.

Long-term compensation awarded in Fiscal 2021 will be subject to performance criteria and to a presence condition.

Summary of the compensation of the Chief Executive Officer



* Amount of up to 1,350,000 euro if targets are exceeded.

For more information, see Chapter 5.5 on Compensation.

2

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2.1 FISCAL 2020 ACTIVITY REPORT

2.1.1 Fiscal 2020 year highlights – a year of two halves

2.1.1.1 1st half Fiscal 2020 on track with "Focus on Growth" strategic agenda and objectives

1st half Fiscal 2020 organic growth was a solid +3.2%. On-site sales were up +3.2%, with stable retention and new sales development, and strong same site sales growth, helped by the Rugby World Cup. Benefits & Rewards organic growth was up +4%, with a strong European performance being offset by weakness in Brazil. The Underlying operating margin was stable at 5.9% and the balance sheet remained solid despite an increase in capex and the traditional 1st half cash outflow.

The first half performance was in line with the Group's full year objectives of +4% organic growth, to include the Olympic Games in the summer, and stable Underlying operating profit margin at 5.5%.

The Focus on Growth strategic agenda was being deployed in all its dimensions, with strong focus on enhancing operational efficiency, thus providing the capacity to continue to invest in growth. Client and consumer centric became a reality, with a new CRM system in place, reinvigorated sales teams, and the first MSDC (Marketing & Sales Distribution Centre) launched in North America. Aspire was deployed with strong uptake by the 50,000 managers involved as part of the Nurturing talent program. The Group-wide WasteWatch program was deployed across 291 sites, the WWF partnership, providing technical support to our corporate responsibility programs, was renewed, and the Group's leadership continued to be recognized, such as our presence in the Bloomberg Gender-Equality index, Industry leader in the DJ Sustainability Index for the 15th consecutive year and joining The Valuable 500 initiative to place disability on the business agenda.

Then came Covid-19, firstly in China, where Sodexo was immediately mobilized. The experience acquired with this first-hand exposure in the region was rapidly transferred to Europe, and then North America as the pandemic spread across the world.

2.1.1.2 2nd half Fiscal 2020 significantly impacted by Covid-19

As the pandemic moved across the world, the priority was to ensure the security of all our people, and then to put in place a set of rigorous actions to protect the results focusing on:

1. proactively managing the workforce, by using all available furlough dispositions and adapting numbers of employees where there were none;
2. strictly controlling the cash positions by maintaining ongoing dialogue with clients, postponing capex, projects and M&A, monitoring cash positions daily and ensuring strict compliance with cash-pooling policies;
3. monitoring our supply chain in order to secure critical supplies of Personal Protective Equipment and rapidly reduce inventories where necessary.

2nd half Fiscal 2020 Revenues were down -27.5% organically, with a 3rd quarter at -36%, adjusted for the first two weeks of the third quarter before lockdown, and a 4th quarter at -24.9%, showing a significantly improving trend going into September 2020.

Underlying operating profit flow-through at 21.2%, at constant rates, was in the 20 to 23% hypotheses range provided by the Group in July 2020.

Free cashflow was solid at 465 million euro, excluding the USPP make-whole, during the 2nd half, well above the hypotheses range of -200 million euro to +200 million euro.

2.1.1.3 Rise with Sodexo

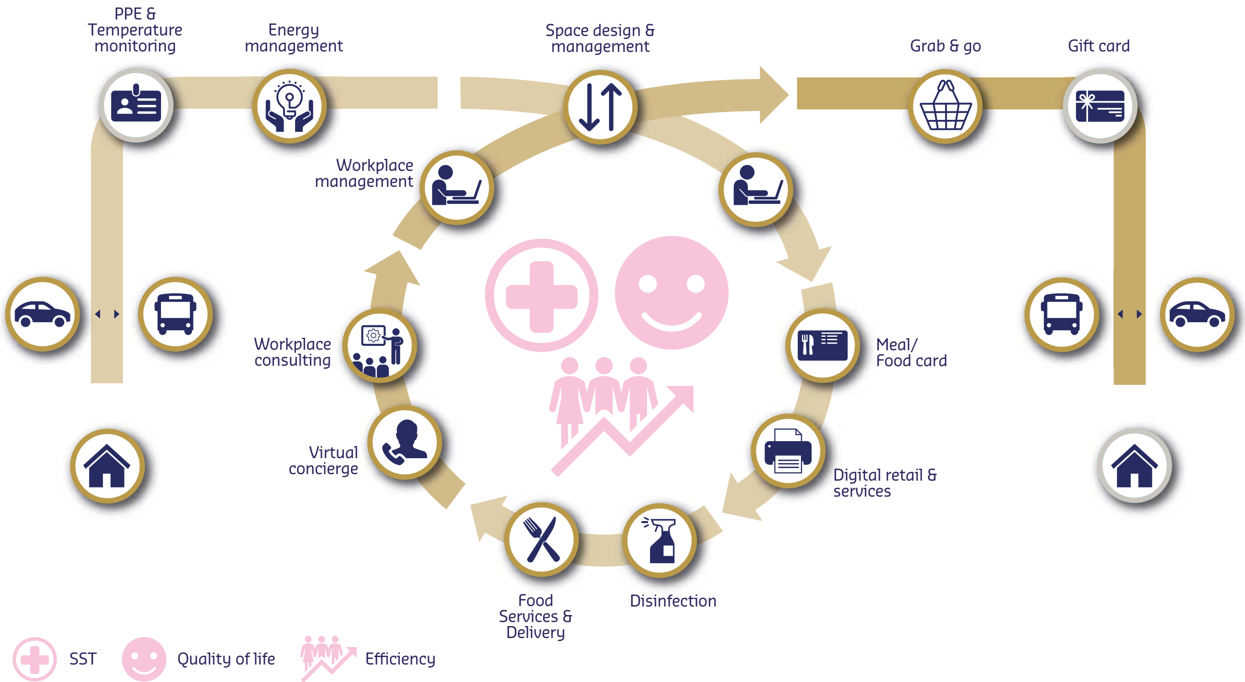
Having put in place the necessary actions to protect our people, our consumers and our cash, and drawing on the lessons learned from the experience in restarting business in Asia, Sodexo teams and experts quickly identified the key elements to help clients provide a safe and welcoming environment for their employees as they came out of lockdown. This "rise with Sodexo" program is based on the seamless integration of services across On-site Services, Benefits & Rewards Services and Personal & Home Services, integrating over 40 essential service offerings, customized specifically to the needs of each client. These services include deep cleaning, disinfection, air control, diversified restaurant services, space management to ensure social distancing for those coming back onsite, and meal cards, digital concierge services and food delivery for those who remain working at home.

To ensure that all its protocols were safe and at the same time provide that assurance to clients and consumers, Sodexo has:

- created a **Medical Advisory Council,** comprised of experts from around the world in epidemiology, family medicine, nutrition, occupational health and behavioral health, as well as pandemic planning and operations, to support the development of new protocols and standards, including Covid-19 related services delivered worldwide. This Council provides technical guidance and validation of health & safety protocols;
- joined forces with **Bureau Veritas** to introduce a **hygiene certification label for Sodexo procedures and services,** giving quality assurance to our clients and consumers that all necessary health steps have been taken when organizations reopen post-lockdown.

To support "rise with Sodexo", Sodexo has reaffirmed **five key sustainability commitments** for a more resilient and green economic recovery:

- continuing the deployment of our WasteWatch food waste reduction program,
- maintaining efforts to reduce single-use items and plastic waste,
- providing access to sustainable eating and "low-carbon" meals,
- promoting sustainable and responsible sourcing,
- enhancing environmental training for our employees.



2.1.1.4 Working towards a better Tomorrow

In line with its roadmap **Better Tomorrow 2025,** Sodexo works to strengthen its commitment and performance to corporate responsibility.

- Sodexo is thus the **first global Foodservices company to connect its financing to action to prevent food waste.**
- With a renewed partnership with WWF, Sodexo continues to work toward its sector-leading 34% Sciences-based carbon emissions reduction target by 2025 (compared to a 2017 baseline) and committing to eliminate deforestation from its supply chain by 2030.
- Sodexo continues to be recognized within the financial community, with the **highest marks in SAM's "Sustainability Yearbook"** for the 13th consecutive year, as well as **gold class recognition by EcoVadis.** Sodexo also remains the **leading company in its sector within the Dow Jones Sustainability Index (DJSI),** for the 15th consecutive year and was included in the **2020 Bloomberg Gender-Equality Index,** recognizing commitment to advancing women in the workplace. Sodexo also join **Euronext® Eurozone ESG Large 80 Index** family, recognizing the ability to reduce its emissions and to adapt the business model to address the risks and opportunities tied to the transition to a low carbon economy.

2.1.1.5 Changes to the Board of Directors

- Soumitra Dutta, whose term of office expires at the close of the January 12, 2021 Annual Shareholders Meeting, has stated that he does not wish to stand for reappointment. Independent director of Sodexo's Board of Directors since January 19, 2015, Soumitra Dutta has made a significant contribution to the discussions of the Board and the Audit Committee, notably in the fields of technology, digital and strategy.
- Consequently, the Board proposes to the Shareholders Meeting the nomination of Federico González Tejera as independent Board member for a three-year term. Federico J. González Tejera, of Spanish nationality, is President and Chief Executive Officer of Radisson Hospitality AB. He will bring to the Board his strategic vision as well as his solid expertise in consumer culture gained notably in the hotel sector, where he held executive positions in several multinational corporations.
- During the January 12, 2021 Shareholders Meeting, shareholders will also be asked to renew the mandates of Sophie Bellon, Nathalie Bellon-Szabo and Françoise Brougher:
  - Sophie Bellon has been a non-independent director of Sodexo's Board of Directors since July 26, 1989 and Chairwoman of the Board of Directors since January 26, 2016. She brings to the Board and the Group her in-depth knowledge of Sodexo. As Sodexo's most prominent ambassador, she promotes the Company, its Quality of Life services and its mission. Sophie Bellon is committed to ensuring good governance for the Group, and is fully dedicated to the work of the Board of Directors, with an attendance rate at Board meetings of 100% for over ten years;
  - Nathalie Bellon-Szabo has been a non-independent director of Sodexo's Board of Directors since July 26, 1989, a member of the Group Executive Committee and Chief Executive Officer Sports & Leisure Worldwide since June 19, 2018. She brings to the Board her in-depth knowledge of Sodexo and its operations as well as her experience in and contribution to Quality of Life services. During her current term of office her attendance rate at Board meetings has been 97% on average;
  - Françoise Brougher has been an independent director of Sodexo's Board of Directors since January 23, 2012. She brings to the Board her international experience – particularly in the United States – as well as her strategic vision and expertise as an executive of publicly traded U.S.-headquartered companies in the digital space. Her expertise is important to help Sodexo adapt to the new behaviors of consumers, customers, employees and suppliers. During her current term of office her attendance rate has been 94% on average.
- Véronique Laury will be appointed to the Audit Committee to replace Soumitra Dutta.
- Cathy Martin was renewed for a three-year term as director representing employees starting on January 12, 2021.
- Should all the resolutions be approved at the Shareholders Meeting, the diversity of the Board remains intact with 70% of its members being independent and 60% being women.

2.1.2 Fiscal 2020 performance

2.1.2.1 Consolidated income statement

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019	DIFFERENCE	DIFFERENCE CONSTANT RATES
Revenue	19,321	21,954	-12.0%	-11.2%
UNDERLYING OPERATING PROFIT	**569**	**1,200**	**-52.6%**	**-49.6%**
UNDERLYING OPERATING PROFIT MARGIN	**2.9%**	**5.5%**	**-260 bps**	**-240 bps**
Other operating expenses	(503)	(141)		
OPERATING PROFIT	**65**	**1,059**	**-93.8%**	**-91.1%**
Net financial expense	(291)	(100)		
Tax charge*	(98)	(277)		
GROUP NET PROFIT	**(315)**	**665**		
EPS (in euro)	**(2.16)**	**4.56**		
UNDERLYING NET PROFIT	**306**	**765**	**-60.1%**	**-57.1%**
Underlying EPS (in euro)	2.10	5.25	-60.1%	

* Fiscal 2020 Underlying effective tax rate is at 30.8% which compares to the 29% effective tax rate in FY 2019.

2.1.2.2 Currency effect

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

1€=	AVERAGE RATE FY 2020	AVERAGE RATE FY 2019	AVERAGE RATE FY 2020 VS. FY 2019	CLOSING RATE FY 2020 AT 31/08/2020	CLOSING RATE FY 2019 AT 31/08/19	CLOSING RATE 31/08/2020 VS. 31/08/2019
U.S. dollar	1.115	1.134	+1.7%	1.194	1.104	-7.6%
Pound sterling	0.876	0.885	+1.0%	0.896	0.906	+1.1%
Brazilian real	5.255	4.384	-16.6%	6.474	4.588	-29.1%

2

The major impact of currencies this year is the decline in the Brazilian real of 16.6% over the year, but with a particularly sharp drop in the second half of the year. This has had a relatively small impact on Group revenues, compared to the impact on Underlying operating profit due to the higher profitability of the Benefits & Rewards activities, particularly in Brazil.

Sodexo operates in 64 countries. The percentage of total revenues and underlying operating profit denominated in the main currencies are as follows:

FISCAL 2020	% OF REVENUES	% OF UNDERLYING OPERATING PROFIT
U.S. dollar	40%	59%
Euro	24%	-38%
UK pound sterling	9%	14%
Brazilian real	5%	30%

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

As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for Fiscal 2020 and Fiscal 2019 have been converted at the exchange rate of 1€ = 87.865 vs 63.975 ARS for Fiscal 2019.

2.1.2.3 Revenues

REVENUES BY ACTIVITY

REVENUES BY SEGMENT (in millions of euro)	FY 2020	FY 2019	RESTATED ORGANIC GROWTH	ORGANIC GROWTH	EXTERNAL GROWTH	CURRENCY EFFECT	TOTAL GROWTH
Business & Administrations	10,265	11,577	-12.1%	-10.3%	+0.4%	-1.4%	-11.3%
Healthcare & Seniors	4,815	5,210	-6.6%	-9.4%	+1.7%	+0.1%	-7.6%
Education	3,475	4,280	-18.9%	-20.4%	+0.5%	+1.0%	-18.8%
ON-SITE SERVICES	**18,554**	**21,067**	**-12.1%**	**-12.1%**	**+0.7%**	**-0.5%**	**-11.9%**
BENEFITS & REWARDS SERVICES	**773**	**892**	**-7.8%**	**-7.8%**	**+0.2%**	**-5.8%**	**-13.4%**
Elimination	(5)	(4)					
TOTAL GROUP	**19,321**	**21,954**	**-12.0%**	**-12.0%**	**+0.7%**	**-0.8%**	**-12.0%**

Fiscal 2020 consolidated revenues totaled 19.3 billion euro, down -12% year-on-year. This is the combination of solid first half revenue growth of +3.2%, followed by a -27.5% decline in the second half as the Covid-19 pandemic spread across the world, impacting most of the Group's operating sites, in particular in Schools and Universities and the Corporate Services and Sports & Leisure sub-segments in Business & Administrations, particularly in North America and Europe.

REVENUES BY SEGMENT (in millions of euro)	H1 FY 2020	H1 FY 2019	RESTATED ORGANIC GROWTH	H2 FY 2020	H2 FY 2019	RESTATED ORGANIC GROWTH
Business & Administrations	6,186	5,645	+5.7%	4,079	5,932	-29.2%
Healthcare & Seniors	2,538	2,552	-2.0%	2,276	2,658	-11.1%
Education	2,528	2,420	+2.4%	947	1,860	-47.2%
ON-SITE SERVICES	**11,252**	**10,617**	**+3.2%**	**7,302**	**10,450**	**-27.8%**
BENEFITS & REWARDS SERVICES	**443**	**430**	**+4.0%**	**330**	**462**	**-18.8%**
Elimination	(3)	(2)		(2)	(2)	
TOTAL GROUP	**11,692**	**11,045**	**+3.2%**	**7,629**	**10,909**	**-27.5%**

Most segments and activities were impacted by the pandemic in the second half, depending upon the number of site closures. However, some more than others.

	ACTUALS 2020			
REVENUE ORGANIC GROWTH	Q3	Q3 TREND	Q4	H2
Business & Administrations	**-28.5%**	**-34%**	**-29.8%**	**-29.2%**
Of which Corporate Services	-27%	-32%	-25%	-26%
Of which Sports & Leisure	-84%	-100%	-91%	-88%
Healthcare & Seniors	**-12.9%**	**-15%**	**-9.1%**	**-11.1%**
Education	**-53.9%**	**-65%**	**-35.7%**	**-47.2%**
Of which Schools	-48%	-58%	-23%	-39%
Of which Universities	-59%	-71%	-48%	-55%
On-site Services	**-30.1%**	**-36%**	**-25.4%**	**-27.8%**
Benefits & Rewards Services	**-22.8%**	**-27%**	**-15.1%**	**-18.8%**
Group	**-29.9%**	**-36%**	**-24.9%**	**-27.5%**

On-site Services

On-site Services revenues declined by -12.1% for the year, with the second half being down -27.8%, the deepest downturn ever registered, severely impacted by the effects of site closures during lockdown and a progressive recovery since.

Despite this significant loss of revenues, the strategic choices and investments that the Group has made over the years, have provided some resilience during this crisis.

In the second half:

- Facilities Management services were down only -1.4% (40% of total On-site Services revenues) and global Integrated FM accounts were flat (10% of On-site Services revenues), while Food services were down -42.2%.
- while North America and Europe were down -35.9% and -28.4% respectively, Asia-Pacific, Latin America, Middle East and Africa (17% of On-site Services revenues) was down only -5.2%.
- in Business & Administrations,
  - the Energy & Resources and Government & Agencies segments together (14% of On-site Services revenues) were up +1.3% in the second half,
  - the decline in Corporate Services (25% of On-site Services revenues) was limited to -26% due to the 50/50 mix between FM and Food services and white and blue-collar consumers,
  - Sports & Leisure segment activity closed down rapidly from mid-March, with sales down -88%;
- in Education, despite being closed, Schools were more resilient than Universities due to many local authorities, particularly in North America, providing meals to families in need;
- in Corporate Services, our mix of one third cost plus contracts, two thirds P&L contracts, also helped to ensure against rapid revenue corrections;
- Healthcare & Seniors remained resilient, down only -11.1% (26% of On-site Services revenues);
- all key indicators were impacted:
  - client retention rate at the end of the year was solid at 93.5%, up +20 bps, or up +110 bps, excluding a significant number of voluntary exits, with gross profit retention higher at 95.7%. Retention recovered in North America by 230 bps,

- new sales development was down -140 bps at 4.9%, as fewer new projects came up for tender, but margin discipline was maintained with a +50 bps improvement in signed contracts,
- same site sales decline was -11.9% reflecting the significant food volume falls in many segments, particularly in Sports & Leisure, Education and Corporate Services. Healthcare & Seniors, Government & Agencies and Energy & Resources remained much more resilient due to some offset from cross-selling in particular of specialist hygiene and cleaning services. Only the Energy & Resources segment and the Asia-Pacific region achieved same site sales growth in the second half.

ON-SITE SERVICES REVENUES BY REGION

REVENUES BY REGION (in millions of euro)	FY 2020	FY 2019	RESTATED ORGANIC GROWTH
North America	8,036	9,572	-17.4%
Europe	7,308	8,129	-11.9%
Asia-Pacific, Latam, Middle East and Africa	3,210	3,366	+2.5%
ON-SITE SERVICES TOTAL	**18,554**	**21,067**	**-12.1%**

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2020	H2 FY 2019	RESTATED ORGANIC GROWTH
North America	2,936	4,635	-35.9%
Europe	2,919	4,063	-28.4%
Asia-Pacific, Latam, Middle East and Africa	1,447	1,752	-5.2%
ON-SITE SERVICES TOTAL	**7,302**	**10,450**	**-27.8%**

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 31,000 employees there today. The United Kingdom's exit from the European Union should not significantly impact the Group's activities. The Group is a local player, working with local suppliers and employees, and very often for Government authorities and Government services. In the UK, traditionally, a large part of the services have been FM Services, which have demonstrated their resilience in the current Covid crisis. Action plans have been put in place to limit the impact of a no deal Brexit on food prices and availability. As usual, growth in activity will remain dependent upon outsourcing trends, growth in GDP and employment in the country.

Business & Administrations

REVENUES

REVENUES BY REGION (in millions of euro)	FY 2020	FY 2019	RESTATED ORGANIC GROWTH
North America	2,518	3,263	-24.1%
Europe	4,904	5,371	-13.3%
Asia-Pacific, Latam, Middle East and Africa	2,843	2,942	+3.4%
BUSINESS & ADMINISTRATIONS TOTAL	**10,265**	**11,577**	**-12.1%**

Fiscal 2020 **Business & Administrations** revenues totaled **10.3 billion euro,** down -12.1% organically. This was a combination of organic growth of +3.2% in the first half and a decline of -29.2% in the second half.

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2020	H2 FY 2019	RESTATED ORGANIC GROWTH
North America	860	1,693	-48.5%
Europe	1,920	2,715	-31.6%
Asia-Pacific, Latam, Middle East and Africa	1,299	1,524	-3.4%
BUSINESS & ADMINISTRATIONS TOTAL	**4,079**	**5,932**	**-29.2%**

Second half organic growth in **North America** was -48.5%. The region was particularly impacted by a very severe decline in Sports & Leisure due to the closure of stadiums, convention centers and museums from March. Energy & Resources was also impacted by the closing down of many production sites due to the sharp fall in energy prices. Corporate Services was more resilient due to the share of FM services and blue-collar consumers who did not stop working during lockdown. Government & Agencies was also resilient as the military bases remained active throughout the crisis, requiring more services.

In **Europe,** second half revenues were down -31.6% organically, driven by the significant decline in Sports & Leisure and, to a lesser extent, Corporate Services, which have started to see a progressive return to work from May. The Government & Agencies and Energy & Resources segments were very resilient boosted by solid FM activity.

In **Asia-Pacific, Latam, Middle East and Africa** organic revenue growth was -3.4%. Corporate Services activity was down due to the spreading of the pandemic progressively into Latin America and India. Activity in China was back to growth on a monthly basis by the end of the second half. Energy & Resources benefited from strong cross selling of FM services and in particular cleaning and disinfection services to protect consumers from the pandemic, particularly in the mining sector, where sites remained open throughout the period.

Healthcare & Seniors

REVENUES BY REGION (in millions of euro)	FY 2020	FY 2019	RESTATED ORGANIC GROWTH
North America	2,950	3,211	-9.7%
Europe	1,579	1,678	-1.7%
Asia-Pacific, Latam, Middle East and Africa	286	321	+1.8%
HEALTHCARE & SENIORS TOTAL	**4,815**	**5,210**	**-6.6%**

Healthcare & Seniors revenues amounted to **4.8 billion euro,** down -6.6% organically. The first half was down -2% due to some significant contract losses and a large contract exit. In the second half, the lower level of elective surgery and retail sales in hospitals and one further major contract exit led to a decline of -11.1%, even though Senior revenues were more or less stable.

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2020	H2 FY 2019	RESTATED ORGANIC GROWTH
North America	1,394	1,639	-14.6%
Europe	760	842	-3.9%
Asia-Pacific, Latam, Middle East and Africa	122	177	-9.4%
HEALTHCARE & SENIORS TOTAL	**2,276**	**2,658**	**-11.1%**

In **North America,** second half organic growth was -14.6%, impacted by lower elective surgery and retail sales in hospitals and some contract losses and exits, including a new contract exit in the fourth quarter. Seniors activity was stable.

In **Europe,** organic growth was more resilient, down -3.9%. Food services were down significantly and showed no signs of recovery during the period. However, growth came back in the fourth quarter, due to solid cross-selling of new Covid-related hygiene services and a large contract for the Rapid Testing Centers in the UK. Seniors activity was resilient in both quarters and improving in July and August.

In **Asia-Pacific, Latam, Middle East and Africa,** organic revenue growth was -9.4%, deteriorating throughout the second half, as the pandemic spread in Latin America and India.

Education

REVENUES BY REGION (in millions of euro)	FY 2020	FY 2019	RESTATED ORGANIC GROWTH
North America	2,569	3,098	-18.5%
Europe	824	1,079	-20.1%
Asia-Pacific, Latam, Middle East and Africa	81	102	-20.3%
EDUCATION TOTAL	**3,475**	**4,280**	**-18.9%**

Fiscal 2020 revenues in **Education** were **3.5 billion euro,** down -18.9% organically. While the first half was up +2.4%, the second half was down -47.2%, impacted very significantly by the closure of most sites around the world. Food sales were cut by more than a half, the remainder being principally linked to local authority efforts to provide meals to families despite the school closures. FM services were much more resilient.

2

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2020	H2 FY 2019	RESTATED ORGANIC GROWTH
North America	681	1,303	-46.5%
Europe	239	506	-49.2%
Asia-Pacific, Latam, Middle East and Africa	26	51	-45.3%
EDUCATION TOTAL	**947**	**1,860**	**-47.2%**

In the second half, **North America** was down -46.5%. Although some universities remained open for foreign students who could not get home, most universities and schools were closed from the end of March. Schools were much more resilient than Universities due to a higher share of FM Services and the substantial number of packed meals produced for the local authorities for families in need.

In **Europe,** revenue was down -49.2% organically. Schools were closed in all countries from the outset of the crisis. Although 80% of schools were reopened in France in June, attendance remained very low. Summer camp activity helped in certain countries even though it was much more limited in the UK. Some cross-selling of cleaning and disinfection services helped to offset the very significant reduction in food services activity.

In **Asia-Pacific, Latam, Middle East and Africa,** organic growth was -45.3%, with the progressive closing of schools across Asia. Some schools started opening in China before the summer break.

BENEFITS & REWARDS SERVICES

Fiscal year 2020 **Benefits & Rewards Services** revenue amounted to 773 million euro, down -13.4%. Currencies had a negative impact of -5.8%, due principally to the weakness of the Brazilian real and the Turkish lira. The scope change was negligible. Organically revenues were down -7.8%, split up +4% in the first half and down -18.8% in the second half. While the first half was impacted by lower interest rates and competitive pressures in Brazil, the second half was impacted by the Covid-19 crisis, particularly in Europe in the third quarter and in Latin America in the fourth quarter as the pandemic spread.

REVENUES BY ACTIVITY (in millions of euro)	FY 2020	FY 2019	ORGANIC GROWTH
Employee benefits	607	709	-7.5%
Services Diversification*	166	183	-8.7%
BENEFITS & REWARDS SERVICES	**773**	**892**	**-7.8%**

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

FOR THE SECOND HALF ONLY

REVENUES BY ACTIVITY (in millions of euro)	H2 FY 2020	H2 FY 2019	ORGANIC GROWTH
Employee benefits	259	367	-17.5%
Services Diversification*	70	95	-23.5%
BENEFITS & REWARDS SERVICES	**329**	**462**	**-18.8%**

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

In the second half, **Employee Benefit** revenues were down **-17.5% organically,** compared to an organic decline in issue volume (5.3 billion euro) of only -8.4%, showing the resilience of these services. The discrepancy of the performance between revenues and issue volumes is due to the strong fall in interest rates in Brazil and lower merchant revenue due to lower utilization linked to the closure of restaurants during the crisis. As reimbursement was lower, the float grew during the period.

Services Diversification was down **-23.5%** organically, resulting from a very significant decline in travel since the outbreak of the pandemic, interrupting the rapid development of Mobility & Expense of the last year. Other services such as the home employee services in Belgium, Corporate Health & Wellness offers, and public benefits were also down strongly in Q3 and gradually recovered in Q4.

REVENUES BY NATURE (in millions of euro)	FY 2020	FY 2019	ORGANIC GROWTH
Operating Revenues	718	818	-6.8%
Financial Revenues	54	74	-18.4%
BENEFITS & REWARDS SERVICES	**773**	**892**	**-7.8%**

FOR THE SECOND HALF ONLY

REVENUES BY NATURE (in millions of euro)	H2 FY 2020	H2 FY 2019	ORGANIC GROWTH
Operating Revenues	306	424	-18.3%
Financial Revenues	23	38	-25.2%
BENEFITS & REWARDS SERVICES	**329**	**462**	**-18.8%**

In the second half, **Operating revenues** were down **-18.3%.** While the fourth quarter in Europe showed a marked improvement, in Latin America, the reverse was true, with a strong competitive environment in Brazil and significant reductions in volumes in Peru and Chile for employee benefits. **Financial revenues** were down **-25.2%** largely due to the persistent decline in Brazilian interest rates.

REVENUES BY REGION (in millions of euro)	FY 2020	FY 2019	ORGANIC GROWTH
Europe, USA and Asia	482	508	-4.8%
Latin America	290	384	-11.7%
BENEFITS & REWARDS SERVICES	**773**	**892**	**-7.8%**

FOR THE SECOND HALF ONLY

REVENUES BY REGION (in millions of euro)	H2 FY 2020	H2 FY 2019	ORGANIC GROWTH
Europe, USA and Asia	213	264	-18.0%
Latin America	117	198	-19.9%
BENEFITS & REWARDS SERVICES	**329**	**462**	**-18.8%**

In **Europe, Asia and USA,** the organic revenue decline was **-18.0%,** with the third quarter heavily impacted by Covid-19, interrupting paper voucher production in most countries during lockdown and with restaurants closed, impacting merchant reimbursements. In the fourth quarter, the trend improved in Europe as restaurants reopened and there was a catch-up in paper voucher issuance and a move to digital solutions. This was slightly offset by a downturn in India due to the spread of the pandemic.

In **Latin America,** the decline was **-19.9%,** with issue volumes deteriorating through the second half, as the pandemic spread, and amplified by falling interest rates and a very competitive environment in Brazil, particularly in the last quarter. Several markets in the region remained positive, helped by strong sales of Covid-related public and private benefits.

2.1.2.4 Underlying operating profit

Fiscal 2020 Underlying operating profit was 569 million euro, down -52.6% relative to the 1.2 billion euro, generated in Fiscal 2019. The Underlying operating margin was 2.9%, down -260 bps or -240 bps excluding the currency mix effect. The On-site Services margin was down -240 bps at 2.6% and the Benefits & Rewards Services margin at 26.2% was down -480 bps, or -300 bps excluding the currency mix effect of the weakness of the Brazilian real principally.

(in millions of euro)	UNDERLYING OPERATING PROFIT FISCAL 2020	DIFFERENCE	DIFFERENCE (EXCLUDING CURRENCY EFFECT)	UNDERLYING OPERATING PROFIT MARGIN FISCAL 2020	DIFFERENCE IN MARGIN	DIFFERENCE IN MARGIN (EXCLUDING CURRENCY MIX EFFECT)
Business & Administrations	110	-77.5%	-74.8%	1.1%	-310 bps	-300 bps
Healthcare & Seniors	293	-14.4%	-15.2%	6.1%	-50 bps	-60 bps
Education	75	-65.7%	-66.7%	2.2%	-290 bps	-300 bps
On-site Services	**478**	**-54.5%**	**-53.7%**	**2.6%**	**-240 bps**	**-240 bps**
Benefits & Rewards Services	**202**	**-26.9%**	**-16.6%**	**26.2%**	**-480 bps**	**-300 bps**
Corporate expenses & Intragroup eliminations	(111)	+12.2%	+12.4%			
UNDERLYING OPERATING PROFIT	**569**	**-52.6%**	**-49.6%**	**2.9%**	**-260 BPS**	**-240 BPS**

While first half Fiscal 2020 margins were flat year-on-year at 5.9%, second half margins were impacted heavily by the flow-through of the revenue decline due to Covid-19. The flow-through in underlying operating profit was 20.4%, or 21.2% at constant rates. As a result, the second half margin was -1.5%, or -0.9% excluding the currency mix impact.

	UNDERLYING OPERATING PROFIT				
	H1 FISCAL 2020		H2 FISCAL 2020		
(in millions of euro)	UOP	MARGIN	UOP	MARGIN	FLOW-THROUGH
Business & Administrations	245	4.0%	(135)	-3.3%	22.6%
Healthcare & Seniors	160	6.3%	133	5.8%	12.3%
Education	211	8.4%	(136)	-14.3%	15.5%
On-site Services	**616**	**5.5%**	**(138)**	**-1.9%**	**19.3%**
Benefits & Rewards Services	**134**	**30.2%**	**69**	**20.8%**	**62.3%**
Corporate expenses & Intragroup eliminations	(64)		(47)		
UNDERLYING OPERATING PROFIT	**685**	**5.9%**	**(116)**	**-1.5%**	**20.4%**

At current rates, Fiscal 2020 **On-site Services** underlying operating profit was down -54.5% and the margin fell to 2.6%, down 240 bps. This was made up of a solid operating margin of 5.5% in the first half and a negative margin of 1.9% in the second half. The flow-through was 19.3%.

The performance by segment is as follows:

- **Business & Administrations** underlying operating profit decreased by -77.5% and the operating margin was down -310 bps at 1.1%. This decline in margins is entirely attributed to the Covid-related decline in revenues. The flow-through in the second half was 22.6%. Where sites were closed, food stocks were transferred to other entities, sold off or given to NGOs. Staff costs were reduced as quickly as possible, using Government furlough schemes where available. Where there was no alternative, staff were transferred into different segments or let go;

- in **Healthcare & Seniors,** the reduction in underlying operating profit was -14.4%. The margin fell -50 bps to 6.1%. While the first half margins were stable, the second half margins were down 100 bps, due to a flow-through of 12.3%. The relative resilience in Healthcare & Seniors margins reflects the exit of underperforming contracts and strict cost management during the crisis;
- in **Education,** underlying operating profit fell by -65.7% and the margin by -290 bps. The first half margin was down 60 bps due to strikes, and increased health benefit cost increases. The flow-through of the Covid-related decline in revenues in the second half was 15.5%, thanks to strong and early action on staff costs, with the immediate termination of all hourly labor and temporary staff, particularly in North America, the use of all furlough schemes where available and some redundancies.

In **Benefits & Rewards Services,** underlying operating profit was down -26.9%, or -16.6% excluding currency impacts. At 26.2%, the margin was down -480 bps and -300 bps excluding the currency mix effect of the weakness in the Brazilian real. In the first half, the margin had started to recover strongly in the first half, as digital investments had started to plateau, and costs were being managed very strictly. The second half margin was impacted very significantly due to the lower merchant revenues generally due to the closure of restaurants, and the very competitive environment and falling interest rates in Brazil. As reimbursement was lower the float grew during the period.

2.1.2.5 Group net profit

Other operating income and expenses amounted to 503 million euro compared to 141 million euro in the previous year.

As part of the rigorous measures implemented during the sanitary crisis, the Group has taken proactive actions in anticipation of the end of government support programs in several countries, to reinforce its agility to adapt to the new business environment and to seize the related market opportunities. As a result, restructuring costs were increased substantially in the second half to 158 million euro, to reach a total of 191 million euro for the year, *versus* 46 million euro in the previous year.

Additionally, given the deterioration in the short and mid-term performance of some assets due to Covid-19, impairment of acquired intangible assets, goodwill and non-current assets in the second half were 249 million euro, principally linked to assets in the Sports & Leisure and Education segments.

(in millions of euro)	H1	H2	FISCAL 2020	FISCAL 2019
UNDERLYING OPERATING PROFIT	**685**	**(116)**	**569**	**1,200**
OTHER OPERATING INCOME	**5**	**2**	**7**	**11**
Gains related to consolidation scope changes	2		2	9
Gains on changes of post-employment benefits	4	(2)	2	1
Other	-	3	3	1
OTHER OPERATING EXPENSES	**(71)**	**(439)**	**(510)**	**(152)**
Restructuring and rationalization costs	(33)	(158)	(191)	(46)
Acquisition-related costs	(5)	(4)	(9)	(11)
Losses related to consolidation scope changes	(1)	(13)	(14)	-
Losses on changes of post-employment benefits	(2)	(2)	(4)	(4)
Amortization of acquired intangible assets and impairment of goodwill and non-current assets	(20)	(253)	(273)	(85)
Other	(11)	(8)	(19)	(6)
OTHER OPERATING INCOME AND EXPENSES	**(66)**	**(437)**	**(503)**	**(141)**
OPERATING PROFIT	**619**	**(553)**	**65**	**1,059**

As a result, the **Operating Profit** was 65 million euro compared to 1,059 million euro in the previous year.

Net financial expenses for the year rose to 291 million euro compared to 100 million euro in the previous year. The increase is principally due to 150 million euro make-whole for the reimbursement of the 1.4 billion euro USPP in the fourth quarter, first implementation of IFRS 16 for a total of 25 million euro in the year, a decline in interest income due to lower rates and some currency fluctuations. As a result of the two bond issues in euro in April and July (raising 2.5 billion euro) and the USPP reimbursement, the blended cost of debt at year end was 1.6% against 2.6% at the end of Fiscal 2019, and the average debt maturity is 5.7 years.

The **tax charge** amounted to 98 million euro compared to a pre-tax loss of 230 million euro. The Group has not recognized deferred tax assets for Fiscal 2020 of about 122 million euro, mainly related to tax losses in France where the Group restricted the recognition of deferred tax assets to the amount of the deferred tax liabilities. Excluding this, the underlying effective tax rate would have been 30.8% against 29.0% in the previous year.

The share of **profit of other companies consolidated by the equity method** was 5 million euro. Profit attributed to non-controlling interests was -4 million euro compared to the previous year amount of 21 million euro.

As a result, **Group net loss** was 315 million euro, compared to a net profit of 665 million euro in Fiscal 2019. Excluding Other Operating income and expenses, the make-whole in financial expenses and the exceptional tax write-offs, **Underlying net profit** amounted to 306 million euro, compared to 765 million euro in Fiscal 2019.

2.1.2.6 Earnings per share

Published EPS was -2.16 euro, against 4.56 euro in Fiscal 2019. The weighted average number of shares for Fiscal 2020 was more or less stable at 145,778,963 compared to 145,721,534 shares for Fiscal 2019.

Underlying EPS amounted to 2.10 euro, down -60.1% compared to the previous year.

2.1.2.7 Proposed dividend

To protect the balance sheet given the severity of the Covid-19 downturn in activity, and the uncertainty as to the timing of recovery, and in solidarity with the teams, **the Board has decided not to propose a dividend for Fiscal 2020** even if the Underlying net profit was positive.

2.1.3 Consolidated financial position

2.1.3.1 Cash flows

Cash flows for the period were as follows:

(in millions of euro)	H1	H2	FISCAL 2020	FISCAL 2019
Operating cash flow	791	(122)	670	1,139
Change in working capital excluding change in BRS financial assets*	(647)	702	55	182
IFRS 16 outflow	(120)	(140)	(260)	-
Net capital expenditure	(268)	(125)	(393)	(415)
Free cash flow	**(243)**	**315**	**72**	**907**
Net acquisitions	(13)	(5)	(18)	(301)
Share buy-backs	(39)	-	(39)	(7)
Dividends paid to shareholders	(425)	-	(425)	(403)
Other changes (including scope and exchange rates)	(140)	(105)	(245)	(150)
(Increase)/decrease in net debt	**(860)**	**205**	**(655)**	**47**

* Excluding change in financial assets related to the Benefits & Rewards Services activity of 55 million euro in Fiscal 2020 versus (53) million euro in Fiscal 2019. Total change in working capital as reported in consolidated accounts: in Fiscal 2020: (373) million euro = (428) million euro + 55 million euro and in Fiscal 2019: 129 million euro = 182 million euro - 53 million euro.

Operating cash flow was down significantly year on year, at 670 million euro compared to 1,139 million euro, reflecting the second half operating losses. The IFRS 16 adjustment of 260 million euro, which comes out below, has no net effect on free cash flow. The positive inflow from working capital in the second half more than offset the outflow in the first half of 647 million euro. This was due to strict cashflow management, with a rapid return to positive cash generation from April, after the significant outflow in March due to the brutal reduction in cash sales, linked to Covid-19 lockdown, and government aid in the form of delayed payment terms.

As the crisis started, net capital expenditure, including client investments, was pushed back resulting in a 50% reduction in the second half, compared to the first half. As a result, capex was down from 415 million euro to 393 million euro, representing 2% of revenues compared to 1.9% in Fiscal 2019.

While contract-linked capex in some segments was difficult to stop and IT spend was maintained in line with the plan, the capex to sales ratio was up +20 bps in Business & Administrations at 1.6% and +10 bps in Healthcare at 0.8%, and down -130 bps in Education at 1%. Capex to sales was 9.1% in Benefits & Rewards as investments were maintained. As previously announced, this rate is expected to increase over the next few years to around 2.5%, as retention and development improve in Education and Sports & Leisure, the two biggest segments in terms of capex, and spend progresses on the new food model.

Free cash flow for the full year reached 72 million euro, with the second half inflow more than covering the first half outflow.

Having paused all M&A activity from March due to the Covid-19 crisis, net acquisitions and disposals of subsidiaries was negligible for the year.

The dividend payment of 425 million euro, approved by the Annual General Meeting on January 21, 2020 and paid on February 3, 2020, well before the Covid-19 crisis arrived, reflected the +5.5% increase in the dividend per share.

After taking into account Other changes, principally linked to currency impacts and consolidation scope changes, consolidated net debt increased during the year by 655 million euro to 1,868 million euro at August 31, 2020.

2.1.3.2 Acquisitions for the period

Fiscal 2020 was a year of integration for the large number of acquisitions signed in 2019. However, from the onset of the pandemic, M&A activity was put on pause in order to protect the financial structure of the Group. Some investments were nevertheless signed during the period reflecting the need to invest in the evolving food model.

2.1.3.3 Condensed consolidated statement of financial position at August 31, 2020

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Non-current assets	9,730	9,455
Current assets excluding cash	4,493	5,111
Restricted cash Benefits & Rewards	770	678
Financial assets Benefits & Rewards	333	442
Cash	2,027	1,781
TOTAL ASSETS	**17,353**	**17,467**

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Shareholders' equity	2,758	4,456
Non-controlling interests	15	42
Non-current liabilities	6,834	4,722
Current liabilities	7,745	8,247
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**17,353**	**17,467**
Gross debt	**4,992**	**4,079**
Net debt	**1,868**	**1,213**
Gearing	**67%**	**27%**
Net debt ratio	**2.1**	**0.8**

The decrease in shareholders' equity was due to several factors: the currency translation adjustment due to the weakness of some currencies such as the U.S. dollar and the Brazilian real, the revaluation of some financial assets under IFRS 9, the first time adoption of IFRIC 23, the reported net loss and the payment of the Fiscal 2019 dividend.

As of August 31, 2020, net debt was 1,868 million euro, representing a gearing of 67%, and a net debt ratio of 2.1. This compares to 50% and 1.3 respectively as at February 29, 2020 and 27% and 0.8 as of August 31, 2019.

As soon as the Covid-19 crisis emerged in Europe, cash was very strictly controlled, second half investments were pushed back and means to increase liquidity were identified. In April, the Group issued 1.5 billion euro of bonds at an average rate of just below 1% and a maturity split in two tranches, of which 700 million euro maturing in April 2025 and 800 million euro in April 2029.

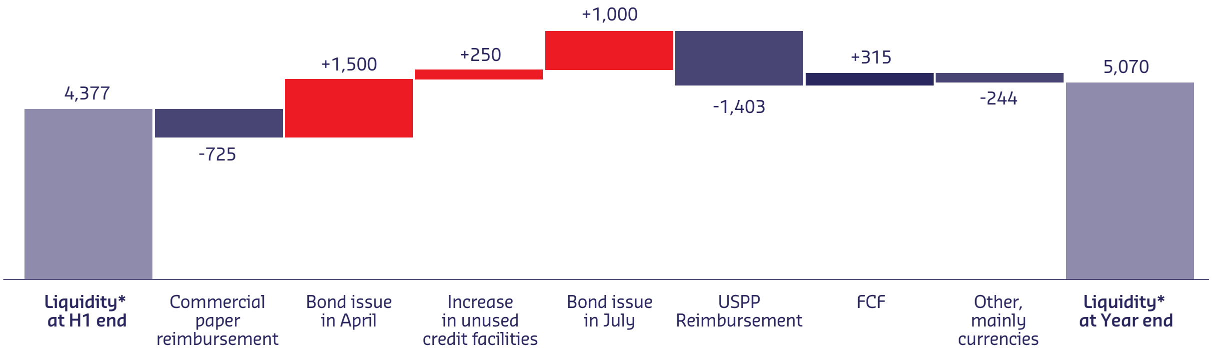
Given the extent of the crisis, and in order to maintain its independence of action, Sodexo decided in June to reimburse the USPP of 1.4 billion euro, thus resolving the issue of the covenant thresholds which were limiting the Group's capacity to restructure and continue to invest in the future. As a result, the Group has no more covenants on its debt. To maintain a high level of liquidity, a further 1 billion euro was raised in the bond market in July at an average rate of less than 0.8%, maturing half and half in January 2024 and July 2028.

As at the end of Fiscal 2020, Operating cash totaled 3,124 million euro, including 770 million euro of restricted cash and 333 million euro of financial assets of Benefits & Rewards Services and net of overdrafts of 6 million euro. The share of operating cash related to Benefits & Rewards Services is 2,082 million euro. With this operating cash and client receivables of 1,274 million euro, compared to voucher liabilities payable of 3,117 million euro, the Benefits & Rewards Services activity asset to liability coverage is at 108%.

At year end, having increased the Group's lines of credit in May by 250 million euro, the yearend total unused lines reached 1.9 billion euro, of which 250 million euro is maturing by May 2021.

As a result, despite the significant decline in revenues and profits in the second half, Group liquidity was solid at nearly 5.1 billion euro at year end.

(in millions of euro)



* Liquidity includes Cash and unused credit facilities: of 1,754 million euro in H1 and of 1,946 million euro in H2 of which 250 million euro will mature within FY 2021

2.1.3.4 Subsequent events

Significantly impacted by the Covid-19 pandemic, Sodexo France announced on October 27, 2020 an Employment Protection Plan which would involve the reduction of 7% of its workforce, *i.e.* 2,083 positions mostly in the Corporate Services segment.

Discussions with employee representatives are just starting. Sodexo intends to propose all possible measures to maintain employment for its employees and thus limit the impact of these reorganizations, in particular through a project to support the transfer of its employees, on a voluntary basis, to other activities of the Group in France.

2.1.3.5 Outlook

In the next few quarters, given the high level of uncertainty which we are currently experiencing the effects of the Covid-19 pandemic will continue to be significant for the Group.

The Government & Agencies and Energy & Resources segments will continue to be resilient. Healthcare & Seniors are progressively returning to pre-Covid level. Clearly, some segments, such as Sports & Leisure will not recover until the pandemic is over. Others, such as Corporate Services and Education will see activity improving progressively.

Benefits & Rewards employee benefits issue volumes will return progressively to growth as digitalization and penetration continue to progress, strengthened by working from home trends. This progression could be impacted somewhat by the rising level of unemployment. On the revenue side, the progression is linked to reimbursement patterns and impacted negatively by extremely low interest rates.

At this stage, we see an improvement in first half Fiscal 2021 relative to the second half Fiscal 2020, with an organic decline between -20% and -25%.

- The slow ramp up in S&L we experienced from July to September, mostly in France, is slowing down.
- Education is trending well in Europe but remains volatile in the U.S. with activities varying a lot from one week to another.
- Corporate Services was on a very encouraging trend from July to September in Europe but there are signs that it will be more difficult in the next few months. North America remains very impacted in food services with very slow improvement.
- Energy & Resources, Government & Agencies, Healthcare & Seniors are progressively stabilizing and bring us resilience.

Until activity levels return to more normal levels, the Group is still using all available furlough programs. Strong restructuring measures have and continue to be taken to protect margins going forward, as government support falls away. Detailed work is being conducted across the Board in all segments and activities to reduce SG&A.

Our hypothesis for the first half Fiscal 2021 Group underlying operating margin is between 2 and 2.5%.

The free cash flow for the first half Fiscal 2021 will be impacted by the expensing of restructuring costs, cash outflows linked to some payment delays obtained in second half Fiscal 2020 and the reimbursement of the 2020 Olympic Games hospitality packages. We estimate the sum of those three factors to weigh for -250 million euro on our free cash flow. On top of this, the recurrent free cash flow is usually weaker in the first half than the second and we are working with a recurrent free cash flow hypothesis of about -100 million euro for first half Fiscal 2021.

Looking further out, on the basis that the pandemic will be over by 2021 calendar year end, the Group aims to return to sustained growth and to rapidly increase the underlying operating margin back over the pre-Covid level.

2.1.3.6 Alternative Performance Measure definitions

Blended cost of debt

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

Financial ratios

Please refer to 3.3.1.

Free cash flow

Please refer to the section entitled Consolidated financial position.

Growth excluding currency effect

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

As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for Fiscal 2020 and Fiscal 2019 have been converted at the exchange rate of 1€ = 87.865 vs 63.975 ARS for Fiscal 2019.

Issue volume

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

Net debt

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

Organic growth

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

- for businesses acquired (or gain of control) during the current period, revenue generated since the acquisition date is excluded from the organic growth calculation;
- for businesses acquired (or gain of control) during the prior fiscal year, revenue generated during the current period up until the first anniversary date of the acquisition is excluded;
- for businesses divested (or loss of control) during the prior fiscal year, revenue generated in the comparative period of the prior fiscal year until the divestment date is excluded;
- for businesses divested (or loss of control) during the current fiscal year, revenue generated in the period commencing 12 months before the divestment date up to the end of the comparative period of the prior fiscal year is excluded.
- for countries with hyperinflationary economies all figures are converted at the latest closing rate for both periods. As a result, for the calculation of organic growth of the On-site Services activities in Argentina, Peso figures for Fiscal 2020 and Fiscal 2019 have been converted at the exchange rate of 1€ = 87.865 vs 63.975 ARS for Fiscal 2019.

Underlying Net profit

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

Underlying Net profit per share

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

Underlying operating profit margin

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

Underlying operating profit margin at constant rates

The underlying operating profit margin at constant rates corresponds to Underlying operating profit divided by revenues, calculated by converting 2020 figures at Fiscal 2019 rates, except for countries with hyperinflationary economies.

2.2 EXTRA-FINANCIAL REPORTING

The Covid-19 pandemic had a significant impact on our performance and affected many indicators. Nevertheless, our extra-financial indicators, especially around our ambition to reduce carbon emissions and preserve resources, progressed positively. On that front, WasteWatch, our program to prevent food waste is producing significant results, as are our efforts to build a sustainable and responsible supply chain.

In addition, the Covid-19 crisis brought to light the validity of our approach to strategic Human Resources management, especially regarding talent management and training. Our staff showed remarkable mobilization and resilience throughout the crisis, and their commitment was measured directly in the field.

2.2.1 420,000 employees serving clients and consumers

The health crisis experienced during the second half had a significant impact on the number and distribution of employees by region and segment. The most impacted regions are mainly North America and Asia. In Europe, government support measures helped to mitigate the impact on employees. In order to limit the impact of the crisis on our employees, Sodexo implemented a number of initiatives, such as:

- the creation of the Sodexo Employee Relief Program, enabled by the reduction of the remuneration of the Group's key executives, to provide financial or material assistance to the most vulnerable employees on site, especially in regions where there is no government aid;
- the transfer of employees impacted by the slowdown in activity to other parts of the business or externally to companies in sectors with a higher level of activity and greater demand for staff.

2.2.1.1 Workforce by segment and activity

	NUMBER OF PEOPLE		BREAKDOWN	
	FISCAL 2020	CHANGE	FISCAL 2020	FISCAL 2019*
Business & Administrations ☑	246,785	-30,810	58.4%	59.0%
Health Care & Seniors ☑	81,369	-6,158	19.2%	18.6%
Education ☑	80,372	-9,857	19.0%	19.2%
TOTAL ON-SITE SERVICES ☑	**408,526**	**-46,825**	**96.6%**	**96.8%**
BENEFITS & REWARDS SERVICES ☑	**4,708**	**-193**	**1.1%**	**1.0%**
GROUP HEADQUARTERS AND SHARED STRUCTURES ☑	**9,478**	**-507**	**2.2%**	**2.1%**
TOTAL ☑	**422,712**	**-47,525**	**100%**	**100%**

* Restated for inter-segment reclassification.

The total number of employees has decreased by -10%, lower than the decline in revenue of -12% and in organic growth. During the Covid-19 pandemic, government assistance such as partial unemployment schemes implemented in some European countries, helped to retain employees without Sodexo bearing the full cost. As of August 31, 2020, we have 3,000 unpaid employees and 26,000 benefited from partial unemployment schemes. The number of employees was reduced by 38,000 employees across all segments due to the health crisis.

In the Business and Administrations segment, the decrease in the number of employees was primarily due to the decline in activity in Corporate Services and the sudden stop of Sports & Leisure activity in North America and Europe which occurred mid-March.

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

In Healthcare, the decrease in the number of employees was mainly due to contract terminations or exits in North America and the United Kingdom.

In the Education segment, given the weight of activity in North America, the significant decline in activity in the region and the absence of partial unemployment measures in the United States, the workforce was significantly impacted by Covid-19. In Europe, the workforce was stable.

In Benefits & Rewards Services, after a slight increase in the first half of the year, the workforce declined in the second half, ending at a level similar to Fiscal 2019.

2.2.1.2 Workforce by region

	FISCAL 2020	FISCAL 2019
North America	30.3%	33.1%
Europe	31.2%	30.0%
Asia-Pacific, Latin America, Middle East and Africa	38.5%	36.9%
TOTAL	**100%**	**100%**

The decline in the share of employees in North America is related to the lack of furlough schemes in the United States and to the significant weight of Sports & Leisure and Education activities.

The decline in the workforce in Europe is more moderate due to the partial unemployment schemes introduced by governments.

Finally, the workforce was down slightly in Asia-Pacific, Latin America, the Middle East and Africa. Only in India did the workforce decline significantly. The decline in the workforce in Brazil was moderate and mitigated by a sustained level of activity despite Covid-19.

2.2.1.3 Workforce by category

	FISCAL 2020		FISCAL 2019	
	TOTAL	% FEMALE	TOTAL	% FEMALE
Board of Directors ☑ (1)	10	60%	10	60%
Executive Committee ☑	20	30%	20	35%
Group Senior Executives ☑ (2)	204	40%	203	37%
Managers ☑	49,296	44%	52,179	44%
All Employees ☑	422,712	55%	470,237	55%

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

The percentage of women on the Executive Committee decreased slightly due to the rotation of its members but remains high at 30%.

Conversely, the share of women among the Group's senior executives, the main talent pool of potential members of the Executive Committee, as well as among managers, continues to increase.

BETTER TOMORROW 2025 OBJECTIVE

100 % of our employees work in countries that have gender balance in their management population

	FISCAL 2020	FISCAL 2019
% of employees working in countries that respect gender balance in their management	46.0%	50.4%

The decrease in the percentage of employees working in countries that respect gender balance in their management is a result of segments in which gender balance fell slightly below the 40% threshold used for the calculation. The Universities segment in North America, where the percentage is 39.2%, is an example.

2.2.1.4 Workforce by age and average seniority

	FISCAL 2020		FISCAL 2019	
	EMPLOYEES	MANAGERS	EMPLOYEES	MANAGERS
Under 30 years	22.9%	10.1%	28.6%	12.1%
30-40 years	24.7%	30.0%	22.7%	29.6%
40-50 years	23.6%	29.9%	21.6%	29.1%
50-60 years	20.6%	22.8%	19.0%	22.1%
Over 60 years	8.2%	7.2%	8.1%	7.0%
TOTAL	**100%**	**100%**	**100%**	100%

(in number of years)	FY 2020	FY 2019
Managers	9.2	8.6
Employees	5.1	4.6
AVERAGE SENIORITY	**5.6**	**5.1**

2.2.1.5 New hires excluding acquired companies and contract transfers

	FISCAL 2020	FISCAL 2019	CHANGE
Employees	126,904	175,599	-48,695
Managers	7,020	9,353	-2,333
TOTAL	**133,924**	**184,952**	**-51,028**

New hires decreased in Fiscal 2020 as a result of the significant impact of the Covid-19 crisis had on our activity leading to site closures and the slowdown of activity on sites that remained open. The redeployment of employees between segments (estimated at 4,000), particularly towards the Healthcare segment, also helped to limit the need for external recruitment during the crisis. This redeployment presented a benefit in terms of both efficiency and safety. As part of their activities at their initial site, these employees were already trained in the Company's procedures, especially on our Health and Safety protocols.

Finally, the decrease in the number of new hires is consistent with the decline in the number of departures and the higher retention rate of our employees.

2.2.1.6 Departures by reason on continuous contracts (excluding site losses)

	FISCAL 2020	FISCAL 2019	CHANGE
Resignations (less than 3 months)	26,347	35,297	-8,950
Resignations (after 3 months) ☑	76,712	85,317	-8,605
TOTAL RESIGNATIONS	**103,059**	**120,614**	**-17,555**
Dismissals or redundancy	48,673	42,152	+6,521
Retirement and other reasons	5,870	6,638	-768
TOTAL NUMBER OF DEPARTURES	**157,602**	**169,404**	**-11,802**

As a result of the health crisis, the number of resignations fell and the number of redundancies was particularly high during the second half of the year in countries in which we experienced a significant slowdown in activity and where there was no partial unemployment scheme in place.

2.2.1.7 Talent retention

	FISCAL 2020	FISCAL 2019
Retention rate for total workforce ☑	83.1%	81.6%
Retention rate for site managers ☑	89.2%	87.2%

The retention rate is calculated based on employees present in the Group for more than three months. Fewer resignations during the pandemic and long-term loyalty initiatives, such as the WinBack policy in India, led to an improvement compared to Fiscal 2019. In addition, we also carry out numerous actions to better target our recruitment efforts in all regions.

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

2.2.2 Engaged employees

BETTER TOMORROW 2025 OBJECTIVE
80% employee engagement rate

In September 2020, Sodexo conducted its eighth global engagement survey for all employees. The number of employees participating in the survey is 193,704 employees in 64 countries. The survey, conducted online, attracted a high participation rate of 59% (versus 62% in 2018). Despite the Covid-19 crisis, the engagement rate increased by 11 points, expressing both satisfaction and involvement. Engagement rate is a key performance indicator for Sodexo, which seeks to become one of the most admired companies by its employees in the world.

To continue to lead the engagement conversation, Sodexo has evolved the engagement framework and approach to one of continuous listening and management empowerment. The solution enables each manager to be active on engagement, creating their own surveys in between global ones, with instant access to results. This allows managers to engage teams more regularly and dynamically and implement measures quickly to address any challenges.

In 2020, given the Covid-19 context, Sodexo launched Pulse surveys to understand the impact of the pandemic on our management teams. 5,895 responses were received from 8 regions and Benefits & Rewards. The feedback enables Sodexo to identifying key action points to enhance support for employees and improve Sodexo's response to the pandemic consequences.

	SEPTEMBER 2020	JUNE 2018	CHANGE
Number of respondents	193,704	239,520	-19%
Response rate(1)	59%	62%	-3 pts
Employee engagement rate ☑	80.1%	69%	+11.1 pts
Employee Net Promoter Score(2)	39.3	-	-
% of employees believing that Sodexo values diversity, such as age, gender, culture and origin, religion, sexual orientation and providing opportunities for individuals with disabilities, in the workplace	93%	82%	+11 pts
% of employees considering Sodexo to be a socially and environmentally responsible company	93%	80%	+13 pts

(1) Adjusted from employees not present due to furlough.
(2) Employee Net Promoter Score measures whether employees would recommend Sodexo as a place to work. Calculated by subtracting the share of Detractors from share of Promoters. Results go from -100 to 100.

2.2.3 Investment in employee skills development

2.2.3.1 Employee development

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

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

The Learning and Development Teams offer Sodexo employees a wide range of professional and learning programs.

In today's environment, it is more essential than ever to focus on talent development.

With the pandemic, we reinforced our empowerment and self-learning strategy, which is anchored in our continued investment in digital learning pathways. During the crisis, we launched a new Learning & Support Hub intended for particular employees. We also continued to work with our executives to enhance their leadership skills through the platform Praditus.

Moreover, training our employees about environmental issues is an essential lever for improving our services, raising awareness, and changing behaviors towards sustainability. In order to reach our ambitious 2025 target, we decided to implement and deploy a global training program starting in fiscal year 2020.

The decline in the number of hours of training per employee over the fiscal year can be mainly explained by the number of employees on furlough, part-time working or taking time off work during the health crisis.

For the first time we are reporting on sustainable practices training.

	FISCAL 2020	FISCAL 2019	CHANGE
Total number of training hours	3,976,387	4,017,650*	-*
Average number of hours of training per employee	8.8	12.4*	-*
Number of employees trained on sustainable practices	57,279	-	

* For FY 2019, the number of training hours excluded the United States due to data quality and Germany due to constraints imposed by trade unions.

Our desire to promote the training of our employees unfortunately did not produce the expected results this fiscal year. The decline in the number of hours of training per employee over the fiscal year can be explained namely by partial unemployment or stoppage in activity during the health crisis.

2.2.3.2 Internal promotion at the heart of Sodexo's model

Since its creation, Sodexo encourages its employees to give the best of themselves and offer opportunities for advancement. This policy encourages them to develop a career plan, explore new professional horizons and take on new responsibilities.

	FISCAL 2020	FISCAL 2019
% of **off-site managers promoted internally**	5.8%	7.6%
% of **on-site managers promoted internally**	7.3%	8.8%
% of employees promoted internally	2.9%	2.2%

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

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

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

Around the world, Sodexo promotes work flexibility for its employees, taking into account their lifestyle and ways of working. Where possible, the Group facilitates a good work-life balance, which leads to better individual performance. By being committed and effective, Sodexo employees are better able to deliver quality service to clients and consumers.

	FISCAL 2020	FISCAL 2019
% Workforce working part-time	27.0%	28.4%

The percentage of part-time employees decreased mainly due to the closure of most sites in the Sports & Leisure segment.

2.2.4.1 Ensuring employee safety

Health and safety are critical for any organization. As an employer of over 420,000 people who operate in diverse environments with their own specific characteristics and risks, Sodexo is especially concerned by this imperative.

We are convinced that accidents can be prevented, and we are committed to a "Zero Harm" vision. We believe that the best way to achieve this is to create a strong health and safety culture supported by the required processes, systems and tools to manage health and safety risks. Sodexo's global Health and Safety Policy guides its actions in this area by defining minimum standards for each business entity and is based on OHSAS 18001.

Despite the challenges of Covid during the past year, Sodexo has continued to improve its health and safety performance and standards, including through the creation of a Medical Advisory Council. The Council provides technical guidance and review of the health and safety protocols for our evolving services, especially those related to Covid-19, bringing the necessary confidence to clients and employees to continue or resume their activities. The Council also discusses ways in which Sodexo can interact with populations to encourage compliance with protective measures. Finally, it provides the latest information to ensure rapid adoption of best practices in line with local requirements.

The Council functions as a governance body and is composed of experts from around the world in epidemiology, general medicine, nutrition, occupational and behavioral health, as well as pandemic planning and management.

	FISCAL 2020	FISCAL 2019
% of Group revenues of countries having one or more OHSAS 18001 or ISO 4500 ☑	86.6%	88.4%
Number of work related accidents requiring leave ☑	2,502	3,426
Average number of work day absences per employee due to work-related accident or illness and non-work-related accident or illness	11.0	8.3
LTIR	0.77	0.86
Best performance: LTIR for the Energy & Resources segment	0.16	0.10
% LTIR reduction	11.1%	11.1%
% of Group revenues of countries employing environmental experts	98.3%	97.6%

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

Fiscal year 2020 LTIR is a composite of work-related lost time safety (injury) cases and work-related lost time health (illness) cases: Fiscal year 2019 LTIR only included lost time safety (injury) cases as lost time health (illness) case data was not available for all global reporting entities.

LTIR for Fiscal year 2020 has been adjusted to remove all furlough (temporary leave) payroll hours related to Covid-19.

LTIR reduction of 11.1% includes lost time health cases. This corresponds to a 12.1% annualized reduction over the last 5 years. Excluding lost time health cases, the Fiscal year 2020 LTIR reduction (lost time safety cases only) was 18.5%.

2.2.4.2 Collective agreement for health and safety

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

In France, more than ten Committees and a dedicated team work on Health and Safety issues. All managers throughout the organization are incentivized on the reduction of the Lost Time Injury Rate (LTIR).

Sodexo's International Framework Agreement with the IUF (International Union of Food, Agriculture, Hotel Restaurant Catering, Tobacco and Allied Worker's Associations) includes commitments to protect health and safety by implementing measures to prevent sexual harassment, in compliance with local legislation. Sodexo's collective agreements may also include provisions regarding health and safety as deemed appropriate.

	FISCAL 2020	FISCAL 2019
% of workforce covered by collective agreements	43.1%	40.3%
% of workforce working in countries that have collective agreements and are covered by those agreements	88.3%	88.8%

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

Loyalty, respect for people, transparency and integrity: Sodexo's core values must be known and understood by all employees, who are expected to act in accordance with them. At the center of our ethical principles is our commitment to business integrity. To ensure integrity in all business dealings, Sodexo has adopted strict principles, which are formulated in its Statement of Business Integrity and accompanied by a guide for employees on how to put them into practice.

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

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

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

The Sodexo Supplier Code of conduct sets forth the rules to which suppliers and sub-contractors are required to commit as a condition of doing business with Sodexo. This Supplier Code of conduct is supported by a Guide to help our suppliers to understand and act on their obligations.

To strengthen the Group's ethical practices in the conducting of its operations and its governance principles, and to analyze the impact of changes in laws and regulations, Sodexo has set up a working group of executives whose functions are related to these subjects. This group plays a central role in defining, implementing and monitoring systems designed to ensure the soundness and compliance of Sodexo's activities.

In June 2017, Sodexo and the International Union of Food Workers (IUF) signed an agreement to prevent and combat sexual harassment in the workplace. Sodexo and the IUF want to ensure that all employees are aware of what constitutes sexual harassment, that they fully understand what is expected of them and that they are able to report any concern or suspected abuse confidentially. As a result of this agreement, training of all employees in this policy and their responsibilities became mandatory.

	FISCAL 2020	FISCAL 2019
% of workforce working in countries having the Sodexo Statement of Business Integrity available in at least one official language	98.5%	98.1%
% of workforce working in countries having the Group Human Rights policy available in at least one official language	97.6%	97.4%
% of employees working in countries with a non-discrimination policy that includes sexual orientation and gender identity (on-site activity only)	93.5%	-

2.2.6 Our commitments as a service provider[1]

2.2.6.1 Provide and encourage our consumers to access healthy lifestyle choices

BETTER TOMORROW 2025 OBJECTIVE

100% of our consumers are offered healthy lifestyle options every day

We serve 100 million consumers every day and are fully aware of the importance to understand and meet their specific needs as well as their longer-term aspirations by providing a healthy, sustainable and personalized offer.

We believe that providing and promoting healthy lifestyle choices, which improve the quality of life for millions of people, is as much an opportunity as it is an obligation.

Because our food choices influence our health and have a decisive impact on our environment, but also on the lives of all those who grow, produce and prepare what we eat, we strive to anchor quality and responsibility at the heart of our catering offer. Every day, our chefs and dieticians work together to create tasty recipes that meet consumers' nutritional needs and respect the environment.

With "Mindful by Sodexo", our quality label, consumers can be assured of the transparency of the ingredients and the nutritional and taste quality of the meals, and thus make informed choices in accordance with their health and well-being objective.

	FISCAL 2020	FISCAL 2019	CHANGE
% of On-site Services revenues of countries having a system to ensure that employees with food service responsibilities are trained in compliance with local laws and regulations and Global Food Safety and Hygiene Policy	96.0%	95.8%	+0.2 pt
% of Group revenues of countries having one or more ISO 9001 certification	94.5%	94.3%	+0.2 pt
% of On-site Services revenues of countries providing Health and Wellness Services including physical wellness services	87.7%	83.3%	+4.4 pts
Number of registered dietitians employed by Sodexo	5,787	5,138	+12.6%

The number of dietitians employed by Sodexo has increased significantly, due to increases in Brazil, France and Chile, reflecting the Group's commitment to provide healthy and sustainable food, developed with experts in the field, even more in the context of the current health crisis.

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

BETTER TOMORROW 2025 OBJECTIVE

10 billion euro of our business value will benefit SMEs

Convinced of its mission to deliver quality of life, Sodexo has, since its founding, contributed to the economic and social development of the communities, regions and countries in which the Group operates.

We ensure that our activities have a positive impact on the quality of life within local communities. This is why we engage with them, develop strong and mutually beneficial relationships, and strive to extend the virtuous circle created by our solutions to our entire ecosystem.

Our Partner Inclusion Program was created to encourage the economic development of local businesses around the world. Wherever we are present, we support Small and Medium Enterprises, favor suppliers from minorities and favor companies with inclusive recruitment, which promote diversity within their teams.

1 The environmental performance indicators are calculated on a 12-month period, from June 1, 2019 to May 31, 2020; therefore the Covid-19 impact is not as significant as for the social indicators.

	FISCAL 2020	FISCAL 2019	CHANGE
% of Group revenues of countries having specific initiatives to integrate SMEs (Small and Medium Enterprises) into Sodexo's Value Chain	92.9%	92.3%	+0.6 pt
Our business value benefiting SMEs (in billions of euro)	4.4	5.5	-19.1%
% in kg of certified sustainable coffee	57.6%	58.1%	-0.4 pt
% of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct ☑	95.7%	95.7%	0 pt

Our business value to the benefit of SMEs declined significantly in fiscal year 2019-2020. This is mainly due to the decline in the revenues, but also to the variation in the Brazilian real exchange rate during the year, Brazil Benefits & Rewards activity representing more than 40% of the total value of the indicator.

2.2.6.3 Source responsibly and provide management services that reduce carbon emissions

Our long-term quality of life depends on our ability to preserve our planet and its resources and each of our actions must contribute. The development of responsible sourcing practices and the management of services that contribute to reducing carbon emissions are two major areas of our activities, in line with our commitment to act in a meaningful way for the environment.

Half of Sodexo's carbon emissions come from its supply chain, mostly from products such as beef, dairy, palm oil, soybeans and paper, which also impact deforestation. Ensuring that every euro spent creates a positive impact on individuals, communities and the environment is at the heart of our responsible sourcing roadmap. The natural ecosystem pillar of this roadmap is based on three key ambitions: promoting sustainable agriculture, co-developing products and services based on the principles of the circular economy and improving the management of the resource efficiency.

Sodexo is convinced of the importance of collaboration throughout its value chain, in service of its ambition for the health and well-being of its employees and consumers, social equity, and the protection and restoration of natural ecosystems. In 2018, Sodexo co-founded the Global Coalition for Animal Welfare (GCAW), the first global food industry-led initiative to improve animal welfare around the world. With the help of our partners, we are building sustainable business practices by creating a more responsible and resilient supply chain.

	FISCAL 2020	FISCAL 2019	CHANGE
Responsible Sourcing			
% of certified sustainable palm oil (including RSPO credits, Mass Balance, Segregation and Identity Preserved)	100%	100%	
% of physical certified sustainable palm oil (Mass Balance, Segregation and Identity Preserved)	32.5%	34.7%	-2.2 pts
% of cage free shell eggs (of the total of shell eggs purchased by Sodexo)	45.0%	56.2%	-11.2 pts
% of cage free liquid eggs (of the total liquid eggs purchased by Sodexo)	67.6%	60.8%	+6.8 pts
% of On-site Services revenues of countries having the 2018 Sodexo Animal Welfare Supplier charter available in at least one official language	88.0%	89.1%	-1.1 pts
% of certified sustainable fish and seafood as a% of total fish and seafood	36.6%	36.3%	+0.3 pt
% of sustainable fish and seafood which is sustainable as a% of total seafood (in kg)*	77.7%	80.3%	-2.6 pts
% of spend on certified sustainable paper disposables as a% of total paper disposables ☑	71.3%	67.3%	+4.4 pts

* As per Sodexo Sustainable Seafood Sourcing Guide.

The shell eggs indicator has declined significantly from the previous period, due to declines in China and in the United States, the second and third largest volumes of shell egg purchases, respectively. This is explained by an increased level of scrutiny in our data collection process and better traceability of the products purchased.

The liquid eggs indicator has, on the contrary, increased, in particular due to the increase in the share of cage free liquid eggs in the United States, which alone represent more than 72% of the total volume of liquid eggs.

BETTER TOMORROW 2025 OBJECTIVE
34% reduction of carbon emissions

	FISCAL 2020	FISCAL 2019	CHANGE
Reduction in carbon emissions			
% of Group revenues of countries having one or more ISO 14001 certification	88.7%	91.1%	-2.4 pt
Scope 1 and Scope 2 (market based) emissions (tCO_2e)	121,479	126,230	-4,7651
Ratio des émissions de CO_2 rapportées au chiffre d'affaires, exprimé en tonnes de CO_2 sur un million d'euros (tCO_2e/EUR millions)	5.83	5.75	+0.08 pt
% reduction in absolute Scope 1 and Scope 2 carbon emissions (compared to 2017 baseline)	15.9%	13%	-
% reduction in intensity Scope 1 and Scope 2 carbon emissions (compared to 2017 baseline)	16.5%	18%	-
% Scope 1 and Scope 2 renewable electricity	20.3%	19.6%	+0.7 pt
Scope 3 Supply Chain carbon emissions (tCO_2e)	6,630,901	5,121,136*	-
% reduction in absolute Scope 3 Supply Chain carbon emissions (compared to 2017 baseline)	10.5%	-	-
% reduction in intensity Scope 3 Supply Chain carbon emissions (compared to 2017 baseline)	12.0%	-	-

* For Fiscal 2019, the coverage rate for this indicator represented 65% and we decided not to extrapolate the data to 100% of the activity. For Fiscal 2020, the published information represents 100% of supply chain emissions, therefore the data for the previous fiscal year is not comparable.

Starting with Fiscal 2020 we will publish the reductions in carbon emissions compared to the 2017 reference year, which reflects the -34% target set by the Group and validated in July 2019 by the Science Based Target initiative (SBTi).

We are recording significant reductions for all of our carbon emissions, in line with our reduction projections, helped by the reduction in activity linked to the Covid-19 crisis.

The reduction in intensity Scope 1 and Scope 2 carbon emissions (compared to 2017 baseline) is less significant compared to last year. This is mainly due to the improvement in the calculation methodology as we no longer use the national grid average emissions factors for our electricity consumption, but the country specific residual factors which are more precise and are generally higher.

In a spirit of progress and transparency, we are working on the development of a calculation methodology aimed at identifying and quantifying the results due to Sodexo's actions on the one hand and due to external variations on the other.

2.2.7 Our commitments as a corporate citizen

2.2.7.1 Act sustainably for a hunger-free world

As proof of constant progress, the title of the commitment as a corporate citizen on individuals has been changed from "Fight hunger and malnutrition" to "Act sustainably for a hunger-free world" to strengthen Sodexo's commitment to Stop Hunger and its mission and to include the notion of sustainability and the willingness to act in the long term.

Acting sustainably for a world without hunger means acting for a better quality of life. Stop Hunger, a global non-profit network created by Sodexo teams in the United States in 1996, is taking action for a hunger-free world by 2030, in line with the objective set by the United Nations.

Thanks to Sodexo, which administratively supports the organization, 100% of the donations collected go directly to financing sustainable solutions to support the poorest local communities. Empowering women is the key to a world without hunger and the priority of Stop Hunger, which invests in programs designed to empower women who act against hunger in their communities.

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

For more information, see the Stop Hunger Activity Report: http://www.stop-hunger.org/files/live/sites/stophunger/files/05-news/2020/StopHunger_ActivityReport_2020.pdf

BETTER TOMORROW 2025 OBJECTIVE
100 million stop hunger beneficiaries

	2015-2020 PERIOD
Number of Stop Hunger beneficiaries (in millions)	44
Funds invested in programs to empower women working to end hunger in their communities (in thousands of euro)	4,427

As part of the Better Tomorrow 2025 roadmap, Sodexo has set itself the ambitious objective of reaching 100 million Stop Hunger beneficiaries, through its various initiatives, over the period 2015-2025. At the end of the Fiscal 2020, the cumulative result represents 44 million beneficiaries, which puts the Group on track to achieve the objective.

2.2.7.2 Drive diversity and inclusion as a catalyst for societal change

5 GENDER EQUALITY | 10 REDUCED INEQUALITIES | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS

Each person has their own unique history, experience and skills. This diversity makes the strength of our people and the communities we serve. Wherever we are present, we do everything we can to create a culture of diversity and inclusion in which our employees feel valued and respected. We also work in partnership with local businesses to encourage economic and social innovation and positively impact communities around diversity issues. In particular, we encourage the promotion of women, who have been at the heart of our vision of economic, social and environmental development since the creation of the Group, and we are committed to supporting causes likely to constitute societal progress. Around the world, our local partnerships contribute to the social fabric of the communities, regions and countries in which we operate. We promote diversity, including in our supplier networks, to permanently integrate businesses run by women, minorities, people with disabilities or members of the LGBT community.

BETTER TOMORROW 2025 OBJECTIVE
500,000 empowered women in communities

	FISCAL 2020	FISCAL 2019	CHANGE
Empowered women in communities	45,495	-	-
% of Group revenues of countries with initiatives to improve the quality of life of women	94.8%	93.8%	+1.0 pt

2.2.7.3 Champion sustainable resource usage

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS

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

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

- **value chain collaboration and leadership:** we aim to reinforce collaboration within and across the value chain as a way to drive circular economy and thus, contribute to the United Nations SDG 12.3 target of halving food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest, by 2030;
- **operational excellence:** we leverage the expertise of our 420,000 employees to provide our clients with best in class waste management services that will help them manage resources more sustainably. We make sure our teams are trained and encouraged to innovate, for the benefit of our clients and consumers;
- **client and consumer engagement:** with 100 million consumers served every day, we are in a unique position to drive behavior change toward waste reduction;
- **marketing & communications:** through our global actions, we help inform clients and consumers so they understand and support the waste prevention challenge;

- **measuring and public reporting:** We ensure that waste management is an integral part of site management and require our sites to measure and report their performance.

BETTER TOMORROW 2025 OBJECTIVE
50% reduction in our food waste

	FISCAL 2020	FISCAL 2019	CHANGE
% of food waste reduction on 291 sites having already deployed WasteWatch program	45.3%	-	-
% of Group revenues of countries working to deliver on the United Nations' food waste objective	90.7%	69.2%	+21.5 pts

Sodexo is continuing its actions to achieve its objective of halving food waste on sites that are still active, thanks to its digital-based program: WasteWatch. At the end of the 2020 fiscal year, 732 Sodexo sites were measuring food waste daily and more than 1,200 were actively engaged in this deployment of WasteWatch powered by Leanpath. The deployment of this program accompanies the reopening of our clients' sites. Since the launch of WasteWatch powered by Leanpath, Sodexo has successfully avoided food waste equivalent to 4.8 million meals.

2.2.8 Controversies

Sodexo employs and serves individuals working and living in complex environments and operates in sectors that may be considered controversial, such as the Energy & Resources industry and Justice Services.

In all our operations, we enforce strict Human Rights policies and health and safety protocols, while seeking to mitigate our impact on the environment and contributing to communities' development and inclusion.

Energy and Resources

As part of our Energy & Resources activities, we provide project management, cleaning, grounds maintenance as well as catering services to support operations in remote areas, away from regional centres or near communities with little infrastructure. Our first priority remains the health and safety of our employees and all individuals working on those remote locations.

We are proud to say, that, to date, this segment has the lowest Lost Time Injury Rate (LTIR) compared to our other activities.

Sodexo also acknowledges that projects in remote areas can also happen on ancestral land and have an impact on indigenous communities. We are fully committed to deepening our understanding and expanding the ways in which we can contribute to building respect, relationships and provide opportunities to improve the Quality of Life of indigenous communities around the world.

Justice Services

In the face of rising pressure to reduce both reoffending and costs of operations, even as prison populations expand, authorities increasingly look to the private sector to provide an expanding range of services and innovative solutions. Fostering rehabilitation is one of our main priorities. By offering opportunities for detainees to acquire life skills, work experience, qualifications and resources, we support their successful re-entry into society.

Sodexo operates prisons under 4 strict criteria:

- only in democratic countries;
- only in countries that do not administer the death penalty;
- only in countries where rehabilitation is the ultimate goal; and
- only where our team members are not required to carry firearms.

Thus, in line those criteria, Sodexo Justice Services provides a range of services in public prisons in France, Chile, Belgium, Italy, the Netherlands and in the United Kingdom.

Sodexo decided 20 years ago to exit the largest prison private services market in the world, the USA.

2.2.9 Our reporting methodology

Choice of indicators

In Fiscal 2020, we continue to disclose our Corporate Responsibility related information and data in our Integrated Report (Chapter 1) and Chapter 2 of the present report.

- As part of the Integrated Report we have presented our Value Creation Model, our Materiality Matrix and our Corporate Responsibility Roadmap Better Tomorrow 2025. These three elements are linked and interdependent.
- Chapter 2 presents our 9 Better Tomorrow 2025 commitments, the highlights of the year and our key performance indicators as well as their progress compared to the previous year.

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

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

In addition, Sodexo's indicators:

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

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

Scope of consolidation

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

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

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

Fiscal 2020 workforce indicators

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

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

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

Fiscal 2020 societal and environmental indicators

Societal and environmental indicators are calculated and consolidated for entities representing over 84.3% of Group revenues.

In order to streamline the collection and reporting process for the societal and environmental indicators, we have changed the reporting period. The new reporting period starts on June 1, 2019 and ends on May 31, 2020.

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

Reporting framework and tools

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

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

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

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

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

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

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

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

Limitations

Sodexo employs 422,712 people, in 64 countries, with differing regulations and operates on a significant number of client sites of different sizes and types of activity.

- Certain indicators therefore require some specific explanation as follows:
  - number of work-related accidents requiring leave:
    - excludes commuting accidents,
    - includes Sodexo workforce only,
    - excludes temporary labor, sub-contracted labor and other personnel that are not Sodexo employees,
    - may have insignificant differences created by the way that work-related illness is accounted for locally;
  - average number of days absence:
    - includes absences for work-related accidents and illness as well as personal accidents and illness,
    - may have insignificant differences created by the way the number of days of absence is accounted for locally; as some include weekend and others only working days, the minimum number of days of absence from which the absence is recorded;
  - number of training hours:
    - the number of training hours in the U.S. is based on an estimation. The estimation is an extrapolation of actual data covering 15% of the population.
- Certain information is extremely difficult to gather given the nature of the Group's activities:
  - total business value benefitting SMEs: Data for Sodexo On-site Services USA includes non-contracted suppliers;
  - 22% of the total volume of fish and seafood purchased by Sodexo cannot be categorized as per Sodexo Seafood Guide (green, orange or red species), thus the result for Fiscal 2020 is underestimated. A process will be put in place to eliminate this limit next year;
  - to ensure that the entire volume of Sodexo palm oil is certified as sustainable, the purchasing teams have implemented a process for analyzing and purchasing RSPO credits between the months of May and April following the end of the fiscal year;
  - number of empowered women in communities: this indicator allows the monitoring of one of our Better Tomorrow 2025 objectives and is calculated on the basis of 3 types of programs and initiatives aimed at the empowerment of women:
    - specific programs led by Stop Hunger,
    - specific programs led by the Diversity and Inclusion teams, in particular She Works,
    - the number of women-owned SMEs in our supply chain;
  - food waste reduction: this indicator allows the monitoring of one of our Better Tomorrow 2025 objectives and is calculated through the WasteWatch program. The waste reduction is expressed as a volume of waste reduced compared to an observed reference period (generally for a period of 3 weeks minimum). The measurement is carried out daily, at each site using connected scales;
  - 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 25 major countries representing 84.3% of Group revenues;
  - Scope 1 includes energy consumption and carbon emissions related to the fuel consumed by vehicles used by Sodexo as well as from its consumption of natural gas for the offices and sites where Sodexo has operational control;
  - Scope 2 includes the electricity consumption for the offices and sites where Sodexo has operational control and is market-based;
  - this year, for the second year in a row, we are publishing our supply chain Scope 3 emissions which correspond to indirect emissions, based on actual data covering 90.4% On-site activity revenues. The emissions were thus extrapolated to 100% of the activity;

- certain heterogeneities in the reporting methods for emissions linked to commodities transport are observed, particularly in France and the United Kingdom. Consequently, for these two countries, the emissions are slightly overestimated, because they take into account the emissions linked to the transport from production location to the transformation location and not the transport from the last point of transformation to the delivered site.

  The calculation of carbon emissions related to the supply chain takes into account the following elements:

- a list of 30 commodities must be compiled by the different countries, which corresponds to 90% of the total purchased in 2014. The rest is optional. We then estimate the emissions for the remaining 10%. If the estimate is greater than the reported total, we consider the estimated emissions. If the country's reported total is greater (this is the case for countries reporting optional commodities), we consider the reported emissions,
- transportation from the last point of processing to the delivered site,
- emission factors by product (when the emissions factors are not available, for example for prepared foods – we calculate the emissions based on the main ingredients).

- One of Sodexo's missions is to improve quality of life for its employees and all who it serves. Sodexo's services are, in the majority of cases, provided by its own employees on a significant number of client sites where the Company operates throughout the world. The following information is therefore not applicable or not material for Sodexo:
  - preventive or corrective actions with regard to discharges into the atmosphere, water and soil with a significant negative impact on the surrounding environment;
  - consideration of noise and any other activity-specific pollution;
  - land usage;
  - importance of sub-contracting.

Reconciliation tables

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

2.2.10 Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

This is a free English translation of the Statutory Auditor's 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 standards applicable in France.

Sodexo S.A.

Head Office: 255, quai de la Bataille-de-Stalingrad

92130 Issy-les-Moulineaux

For the year ended August 31, 2020

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (Comité Français d'Accréditation or COFRAC) under number 3-1049[1], we hereby report to you on the consolidated non-financial statement for the year ended 31st August 2020 (hereinafter the "Statement"), included in the Group Management Report pursuant to the requirements of articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the entity

The Management Board's is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

Independence and quality control

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

Responsibility of the Statutory Auditor appointed as independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225-105 I, 3º and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

At the request of the entity and outside of the scope of accreditation, our responsibility is also to provide a report expressing a reasonable assurance conclusion that information selected by the entity, presented in Appendix and identified with the symbol ☑ in chapter 2.2 has been prepared, in all material respects, in accordance with the Guidelines.

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

1 Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr

Nature and scope of our work

The work described below was performed in accordance with the provisions of Article A.225-1 *et seq*. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000[1]:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R.225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered the most important and presented in Appendix. Concerning certain risks[2], our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities[3];
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with article L.233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection[3] of contributing entities4 and covers between 37% and 55% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is 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.

Means and resources

Our work was carried out by a team of nine people between July and October 2020 and took a total of twelve weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some fifteen interviews with the people responsible for preparing the Statement.

1 ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information

2 Risks related to compliance with laws and regulations: Business integrity, Respect for Human Rights, Disclosure and transparency; Consumer expectations: Healthy and sustainable eating, Food quality and safety; Unpredictability of the duration and effects of the Covid-19 pandemic.

3 Entities that were selected for limited assurance:
- Sodexo On Site services: France, United States of America.

Entities that were selected for reasonable assurance:
- Sodexo On-Site Services: Brazil, United Kingdom & Ireland.
- Sodexo Benefits & Rewards Services: Brazil.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Comments

Without modifying our conclusion and in accordance with article A.225-3 of the French Commercial Code, we have the following comment:

The Group has strengthened its reporting processes and extended the scope of indicators related to training and Scope 3 greenhouse gas emissions, to reach 100% of the consolidated scope for the fiscal year ended August 31, 2020. However, these indicators have methodological limitations related to estimates and heterogeneity in the reporting practices of certain entities, as mentioned in paragraph “2.2.9 Our reporting methodology” of the Statement.

Reasonable assurance report on a selection of non-financial information

Nature and scope of our work

With regard to the information selected by the entity presented in Appendix and identified with the symbol √ in chapter 2.2, we conducted the same procedures as those described in the paragraph “Nature and scope of our work” (for the most important non-financial information). However, these procedures were more in-depth, particularly regarding the number of tests.

Consequently, the selected sample represents between 56% and 65% of the information identified with the symbol ☑.

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

Conclusion

In our opinion, the information selected by the entity and identified with the symbol ☑ in chapter 2.2 has been prepared, in all material respects, in accordance with the Guidelines.

Paris-La Défense, on October 28, 2020

KPMG SA

Fanny Houlliot
Partner
Sustainability Services

Caroline Bruno-Diaz
Statutory Auditor

Appendix

Qualitative information (actions and results) considered most important

Measures taken to promote gender equality and inclusion and related outcomes
Performance and development management program and other initiatives
Measures taken to support employees following the Covid-19 pandemic
Measures and standards on occupational health and safety management
Program for waste disposal management
Actions implemented to reduce the carbon footprint of the company's activity and its supply chain
Initiative to measure food waste throughout the supply chain
Means to report activities or behavior against the Code of Conduct
Measures taken in favor of Human rights
Actions taken to help local communities following the Covid-19 pandemic
Technology and IT security partnerships
Measures implemented to meet consumer expectations

Key performance indicators and other quantitative results considered most important

SOCIAL KEY PERFORMANCE INDICATORS AND OUTCOMES	LEVEL OF ASSURANCE
Total workforce	Reasonable
Total workforce by segment and activity	Reasonable
Employee engagement rate	Reasonable
Retention rate for total workforce	Reasonable
Retention rate for site managers	Reasonable
Number of Departures related to Resignation of continuous employment > 3 months excl. site loss	Reasonable
Total New Hires Excluding Acquisitions & Transfers	Limited
Average number of workday absences per employee due to work-related accident or illness and non-work-related accident or illness	Limited
Total number of training hours	Limited
Average number of hours of training per employee	Limited
% of women on the Board of Directors	Reasonable
% of women on the Executive Committee	Reasonable
% of women among Group Senior Leaders	Reasonable
% of women in management positions	Reasonable
% of women in total workforce	Reasonable

SAFETY KEY PERFORMANCE INDICATORS AND OUTCOMES	LEVEL OF ASSURANCE
Number of work-related accidents requiring leave	Reasonable
LTIR	Limited
% LTIR reduction	Limited
% of Group revenues of countries having one or more OHSAS 18001 or ISO 45001 certification	Reasonable

ENVIRONMENTAL KEY PERFORMANCE INDICATORS AND OUTCOMES	LEVEL OF ASSURANCE
Scope 1 and Scope 2 emissions energy consumption (Mwh)	Limited
Scope 1 and Scope 2 (market based) emissions	Limited
Scope 3 Supply Chain carbon emissions	Limited
% reduction in absolute Scope 1 and Scope 2 carbon emissions (compared to 2017 baseline)	Limited
% reduction in intensity Scope 1 and Scope 2 carbon emissions (compared to 2017 baseline)	Limited
% reduction in absolute Scope 3 Supply Chain carbon emissions (compared to 2017 baseline)	Limited
% reduction in intensity Scope 3 Supply Chain carbon emissions (compared to 2017 baseline)	Limited

SOCIETAL KEY PERFORMANCE INDICATORS AND OUTCOMES	LEVEL OF ASSURANCE
% of Group revenues of countries employing environmental experts	Limited
Our business value benefiting SMEs	Limited
% of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct	Reasonable
% of physical certified sustainable palm oil	Limited
% of cage free shell eggs (of the total of shell eggs purchased by Sodexo)	Limited
% of cage free liquid eggs (of the total liquid eggs purchased by Sodexo)	Limited
% of sustainable fish and seafood which is sustainable as a% of total fish and seafood	Limited
% of spend on certified sustainable paper disposables as a% of total paper disposables	Reasonable
Number of Stop Hunger beneficiaries	Limited

3

CONSOLIDATED FINANCIAL STATEMENTS

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3.1 CONSOLIDATED FINANCIAL STATEMENTS AS OF AUGUST 31, 2020

3.1.1 Consolidated income statement

(in millions of euro)	NOTES	FISCAL 2020	FISCAL 2019
Revenues	**4.1**	**19,321**	**21,954**
Cost of sales	**4.2**	**(16,842)**	**(18,756)**
Gross profit		**2,479**	**3,198**
Selling, General and Administrative costs	4.2	(1,914)	(2,000)
Share of profit of companies consolidated by the equity method that directly contribute to the Group's business	8	4	2
Underlying operating profit	**4.1**	**569**	**1,200**
Other operating income	4.2	7	11
Other operating expenses	4.2	(510)	(152)
Operating profit		**65**	**1,059**
Financial income	12.1	30	44
Financial expense	12.1	(321)	(144)
Share of profit of other companies consolidated by the equity method	8	5	4
Profit for the year before tax		**(221)**	**963**
Income tax expense	9.2	(98)	(277)
Net profit for the year		**(319)**	**686**
Of which:			
Attributable to non-controlling interests		(4)	21
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(315)**	**665**
Basic earnings per share (in euro)	**11.2**	**(2.16)**	**4.56**
Diluted earnings per share (in euro)	**11.2**	**(2.16)**	**4.50**

3.1.2 Consolidated statement of comprehensive income

(in millions of euro)	NOTES	FISCAL 2020	FISCAL 2019
NET PROFIT FOR THE YEAR		**(319)**	**686**
Components of other comprehensive income that may be reclassified subsequently to profit or loss		**(500)**	**180**
Change in fair value of cash flow hedge instruments	12.5 and 11.1	-	-
Change in fair value of cash flow hedge instruments reclassified to profit or loss	12.5 and 11.1	-	-
Currency translation adjustment	11.1	(502)	190
Currency translation adjustment reclassified to profit or loss	11.1	-	(3)
Tax on components of other comprehensive income that may be reclassified subsequently to profit or loss	11.1	-	-
Share of other components of comprehensive income (loss) of companies consolidated by the equity method, net of tax	11.1 and 8	2	(7)
Components of other comprehensive income that will not be reclassified subsequently to profit or loss		**(344)**	**174**
Remeasurement of defined benefit plan obligation	5.1 and 11.1	30	4
Change in fair value of financial assets revalued through other comprehensive income	12.3 and 11.1	(383)	175
Tax on components of other comprehensive income that will not be reclassified subsequently to profit or loss	11.1	9	(5)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), AFTER TAX		**(844)**	**354**
Comprehensive income		**(1,163)**	**1,040**
Of which:			
Attributable to equity holders of the parent		(1,159)	1,021
Attributable to non-controlling interests		(4)	19

3.1.3 Consolidated statement of financial position

Assets

(in millions of euro)	NOTES	AUGUST 31, 2020	AUGUST 31, 2019
Goodwill	6.1	5,764	6,158
Other intangible assets	6.2	673	801
Property, plant and equipment	6.3	566	684
Right-of-use assets relating to leases	7.2	1,321	-
Client investments	4.4	575	626
Companies consolidated by the equity method	8	60	62
Financial assets	12.3	601	999
Derivative financial instrument assets	12.5	11	5
Other non-current assets		22	20
Deferred tax assets	9.3	137	99
NON CURRENT ASSETS		**9,730**	**9,455**
Financial assets	12.3	40	58
Derivative financial instrument assets	12.5	11	7
Inventories		259	294
Income tax receivable	4.3	113	125
Trade and other receivables	4.3	4,070	4,626
Restricted cash and financial assets related to the Benefits & Rewards Services activity	4.5 and 12.3	1,103	1,120
Cash and cash equivalents	12.2	2,027	1,781
CURRENT ASSETS		**7,623**	**8,012**
TOTAL ASSETS		**17,353**	**17,467**

Shareholders' equity and liabilities

(in millions of euro)	NOTES	AUGUST 31, 2020	AUGUST 31, 2019
Share capital		590	590
Additional paid-in capital		248	248
Reserves and retained earnings		1,920	3,618
EQUITY ATTRIBUABLE TO EQUITY HOLDERS OF THE PARENT		**2,758**	**4,456**
NON-CONTROLLING INTERESTS		**15**	**42**
SHAREHOLDER'S EQUITY	**11.1**	**2,773**	**4,498**
Borrowings	12.4	4,975	3,902
Derivative financial instrument liabilities	12.5	13	7
Long-term lease liabilities	7.1	1,126	-
Employee benefits	5.1	344	403
Other non-current liabilities	4.3	196	171
Non-current provisions	10.1	84	88
Deferred tax liabilities	9.3	97	151
NON CURRENT LIABILITIES		**6,834**	**4,722**
Bank overdrafts	12.2	6	35
Borrowings	12.4	21	182
Derivative financial instrument liabilities	12.5	6	0
Short-term lease liabilities	7.1	231	-
Income tax payable		174	99
Current provisions	10.1	171	58
Trade and other payables	4.3	4,020	4,892
Vouchers liabilities	4.5	3,117	2,981
CURRENT LIABILITIES		**7,745**	**8,247**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**17,353**	**17,467**

3.1.4 Consolidated cash flow statement

(in millions of euro)	NOTES	FISCAL 2020	FISCAL 2019
Operating profit		**65**	**1,059**
Elimination of non-cash and non-operating items			
Depreciation, amortization and impairment of intangible assets and property, plant and equipment[1]		896	365
Provisions		122	(39)
Disposal (gains) losses and other non-cash items		59	35
Dividends received from companies consolidated by the equity method	8	4	10
Interest paid[2]		(291)	(129)
Interests paid on lease liabilities		(25)	-
Interest received		43	42
Income tax paid		(202)	(204)
Operating cash flow		**670**	**1,139**
Change in inventories		21	(3)
Change in trade and other receivables		317	(384)
Change in trade and other payables		(625)	406
Change in vouchers payable		343	164
Change in financial assets related to the Benefits & Rewards Services activity		(93)	(53)
Change in working capital from operating activities		**(38)**	**129**
NET CASH PROVIDED BY OPERATING ACTIVITIES		**632**	**1,268**
Acquisitions of property, plant and equipment and intangible assets		(398)	(400)
Disposals of property, plant and equipment and intangible assets		17	17
Change in client investments	4.4	(12)	(31)
Change in financial assets and share of companies consolidated by the equity method		(20)	(94)
Acquisitions of subsidiaries	3.1	(20)	(308)
Disposals of subsidiaries		3	7
NET CASH USED IN INVESTING ACTIVITIES		**(430)**	**(809)**
Dividends paid to Parent company shareholders	11.1	(425)	(403)
Dividends paid to non-controlling shareholders of consolidated companies		(10)	(19)
Purchases of treasury shares	11.1	(39)	(11)
Sales of treasury shares		-	4
Increase in share capital		-	1
Change in non-controlling interests		(22)	(1)
Proceeds from borrowings	12.4	3,265	278
Repayment of borrowings	12.4	(2,310)	(257)
Repayments of lease liabilities		(260)	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**198**	**(408)**
NET EFFECT OF EXCHANGE RATES AND OTHER EFFECTS ON CASH		**(123)**	**58**
CHANGE IN NET CASH AND CASH EQUIVALENTS		**275**	**109**
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**1,746**	**1,638**
NET CASH AND CASH EQUIVALENTS, END OF YEAR	**12.2**	**2,021**	**1,746**

(1) Including 278 million euro corresponding to the depreciation and impairment of the right-of-use assets recognized in Fiscal 2020 pursuant to IFRS 16.
(2) Including 150 million euro indemnity due to anticipated refund of USPP (note 12.4.3.3).

3.1.5 Consolidated statement of changes in shareholders' equity

						TOTAL SHAREHOLDERS' EQUITY		
(in millions of euro)	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Notes	**11.1**			**11.1**				
Shareholders' equity as of August 31, 2019	**147,454,887**	**590**	**248**	**4,358**	**(740)**	**4,456**	**42**	**4,498**
Restatement due to IFRIC 23 first application*				(96)	-	(96)	-	(96)
Shareholders' equity as of September 1, 2019	**147,454,887**	**590**	**248**	**4,262**	**(740)**	**4,360**	**42**	**4,402**
Net profit for the year				(315)	-	(315)	(4)	(319)
Other comprehensive income (loss), net of tax				(342)	(502)	(844)	-	(844)
Comprehensive income				**(657)**	**(502)**	**(1,159)**	**(4)**	**(1,163)**
Dividends paid				(425)	-	(425)	(19)	(444)
Treasury share transactions				(40)	-	(40)	-	(40)
Share-based payment (net of income tax)				38	-	38	-	38
Change in ownership interest without any change of control				(14)	-	(14)	(4)	(18)
Other				(2)	-	(2)	-	(2)
SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2020	**147,454,887**	**590**	**248**	**3,162**	**(1,242)**	**2,758**	**15**	**2,773**

* See note 2.1.2 "New accounting standards and interpretations required to be applied".

						TOTAL SHAREHOLDERS' EQUITY		
(in millions of euro)	NUMBER OF SHARES OUTSTANDING	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	RESERVES AND COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL
Notes	**11.1**			**11.1**				
Shareholders' equity as of August 31, 2018	**147,454,887**	**590**	**248**	**3,375**	**(930)**	**3,283**	**45**	**3,328**
Impact of IFRS 9 & IFRS 15 first-time application[1]				530	-	530	-	530
Shareholders' equity as of September 1, 2018	**147,454,887**	**590**	**248**	**3,905**	**(930)**	**3,813**	**45**	**3,858**
Net profit for the year				665	-	665	21	686
Other comprehensive income (loss), net of tax				166	190	356	(2)	354
Comprehensive income				**831**	**190**	**1,021**	**19**	**1,040**
Dividends paid				(403)	-	(403)	(22)	(425)
Treasury share transactions				(7)	-	(7)	-	(7)
Share-based payment (net of income tax)				33	-	33	-	33
Change in ownership interest without any change of control				(5)	-	(5)	0	(5)
Other[2]				4	-	4	0	4
SHAREHOLDERS' EQUITY AS OF AUGUST 31, 2019	**147,454,887**	**590**	**248**	**4,358**	**(740)**	**4,456**	**42**	**4,498**

(1) Mainly include the reamesurement at fair value of the 19.61% of Groupe share into Bellon SA, company that hold Sodexo S.A., in application of IFRS 9 (previously accounted at historical value).
(2) Including the effects of hyperinflation, recognition of commitments to repurchase non-controlling interests.

3.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Sodexo's consolidated financial statements for the fiscal year ended August 31, 2020 were approved by the Board of Directors on October 28, 2020 and will be submitted to the Annual Shareholders' Meeting on January 12, 2021.

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

NOTE 1. SIGNIFICANT EVENTS

1.1 Impact of the Covid-19 Pandemic

The Covid-19 health crisis worsened during the second half, impacting activities in all regions in which the Group is operating. To limit the spread of Covid-19, officially designated as a pandemic by the World Health Organization on March 11, 2020, different measures have gradually been implemented in many countries, requiring site closures and cancellation or postponements of events.

Since the start of the crisis, the Group has implemented a set of actions in order to ensure business continuity and protect its employees and consumers, in compliance with the Group Health and Security policy and in application of the directives and guidelines of health organizations and local authorities. Due to the evolving situation, the Group is closely monitoring the situation and is mobilized to ensure business continuity and results through:

- precise and proactive management of the workforce to adapt to the rapidly changing context;
- strict management of the cash position (focusing on client receivables and delaying capital expenditures);
- close proximity to the supply chain to ensure business continuity and flexibility;
- rigorous follow-up on the execution of services with strong contract management;
- strict management of general and administrative costs;
- close monitoring of all possible relief from authorities on direct and indirect taxes, social charges and employee relief funds programs.

However, the intensification of the Covid-19 health crisis during the second half of Fiscal 2020 has strongly impacted the Group's financial results and performance. During Fiscal 2020, consolidated revenue was 19,321 million euro, a decrease of 12% (see note 4.1).

Management of liquidity

With sufficient cash flows provided by operating activities for investments and acquisitions, the Group's financial situation remains solid. As mentioned in note 1.2 "Financing Operations", the Group issued two bonds during the second half of Fiscal 2020 for 2.5 billion euro. A portion was used to redeem the full outstanding balance of the U.S. Private Placement, extending the average debt maturity from 5.2 years as of August 31, 2019 to 5.7 years as of August 31, 2020.

In addition, as mentioned in note 12.4.3.1, the Group has access to credit facilities that can be utilized at any time as needed for 1.9 billion euro (the confirmed credit facilities are unutilized as of August 31, 2020). Furthermore, with an operating cash of 3.1 billion euro, the Group has access to 5.1 billion euro of liquidity as of August 31, 2020.

Therefore, as of the date the consolidated financial statements were approved by the Board of Directors, the Group considers there is no risk of going concern.

Non-financial assets impairment

The Group's activities were strongly impacted by many site closures, a decrease in foot traffic on sites and cancellation or postponement of many events during the second half of Fiscal 2020.

Consequently, the Group performed an in-depth review of the performance of its assets. For those assets where a decline in value was indicated, an impairment test was performed. In addition, the Group has updated the underlying cash flow projection assumptions for all of the segments used for the annual goodwill impairment test. The impairment test methodology is disclosed in note 6 "Goodwill, other intangible and tangible assets".

The results of the impairment tests performed on this basis led the Group to recognize an impairment charge of 249 million euro in other operating income and expenses in Fiscal 2020, mainly related to the Sports & Leisure and Education segment.

Restructuring cost and right-sizing costs

As a continuation of the rigorous measures put in place at the beginning of the pandemic, and in anticipation of the end of government aids in several countries, the Group has decided to proactively take action to reinforce its agility to adapt to the new environment and seize new market opportunities. These measures resulted in the recognition during the second half of restructuring costs of 158 million euro, in addition to the expenses recognized during the first half, the total amount of restructuring and right-sizing costs recognized in Other operating income and expenses was 191 million euro (see. note 4.2.2 "Other operating income and expenses").

Recoverability of deferred tax assets

The Group has reassessed the recoverability of its deferred tax assets. Deferred tax assets whose recoverability was determined to be uncertain in the near term, after taking into account deductible temporary differences, were written down. The deductible temporary differences and unused tax loss carryforwards (tax credits) generated during Fiscal 2020 by the related subsidiaries were not recognized as deferred tax assets. The negative impact on consolidated tax expense was 122 million euro (see note 9 "Income tax").

1.2 Financing Operations

In the context of the Covid-19 pandemic, on April 27, 2020 and July 17, 2020, the Group issued two bonds for a total principal amount of 2.5 billion euro, extending the debt maturity and strengthening long-term cash reserves (see note 12.4.2 "Bond issues").

In addition, to allow for greater independence and agility, the Group reimbursed 1.6 billion U.S. dollars of its USPP (U.S private placements) debt. In accordance with the terms of the U.S private placements debt agreement, the reimbursement includes an indemnity of 168 million U.S. dollars (150 million euro) recognized as financial expense. As a result of this transaction, which is described in note 12.1 "Financial income and expenses" and note 12.4.3.3 "U.S private placements", Sodexo is no longer subject to any financial covenant with respect to its borrowings.

1.3 Legal dispute with the French Competition Authority

On October 9, 2015, *Octoplus* filed a complaint with the French Competition Authority (Autorité de la concurrence) concerning several French meal voucher issuers, including Sodexo Pass France. Following the hearing of the parties concerned in April and July 2016, the Competition Authority decided on October 6, 2016 to pursue investigation on the merits, without requesting protective measures.

On February 27, 2019, the prosecution services sent their final investigation report to Sodexo Pass France. In its response filed on April 29, 2019, the Group contested both grievances (information sharing and foreclosure of the meal voucher market through the Centrale de Règlement des Titres). On December 17, 2019, the Competition Authority issued an adverse decision against meal voucher issuers, and fined Sodexo Pass France, jointly and severally with Sodexo S.A., 126 million euro. Sodexo Pass France and Sodexo S.A. received notification of this decision on February 6, 2020. As the Covid-19 pandemic has strongly impacted the Group activities and performance, Sodexo requested and obtained from the French Tax authority, a payment deferral without any penalties against a guarantee of the same amount. The payment will be due on March 15, 2021.

However, Sodexo firmly contests this decision which manifests an inaccurate appreciation of the alleged practices and of the market dynamics and therefore has appealed this decision to the Paris Court of Appeal. After consultation with its legal advisors, the Group considers that it has strong arguments which could lead to the annulment or revision of the French Competition Authority decision. As a result, no provision has been made for this litigation.

NOTE 2. ACCOUNTING POLICIES

2.1 Basis of preparation of the financial statements

2.1.1 Basis of preparation of financial information for Fiscal 2020

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

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

The Group does not apply IFRS standards that are not approved by the European Union at the closing date. During the past three years, considering the Company closing date, the IFRS application dates as approved by the European Union have been the same as those for the IFRS standards published by the IASB.

Furthermore, the Group did not elect to early adopt non-mandatory new standards, amendments and interpretations for Fiscal 2020, except for the IFRS 16 amendment "Covid-19-Related Rent Concessions". The Group does not anticipate the application of other non-mandatory new standards, amendments and interpretations to have a material impact on its consolidated financials statements.

2.1.2 New accounting standards and interpretations required to be applied

The accounting policies used by the Group to prepare its consolidated financial statements for the fiscal year ended August 31, 2020 are the same as those used for the consolidated financial statements as of August 31, 2019 except for the first-time application of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over income tax treatments" as described below. Other required standards, amendments or interpretations effective as of September 1, 2019 did not have a material impact on consolidated financial statements of the Group.

2.1.2.1 FIRST-TIME APPLICATION OF IFRS 16 "LEASES"

IFRS 16, applicable to the Group with effect from the fiscal year opening on September 1, 2019, sets out the principles for recognizing leases. These principles replace those described down in IAS 17 "Leases" and in the interpretations SIC 15 "Operating Leases – Incentives", SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" and IFRIC 4 "Determining whether an Arrangement contains a Lease".

IFRS 16 introduces for lessees a single model for the recognition of leases, involving the recognition of all leases on the balance sheet (removal of the distinction between finance leases and operating leases), except where optional exemptions are applicable (short-term leases and leases of low value assets).

Accordingly, as a lessee, the Group recognizes in the balance sheet:

- a right-of-use asset, representing the right to use the underlying asset over the lease term; and
- a lease liability, reflecting the future lease payments obligation over the lease term.

The presentation of lease transactions in the consolidated income statement is also modified, the lease expense being replaced by:

- depreciation of the right-of-use asset;
- interest expense on the related lease liability.

Finally, in the consolidated cash flow statement, cash outflows relating to interest and variable lease payments impact operating activities flows, while repayments of the lease liability impact financing activities flows. The investing activities flows are not modified.

The Group applied IFRS 16 from September 1, 2019 using the simplified retrospective approach, without restating the comparative periods. As a result, the Group recognized as of September 1, 2019 a lease liability, corresponding to the present value of the future fixed lease payments over the residual lease term, and a right-of-use asset, for an amount equaling the lease liability adjusted for prepaid or accrued lease payments previously recognized. Hence, comparative information for Fiscal 2019 is presented as previously, in application of IAS 17 and the related interpretations. Among the practical expedients authorized by the standard for the transition, the Group chose to apply the practical expedient to use its assessment of whether leases are onerous by applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" made immediately before the date of first-time application as an alternative to testing right-of-use assets for impairment at September 1, 2019.

The discount rates used at the transition date correspond to incremental borrowing rates as of September 1, 2019, calculated over the initial term of each lease. The weighted average incremental borrowing rate as of September 1, 2019 was 1.6%.

The Group decided not to apply the deferred tax exemption from initial recognition provided in IAS 12 (paragraphs 15 and 24). A deferred tax is recognized on the net temporary difference arising from recording the lease liability and the right-of-use asset.

The reconciliation of operating lease off-balance sheet commitments presented according to IAS 17 as of August 31, 2019 and lease liabilities recognized according to IFRS 16 as of September 1, 2019 is summarized as follows:

(in millions of euro)

Operating lease commitments as of August 31, 2019	**839**
Discounting effect	(104)
Measurement differences due to the determination of the lease term(1)	605
Impact of contracts not classified as a lease under IAS 17	194
Other impacts(2)	(44)
LEASE LIABILITIES AS OF SEPTEMBER 1, 2019	**1,490**

(1) Off-balance sheet commitments were determined considering the non-cancellable term of operating leases (future minimum lease payments), whereas according to IFRS 16, the determination of the duration takes into account extension options that the Group is reasonably certain to exercise.
(2) The residual difference mainly relates to:
- commitments relating to short-term leases and leases of low value assets, covered by the exemption option provided for by IFRS 16 and applied by the Group (see Accounting principles described in note 7.1); and
- measurement differences of lease payments, as a result of the exclusion of the service component.

The accounting principles and information required on lease liabilities and right-of-use assets relating to lease contracts as of August 31, 2020 are detailed in note 7.1.

The amendment to IFRS 16 "Covid-19-related rent concessions" did not have a material impact on the consolidated financial statements of the Group.

2.1.2.2 FIRST-TIME APPLICATION OF IFRIC 23 "UNCERTAINTY OVER INCOME TAX TREATMENTS"

The interpretation IFRIC 23, which is applicable to the Group as of the fiscal year starting on September 1, 2019, clarifies the application of the recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over the acceptability of a particular tax treatment under tax law.

The Group reviewed its income tax treatments in order to determine the impact of this interpretation on its consolidated financial statements. In that respect, the Group recognized an additional income tax liability of 90 million euro and depreciation of the deferred tax assets for 6 million euro. In accordance with the transitional provisions of the interpretation, the Group recognized the cumulative effect of first application as a reduction of consolidated equity at September 1, 2019, without restating the comparative periods.

Furthermore, the Group reclassified in Income tax payable its existing liabilities for uncertain tax treatment, which were included in Provisions until August 31, 2019 of 6 million euro.

2.1.2.3 IMPACT ON THE OPENING CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As described above, the restatements required by IFRS 16 and IFRIC 23 as of the transition date have been recognized in the opening consolidated statement of financial position as of September 1, 2019. Fiscal 2019 comparative information has not been restated.

The following table presents the impact of the first-time application recognized as of September 1, 2019:

(in millions of euro)	AUGUST 31, 2019	MPACT OF FIRST-TIME APPLICATION OF IFRS 16 & IFRIC 23	SEPTEMBER 1, 2019
Property, plant and equipment	684	(5)	679
Right-of-use assets	-	1,490	1,490
Deferred tax assets	99	(6)	93
Trade and other receivables	4,626	(1)	4,625
Income tax receivables	125	5	130
Other non-current and current assets	11,933	-	11,933
TOTAL ASSETS	**17,467**	**1,483**	**18,950**
Equity attributable to equity holders of the parent	**4,456**	**(96)**	**4,360**
Non-controlling interests	**42**	**-**	**42**
Non-current borrowings	3,902	(2)	3,900
Long-term lease liabilities	-	1,244	1,244
Non-current provisions	88	(7)	81
Current borrowings	182	(3)	179
Short-term lease liabilities	-	246	246
Income tax payable	99	101	200
Other non-current and current liabilities	8,698	-	8,698
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**17,467**	**1,483**	**18,950**

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. Unprectibility generated by Covid-19 pandemic made the use of estimations and hypothesis a key factor in the establishment of the annual consolidated financial statements.

Final amounts 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 4.3 to 6.4);
- provisions for risks, litigation and restructuring (notes 10.1 and 10.2);
- recognition of deferred tax assets (note 9.2);
- liabilities recognized for uncertain tax positions (note 9);
- fair value of financial assets and derivative financial instruments (notes 12.5 and 12.6);
- valuation of post-employment defined benefit plan assets and liabilities (note 5.1);
- share-based payment (note 5.2);
- valuation of goodwill and intangible assets acquired as part of a business combination, as well as their estimated useful lives (note 3);
- assessment of the lease term in measuring the lease liabilities and related right-of-use assets recognized in accordance with IFRS 16 (note 7.1).

2.3 Valuation bases

The consolidated financial statements are prepared using the historical cost convention, except for:

- goodwill and intangible assets acquired as part of a business combination, measured at fair value (note 3.1);
- derivative financial instruments, cash and cash equivalents and non-consolidated investments, measured at fair value (note 12);
- post-employment defined benefit plan assets and liabilities, measured at fair value (note 5.1);
- share-based payment, measured at fair value (note 5.2);
- right-of-use assets relating to leases and leases liabilities (note 7.1).

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). In line with IFRS 13 "Fair Value Valuation" classification, there are 3 levels of Fair value:

- level 1: unadjusted quoted prices in an active market for identical assets or liabilities, used for the valuation of cash and cash equivalents;
- level 2: models that use observable inputs for the asset or liability, either directly (*i.e.,* prices) or indirectly (*i.e.,* price-based data), used for the valuation of derivative financial instruments;
- level 3: fair value determined using valuation techniques based on unobservable inputs, used for the valuation of client relationships acquired as part of a business combination and non-consolidated investments.

NOTE 3. MAIN CHANGES IN SCOPE OF CONSOLIDATION

ACCOUNTING PRINCIPLES AND POLICIES

Principles and methods of consolidation

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 charge.

CONSOLIDATION METHODS

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

Associates are companies in which Sodexo S.A. directly or indirectly exercises significant influence over financial and operating policy without exercising exclusive or joint control. Joint ventures are joint arrangements in which Sodexo S.A. directly or indirectly exercises joint control and has rights to the net assets of the arrangement. Associates and joint ventures are consolidated by the equity method. Sodexo has a number of equity interests in project companies established in connection with Public-Private Partnership (PPP) contracts. These contracts enable governments to call upon the private sector for the design, construction, financing and management of public infrastructure (hospitals, schools, barracks, prisons), with detailed performance criteria. An analysis is performed for each of these equity interests, in order to determine whether they qualify as associates or joint ventures.

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

Further information on the main entities consolidated as of August 31, 2020 is provided in note 14.4 "Scope of consolidation".

FOREIGN CURRENCY TRANSLATION

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

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.

Financial statements denominated in foreign currencies

(i) Countries with stable currencies

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

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

(ii) Countries with hyperinflationary economies

Non-monetary assets and liabilities in hyperinflationary countries, as well as the income statement, are adjusted to reflect the changes in the general pricing power of the functional currency in accordance with IAS 29. Moreover, subsidiaries financials statements in hyperinflationary countries are translated at the closing rate of the period in accordance with IAS 21.

Since July 1, 2018, Argentina has been classified as a country with a hyperinflationary economy. However, the impacts of hyperinflation in that country were not material at Group level during Fiscal 2019 and Fiscal 2020.

Business combinations

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

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

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

Goodwill is not amortized but is subject to impairment tests immediately if there are indicators of impairment, and at least once per year. Impairment test procedures are described in note 6.4 "Impairment of non-current assets". Goodwill impairment charges recognized in the income statement are irreversible.

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.

3.1 Business combinations

During Fiscal 2020, goodwill totaling 77 million euro was recognized, mainly related to the acquisitions of Prima Assistance and Active Global Health Sciences Education Group in Homecare, and CSM in Corporate Services.

The table below shows the impact of newly consolidated entities. It includes the values of the assets acquired and liabilities assumed, as provisionally estimated as of August 31, 2020, and the adjustments resulting from the final purchase price allocation of prior acquisitions:

(in millions of euro)	AUGUST 31, 2020
Intangible assets	2
Property, plant and equipment	3
Other non-current assets (including client investments)	4
Trade receivables	22
Other current assets	4
Cash and cash equivalents	9
Borrowings	5
Other non-current liabilities	(6)
Net deferred tax	-
Other current liabilities	(38)
TOTAL IDENTIFIABLE NET ASSETS	**5**
CONSIDERATION TRANSFERRED(1)	**(74)**
Fair value of shares previously held	8
GOODWILL(2)	**77**

(1) Includes the consideration transferred payed in Fiscal 2019 for companies initially consolidated in Fiscal 2020, for -31 million euro.
(2) Goodwill is recognized as the difference between acquisition price and identifiable net assets at fair value. It principally represents the *savoir-faire* and expertise of employees and synergies expected from acquired companies.

Business combinations impacts the Cash flow statement as follows:

Price paid during the year	(30)
Cash acquired	9
Acquisitions of subsidiaries	**(20)**

Companies consolidated during Fiscal 2020 were integrated from the date of acquisition, and contributed for 110 million euro to consolidated revenue and for 2 million euro to the consolidated underlying operating profit of the period.

Goodwill variations during Fiscal 2020 and the comparative period are presented in note 6.1 “Goodwill”.

NOTE 4. SEGMENT INFORMATION AND OTHER OPERATING ITEMS

ACCOUNTING PRINCIPLES AND POLICIES

Income statement

Sodexo presents its income statement by function.

Operating profit comprises the following components:

- gross profit;
- Selling, General and Administrative costs (SG&A); and
- other operating income and expenses.

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

Other operating income and expenses include the following:

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

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

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

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 a contract, whether Sodexo acts as principal (the vast majority of cases) or agent.

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

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

  Principal versus *Agent considerations:*

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

  Consideration payable to customers:

  In certain cases, and mainly upon client requirements, the Group pays fees or rent for the use of space or equipment made available to us on sites that enable us to deliver our services. In accordance with IFRS 15 principles applicable to consideration payable to customers, the Group considered that such expenses should be recognized as a deduction from the corresponding revenues (previously recognized as operating expenses).

- **Benefits & Rewards Services:** Revenues include mainly commissions received from clients and affiliates, financial income from the investment of cash generated by the activity, and profits from vouchers and cards not reimbursed.

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

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

VENDOR DISCOUNTS AND DISCOUNT ALLOWANCES

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

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

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

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

4.1 Segment information

ACCOUNTING PRINCIPLES AND POLICIES

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

For On-site Services, Revenue and Underlying operating profit are followed by global client segments. These global client segments meet the definition of operating segments in IFRS 8.

Sodexo's operating segments and groups of operating segments are as follows:

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

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

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

Since the beginning of Fiscal 2020, in some European and Asian countries, contracts have been reallocated from Healthcare & Seniors and Education segments to Business & Administrations segment. Figures for Fiscal 2019 have not been restated given the low materiality of these changes.

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

4.1.1 By business segment

FISCAL 2020 (in millions of euro)	ON-SITE SERVICES	*BUSINESS & ADMINISTRATIONS*	*HEALTHCARE & SENIORS*	*EDUCATION*	BENEFITS & REWARDS SERVICES	ELIMINATIONS AND CORPORATE EXPENSES	GROUP TOTAL
Revenues (third-party)	18,554	10,265	4,815	3,475	767	-	19,321
Inter-segment sales (Group)	-	-	-	-	5	(5)	-
TOTAL REVENUES	**18,554**	**10,265**	**4,815**	**3,475**	**773**	**(5)**	**19,321**
Underlying operating profit*	478	110	293	75	202	(111)	569

* Including Group's share of profit of companies consolidated under the equity method that directly contribute to the Group's business and excluding other operating income and expenses.

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

* Including Group's share of profit of companies consolidated under the equity method that directly contribute to the Group's business and excluding other operating income and expenses.

4.1.2 By significant country

The Group's operations are spread across 64 countries, including two that each represent over 10% of consolidated revenues: France (the Group's country of registration) and the United States. Revenues and non-current assets in these countries are as follows:

AUGUST 31, 2020 (in millions of euro)	FRANCE	UNITED STATES	OTHER	TOTAL
Revenues (third-party)	2,405	7,634	9,282	19,321
Non-current assets*	1,567	4,016	3,316	8,900

* Property, plant and equipment, goodwill, other intangible assets, client investments and right-of-use assets relating to leases recognized starting September 1, 2019 in accordance with IFRS 16.

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

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

4.1.3 By line of services

Revenues by line of services are as follows:

(in millions of euro)	FISCAL 2020	FISCAL 2019
Food services	11,181	13,998
Facilities Management services	7,373	7,068
Total On-site Services revenues	**18,554**	**21,067**
Benefits & Rewards Services	**773**	**892**
Eliminations	(5)	(4)
TOTAL CONSOLIDATED REVENUES	**19,321**	**21,954**

4.2 Operating expenses by nature and other operating income and expenses

4.2.1 Operating expenses by nature

(in millions of euro)	FISCAL 2020	FISCAL 2019
Depreciation, amortization and impairment charges(1)	(938)	(382)
Employee costs		
• Wages and salaries	(7,748)	(8,246)
• Other employee costs(2)	(2,231)	(2,379)
Purchases of consumables and change in inventory	(4,751)	(5,784)
Others(3)	(3,591)	(4,107)
TOTAL NET OPERATING EXPENSES	**(19,260)**	**(20,897)**

(1) Including the depreciation of right-of-use assets relating to lease contracts recognized starting September 1, 2019 in accordance with IFRS 16 (278 million euro in Fiscal 2020).
(2) Primarily payroll taxes, but also including costs associated with defined benefit plans (note 5.1), defined contribution plans (note 5.1) and free share plans (note 5.2.1).
(3) Other expenses mainly include professional fees, other purchases used for operations, sub-contracting costs and travel expenses, as well as lease expenses relating to short-term lease contracts and lease contracts of low value assets, and variable lease payments (not included in the measurement of the lease liabilities)). For Fiscal 2019, other expenses included the lease expense relating to operating lease contracts in accordance with IAS 17.

As a result of the Covid-19 pandemic, significant measures were taken to reduce costs both on-site and off-site. All government proposed partial unemployment measures were used. Government Grants in relation with partial unemployment paid to the Group were accounted as a reduction of employee expenses in accordance with IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance”.

4.2.2 Other operating income and expenses

(in millions of euro)	FISCAL 2020	FISCAL 2019
Gains related to consolidation scope changes	2	9
Gains on changes of post-employment benefits	2	1
Other	3	1
OTHER OPERATING INCOME	**7**	**11**
Restructuring and rationalization costs	(191)	(46)
Acquisition-related costs	(9)	(11)
Losses related to consolidation scope changes*	(14)	-
Losses on changes of post-employment benefits	(4)	(4)
Amortization of purchased intangible assets and impairment of goodwill and non-current assets*	(273)	(85)
Other	(19)	(6)
OTHER OPERATING EXPENSES	**(510)**	**(152)**
TOTAL OTHER OPERATING INCOME AND EXPENSES	**(503)**	**(141)**

* Including impairment of non-current assets amounting to 249 million euro in Fiscal 2020 (45 million euro in Fiscal 2019), of which 92 million euro on goodwill and 122 million euro on non-current assets relating to contracts with clients.

4.3 Trade and other receivables

4.3.1 Income tax, trade and other receivables

ACCOUNTING PRINCIPLES AND POLICIES

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

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

	AUGUST 31, 2020			AUGUST 31, 2019		
(in millions of euro)	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT
Income tax receivable*	**113**	**-**	**113**	**125**	**-**	**125**
Advances to suppliers	5	-	5	7	-	7
Trade receivables	3,622	(145)	3,478	3,947	(137)	3,810
Other operating receivables	373	(13)	360	523	(13)	510
Prepaid expenses	198	-	198	289	-	289
Non-operating receivables	28	-	28	10	-	10
TOTAL TRADE AND OTHER RECEIVABLES	**4,226**	**(157)**	**4,070**	**4,777**	**(150)**	**4,626**

* As of Fiscal 2019, amount net of transferred receivables, of which 41 million euro of CICE tax credits, were derecognized since substantially all risks and rewards incidental to the ownership of the account receivables have been transferred (there were no transferred receivables in Fiscal 2020).

The maturities of trade receivables as of August 31, 2020 and August 31, 2019 respectively were as follows:

	AUGUST 31, 2020		AUGUST 31, 2019	
BREAKDOWN OF TRADE RECEIVABLES DUE AS OF AUGUST 31:	GROSS AMOUNT	IMPAIRMENT	GROSS AMOUNT	IMPAIRMENT
Less than 3 months past due	403	(8)	510	(11)
More than 3 months and less than 6 months past due	81	(17)	88	(8)
More than 6 months and less than 12 months past due	58	(13)	51	(13)
More than 12 months past due	104	(81)	117	(83)
TOTAL TRADE RECEIVABLES DUE AS OF AUGUST 31	**646**	**(120)**	**765**	**(115)**
Total trade receivables not yet due as of August 31	2,975	(25)	3,182	(22)
TOTAL TRADE RECEIVABLES AS OF AUGUST 31	**3,622**	**(145)**	**3,947**	**(137)**

During the fiscal years presented, the Group was not affected by any significant change resulting from proven client failures. In addition, given the geographic dispersion of the Group's activities and the wide range of client industries, there is no material concentration of risk in individual receivables due but not written down.

Nevertheless, the increase in the average impairment rate (expected credit losses recognized compared to the gross value of receivables) reflects the increase in credit risk generated by the deterioration of the economic and commercial environment resulting from the Covid-19.

4.3.2 Trade and other payables

ACCOUNTING PRINCIPLES AND POLICIES

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

Sodexo's Group has set up several reverse factoring programs in its main operating countries, which give its suppliers the opportunity of being paid in advance. In practice these programs involve sales of trade receivables to a factor, organized by Sodexo.

Relations between the parties concerned are governed by two totally separate contracts:

- the Group signs a master agreement with the factor, pursuant to which it undertakes to pay on the scheduled due dates the invoices sold by its suppliers to the factor (which have been approved in advance). Each supplier is free to choose whether or not to sell each of its invoices;
- the Group's suppliers can, if they wish, sign a master agreement with the factor enabling them to sell their invoices before their scheduled due date, on terms that benefit from the Group's credit rating.

Employee-related liabilities mainly include short-term employee benefits (see note 5.1).

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Operating payables	183	158
Non-operating payables	13	13
OTHER NON-CURRENT LIABILITIES	**196**	**171**
Advances from clients	447	483
Trade payables	1,899	2,517
Employee-related liabilities	1,026	1,184
Tax liabilities	335	327
Other operating payables	134	151
Deferred revenues	115	135
Non-operating payables	63	94
TRADE AND OTHER CURRENT PAYABLES	**4,020**	**4,892**
TOTAL TRADE AND OTHER PAYABLES	**4,216**	**5,063**

As of August 31, 2020, the total amount of receivables transferred by Sodexo's suppliers through the reverse factoring programs is 205 million euro (431 million euro as of August 31, 2019).

Trade payables that have been financed through a reverse factoring program as of the fiscal year-end are still classified as trade payables and included in the total of trade payables.

MATURITIES OF TRADE AND OTHER PAYABLES (in millions of euro)	CARRYING AMOUNT	UNDISCOUNTED CONTRACTUAL VALUE
Less than 3 months	2,793	2,793
More than 3 months and less than 6 months	299	299
More than 6 months and less than 12 months	846	846
More than 1 year and less than 5 years	203	220
More than 5 years	74	75
TOTAL TRADE AND OTHER PAYABLES	**4,216**	**4,233**

4.4 Client investments

ACCOUNTING PRINCIPLES AND POLICIES

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.

(in millions of euro)	FISCAL 2020	FISCAL 2019
Client investments as of September 1	**626**	**558**
Increases during the fiscal year	117	137
Decreases during the fiscal year	(106)	(105)
Impairment	(25)	-
Newly consolidated companies	-	1
Currency translation adjustment and other movements	(37)	35
CLIENT INVESTMENTS AS OF AUGUST 31	**575**	**626**

4.5 Benefits & Rewards Services activity

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Trade and other receivables	1,274	1,226
Trade and other payables(1)	(293)	(292)
Vouchers liabilities(2)	(3,117)	(2,981)
Vouchers in circulation	*(2,604)*	*(2,414)*
Vouchers payables	*(352)*	*(458)*
Others(1)	*(161)*	*(109)*
WORKING CAPITAL EXCLUDING RESTRICTED CASH AND FINANCIAL ASSETS OF THE BENEFITS & REWARDS SERVICES ACTIVITY	**(2,136)**	**(2,048)**
Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,103	1,120
Restricted cash	*770*	*678*
Market securities > 3 months	*333*	*442*
Cash and cash equivalents(1)	996	1,042
Bank overdrafts	(16)	(25)
OPERATING CASH ASSETS OF THE BENEFITS & REWARDS SERVICES ACTIVITY	**2,082**	**2,136**

(1) Including intragroup transactions.
(2) Vouchers liabilities are accounted at fair value as current liabilities, which is the face value of vouchers in circulation and of vouchers back at Sodexo and not yet reimbursed.

NOTE 5. EMPLOYEE BENEFITS AND SHARE-BASED PAYMENT

5.1 Employee benefits

ACCOUNTING PRINCIPLES AND POLICIES

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.

Post-employment benefits

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

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

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

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

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

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

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

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

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

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.

5.1.1 Long-term employee benefits

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Post-employment benefits – Net defined benefit plan assets*	(3)	(4)
Post-employment benefits – Net defined benefit plan obligation	195	244
Other long-term employee benefits	150	159
Employee benefits	**342**	**399**

* Included in "Other non-current assets" in the consolidated statement of financial position.

5.1.1.1 POST-EMPLOYMENT BENEFITS

Defined contribution plans

Under a defined contribution plan, periodic contributions are made to an external entity that is responsible for the administrative and financial management of the plan. Under such a plan, the employer is relieved of any future obligation (the external entity is responsible for paying benefits to employees as they become due and the employer is not required to make additional payments related to prior or current years if the entity does not have sufficient funds).

Contributions to defined contribution plans – which were recognized in operating expenses – amount to 442 million euro for Fiscal 2020, compared to 446 million euro for Fiscal 2019.

Contributions made by the Group are expensed in the period to which they relate.

Defined benefit plans

The characteristics of Sodexo's principal defined benefit plans are described below:

- in France, the obligation primarily represents lump-sum benefits payable on retirement if the employee is still with the Company at retirement age. These obligations are covered by specific provisions in the consolidated statement of financial position;
- in the United Kingdom, Sodexo's obligation relates to a complementary retirement plan funded by externally held assets, and calculated on the basis of:
  - for managers working in the private sector, a percentage of final base salary,
  - for managers working on public sector contracts, benefits comparable to those offered in the public sector,
  - this plan was closed to new employees effective July 1, 2003 and the level of contributions was increased in order to cover the shortfall in the fund.

The United Kingdom plan is regularly evaluated by the plan's actuary in compliance with UK law. A formal actuarial valuation by the plan's actuary is required to be conducted every three years, and any shortfall identified at that time must be addressed through mutual agreement between the plan's Trustee and Sodexo UK. Following a consultation process with the members of the pension plan carried out with a view to freezing benefit accruals for certain members, an agreement was signed in October 2012 between the plan's Trustee and Sodexo UK whereby from November 1, 2012 the plan would remain open only to employees who transferred to Sodexo UK from the public sector, as Sodexo UK has a legal obligation to pay them certain benefits. As part of the 12-year plan to address the funding shortfall, Sodexo UK also agreed to pay annual contributions of (i) 10 million pounds sterling per year over the five years from January 1, 2013 and (ii) 7.5 million pounds sterling per year over the following seven years. Lastly, in October 2012, Sodexo S.A. issued a Parent company guarantee to the Trustee in order to cover Sodexo UK's obligations in connection with the plan. This guarantee is for up to 100 million pounds sterling for a duration of 12 years. On completion of the most recent valuation of the fund in July 2016, Sodexo UK and the Trustee agreed to keep unchanged the amount of contributions and the terms and conditions of the Parent company guarantee as set in October 2012.

On October 26, 2018, a judgment was rendered by the High Court of Justice of London in a case concerning the pension plan of another company, on the subject of the equalization of Guaranteed Minimum Pensions ("GMP equalization") between women and men. This judgment clarifies the applicable statutory provisions and confirms the obligation for trustees of the United Kingdom pension plans to eliminate inequalities in the minimum guaranteed pensions of participants in these plans. The impact of this decision has been recognized in Fiscal 2019 and was not significant.

In Continental Europe other than France, the main defined benefit plans are as follows:

- in the Netherlands, certain employees are entitled to complementary retirement or early retirement benefits.

  In Fiscal 2017 Sodexo negotiated an agreement to convert its pension plans in the Netherlands from defined benefit to defined contribution plans as from January 1, 2016. The entitlements accumulated up until that date under the plans in their previous defined benefit form have been frozen and the plans are still accounted for as defined benefit plans in view of the related indexation commitments given by Sodexo. These plans are fully funded;
- in Italy, there is a legal obligation to pay a lump-sum retirement benefit ("TFR").

Changes in the present value of the defined benefit plan obligation and the fair value of plan assets are shown below:

(in millions of euro)	FISCAL 2020 BENEFIT OBLIGATION	FISCAL 2020 PLAN ASSETS	FISCAL 2020 NET BENEFIT OBLIGATION	FISCAL 2019 BENEFIT OBLIGATION	FISCAL 2019 PLAN ASSETS	FISCAL 2019 NET BENEFIT OBLIGATION
As of September 1	**1,450**	**(1,210)**	**240**	**1,201**	**(967)**	**234**
Expense/(income) recognized in the income statement	39	(19)	21	48	(25)	23
Current service cost	*19*	-	*19*	*17*	-	*17*
Past service cost	*(2)*	-	*(2)*	*1*	-	*1*
Effect of settlements	*(0)*	-	*(0)*	*0*	-	*0*
Interest cost/(income)	*23*	*(19)*	*4*	*31*	*(25)*	*6*
Remeasurement losses/(gains)	5	(49)	(44)	145	(151)	(7)
Actuarial losses/(gains) arising from changes in demographic assumptions	*(4)*	-	*(4)*	*(8)*	-	*(8)*
Actuarial losses/(gains) arising from changes in financial assumptions	*13*	*(49)*	*(36)*	*199*	*(151)*	*48*
Experience adjustments	*(4)*	-	*(4)*	*(47)*	-	*(47)*
Currency translation adjustment	5	(5)	-	(6)	7	2
Contributions made by plan members	2	-	2	1	-	1
Employer contributions	-	(19)	(19)	0	(16)	(16)
Benefits paid from plan assets	(38)	38	-	(35)	35	-
Benefits paid other than from plan assets	(8)	-	(8)	(9)	-	(9)
Changes in scope of consolidation and other*	21	(20)	1	105	(93)	12
AS OF AUGUST 31	**1,476**	**(1,284)**	**192**	**1,450**	**(1,210)**	**240**
Of which:						
Partially funded plans	1,350	(1,284)	65	1,321	(1,210)	111
Unfunded plans	127	-	127	129	-	129

* Including a benefit obligation increase amounting to 15 million euro in Fiscal 2020, and assets for the same amount, linked to the retirement benefit obligations in six UK companies for which the client (public sector) contractually bears all the deficit of the plan.

The amounts recorded in the income statement for defined benefit plans totaled 23 million euro in Fiscal 2020 (23 million euro in Fiscal 2019) and break down as follows:

- net expense of 7 million euro (net expense of 7 million euro in Fiscal 2019) in cost of sales;
- net expense of 12 million euro (net expense of 10 million euro in Fiscal 2019) in SG&A;
- net expense of 4 million euro in financial expenses (see note 12.1).

Defined benefit plan assets comprise:

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Equities	311	256
Bonds	22	16
Real estate	71	71
Cash	39	26
Investment funds	249	238
Insurance and other	592	603
TOTAL DEFINED BENEFIT PLAN ASSETS	**1,284**	**1,210**

Recognized net actuarial gains arising from changes in financial assumptions amounted to 13 million euro, of which 12 million euro in the United Kingdom. In the United Kingdom, these gains were mainly due to the updated discount rate.

The following assumptions were used for actuarial valuations for the principal countries as of August 31, 2020 and 2019:

AUGUST 31, 2020	FRANCE	NETHERLANDS	UNITED KINGDOM (4)	ITALY
Discount rate(1)	1.2%	0.95%	1.7%	0.65%
Salary long-term inflation rate(2)	2.25%	N/A	3.4%	N/A
General long-term inflation rate	1.75%	1.75%	2.1%-2.9%(3)	1.75%
Net liability (in millions of euro)	87	1	4	18
Average term of the plans (in years)	9	19	19	8

(1) Discount rates in each country have been adjusted to reflect the term of the plans. For the euro zone and the United Kingdom, the Group uses discount rates based on yield curves for high quality corporate bonds drawn up by an external actuary.
(2) The salary inflation rate disclosed includes general inflation.
(3) Retail Price Index (RPI): 2.9%; Consumer Price Index (CPI): 2.1% for Fiscal 2020.
(4) Excluding 104 million euro in retirement benefit obligations in the 6 UK companies (offset by an asset in the same amount).

AUGUST 31, 2019	FRANCE	NETHERLANDS	UNITED KINGDOM (4)	ITALY
Discount rate(1)	0.75%-1.25%	1.25%-2.25%	1.8%-2.8%	0.3%
Salary long-term inflation rate(2)	2.75%	2%	3.5%	N/A
General long-term inflation rate	1.75%	1.75%	2%-3%(3)	1.75%
Net liability (in millions of euro)	89	10	38	20
Average term of the plans (in years)	12	20	19	8

(1) Discount rates in each country have been adjusted to reflect the term of the plans. For the euro zone and the United Kingdom, the Group uses discount rates based on yield curves for high quality corporate bonds drawn up by an external actuary.
(2) The salary inflation rate disclosed includes general inflation.
(3) Retail Price Index (RPI): 3%; Consumer Price Index (CPI): 2% for Fiscal 2019.
(4) Excluding 90 million euro in retirement benefit obligations in the 6 UK companies (offset by an asset in the same amount).

With respect to the assumptions provided in the above table, for Fiscal Year 2020, and excluding the 104 million euro retirement benefit obligations in the 6 UK companies (offset by an asset in the same amount), a reduction of 1% in the discount rate would increase the gross obligation to 1,641 million euro (compared with 1,372 million euro based on the assumptions used as of August 31, 2020), while a rise of 0.5% in the general long-term inflation rate would increase the gross obligation to 1,460 million euro.

Based on estimates derived from reasonable assumptions, Sodexo will pay 18 million euro into defined benefit plans in Fiscal 2021.

Multiemployer plans

In the USA, as of August 31, 2020, Sodexo contributed to 78 multiemployer defined benefit pension plans under the terms of collective-bargaining agreements ("CBA") that cover its union-represented employees. The risks of participating in these multiemployer plans are different than those of single-employer plans in the following respects:

- assets contributed to the multiemployer plan are used to provide benefits to all beneficiaries of the plan, including beneficiaries of other participating employers;
- if a multiemployer plan is considered to be in "critical" status as defined by the U.S. Pension Protection Act of 2006, the plan will be required to adopt a rehabilitation plan which may require the Company to increase its required contributions to the plan;
- if a participating employer ceases to contribute to the plan, the unfunded obligations of the plan may have to be borne by the Company and the other remaining participating employers; and
- if the Company ceases to participate in a multiemployer plan, entirely or partially in excess of a threshold, or if substantially all of the participating employers of a given plan cease to participate, the Company may be required to pay that plan an amount based on the value of unfunded vested benefits of the plan and the Company's *pro-rata* share of total plan contributions, referred to as withdrawal liability.

The Company does not have the ability to account for these multiemployer plans as defined benefit plans because it does not have timely access to information about plan assets, plan obligations, actuarial gains and losses, service costs, and interest costs. As such, the multiemployer plans are accounted for as defined contribution plans.

The Company contributed 8 million euro to U.S. multiemployer defined benefit plans in Fiscal 2020 and 13 million euro in Fiscal 2019. Of the contributions made by the Company, 49% and 1% were made to plans considered to be in "critical" status or "endangered" status, respectively, as defined by the U.S. Pension Protection Act of 2006 and per each plan's most-recent notice of plan funding status. Plans are generally considered to be in "critical" status when they are funded at less than 65%, among other factors, and are considered to be "endangered" when they are funded at 65% or more, but at less than 80%, among other factors.

5.1.1.2 OTHER EMPLOYEE BENEFITS

Other employee benefits, for an amount of 150 million euro as of August 31, 2020 (159 million euro as of August 31, 2019), 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 2020 was 16 million euro (9 million euro in Fiscal 2019), of which 2 million euro (unchanged like in Fiscal 2019) related to a deferred compensation program in the United States and was reported in financial expenses.

5.2 Share-based payment

ACCOUNTING PRINCIPLES AND POLICIES

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

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

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.

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

5.2.1 Free share plans

PRINCIPLE FEATURES OF FREE SHARE PLANS

Rules governing free share plans are as follows:

- free shares vest only if the beneficiary is still working for the Group on the vesting date; in addition, some free share grants are subject to a performance condition;
- for the free shares awarded in 2015, for beneficiaries who are French tax residents the vesting period is two or three years for shares not subject to any performance condition and three years for performance shares, provided in both cases that the beneficiary is still working for the Group on the vesting date. For non-French tax residents, the vesting period is four years. Free shares awarded to French tax residents are also subject to a two-year lock-up period as from the vesting date;
- for the free shares awarded since 2016, the vesting period for all beneficiaries is four years, with no subsequent lock-up period. In addition, beneficiaries must still be working for the Group on the vesting date in order for the shares to vest;
- until 2018, the proportion of shares subject to a performance condition ranges from 0% to 80% (depending on the total number of shares awarded), except for the shares granted to the Group Chief Executive Officer which consist solely of performance shares;
- since 2019, all shares granted to the members of the Group Executive Committee consist of performance shares.

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

- for the free shares awarded in 2015, the non-market performance condition is based on annual growth in Group net income over a three-year period;
- for the free shares awarded since 2016, the non-market performance condition is based on annual growth in consolidated underlying operating profit (before exceptional items and excluding currency effects) over a four-year period. For the 2018 plan, a portion of the shares is also subject to the achievement of Corporate Responsibility objectives. In 2019, a condition based on organic growth has been added.

Since the 2015 plan, a portion of the free shares awarded has also been subject to a stock market performance condition as follows:

- for the 2015 plan, a portion of the shares awarded to members of the Group Executive Committee is subject to a Total Shareholder Return (TSR) target. TSR is a measure of the performance of a company's shares over time. It combines share price appreciation and dividends paid to show the total return to the shareholder. For the free shares awarded in 2015, the TSR must have increased by at least 20% between August 31, 2014 and the Annual Shareholders' Meeting called to approve the Fiscal 2018 financial statements, in January 2018;

- for the 2016 and 2017 plans, a portion of the shares awarded to the members of the Group Executive Committee and to beneficiaries of more than 1,000 shares under the 2017 plan, are subject to a TSR performance condition. For the shares subject to this condition to vest, Sodexo's TSR must be positive and outperform the CAC 40 GR (Gross Total Return) index, published by Euronext, between (i) January 27, 2016 and the date of the Annual Shareholders' Meeting called to approve the Fiscal 2019 financial statements for the 2016 plan, and (ii) January 25, 2017 and the date of the Annual Shareholders' Meeting called to approve the Fiscal 2020 financial statements for the 2017 plan;
- for the 2018 plan, a portion of the shares awarded to the members of the Group Executive Committee and to beneficiaries of more than 250 shares, Sodexo's TSR will be compared to that of two peer groups. The first peer group is made up of 12 companies selected based on their size, the similarity of their operations to those of Sodexo and the fact that they all operate in the outsourcing and shared services industry. The second peer group comprises CAC 40 companies. In both cases, the number of shares that will vest will depend on Sodexo's ranking within the peer group, with no shares vesting if Sodexo's ranking is below the third quartile. The starting share price used will be the average of the share prices quoted over the thirty (30) calendar days preceding the plan grant date. The end share price used to measure the overall stock market performance will be the average of the share prices quoted over the thirty (30) calendar days preceding the performance assessment date (March 27, 2022);
- for the 2019 plan, Sodexo's TSR will be compared to that of the peer group made up of 12 companies selected based on their size, the similarity of their operations to those of Sodexo and the fact that they all operate in the outsourcing and shared services industry. This condition is only applicable to the shares awarded to the Group Chief Executive Officer and to the members of the Group Executive Committee.

MOVEMENTS IN FISCAL 2020 AND FISCAL 2019

The table below shows movements in free shares in Fiscal 2020 and Fiscal 2019:

	FISCAL 2020	FISCAL 2019
Outstanding at the beginning of the year	**3,241,464**	**3,025,219**
Granted during the year	10,000	845,090
Forfeited during the year	(354,213)	(170,620)
Delivered during the year	(449,497)	(458,225)
Outstanding at the end of the year	**2,447,754**	**3,241,464**

The weighted average fair value of the free shares granted in Fiscal 2020 is 88.41 euro per share (91.3 euro per shares granted in Fiscal 2019).

The table below shows the grant dates of free shares outstanding as of August 31, 2020, the assumptions used to estimate their fair value at the grant date and the number of free shares outstanding at the period end:

DATE OF GRANT		VESTING PERIOD (in years)	LOCK-UP PERIOD (in years)	EXPECTED DIVIDEND YIELD (in%)	RISK-FREE INTEREST RATE (in%)	LOAN INTEREST RATE (in%)	VOLATILITY* (IN%)	NUMBER OF SHARES OUTSTANDING AS OF AUGUST 31
April 27, 2015	France	3	2	2.5%	0.1%	5.2%	21%	-
April 27, 2015	International	4	N/A	2.5%	0.2%	5.2%	21%	-
December 1, 2015	France	2	2	2.5%	0%	4.3%	22.5%	-
December 1, 2015	France	3	2	2.5%	0%	4.3%	22.5%	-
December 1, 2015	International	4	N/A	2.5%	0%	4.3%	22.5%	-
April 27, 2016	International	4	N/A	2.5%	0%	N/A	22%	-
September 30, 2016	International	4	N/A	2.5%	0%	N/A	22%	11,300
November 30, 2016	International	4	N/A	2.5%	0%	N/A	22%	10,000
April 20, 2017	International	4	N/A	2.4%	0%	N/A	18.1%	765,814
September 14, 2017	International	4	N/A	2.4%	0%	N/A	18.1%	13,000
April 27, 2018	International	4	N/A	2.7%	0%	N/A	21.3%	820,460
September 13, 2018	International	4	N/A	2.7%	0%	N/A	21.3%	32,400
June 19, 2019	International	4	N/A	3.0%	0%	N/A	21.9%	784,780
November 6, 2019	International	4	N/A	3.0%	0%	N/A	21.9%	10,000
TOTAL								**2,447,754**

* Applicable for the portion of the free share grants subject to the TSR performance condition. Volatility is determined by reference to the share's historical weighted average volatility over five years and the implicit volatility expected by the market.

5.2.2 Expense recognized during the fiscal year

The expense recognized in the Fiscal 2020 income statement for free shares is 39 million euro (33 million euro in Fiscal 2019).

5.3 Group employees

The following table shows the headcount of Group employees:

	AUGUST 31, 2020	AUGUST 31, 2019
TOTAL HEADCOUNT AS OF AUGUST 31	**422,712**	**470,237**

During Fiscal 2020, 38,000 Sodexo employees were let go segment-wide as a consequence of the pandemic.

5.4 Compensation, loans, post-employment benefits and other benefits granted to Board members and the Executive Committee

The compensation, loans, post-employment benefits and other benefits granted to Board members, the Executive Committee, including the Group Chief Executive Officer of Sodexo in office as of August 31, 2020 and August 31, 2019 respectively for Fiscal 2020 and Fiscal 2019 comprise the following:

(in euro)	FISCAL 2020	FISCAL 2019
Short-term benefits*	16,410,877	15,429,580
Post-employment benefits	655,266	1,264,567
Fair value of free shares at the grant date	-	14,022,288

* Short-term benefits correspond to compensations paid by the Group to Board members and to the Executive committee during Fiscal 2020 (including variable compensations of the prior year).

These benefits include directors' compensation, and all forms of compensation and benefits paid (or earned during the period for offices held) by Bellon SA, Sodexo S.A. and/or other Sodexo Group companies.

Denis Machuel, Group Chief Executive Officer since January 23, 2018, is paid by Sodexo S.A. but does not have an employment contract with Sodexo S.A.

The Company has entered into non-compete clauses with the Group Chief Executive Officer and the members of the Executive Committee with a maximum term of 24 months in order to protect the Group by restricting their freedom to hold a position as employee or director, or carry out any consulting work, for any of Sodexo's competitors, either directly or through another legal entity.

NOTE 6. GOODWILL, OTHERS INTANGIBLE AND TANGIBLE ASSETS

6.1 Goodwill

ACCOUNTING PRINCIPLES AND POLICIES

Goodwill

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

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

Bargain purchases

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

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.

Purchase price adjustments and/or earn-outs

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

Changes in goodwill during the fiscal year were as follows:

(in millions of euro)	AUGUST 31, 2019	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	IMPAIRMENT	RECLASSIFICATION	CURRENCY TRANSLATION ADJUSTMENT	AUGUST 31, 2020
Corporate Services	1,024	4	-	-	(35)	(55)	938
Government & Agencies	362	-	-	-	(34)	(6)	322
Sports & Leisure	439	-	-	(64)	18	(24)	369
Energy & Resources	329	-	-	-	(15)	(25)	289
Other non-segmented activities	438	13	-	-	88	(15)	523
Business & Administrations	**2,591**	**17**	**-**	**(64)**	**23**	**(125)**	**2,441**
Healthcare	1,040	-	-	-	(60)	(61)	920
Seniors	554	53	-	-	48	(40)	616
Healthcare & Seniors	**1,595**	**53**	**-**	**-**	**(11)**	**(101)**	**1,536**
Schools	441	5	(9)	(4)	73	(21)	484
Universities	901	-	-	-	(85)	(60)	756
Education	**1,342**	**5**	**(9)**	**(4)**	**(12)**	**(81)**	**1,240**
On-site Services	**5,528**	**75**	**(9)**	**(68)**	**-**	**(307)**	**5,217**
Benefits & Rewards Services	**631**	**12**	**-**	**(24)**	**-**	**(72)**	**547**
TOTAL	**6,158**	**87**	**(9)**	**(92)**	**-**	**(379)**	**5,764**

The Group recognized an impairment charge of 92 million euro, mainly in the Sports & Leisure segment (see note 6.4 "Impairment of assets").

Reclassifications during Fiscal 2020 relate to the reallocation of contracts since the beginning of Fiscal 2020, in some European and Asian countries (from Healthcare & Seniors and Education segments to Business & Administrations segment).

(in millions of euro)	AUGUST 31, 2018	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	CURRENCY TRANSLATION ADJUSTMENT	AUGUST 31, 2019
Corporate Services	1,001	-	-	23	1,024
Government & Agencies	359	-	-	3	362
Sports & Leisure	415	6	-	18	439
Energy & Resources	320	-	-	10	329
Other non-segmented activities	325	107	-	7	438
Business & Administrations	**2,420**	**113**	**-**	**62**	**2,591**
Healthcare	998	-	-	42	1,040
Seniors	424	117	-	14	554
Healthcare & Seniors	**1,422**	**117**	**-**	**56**	**1,595**
Schools	352	78	-	11	441
Universities	855	-	-	46	901
Education	**1,207**	**78**	**-**	**57**	**1,342**
On-site Services	**5,049**	**307**	**-**	**174**	**5,528**
Benefits & Rewards Services	**615**	**-**	**-**	**15**	**631**
TOTAL	**5,664**	**307**	**-**	**188**	**6,158**

During the Fiscal 2019 goodwill totaling 307 million euro was recognized on the acquisition of Novae Restauration, Alliance in Partnership in Schools, Pronep in Homecare, Crèches de France, The Good Care Group, Domicil + and Elly & Stoffl in Homecare and International Club of Suppliers, as well as the adjustment to Sports & Leisure related to the prior year's acquisition of Centerplate Inc.

6.2 Other intangible assets

ACCOUNTING PRINCIPLES AND POLICIES

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 charges.

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

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

Acquired trademarks with a finite useful life are generally amortized over a period of less than ten years. Trademarks that the Group considers as having an indefinite useful life (notably based on criteria relating to their durability and brand recognition) are not amortized. The amortization periods for client relationships recognized in connection with business combinations have been set by Management based on the estimated attrition rate for the contracts concerned (with a maximum of 20 years).

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.

6.2.1 Gross value of other intangible assets

(in millions of euro)	LICENSES AND SOFTWARE	CLIENT RELATIONSHIPS, TRADEMARKS AND OTHER	TOTAL
Gross value as of August 31, 2018	**577**	**847**	**1,424**
Increase	106	82	188
Decrease	(36)	(6)	(42)
Translation Adjustments	9	28	37
Reclassifications	(4)	(13)	(17)
Change in scope of consolidation	-	42	42
Other	-	-	-
Gross value as of August 31, 2019	**652**	**980**	**1,632**
Increase	116	54	170
Decrease	(52)	(57)	(109)
Translation Adjustments	(26)	(66)	(92)
Reclassifications	(15)	15	-
Change in scope of consolidation	3	-	3
Other	-	-	-
Gross value as of August 31, 2020	**679**	**927**	**1,605**

6.2.2 Amortization and impairment of other intangible assets

(in millions of euro)	LICENSES AND SOFTWARE	CLIENT RELATIONSHIPS, TRADEMARKS AND OTHER	TOTAL
Amortization and impairment as of August 31, 2018	**(376)**	**(344)**	**(720)**
Amortization	(63)	(63)	(126)
Reversals	34	4	38
Impairment	-	(24)	(24)
Translation Adjustments	(5)	(6)	(11)
Reclassifications	2	10	12
Change in scope of consolidation	-	-	-
Other	-	-	-
Amortization and impairment August as of 31, 2019	**(408)**	**(423)**	**(831)**
Amortization	(77)	(89)	(166)
Reversals	44	4	48
Impairment	(21)	(13)	(33)
Translation Adjustments	18	32	50
Reclassifications	13	(13)	-
Change in scope of consolidation	-	-	-
Other	-	-	-
Amortization and impairment as of August 31, 2020	**(432)**	**(501)**	**(933)**

Amortization is reported under either cost of sales or Administrative and Sales Department costs, except for amortization of client relationships and trademarks, which are recognized in “Other operating expenses”.

6.2.3 Net value of other intangible assets

(in millions of euro)	LICENSES AND SOFTWARE	CLIENT RELATIONSHIPS, TRADEMARKS AND OTHER	TOTAL
Net carrying amount as of August 31, 2018	201	503	704
Net carrying amount as of August 31, 2019	244	557	801
Net carrying amount as of August 31, 2020	**247**	**425**	**673**

6.3 Property, plant and equipment

ACCOUNTING PRINCIPLES AND POLICIES

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

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

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

The useful lives generally used by the Group are:

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

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

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

6.3.1 Gross value of property, plant and equipment

(in millions of euro)	LAND AND BUILDINGS	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS AND OTHER	TOTAL
Gross value as of August as of 31, 2018	**98**	**1,630**	**206**	**1,935**
Increase	3	197	51	251
Decrease	(1)	(102)	(12)	(115)
Translation Adjustments	-	23	4	27
Reclassifications	2	6	(33)	(25)
Change in scope of consolidation	39	27	-	66
Other	-	-	-	-
Gross value as of August as of 31, 2019	**141**	**1,781**	**216**	**2,138**
Increase	4	164	43	211
Decrease	(1)	(81)	(14)	(96)
Translation Adjustments	(2)	(71)	(6)	(78)
Reclassifications	(7)	6	(24)	(25)
Change in scope of consolidation	1	9	-	9
Other	-	-	-	-
Gross value as of August 31, 2020	**136**	**1,807**	**216**	**2,159**

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

6.3.2 Depreciation and impairment of property, plant and equipment

(in millions of euro)	LAND AND BUILDINGS	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS AND OTHER	TOTAL
Depreciation and impairment as of August 31, 2018	**(51)**	**(1,138)**	**(126)**	**(1,316)**
Depreciation	(9)	(185)	(22)	(216)
Reversals	-	84	13	97
Impairment	-	1	-	1
Translation Adjustments	-	(14)	(3)	(17)
Reclassifications	1	21	3	25
Change in scope of consolidation	(14)	(14)	-	(28)
Other	-	-	-	-
Depreciation and impairment as of August 31, 2019	**(73)**	**(1,246)**	**(135)**	**(1,454)**
Depreciation	(8)	(184)	(24)	(216)
Reversals	-	69	8	77
Impairment	(13)	(48)	(3)	(64)
Translation Adjustments	1	46	4	51
Reclassifications	5	8	5	19
Change in scope of consolidation	(1)	(6)	-	(6)
Other	-	-	-	-
Depreciation and impairment as of August 31, 2020	**(87)**	**(1,362)**	**(144)**	**(1,593)**

Depreciation is reported under either cost of sales or Administrative and Sales Department costs.

The Group impaired 64 million euro, of which 53 million euro impacted the Sports & Leisure segment, mostly in France and in North America (see note 6.4 “Impairment of non-current assets”).

6.3.3 Net book value of property, plant and equipment

(in millions of euro)	BUILDINGS	PLANT AND EQUIPMENT	CONSTRUCTION IN PROGRESS AND OTHER	TOTAL
Net carrying amount as of August 31, 2018	47	492	80	619
Net carrying amount as of August 31, 2019	68	535	81	684
Net carrying amount as of August 31, 2020	**49**	**446**	**72**	**566**

6.4 Impairment of non-current assets

ACCOUNTING PRINCIPLES AND POLICIES

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 charges are recognized in the income statement, and may be reversed subsequently.

Impairment of assets with indefinite useful lives

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

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.

Goodwill is generally analyzed per operating segment, as reflected in the Group's organizational structure (see note 4.1):

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

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

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

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

Indications of impairment

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

Methods used to determine the recoverable amount

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

Recoverable amount is the greater of:

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

The value in use of a CGU or group of CGUs is estimated using after-tax cash flow projections based on business plans and a terminal value calculated by extrapolating data for the final year of the business plan. Business plans generally cover one to five years.

These plans have been drawn up for each operating segment resulting from the Group's organizational structure as described in note 4.1.

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

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

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

Recognition of impairment charges

An impairment charge recognized with respect to a CGU or group of CGUs 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 or group of CGUs in proportion to the carrying amount of each asset.

Reversal of impairment charges

Impairment charges recognized with respect to goodwill cannot be reversed.

Impairment charges recognized with respect to any other asset may only be reversed if there is an indication that the impairment charge 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 charge cannot exceed the carrying amount that would have been determined for that asset had no impairment charge been recognized.

Accumulated impairment charges against property, plant and equipment and intangible assets (including goodwill) amounted to 222 million euro as of August 31, 2020 (58 million euro as of August 31, 2019), and include a net loss of 188 million euro recognized in other operating expenses in Fiscal 2020 (24 million euro in Fiscal 2019).

The main assumptions used were as follows:

	FISCAL 2020		FISCAL 2019	
	DISCOUNT RATE	LONG-TERM GROWTH RATE	DISCOUNT RATE	LONG-TERM GROWTH RATE
Corporate Services	8.0%	2.1%	6.8%	2.4%
Energy & Resources	8.6%	2.4%	7.2%	3.0%
Government & Agencies	7.4%	1.9%	6.4%	2.2%
Sports & Leisure	7.3%	1.9%	6.3%	2.3%
Healthcare	7.4%	2.0%	6.4%	2.4%
Seniors	7.5%	1.9%	6.6%	2.2%
Schools	7.4%	1.9%	6.3%	2.2%
Universities	7.2%	2.0%	6.2%	2.5%
Other non-segmented activities	7.8%	1.9%	6.4%	2.0%
Benefits & Rewards Services	9.5%	2.3%	8.0%	3.2%

The discount rates used by segment (group of CGUs) were set based on the weighted average of the discount rates for each geographic region, taking into account the relative weighting of each segment in the Group's revenues:

	DISCOUNT RATE	
	FISCAL 2020	FISCAL 2019
Continental Europe	7.6%	6.4%
North America	7.2%	6.2%
United Kingdom and Ireland	7.3%	6.3%
Latin America	10.5%	8.5%
Rest of the World (excluding Latin America)	8.3%	7.0%
Group	7.2%	6.2%

SENSITIVITY ANALYSIS

Sodexo has analyzed the sensitivity of goodwill impairment test results to different financial and operational scenarios.

For the Sports & Leisure segment, the adjustment of financial and operational assumptions underlying the forecast cash flows, reflected an impairment of 64 million euro during Fiscal 2020; a 10% decrease in forecast net cash flows over the time period of the business plans prepared by management and in terminal value would lead to an additional impairment charge of 50 million euro. A 200 basis points increase in the discount rate would result in an additional impairment charge of 229 million euro.

For other segments:

- the results of the goodwill 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 segment assets 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 segment;
- the Group also performed a sensitivity analysis on the operational assumptions used in order to determine whether a 10% decrease in forecast 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 charge in the Group's consolidated financial statements as of August 31, 2020. The results of this analysis did not indicate any risk of impairment for any of the segments, except for Sports & Leisure.

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NOTE 7. LEASES

ACCOUNTING PRINCIPLES AND POLICIES

The Group determines whether a contract is or contains a lease at inception of the contract. The Group classifies as a lease a contract that conveys to the Group the right to control the use of an identified asset for a given period of time.

Leases are recognized on the consolidated statement of financial position at the commencement date of the contract, except for leases covered by the exemptions allowed by IFRS 16 (short-term leases and leases of low vale assets), adopted by the Group.

Leases are reflected in the consolidated statement of financial position by recognizing an asset representing the right to use the leased asset and a related liability corresponding to the obligation to make future lease payments. In the consolidated income statement, a depreciation of the right-of-use assets is recorded in operating expenses, separately from the interest expense on lease liabilities. In the consolidated cash flow statement, cash outflows relating to interest on lease liabilities impact operating activities flows, while repayment of the lease liabilities impact financing activities flows.

Short-term leases (*i.e.* lease term of 12 months or less) and leases of low-value assets (such as IT equipment) are expensed directly in operating expenses on a straight-line basis over the lease term.

The leases contracted by the Group as a lessee mainly relate to the following categories of assets:

- real estate (land and buildings): The Group leases land and buildings for its offices, as well as for its Personal & Home Services activity (mainly childcare facilities). Terms and conditions are negotiated on an individual case basis and contain numerous different clauses, depending on the legal environment specific to each country. These leases are entered into for terms of 1 to 20 years and may contain extension options;

- sites and spaces operated as part of concession arrangements: The Group operates various sites (restaurants, retail spaces and kitchens) made available pursuant to concession agreements. The commissions paid in that respect are based on performance indicators of the location (variable payments, generally based on turnover) and may contain a minimum guarantee fee. Terms and conditions are negotiated on an individual case basis and contain numerous different clauses. These leases are entered into for terms of 1 to 18 years and may contain extension options;
- vehicles: The Group leases vehicles for some of its employees. These leases are entered into for terms of 1 to 5 years;
- equipment: The Group also leases some equipment necessary for its operations (kitchen equipment, vending machines...). Terms and conditions are negotiated on a case-by-case basis and contain numerous different clauses. These leases are entered into for terms of 1 to 5 years and may contain extension options.

7.1 Lease liabilities

ACCOUNTING PRINCIPLES AND POLICIES

The Group recognizes a lease liability at the date on which the underlying asset is made available for use. The lease liability is measured at the net present value of lease payments to be made over the lease term.

Lease payments

The lease payments included in the measurement of the lease liability comprise:

- fixed rents (including minimum guarantee fee to be paid in accordance with concession agreements), less any lease incentive receivable from the lessor;
- variable rents that depend on an index or a rate;
- in-substance fixed payments.

Payments expected to be made to the lessor at the termination of the contract are also included (relatively rare in practice within the Group), such as:

- residual value guarantees;
- exercise price of a purchase option, when its exercise is reasonably certain; and
- termination penalties payable to the lessor, when the exercise of a termination option is reasonably certain.

Variable lease payments that do not depend on an index or a rate (notably, rents or commissions based on turnover) remain recognized in operating expenses when incurred. In addition, the Group elected to exclude, where applicable, non-lease components of the contract in the measurement of the lease liability (for example, vehicle maintenance services). Consequently, payments in relation with service components of the lease contracts are recorded in operating expenses, in the same way as variable lease payments.

Lease term

The lease term is assessed for each lease as the non-cancellable period of the contract, adjusted to reflect periods covered by an option to extend the lease that the Group is reasonably certain to exercise, and periods covered by an option to terminate the lease that the Group is reasonably certain not to exercise.

The legal environment and market practices specific to each country are also considered in assessing the lease term. This applies in particular to open-ended leases, for which enforceable period is determined in light of circumstances specific to each situation. In assessing the enforceable period of each contract, the Group determines whether it would incur a penalty on termination that is more than insignificant, taking into account various relevant indicators (indemnities arising from contractual obligations and economic penalties based on operational criteria, in accordance with the clarifications provided by IFRS IC). In the specific case of French commercial property leases (also referred to as "3/6/9 leases"), the assessment is made on a case-by-case basis, that may lead to consider an enforceable period that is beyond the residual length of the initial 9-year term in some instances.

Discount rate

The discount rate used is generally the lessee incremental borrowing rate, as the rate implicit in the lease cannot be readily determined for most of the contracts. The incremental borrowing rate is calculated using the following parameters: risk-free rate of the relevant currency, duration of the lease, credit spread of the subsidiary concerned.

Subsequently, the lease liability is recognized at amortized cost using the effective interest method and is remeasured after the commencement date to reflect changes arising from:

- any modification of the lease term, reflecting a contractual modification or a reassessment of the probability of an extension or termination option being exercised;
- any changes in rent amount, resulting for example from a change in an index or a rate used to determine lease payments;
- any reassessment of the probability of a purchase option being exercised;
- any other contractual modification, such as the scope of the underlying asset.

As of August 31, 2020, the lease liabilities amount to 1,357 million euro, including 1,126 million euro of non-current lease liabilities and 231 million euro of current lease liabilities. The change in lease liabilities during Fiscal 2020 breaks down as follows:

(in millions of euro)	FISCAL 2020
Lease liabilities as of September 1, 2019	**1,490**
Increase*	167
Repayment of the principal	(260)
Translation adjustments	(41)
Change in scope of consolidation	0
Other movements	0
LEASE LIABILITIES AS OF AUGUST 31, 2020	**1,357**

* Impact of new leases entered into, rent indexation, contractual modifications, as well as changes in assessment of the likelihood that renewal and termination options will be exercised.

Lease liabilities maturity breaks down as follows:

(in millions of euro)	FISCAL 2020
< 1 year	231
1 to 3 years	308
3 to 5 years	239
> 5 years	579
LEASE LIABILITIES CARRYING VALUE	**1,357**

7.2 Right-of-use assets relating to leases

ACCOUNTING PRINCIPLES AND POLICIES

A right-of-use asset is recognized for each lease contract (except for those covered by the exemptions), as a counterpart of the lease liability. This right-of-use asset is measured as the initial amount of the lease liability (assessed as specified above) plus, where applicable, the initial direct costs incurred in obtaining the contract (fees and administrative costs), the advance lease payments made to the lessor and the estimated costs to be incurred in restoring the underlying asset to the condition required by the terms and conditions of the contract.

The right-of-use asset is depreciated on a straight-line basis over the lease term used to measure the lease liability and, when necessary, is subject to impairment tests according to the same rules as those used for intangible assets and property, plant and equipment. The carrying amount is subsequently adjusted to reflect the change in the lease liability arising from amendments to the lease provisions and other remeasurement events (see above).

Right-of-use assets break down as follows, by type of underlying asset:

	FISCAL 2020		
(in millions of euro)	GROSS BOOK VALUE	DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
Land and buildings	570	(93)	477
Sites and spaces operated under concession agreements	877	(133)	744
Vehicles	125	(40)	84
Equipment	23	(8)	15
RIGHT-OF-USE ASSETS	**1,595**	**(274)**	**1,321**

NOTE 8. COMPANIES CONSOLIDATED BY THE EQUITY METHOD

ACCOUNTING PRINCIPLES AND POLICIES

Associates are companies in which Sodexo S.A. directly or indirectly exercises significant influence over financial and operating policy without exercising exclusive or joint control. Joint ventures are joint arrangements in which Sodexo S.A. directly or indirectly exercises joint control and has rights to the net assets of the arrangement. Associates and joint ventures are consolidated by the equity method. Sodexo has a number of equity interests in project companies established in connection with Public-Private Partnership (PPP) contracts. These contracts enable governments to call upon the private sector for the design, construction, financing and management of public infrastructure (hospitals, schools, barracks, prisons), with detailed performance criteria. An analysis is performed for each of these equity interests, in order to determine whether they qualify as associates or joint ventures.

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 10.1).

Changes in the Group's share of the net assets of companies consolidated by the equity method in Fiscal 2019 and Fiscal 2020 are shown below:

(in millions of euro)	FISCAL 2020	FISCAL 2019
Carrying amount as of September 1	**51**	**77**
Of which Companies consolidated by the equity method	***62***	***83***
Of which Provisions	***(9)***	***(6)***
Share of profit for the period	9	6
Other comprehensive income (loss)	2	(7)
Dividend paid for the period	(3)	(10)
Changes in scope of consolidation	0	-
Currency translation adjustment	(3)	2
Other movements	(3)	(17)
CARRYING AMOUNT AS OF AUGUST 31	**53**	**51**
Of which Companies consolidated by the equity method	***60***	***62***
Of which Provisions	***(7)***	***(9)***

NOTE 9. INCOME TAX

ACCOUNTING PRINCIPLES AND POLICIES

Income tax expense

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

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

Uncertain income tax liabilities related to tax positions are estimated in accordance with IFRIC 23 "Uncertainty over income tax treatments". As of September 1, 2019, the Group reclassified in Income tax payable its existing liabilities for uncertain tax treatment, which were included in Provisions until August 31, 2019. The accounting for uncertain tax treatments requires an entity to make estimates and judgments about whether the relevant taxation authority will accept the position taken by the entity in its tax filings (most likely amount or expected value corresponding to the probability-weighted average of the possible outcomes).

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.

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9.1 Components of income tax expense

(in millions of euro)	FISCAL 2020	FISCAL 2019
Current income tax (expenses)/income	(185)	(257)
Withholding taxes	(1)	(8)
Deferred income tax (expenses)/income	88	(12)
INCOME TAX EXPENSE	**(98)**	**(277)**

As of Fiscal 2020, the change in deferred income tax income (deferred income tax expenses as of Fiscal 2019) corresponds to deferred tax assets recognized in countries impacted by non-recurring losses relating to assets impairments and restructuring costs.

9.2 Income tax rate reconciliation

(in millions of euro)	FISCAL 2020	FISCAL 2019
Profit for the year before tax	(221)	963
Share of profit of companies consolidated by the equity method	(9)	(6)
Profit before tax excluding share of profit of companies consolidated by the equity method	**(230)**	**957**
Tax rate applicable to Sodexo S.A.	34.43%	34.43%
Theoretical income tax (expense)/income	**79**	**(330)**
Effect of jurisdictional tax rate differences	15	101
Permanently non-deductible expenses or non-taxable income	(43)	(49)
Other tax repayments/(charges), net	(18)	(9)
Tax loss carry-forwards used or recognized during the period but not recognized as a deferred tax asset in prior periods	1	12
Tax loss carry-forwards and temporary differences arising during the period or prior years but not recognized as a deferred tax asset*	(131)	6
Actual income tax expense	**(97)**	**(269)**
Withholding taxes	(1)	(8)
TOTAL INCOME TAX EXPENSE	**(98)**	**(277)**

* Including unrecognized deferred tax assets arising from non-recurring tax loss carry-forwards and temporary differences for 122 million euro.

The effective tax rate, calculated on profit for the period before tax and excluding the share of profit of companies consolidated by the equity method, went from 29% for Fiscal 2019 to -43% for Fiscal 2020. Income tax expense of 98 million euro despite a negative profit for the year before tax is mainly driven by tax loss carry-forwards and temporary differences arising during the period but not recognized as a deferred tax asset for 131 million euro, mainly in France due to material non-recurring expenses, where there no prospect of short-term recoverability.

9.3 Deferred taxes

Movements in deferred taxes were as follows in Fiscal 2020:

(in millions of euro)	AUGUST 31, 2019	RESTATEMENT DUE TO IFRIC 23 FIRST APPLICATION	SEPTEMBER 1, 2019	DEFERRED TAX BENEFIT/ (EXPENSE)	DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2020
Employee-related liabilities	140	-	140	31	(9)	(11)	151
Fair value of financial instruments	8	-	8	(5)	-	(1)	2
Intangible assets	(42)	-	(42)	11	-	1	(30)
Goodwill	(248)	-	(248)	4	-	45	(199)
Other temporary differences	(3)	-	(3)	51	10	(20)	38
Tax loss carry-forwards	93	(6)	87	(4)	-	(6)	77
TOTAL NET DEFERRED TAX	**(52)**	**(6)**	**(58)**	**88**	**1**	**7**	**39**
Of which Deferred tax assets	**99**	**(6)**	**93**	-	-	-	**137**
Of which Deferred tax liabilities	**(151)**	**-**	**(151)**	-	-	-	**(97)**

Movements in deferred taxes were as follows in Fiscal 2019:

(in millions of euro)	AUGUST 31, 2018	IFRS 9 IMPACT	SEPTEMBER 1, 2018	DEFERRED TAX BENEFIT/ (EXPENSE)	DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2019
Employee-related liabilities	156	-	156	(13)	(1)	(3)	140
Fair value of financial instruments	15	-	15	(3)	1	(6)	8
Intangible assets	(51)	-	(51)	13	0	(4)	(42)
Other temporary differences*	(212)	(17)	(229)	(26)	(4)	8	(251)
Tax loss carry-forwards	71	-	71	16	0	6	93
TOTAL NET DEFERRED TAX	**(21)**	**(17)**	**(38)**	**(12)**	**(3)**	**1**	**(52)**
Of which Deferred tax assets	**105**	**-**	**105**				**99**
Of which Deferred tax liabilities	**(126)**	**(17)**	**(143)**				**(151)**

* Including 248 million euro on goodwill for Fiscal 2019.

Deferred tax assets arising from tax loss carry-forwards and not recognized because their recovery is considered to be uncertain amounted to 170 million euro as of August 31, 2020 (93 million euro as of August 31, 2019), including 19 million euro generated by subsidiaries prior to their acquisition (19 million euro as of August 31, 2019). This significant increase is explained by the non recognition of losses generated within the French Tax Group for 72 million euro.

Temporary differences on employee-related liabilities relate primarily to post-employment benefits.

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NOTE 10. PROVISIONS, LITIGATION AND CONTINGENT LIABILITIES

ACCOUNTING PRINCIPLES AND POLICIES

A provision is recognized if the Group has a legal or constructive obligation at the closing date 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.

10.1 Provisions

(in millions of euro)	AUGUST 31, 2019	INCREASES/ CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2020
Tax and social security exposures[1]	22	16	-	(1)	(10)	-	27
Employee claims and litigation	43	22	(9)	(4)	(11)	-	42
Contract termination and loss-making contracts	13	29	(9)	(1)	(4)	8	37
Reorganization costs[2]	4	78	(2)	(1)	1	-	81
Client/supplier claims and litigation	18	6	(1)	(5)	(1)	1	18
Negative net assets of associates[3]	9	-	-	-	(3)	-	7
Other provisions	37	16	(8)	(7)	4	1	43
TOTAL PROVISIONS	**146**	**168**	**(28)**	**(18)**	**(23)**	**10**	**255**

(1) Tax exposures excluding liabilities for uncertain income tax treatment (as mentioned in note 2.1.2.2, uncertain income tax liabilities have been reclassified in Income tax payable starting September 1, 2019 in accordance with IFRIC 23).
(2) The amount as of August 31, 2020 mainly consists of the restructuring costs described in note 1.1.
(3) Investments in companies consolidated by the equity method that have negative net assets (see note 8).

(in millions of euro)	AUGUST 31, 2018	INCREASES/ CHARGES	REVERSALS WITH UTILIZATION	REVERSALS WITHOUT UTILIZATION	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2019
Tax and social security exposures	34	4	(12)	(4)	(1)	-	22
Employee claims and litigation	47	13	(13)	(6)	1	-	43
Contract termination and loss-making contracts	18	3	(7)	(1)	-	1	13
Reorganization costs	5	2	(2)	(1)	-	-	4
Client/supplier claims and litigation	35	2	(9)	(5)	(6)	1	18
Negative net assets of associates*	6	-	-	-	4	-	9
Other provisions	16	16	(13)	(7)	11	14	37
TOTAL PROVISIONS	**161**	**39**	**(57)**	**(24)**	**10**	**17**	**146**

* Investments in companies consolidated by the equity method that have negative net assets (see note 8).

Provisions for exposures and litigation are determined on a case-by-case basis and rely on management's best estimate of the outflows deemed likely to satisfy legal or implicit obligations to which the Group is exposed as of the end of the fiscal year.

Current and non-current provisions are as follows:

	AUGUST 31, 2020		AUGUST 31, 2019	
(in millions of euro)	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Tax and social security exposures	12	15	2	20
Employee claims and litigation	23	19	23	20
Contract termination and loss-making contracts	25	13	8	5
Reorganization costs	79	2	2	2
Client/supplier claims and litigation	17	1	16	2
Negative net assets of associates*	-	7	-	9
Other provisions	16	27	7	29
TOTAL PROVISIONS	**171**	**84**	**58**	**88**

* Investments in companies consolidated by the equity method that have negative net assets (see note 8).

10.2 Litigation

DISPUTES WITH THE BRAZILIAN TAX AUTHORITIES

The Company is in dispute with the Brazilian tax authorities regarding the tax deductibility of the amortization of goodwill recognized on the purchase of VR in March 2008. For the record, in Fiscal year 2017, Sodexo Pass do Brasil received a tax reassessment notice from the Brazilian tax authorities for fiscal years 2010, 2011 and 2012 relating to the deductibility for tax purposes of the amortization of goodwill recognized on the purchase of VR in March 2008. The reassessment amounted to 102 million euro (breaking down as 30 million euro in principal and 72 million euro in penalties and late payment interest).

Sodexo Pass do Brasil is firmly disputing this reassessment, which the Brazilian tax authorities originally envisaged during a previous tax audit covering fiscal years 2008 and 2009 but then abandoned. The Company considers that the goodwill amortization was valid, both in terms of its underlying reasons and the way it has been recorded. Therefore, the Company considers that there is a strong probability of winning the dispute with the tax authorities, and this has been confirmed by its tax advisors. Consequently, no provision was recorded for this dispute in the consolidated statement of financial position as of August 31, 2017.

This dispute was presented on August 14, 2018 for a judgment of the competent administrative court. The court ruled in favor of Sodexo Pass do Brasil as it considered that the goodwill and corresponding amortization were legitimately recognized on the acquisition of VR. The judgment therefore confirms that Sodexo Pass do Brasil acquired a full business structure when it purchased VR.

This judgment can be reversed on appeal. The Group believes, however, that the risk of change in this judgement is low.

The tax savings generated by this tax depreciation were offset in the consolidated accounts of the Group by a deferred tax expense of the same amount for each of the financial periods concerned, in accordance with the IFRS rules. The balance of the related deferred tax liability amounts to 49 million euro as of August 31, 2020 (69 million euro as of August 31, 2019).

In addition, Sodexo and its main competitors have a different interpretation from that of the Tax Administration on the deductibility of PIS/COFIN on certain purchases that are made at a zero rate. Proceedings are pending before the Superior Courts and, based on the opinion of our counsel, and the Group considers that its chances of success in these proceedings are good and therefore did not consider it necessary at this stage to provision for deductions to date.

DISPUTE WITH THE FRENCH COMPETITION AUTHORITY

In the context of the litigation initiated in 2015 by *Octoplus,* an adverse decision against meal voucher issuers was issued on December 17, 2019 by the French Competition Authority, which fined Sodexo Pass France, jointly and severally with Sodexo S.A., 126 million euro.

Sodexo Pass France and Sodexo S.A. received notification of this decision on February 6, 2020.

Sodexo has appealed this decision to the Paris Court of Appeal. After consultation with its legal advisors, the Group considers that it has strong arguments that may lead to the annulment or alteration of the French Competition Authority decision. As a result, no provision has been made for this litigation as of August 31, 2020.

DISPUTE IN HUNGARY

On January 28, 2019, the International Center for Settlement of Investment Disputes (ICSID) delivered its decision in Sodexo's arbitration claim against the Hungarian State in the Group's favor. Due to changes in the regulatory and fiscal environment in Hungary related to the issuance of food and meal vouchers, Sodexo had filed a claim for ICSID arbitration in July 2014 against the Hungarian state.

This decision represents an important step in the process of resolving this dispute. However, the Hungarian state having applied for annulment of this decision on May 27, 2019, the Group has considered it was too early to record an income based on the decision of ICSID.

OTHER DISPUTES

Group subsidiaries are also subject to tax audits that may result in reassessments. The main proceedings are described above. In each case, the risk is assessed by management and its advisors, and any estimated charge which could potentially result from such audits are recorded as provisions or tax liabilities.

To the best of the Group's knowledge, there have been no other governmental, judicial or arbitral proceedings (including any such proceedings which are pending or threaten to be pending of which Sodexo is aware) which may have, or have had in the past 12 months, material effects on Sodexo and/or the Group's financial position or profitability.

Sodexo is also involved in other litigations arising from its 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.

NOTE 11. EQUITY AND EARNINGS PER SHARE

ACCOUNTING PRINCIPLES AND POLICIES

Sodexo treasury shares

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

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

Commitments to purchase non-controlling interests

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

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

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.

11.1 Equity

11.1.1 Statement of changes in shareholders' equity

As of August 31, 2020, the share capital of Sodexo S.A. was made up of 147,454,887 shares (unchanged from August 31, 2019), with a par value of 4 euro each.

As of August 31, 2020, the Group held 1,442,351 Sodexo shares with a carrying amount of 138 million euro to cover its obligations under free share plans for Group employees. These treasury shares are deducted from shareholders' equity at cost.

As of August 31, 2019, the Group held 1,448,566 Sodexo shares with a carrying amount of 145 million euro to cover its obligations under free share plans for Group employees. These treasury shares are deducted from shareholders' equity at cost.

Total dividends paid out in Fiscal 2020, adjusted for treasury shares, amounted to 425 million euro (403 million euro in Fiscal 2019), representing a dividend of 2.90 euro per share and, where applicable, a dividend premium of 0.29 euro per share.

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

Furthermore, since Fiscal 2013, shares held in registered form for at least four years and still held in that form when the dividend becomes payable, are entitled to a dividend premium equal to 10% of the dividend paid on the other shares. The number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder.

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

(in millions of euro)	FISCAL 2020 Increase/(decrease) during the year, pre-tax	FISCAL 2020 Income tax (expense)/benefit	FISCAL 2020 Increase/(decrease) during the year, net of tax	FISCAL 2019 Increase/(decrease) during the year, pre-tax	FISCAL 2019 Income tax (expense)/benefit	FISCAL 2019 Increase/(decrease) during the year, net of tax
Financial assets measured at fair value through other comprehensive income	(383)	9	(374)	175	(4)	170
Share of other components of comprehensive income (loss) of companies consolidated by the equity method	2	-	2	(8)	1	(7)
Remeasurements of net defined benefit obligation	39	(9)	30	5	(1)	4
Currency translation adjustment	(502)	-	(502)	190	-	190
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) (GROUP SHARE)	**(844)**	**-**	**(844)**	**362**	**(4)**	**356**

11.1.2 Policy for managing the Company's capital structure

Sodexo takes a long-term view in managing its capital structure, with the objective of ensuring the Group's liquidity, optimizing its financial structure and allowing shareholders to benefit from its strong cash flow generation.

Contributing to decisions made may be objectives for earnings per share or estimated future cash flows, or for balancing various components of the consolidated statement of financial position in order to meet the net debt criteria defined by Group management and communicated to the marketplace, notably a net debt to equity ratio of less than 75%. The net debt to equity ratio corresponds to net debt as a proportion of total shareholders' equity (including minority interests), with net debt defined as the difference between gross borrowings and total cash, and total cash defined as cash and cash equivalents plus restricted cash and financial assets related to the Benefits & Rewards Services activity less bank overdrafts.

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11.2 Earnings per share

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

	FISCAL 2020	FISCAL 2019
Profit for the year attributable to equity holders of the parent (in millions of euro)	(315)	665
Basic weighted average number of shares	145,778,963	145,721,534
Basic earnings per share[(1)] (in euro)	**(2.16)**	**4.56**
Average dilutive effect of free share plans	2,141,538	2,054,363
Diluted weighted average number of shares	147,920,501	147,775,897
Diluted earnings per share[(1)(2)] (in euro)	**(2.16)**	**4.50**

(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 11.1. Based on the number of registered shares as of August 31, 2020, such shares total 9,822,658 (9,336,529 as of August 31, 2019).
(2) The net income being negative in Fiscal 2020, the free shares granted are not deemed dilutive. All of the Group's free share plans had a dilutive impact in Fiscal 2019.

NOTE 12. CASH AND CASH EQUIVALENTS, FINANCIAL ASSETS AND LIABILITIES, AND FINANCIAL INCOME AND EXPENSE

ACCOUNTING PRINCIPLES AND POLICIES

Borrowing costs

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

Financial instruments

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

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

FINANCIAL ASSETS

Financial assets are measured and recognized in three main categories:

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

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 from 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.

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.

Cash and cash equivalents

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

12.1 Financial income and expense

(in millions of euro)	FISCAL 2020	FISCAL 2019
Gross borrowing cost[(1)]	(121)	(121)
Interest income from short-term bank deposits and equivalent	18	29
NET BORROWING COST	**(103)**	**(92)**
Interest income from loans and receivables at amortized cost	5	5
Other financial income	5	7
Other financial expense[(2)]	(159)	(11)
Net foreign exchange gains/(losses)	(7)	2
Net interest cost on net defined benefit plan obligation	(4)	(6)
Interest on financial lease liabilities[(3)]	(25)	-
Monetary adjustment for hyperinflation	(1)	(1)
Change in fair value of derivative financial instruments not qualified for hedge accounting	-	-
Other	(4)	(4)
NET FINANCIAL EXPENSE	**(291)**	**(100)**
Of which Financial income	**30**	**44**
Of which Financial expense	**(321)**	**(144)**

(1) Gross borrowing cost represents interest expense on financial liabilities at amortized cost and interest expense on hedging instruments.
(2) Including, in Fiscal 2020, a 150 million euro indemnity due to anticipated refund of USPP (note 12.4.3.3).
(3) Interests on lease liabilities recognized starting September 1, 2019 in accordance with IFRS 16.

12.2 Cash and cash equivalents

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Marketable securities	354	374
Cash*	1,673	1,407
CASH AND CASH EQUIVALENTS	**2,027**	**1,781**
Bank overdrafts	(6)	(35)
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**2,021**	**1,746**

* Including 12 million euro allocated to the liquidity contract signed with an investment services provider, which complies with the Code of conduct drawn up by the French financial markets association Association française des marchés financiers – AMAFI) and approved by the French securities regulator *(Autorité des marchés financiers* – AMF), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations.

Marketable securities comprised:

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Short-term notes	199	197
Term deposits	133	150
Mutual funds and other	22	27
MARKETABLE SECURITIES	**354**	**374**

Cash, cash equivalents and overdraft break down as follows by currency:

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Euro	961	(116)
U.S. dollar (USD)	197	580
Brazilian real (BRL)	231	261
Pound sterling (GBP)	50	305
Canadian dollar (CAD)	3	125
Other currencies	578	590
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**2,021**	**1,746**

This currency allocation is presented after clearing the positive and negative positions of the Group's two cash pools. As of August 31, 2020, a significant portion of U.S. dollar overdrafts are offset by positive euro positions for an equivalent amount.

More than 83% of the Group's cash and cash equivalents, restricted cash and financial assets related to the Benefits Rewards Services activity, is held with A+, A1- or A2-rated financial institutions.

No significant amount of cash or cash equivalents was subject to any restrictions as of August 31, 2020.

12.3 Financial assets

12.3.1 Current and non-current financial assets

(in millions of euro)	AUGUST 31, 2020 CURRENT	AUGUST 31, 2020 NON-CURRENT	AUGUST 31, 2019 CURRENT	AUGUST 31, 2019 NON-CURRENT
Investments in non-consolidated companies – OCI				
Carrying amount	**-**	**485**	**-**	**896**
Financial assets related to the Benefits & Rewards Services activity, including restricted cash				
Cost*	1,103	-	1,120	-
Impairment	-	-	-	-
Carrying amount	**1,103**	**-**	**1,120**	**-**
Receivables from investees				
Cost	-	17	-	17
Impairment	-	-	-	-
Carrying amount	**-**	**17**	**-**	**17**
Loans and deposits				
Cost	40	115	59	103
Impairment	-	(15)	-	(16)
Carrying amount	**40**	**100**	**58**	**86**
TOTAL FINANCIAL ASSETS	**1,143**	**601**	**1,178**	**999**
Cost	1,143	647	1,178	1,022
Impairment	-	(46)	-	(23)
Carrying amount	**1,143**	**601**	**1,178**	**999**

* The split between financial assets at amortized cost and cash and cash equivalent is presented in note 12.6.

PRINCIPAL INVESTMENTS IN NON-CONSOLIDATED COMPANIES

The Group holds 19.61% of the shares in Bellon SA, the Parent company of Sodexo S.A., carried at a value of 410 million euro. In accordance with IFRS 9, this financial asset is, as from September 1, 2018, measured at fair value through other comprehensive income. The method used for determining the fair value of this investment is described in note 12.6 "Financial instruments".

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

Restricted cash corresponds to 770 million euro of "Financial assets related to the Benefits & Rewards Services activity" primarily in funds set aside to comply with regulations governing the issuance of service vouchers in France (353 million euro), Romania (175 million euro), China (58 million euro) and India (74 million euro). The funds remain the property of Sodexo but are subject to restrictions on their use. They may not be used for any purpose other than to reimburse affiliates and must be kept separate from the Group's unrestricted cash. Restricted cash is invested in interest-bearing instruments.

Restricted cash and financial assets related to the Benefits & Rewards Services activity breaks down as follows by currency:

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Euro	470	432
U.S. dollar (USD)	5	5
Brazilian real (BRL)	211	343
Other currencies	417	340
TOTAL RESTRICTED CASH AND FINANCIAL ASSETS RELATED TO THE BENEFITS & REWARDS SERVICES ACTIVITY	**1,103**	**1,120**

12.3.2 Changes in current and non-current financial assets

CARRYING AMOUNT (in millions of euro)	AUGUST 31, 2019	INCREASE/ (DECREASE) DURING THE PERIOD	IMPAIRMENT	CHANGES IN SCOPE OF CONSOLIDATION	CHANGE IN FAIR VALUE INCOME	CHANGE IN FAIR VALUE OCI	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2020
Investments in non-consolidated companies	896	3	-	3	-	(383)	(33)	485
Financial assets related to the Benefits & Rewards Services activity, including restricted cash	1,120	93	-	-	-	-	(110)	1,103
Receivables from investees	17	-	-	-	-	-	-	17
Loans and deposits	145	19	(9)	-	-	-	(15)	140
FINANCIAL ASSETS	**2,177**	**115**	**(9)**	**3**	**-**	**(383)**	**(158)**	**1,744**

CARRYING AMOUNT (in millions of euro)	AUGUST 31, 2018	IFRS 9 IMPACT	SEPTEMBER 1, 2018	INCREASE/ (DECREASE) DURING THE PERIOD	IMPAIRMENT	CHANGES IN SCOPE OF CONSOLIDATION	CHANGE IN FAIR VALUE INCOME	CHANGE IN FAIR VALUE OCI	CURRENCY TRANSLATION ADJUSTMENT AND OTHER	AUGUST 31, 2019
Investments in non-consolidated companies	91	564	655	73	-	-	-	170	(3)	896
Financial assets related to the Benefits & Rewards Services activity, including restricted cash	1,042	-	1,042	53	-	-	-	4	20	1,120
Receivables from investees	18	-	18	(1)	-	-	-	-	-	17
Loans and deposits	117	-	117	21	-	2	-	-	4	145
FINANCIAL ASSETS	**1,268**	**564**	**1,832**	**146**	**-**	**2**	**-**	**174**	**22**	**2,177**

12.4 Borrowings

Changes in borrowings during Fiscal 2020 and Fiscal 2019 were as follows:

(in millions of euro)	AUGUST 31, 2019	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2020
Bond issues(1)	2,468	2,526	(37)	-	3	-	4,960
Private Placements and bank borrowings(2)	1,577	737	(2,268)	-	(41)	2	6
Finance lease obligations	5	-	-	(5)	-	-	-
Other borrowings	34	5	(11)	(2)	(3)	6	29
TOTAL BORROWINGS	**4,084**	**3,268**	**(2,315)**	**(7)**	**(41)**	**8**	**4,996**
Net fair value of derivative financial instruments	(6)	(3)	5	1	(1)	-	(4)
TOTAL BORROWINGS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**4,078**	**3,265**	**(2,310)**	**(6)**	**(43)**	**8**	**4,992**

(1) The increase of 2,526 million euro consists mainly of the issue of new bonds for 2,500 million euro as indicated in 12.4.2
(2) The increase of 737 million euro consists mainly of the increase in Sodexo S.A.'s commercial paper for a total of 683 million euro, most of which occurred in the first half of the year. The decrease of 2,268 million euro consists mainly of USPP reimbursement as indicated in 12.4.3.3.

(in millions of euro)	AUGUST 31, 2018	INCREASES	REPAYMENTS	DISCOUNTING EFFECTS AND OTHER	CURRENCY TRANSLATION ADJUSTMENT	CHANGES IN SCOPE OF CONSOLIDATION	AUGUST 31, 2019
Bond issues	2,191	277	0	4	(4)	0	2,468
Private Placements and bank borrowings	1,727	0	(244)	(1)	79	16	1,577
Finance lease obligations	9	0	(4)	(0)	0	0	5
Other borrowings	30	1	(11)	(6)	(5)	27	34
TOTAL BORROWINGS EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,957**	**278**	**(260)**	**(4)**	**71**	**43**	**4,084**
Net fair value of derivative financial instruments	(17)	0	2	(1)	9	0	(6)
TOTAL BORROWINGS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**3,940**	**278**	**(257)**	**(5)**	**80**	**43**	**4,078**

12.4.1 Borrowings by currency

	AUGUST 31, 2020		AUGUST 31, 2019	
(in millions of euro)	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Bond issues				
Euro	12	4,670	9	2,184
Sterling pound	1	277	1	274
TOTAL	**13**	**4,947**	**10**	**2,458**
Private Placements[(1)] and bank borrowings				
U.S. dollar (USD)	0	(2)	23	1,409
Euro	1	3	141	4
Other currencies	4	0	0	0
TOTAL	**5**	**1**	**164**	**1,413**
Finance lease obligations				
Euro	-	-	3	2
Other currencies	-	-	0	0
TOTAL	**-**	**-**	**3**	**2**
Other borrowings[(2)]				
Euro	3	15	1	11
Other currencies	0	11	4	18
TOTAL	**3**	**26**	**5**	**29**
BORROWINGS EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**21**	**4,975**	**181**	**3,903**
Net fair value of derivative financial instruments[(3)]	(6)	2	(7)	1
BORROWINGS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS	**14**	**4,977**	**174**	**3,904**

(1) Including the proceeds of the U.S. private placements described in note 12.4.3.3 and the commercial paper issued by Sodexo S.A. and Sodexo Finance described in note 12.4.3.2.
(2) Including 24 million euro as of August 31, 2019 (23 million euro as of August 31, 2019) corresponding to liabilities recognized in connection with put options written over non-controlling interests in certain subsidiaries.
(3) Described in note 12.5.

For borrowings other than bond issues, amortized cost is equivalent to historical cost (nominal amount) insofar as no significant transaction costs are incurred.

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12.4.2 Bond issues

On June 24, 2014, Sodexo S.A. completed a bond issue structured in two tranches:

- a 600 million euro tranche redeemable at par value on January 24, 2022 and bearing interest at an annual rate of 1.75%, with interest payable annually on January 24;
- a 500 million euro tranche redeemable at par value on June 24, 2026 and bearing interest at an annual rate of 2.50%, with interest payable annually on June 24.

Accrued interests on these bonds amount to 9 million euro as of August 31, 2020.

On October 14, 2016 Sodexo S.A. issued bonds for 600 million euro redeemable in April 2027 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 14. On August 1, 2017, the Company increased this issue with an additional 200 million euro of bonds. Accrued interests on these bonds amount 2 million euro as of August 31, 2020.

On May 22, 2018, Sodexo S.A. issued bonds for 300 million euro redeemable in May 2025 and bearing interest at an annual rate of 1.125%, with interest payable annually on May 22. Accrued interests on this bond are 1 million euro as of August 31, 2020.

On June 26, 2019, Sodexo S.A. issues bonds for 250 million pounds sterling redeemable in June 2028 and bearing interest at an annual rate of 1.75%, with interest payable annually on June 26. Accrued interests on this bond are 1 million euro as of August 31, 2020.

On April 27, 2020, Sodexo S.A. issued a bond structured in two tranches:

- 700 million euro tranche redeemable at par value on April 27, 2025 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 27;
- 800 million euro tranche redeemable at par value on April 27, 2029 and bearing interest at an annual rate of 1.0%, with interest payable annually on April 27.

Accrued interest on these bonds amounted to 5 million euro as of August 31, 2020.

On July 17, 2020, Sodexo S.A. issued a bond structured in two tranches:

- 500 million euro tranche redeemable at par value on January 17, 2024 and bearing interest at an annual rate of 0.5%, with interest payable annually on January 17;
- 500 million euro tranche redeemable at par value on July 17, 2028 and bearing interest at an annual rate of 1.0%, with interest payable annually on July 17.

Accrued interest on these bonds amounted to 1 million euro as of August 31, 2020.

None of the above-described bonds are subject to financial covenant.

12.4.3 Other borrowings

12.4.3.1 CREDIT FACILITIES

July 2011 multicurrency confirmed credit facility

On July 18, 2011, Sodexo S.A. contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars, with an original maturity date of July 18, 2016. This facility has been amended on a number of occasions with the most recent amendment being in July 2019 with a new maturity date of July 2024, with two options to extend the maturity by one year each, up to July 2026. The first option to extend this facility was executed during Fiscal 2020. The facility maturity date is now July 2025 with the second option to extend a further year still remaining. The maximum available limits under this facility now are 589 million euro plus 785 million U.S dollars.

The most recent amendment also incorporates a sustainability clause that links the credit facility cost to Sodexo's ability to comply with its public commitment to reduce its food waste by 50% by 2025.

Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenant.

No amounts had been drawn down on the facility as of either August 31, 2020 or August 31, 2019.

Bilateral confirmed credit facility

On December 18, 2019, the Group obtained two 150 million euro bilateral confirmed credit facility, both are due to expire in December 2023.

On February 13, 2020, the Group obtained a third 150 million euro bilateral confirmed credit facility expiring in February 2024.

On May 20, 2020, the Group obtained a further two bilateral facilities totaling 250 million euro. One facility is a 150 million euro facility and is due to mature in May 2021 and the second facility is a 100 million euro facility that is due to mature in January 2021 with the option to extend the facility for a further 8 months.

No amounts had been drawn down on any of these facilities as of August 31, 2020.

12.4.3.2 COMMERCIAL PAPER

As of August 31, 2020, borrowings under the Sodexo S.A. and Sodexo Finance commercial paper programs are nil, compared to 140 million euro as of August 31, 2019.

12.4.3.3 U.S. PRIVATE PLACEMENTS

During Fiscal 2020, Sodexo S.A and Sodexo, Inc. redeemed the full outstanding balance of U.S. Private Placement of 1,557 million U.S. dollars subscribed between 2011 and 2018.

As per the conditions of the USPP debt agreements, the reimbursement includes an indemnity of 168 million U.S. dollars (150 million euro).

As a result of this operation, Sodexo is no longer subject to compliance with any financial covenant in respect of borrowings issued by the Group.

The features of the Group's outstanding private placements as of August 31, 2019 were as follows:

DATE OF THE PLACEMENT	PRINCIPAL OUTSTANDING (in millions of U.S. dollars)	FIXED INTEREST RATE	MATURITY
March 29, 2011	133	4.85%	March 2021
	74	4.95%	March 2023
TOTAL PLACEMENT DATED MARCH 29, 2011	**207**		
March 4, 2014	150	3.44%	March 2021
	525	3.99%	March 2024
	175	4.14%	March 2026
	100	4.34%	March 2029
TOTAL PLACEMENT DATED MARCH 4, 2014	**950***		
TOTAL PLACEMENT DATED JUNE 27, 2018	**400**	**3.70%**	**JUNE 2023**
TOTAL U.S. PRIVATE PLACEMENTS	**1,557**		

* After deducting 150 million U.S. dollars redeemed on March 4, 2019.

12.4.4 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, 2020, 100% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 1.6%.

As of August 31, 2019, 97% of the Group's borrowings were at fixed rate. The average rate of interest as of the same date was 2.6%.

The bond issues and borrowings from financial institutions described above include customary early redemption clauses. These clauses include cross-default and change-in-control clauses which apply to all of the borrowings.

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12.4.5 Maturity of borrowings

AUGUST 31, 2020 CARRYING AMOUNTS (in millions of euro)	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues	0	7	5	2,078	2,869	4,960
Private placements and bank borrowings	5	-	1	(2)	3	6
Finance lease obligations	-	-	-	-	-	-
Other borrowings	-	-	4	26	-	29
TOTAL BORROWINGS	**5**	**7**	**10**	**2,102**	**2,872**	**4,996**

Excluding the impact of derivative financial instruments described in note 12.5.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest accrued as of the period end.
Credit facility renewal rights are taken into account to determine the maturities.

AUGUST 31, 2020 UNDISCOUNTED CONTRACTUAL MATURITIES (in millions of euro)	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues	0	12	39	2,276	2,955	5,282
Private placements and bank borrowings	5	-	1	(2)	3	7
Finance lease obligations	-	-	-	-	-	-
Other borrowings	-	-	4	28	0	32
Impact of derivative financial instruments excluding those related to PPP companies	-	-	5	-	-	5
TOTAL BORROWINGS	**5**	**12**	**49**	**2,302**	**2,959**	**5,327**

The undiscounted contractual maturities include payment of future interest not due yet.

AUGUST 31, 2019 CARRYING AMOUNTS (in millions of euro)	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues	2	-	7	589	1,869	2,468
Private placements and bank borrowings	164	-	-	1,165	248	1,577
Finance lease obligations	1	1	2	2	-	5
Other borrowings	0	-	4	27	2	34
TOTAL BORROWINGS	**167**	**1**	**13**	**1,784**	**2,119**	**4,084**

Excluding the impact of derivative financial instruments described in note 12.5.
For borrowings expressed in a foreign currency, amounts are translated at the year-end closing rate.
Maturities include interest accrued as of the period end.
Credit facility renewal rights are taken into account to determine the maturities.

AUGUST 31, 2019 UNDISCOUNTED CONTRACTUAL MATURITIES (in millions of euro)	LESS THAN 3 MONTHS	MORE THAN 3 MONTHS AND LESS THAN 6 MONTHS	MORE THAN 6 MONTHS AND LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Bond issues	2	4	28	710	1,929	2,673
Private placements and bank borrowings	165	5	28	1,327	275	1,799
Finance lease obligations	1	1	2	2	-	5
Other borrowings	1	-	5	29	2	37
Impact of derivative financial instruments excluding those related to PPP companies	-	-	-	-	-	-
TOTAL BORROWINGS	**168**	**10**	**62**	**2,068**	**2,206**	**4,515**

The undiscounted contractual maturities include payment of future interest not due yet.

12.5 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, 2020	AUGUST 31, 2019
Currency instruments		**3**	**6**
Assets	Trading	19	12
Liabilities	Trading	(16)	(6)
Cross-currency swaps*		**1**	**(1)**
Assets	Cash flow hedge	4	0
Liabilities	Cash flow hedge	(3)	(1)
NET DERIVATIVE FINANCIAL INSTRUMENTS		**4**	**5**

* Corresponds to three euro-BRL cross-currency swaps with a notional value of 80 million BRL as of August 31, 2020 versus 120 million BRL as of August 31, 2019.

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

(in millions of euro)	AUGUST 31, 2020 LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL	AUGUST 31, 2019 LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Currency lender positions	**53**	**4**	**0**	**57**	**92**	**29**	**-**	**121**
Czech crown/Euro	45	-	-	45	77	29	-	106
Polish zloty/Euro	-	-	-	-	15	-	-	15
Other	8	4	-	12	-	-	-	-
Currency borrower positions	**(719)**	**(1)**	**(1)**	**(721)**	**(46)**	**(55)**	**(1)**	**(103)**
Pound sterling/Euro	(3)	-	-	(3)	(3)	(3)	-	(6)
Brazilian real/Euro	(23)	-	-	(23)	(18)	(9)	-	(27)
Mexican peso/Euro	-	-	-	-	-	-	-	-
Swedish krona/Euro	-	-	-	-	(13)	-	-	(13)
Dollar/Euro	(677)	-	-	(677)	(12)	(43)	(1)	(57)
Other	(16)	(1)	(1)	(18)	-	-	-	-
TOTAL FACE VALUE	**(666)**	**3**	**(1)**	**(663)**	**46**	**(26)**	**(1)**	**19**
Fair value	**6**	**(2)**	**-**	**4**	**6**	**(1)**	**-**	**5**

The face value represents the nominal value of currency hedging instruments, including amounts related to forward agreements. Foreign currency amounts are translated at year-end closing rates.

12.6 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 fair value hierarchy used in classifying financial instruments is provided for in IFRS 13 “Fair value measurement” as defined in note 2.3.

FINANCIAL ASSETS (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2020 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	12.2	354	354	22	332	-	354
Restricted cash and financial assets related to the Benefits & Rewards Services activity	Financial assets at amortized cost	12.3	727	727	-	-	-	-
	Cash and cash equivalents	12.3	376	376	376	-	-	376
Trade and other receivables	Financial assets at amortized cost	4.3	4,070	4,070	-	-	-	-
Other financial assets	Financial assets at fair value through other comprehensive income	12.3	485	485	-	-	485	485
	Financial assets at amortized cost	12.3	156	156	-	-	-	-
Derivative financial instrument assets		12.5	23	23	-	23	-	23

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FINANCIAL LIABILITIES (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2020 CARRYING AMOUNT	FAIR VALUE	FAIR VALUE LEVEL LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Bond issues*	Financial liabilities at amortized cost	12.4	4,960	5,100	5,100	-	-	5,100
Bank borrowings	Financial liabilities at amortized cost	12.4	6	6	6	-	-	6
Other borrowings	Financial liabilities at amortized cost	12.4	29	29	29	-	-	29
Bank overdrafts	Financial liabilities at amortized cost	12.2	6	6	6	-	-	6
Trade and other payables	Financial liabilities at amortized cost	4.3	4,020	4,020	-	-	-	-
Vouchers payable	Financial liabilities at amortized cost	4.5	3,117	3,117	-	-	-	-
Derivative financial instrument liabilities		12.5	(19)	(19)	-	(19)	-	(19)

* Fair value is calculated on the basis of listed bond prices as of August 31, 2020.

FINANCIAL ASSETS (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2019 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	12.2	374	374	27	347	-	374
Restricted cash and financial assets related to the Benefits & Rewards Services activity	Financial assets at amortized cost	12.3	804	804	-	-	-	-
	Cash and cash equivalents	12.3	315	315	315	-	-	315
Trade and other receivables	Financial assets at amortized cost	4.3	4,626	4,626	-	-	-	-
Other financial assets	Financial assets at fair value through other comprehensive income	12.3	896	896	-	-	896	896
	Financial assets at amortized cost	12.3	162	162	-	-	-	-
Derivative financial instrument assets		12.5	12	12	-	12	-	12

FINANCIAL LIABILITIES (in millions of euro)	CATEGORY	NOTE	AUGUST 31, 2019 CARRYING AMOUNT	FAIR VALUE	FAIR VALUE LEVEL LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Bond issues*	Financial liabilities at amortized cost	12.4	2,468	2,553	-	-	-	-
Bank borrowings	Financial liabilities at amortized cost	12.4	1,577	1,636	-	-	-	-
Other borrowings	Financial liabilities at amortized cost	12.4	39	39	-	-	-	-
Bank overdrafts	Financial liabilities at amortized cost	12.2	35	35	-	-	-	-
Trade and other payables	Financial liabilities at amortized cost	4.3	4,892	4,892	-	-	-	-
Vouchers payable	Financial liabilities at amortized cost	4.5	2,981	2,981	-	-	-	-
Derivative financial instrument liabilities		12.5	(7)	(7)	-	(7)	-	(7)

* Fair value is calculated on the basis of listed bond prices as of August 31, 2019.

There were no transfers between the various fair value hierarchy levels between Fiscal 2019 and Fiscal 2020.

FAIR VALUE LEVEL 3: MEASUREMENT OF BELLON SA SECURITIES

The Group holds, through its wholly-owned subsidiary Sofinsod, a 19.61% stake in Bellon SA, a company that controls Sodexo S.A. with 42.75% of its shares and 57.14% of its voting rights exercisable on August 31, 2020. This shareholding does not give the Group significant influence over Bellon SA, as voting rights attached to Bellon SA shares cannot be exercised by Sofinsod, in accordance with the provisions of article L.233-31 of *Code de commerce*.

Due to the application of IFRS 9, the Group assessed this investment at its fair value, determined in accordance with IFRS 13, and opted for accounting for subsequent changes in fair value in other non-recyclable items of consolidated comprehensive income.

The management conducted a fair value assessment of the equity participation in the first application of IFRS 9, with the support of two independent experts. The valuation of the fair value of the investment depends, among other things, on the revalued Net Asset Value (NAV) of Bellon SA which has limited debt and holds no assets other than shares of Sodexo S.A. These shares are valued at their closing share price for the calculation of the NAV of Bellon SA.

The bylaws of Bellon SA include a clause which restricts the sale of Bellon SA shares to non-shareholder third parties, subject to the prior approval of its Supervisory Board. Bellon SA is controlled 72.6% by Mr. and Mrs. Pierre Bellon, and their four children who signed in June 2015 a 50-year agreement preventing the direct descendants of Mr. and Mrs. Pierre Bellon from freely disposing of their Bellon SA shares. The sole asset of Bellon SA being its interest in Sodexo, it can be inferred that Bellon SA does not intend to sell this interest to third parties.

These specific characteristics imply very limited liquidity for the shares that Sofinsod holds in Bellon SA. The valuation method used by management (Level 3 of the hierarchy defined by IFRS 13) incorporates this illiquidity on the one hand, as well as all of the characteristics of the holding's ownership structure, on the other hand. This method results in a discount to net asset value on Bellon SA estimated at 40% as of September 1, 2018 and August 31, 2019.

As of August 31, 2020, the fair value of the investment is assessed at 410 million euro, and its change since the opening of the year has been recorded in other non-recyclable items of comprehensive income. Its fair value was assessed to 708 million euro as of August 31, 2019.

NOTE 13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The Group policies and procedures are designed to prevent speculative positions. Furthermore, under them:

- substantially all borrowings must be at fixed rates of interest, or converted to fixed-rate using hedging instruments;
- in the context of financing policy, foreign exchange risk on loans to subsidiaries must be hedged;
- the maturity of hedging instruments must not exceed the maturity of the borrowings they hedge.

13.1 Analysis of sensitivity to interest rates

As of August 31, 2020, an increase or a 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.

13.2 Analysis of sensitivity to foreign exchange rates and exchange rate exposures on principal currencies

Because Sodexo has operations in 64 countries, all components of the financial statements are influenced by foreign currency translation effects, and in particular by fluctuations in the U.S. dollar. However, exchange rate fluctuations do not generate any operational risk, because each of the Group's subsidiaries invoices its revenues and incurs its expenses in the same currency.

Sodexo S.A. uses derivative instruments to manage the Group's risk exposure resulting from the volatility of exchange rates.

SENSITIVITY TO EXCHANGE RATES

IMPACT OF A 10% APPRECIATION OF THE EXCHANGE RATE OF THE FOLLOWING CURRENCIES AGAINST THE EURO (in millions of euro)	AUGUST 31, 2020				AUGUST 31, 2019			
	IMPACT ON REVENUES	IMPACT ON OPERATING PROFIT	IMPACT ON PROFIT BEFORE TAX	IMPACT ON SHAREHOLDERS' EQUITY	IMPACT ON REVENUES	IMPACT ON OPERATING PROFIT	IMPACT ON PROFIT BEFORE TAX	IMPACT ON SHAREHOLDERS' EQUITY
U.S. dollar (USD)	766	8	(13)	217	911	45	37	245
Brazilian real (BRL)	92	13	13	60	112	20	20	86
Pound sterling (GBP)	175	7	7	61	190	16	16	66

13.3 Exposure to liquidity risk

The nature of the Group's bank borrowings and bond issues as of August 31, 2020 is described in detail in note 12.4.

As of August 31, 2020, and as of August 31, 2019, more than 99% of the Group's consolidated borrowings was raised on capital markets and bank financing covered less than 1% of the Group's financing needs. The maturity dates of the main borrowings range between Fiscal 2022 and Fiscal 2029.

13.4 Exposure to counterparty risk

Exposure to counterparty risk is limited to the carrying amount of financial assets.

Group policies and procedures are to manage and spread counterparty risk. For derivative financial instruments, each transaction with a bank is required to be based on a master contract modeled on the standard contract issued by the French Bankers' Association (AFB) or the International Swaps and Derivatives Association (ISDA).

Counterparty risk relating to client 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. Given the degradation in the economic environment resulting from the Covid-19 pandemic, the Group has reinforced its credit risk tracking.

Thus, the Group did not record any significant change in the impacts related to the proven financial failures of its customers during the year. The net carrying amount of overdue receivables amounts to 526 million euro, of which 68 million are beyond 6 months (2% of total net accounts receivable as of August 31, 2020 vs.1.9% as of August 31, 2019).

The main counterparty risk is bank-related. The Group has limited its exposure to counterparty risk by diversifying its investments and limiting the concentration of risk held by each of its counterparties. Transactions are conducted with highly creditworthy counterparties taking into consideration country risk. The Group has instituted a regular reporting of the risk spread between counterparties and of their quality.

To reduce this risk further, in Fiscal 2011 the Group implemented an international cash pooling mechanism between its main subsidiaries (with a netting facility), reducing the amount of liquidity held by third parties by concentrating it in the Group's financial holding companies.

The maximum counterparty represents approximately 13% (18% as of August 31, 2019) of the Group's operating cash (including restricted cash and financial assets related to the Benefits & Rewards Services activity) and is with a banking group whose rating is A-1.

NOTE 14. OTHER INFORMATION

14.1 Subsequent events

Faced with the rebound of the pandemic, new public measures have been implemented since September 2020 in many countries in which the Group operates. Given the disparity of the situations with which the Group is confronted, the changing nature of the situation and the difficulty in assessing the duration of this resulting health crisis, the impact it could have on the Group's future results cannot be accurately measured.

However, the Group continues to make every effort to ensure the continuity of its activities and confirms its confidence in its ability to adapt to the consequences of this pandemic.

Significantly impacted by the Covid-19 pandemic, Sodexo in France announced on October 27, 2020 an Employment Protection Plan which would involve the reduction of 7% of its workforce, *i.e.* 2,083 positions mostly in the Corporate Services segment as part of an information process and consultation of its employee representatives.

Discussion with employee representatives are just starting and Sodexo intends to propose all measures to maintain employment for its employees and thus limit the impact of these reorganizations, in particular through a project to support the movement of its employees on a voluntary basis, in expanding the choices available to them in all of the Group's other activities in France.

14.2 Commitments and contingencies

14.2.1 Sureties

Commitments arising from surety arrangements (pledges, charges secured against plant and equipment, and real estate mortgages) contracted by Sodexo S.A. and its subsidiaries in connection with operating activities during Fiscal 2020 are not material.

14.2.2 Other commitments given

(in millions of euro)	AUGUST 31, 2020 LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL	AUGUST 31, 2019 TOTAL
Financial guarantees to third parties	1	-	-	1	1
Site management commitments	-	-	-	-	1
Performance bonds given to clients	45	30	109	184	181
Other commitments	3	128	1	131	136
TOTAL OTHER COMMITMENTS GIVEN	**49**	**157**	**111**	**316**	**319**

The performance bonds given to clients relate to around fifteen sub-contracting contracts where the Group considers that it may be exposed to indemnity payments if it is unable to fulfill the service obligation. These bonds are subject to regular review by the management of the business unit and a provision is recorded as soon as payment under a bond becomes probable. For all other contracts with a performance bond, Sodexo considers that it can deploy the additional resources needed to avoid paying compensation under the bond.

The Group also has performance obligations to clients, but regards these as having the essential features of a performance guarantee rather than an insurance contract designed to compensate the client in the event of non-fulfillment of the service obligation (compensation is generally due only where Sodexo is unable to provide alternative or additional resources to fulfill the obligation to the client).

In practice, given its size and geographical reach, Sodexo considers itself capable of providing the additional resources required to avoid paying compensation to clients protected by such clauses.

At this time, no provision has been recorded in the consolidated statement of financial position with respect to these guarantees.

The "Other commitments" line mainly includes the 12-year guarantee given by Sodexo S.A. in October 2012 to the Trustee of the UK pension plan (*i.e.,* until October 2024) for a maximum of 100 million pounds sterling in order to cover Sodexo UK's obligations in connection with the plan.

14.3 Related parties

14.3.1 Principal shareholder

As of August 31, 2020, Bellon SA held 42.75% of the capital of Sodexo and 57.14% of the exercisable voting rights.

The expense recognized in Fiscal 2020 under an assistance and advisory services contract between Bellon SA and Sodexo S.A. amounts to 1.5 million euro (3.3 million euro in Fiscal 2019).

Bellon SA received dividends of 181 million euro from Sodexo S.A. in February 2020 and the Group received dividends of 2.4 million euro from Bellon SA during Fiscal 2020.

14.3.2 Non-consolidated companies

Other transactions with related companies comprise loans advanced, commercial transactions, and off-balance sheet commitments involving associates and non-consolidated companies.

	AUGUST 31, 2020			AUGUST 31, 2019
(in millions of euro)	GROSS AMOUNT	IMPAIRMENT	CARRYING AMOUNT	CARRYING AMOUNT
Loans	48	-	48	44

OFF-BALANCE SHEET COMMITMENTS	AUGUST 31, 2020	AUGUST 31, 2019
Financial guarantees to third parties	1	1
Performance bonds given to clients	184	181

TRANSACTIONS	FISCAL 2020	FISCAL 2019
Revenues	296	238
Operating expenses	(4)	(3)
Financial income and expense, net	1	2

14.4 Scope of consolidation

The main companies consolidated as of August 31, 2020 and presented in the table below together represent over 80% of consolidated revenues, operating profit, profit for the period attributable to equity holders of the parent, and shareholders' equity. The other entities individually represent less than 0.6% of each of these items.

The first column shows the percentage interest held by the Group, and the second column the percentage of voting rights held by the Group. Percentage interests and percentages of voting rights are only shown if less than 97%.

Companies newly consolidated during the year are indicated by the letter "N".

	% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
France				
Sodexo S.A.			Holding	France
Sodexo Entreprises (consolidated)			On-site	France
Sodexo Santé Médico Social			On-site	France
Société Française de Restauration et Services (consolidated)			On-site	France
Segsmhi (Le Lido)			On-site	France
Sogeres			On-site	France
Lenôtre SA (consolidated)			On-site	France
Sodexo Sports et Loisirs			On-site	France
Sodexo Justice Services			On-site	France
Société d'Exploitation des Vedettes Paris Tour Eiffel (SEVPTE)			On-site	France
Yachts de Paris			On-site	France
Sodexo Energie et Maintenance			On-site	France
Foodchéri	87%	87%	On-site	France
Sodexo Pass International SAS			Holding	France
Sodexo Pass France SA			Benefits & Rewards	France
Sofinsod SAS			Holding	France

	% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
Americas				
Sodexo do Brasil Comercial SA (consolidated)			On-site	Brazil
Sodexo Pass do Brasil Serviços E Comércio SA			Benefits & Rewards	Brazil
Sodexo Facilities Services Ltda			On-site	Brazil
Sodexo S.A.S.			On-site	Colombia
Sodexo Canada Ltd (consolidated)			On-site	Canada
Centerplate Canada			On-site	Canada
Sodexo Chile SpA (consolidated)			On-site	Chile
Sodexo, Inc. (consolidated)			On-site	United States
Centerplate Ultimate Holdings, Corp.			On-site	United States
CK Franchising Inc.			On-site	United States
Inspirus LLC			Benefits & Rewards	United States
Sodexo Global Services, LLC			Holding	United States
Sodexo Peru SAC			On-site	Peru
Europe				
Sodexo Services GmbH (consolidated)			On-site	Germany
Sodexo Beteiligungs BV & Co. KG			On-site	Germany
GA-tec Gebäude und Anlagentechnik GmbH			On-site	Germany
Sodexo Services Solutions Austria GmbH			On-site	Austria
Sodexo Belgium SA (consolidated)			On-site	Belgium
Imagor SA			Benefits & Rewards	Belgium
Sodexo Pass Belgium SA (consolidated)			Benefits & Rewards	Belgium
Centerplate Europe Ltd			On-site	United Kingdom
Centerplate ISG Limited	60%	60%	On-site	United Kingdom
Sodexo Iberia SA (consolidated)			On-site	Spain
CenterplateISG Espana S.L.U.	60%	60%	On-site	Spain
Novae Restauration SA			On-site	Switzerland
Sodexo Italia SpA (consolidated)			On-site	Italy
Sodexo Nederland BV (consolidated)			On-site	Netherlands
Sodexo Pass Česka Republika AS			Benefits & Rewards	Czech Republic
Sodexo Euroasia SARL			On-site	Russia
Centerplate UK Ltd			On-site	United Kingdom
Sodexo Ltd (consolidated)			On-site	United Kingdom
Sodexo Global Services UK Ltd			Holding	United Kingdom
Sodexo Motivation Solutions UK Ltd			Benefits & Rewards	United Kingdom
Entegra Europe UK Limited			On-site	United Kingdom
Tillery Valley Foods Limited			On-site	United Kingdom
Sodexo Luxembourg SA			On-site	Luxembourg
Sodexo Finances USD Ltd			Holding	United Kingdom
Sodexo Holdings Ltd			On-site	United Kingdom

	% INTEREST	% VOTING RIGHTS	PRINCIPAL ACTIVITY	COUNTRY
Rydoo Sp. z.o.o.			On-site	Poland
Sodexo Finance Designated Activity Company			Holding	Ireland
Sodexo Ireland Ltd			On-site	Ireland
Sodexo Remote Sites Scotland Ltd			On-site	Scotland
Sodexo Pass Romania Srl			Benefits & Rewards	Romania
Sodexo Avantaj Ve Odullendirme Hizmetleri AS			Benefits & Rewards	Turkey
Sodexo AB			On-site	Sweden
Asia, Pacific, Middle East, Africa				
Sodexo Australia Pty Ltd (consolidated)			On-site	Australia
Sodexo Remote Sites Australia Pty Ltd			On-site	Australia
Sodexo Food Solutions India Private Ltd			On-site	India
Sodexo (China) Enterprise Management Services Co., Ltd			On-site	China
Sodexo Management Company Ltd Shanghaï			On-site	China
Sodexo Singapore PTE Ltd			On-site	Singapore
Sodexo Services Asia			Holding	Singapore
STH Japan K.K.	30%	51%	On-site	Japan
Kelvin Catering Services (Emirates) LLC	49%	49%	On-site	United Arab Emirates

14.5 Auditors' fees

	PWC				KPMG			
	PRICEWATERHOUSECOOPERS AUDIT		NETWORK		KPMG SA		NETWORK	
(in millions of euro excluding VAT)	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Audit of individual company financial statements and consolidated financial statements								
Issuer	0.8	73%	n/a	n/a	0.7	39%	n/a	n/a
Consolidated subsidiaries	0.3	27%	4.8	89%	1.0	55%	2.8	82%
TOTAL AUDIT SERVICES	**1.1**	**100%**	**4.8**	**89%**	**1.7**	**94%**	**2.8**	**82%**
Other services								
Issuer	0.0	0%	0.0	0%	0.1	6%	0.0	0%
Consolidated subsidiaries	0.0	0%	0.6	11%	0.0	0%	0.6	18%
TOTAL OTHER SERVICES	**0.0**	**0%**	**0.6**	**11%**	**0.1**	**6%**	**0.6**	**18%**
TOTAL FEES	**1.1**	**100%**	**5.4**	**100%**	**1.8**	**100%**	**3.4**	**100%**

Services other than the certification of accounts provided by PricewaterhouseCoopers Audit and its network to the consolidated subsidiaries mainly consist of technical consultations and, outside France, tax compliance services.

Services other than the certification of accounts provided by KPMG SA to the consolidating entity mainly consist of professional services in the context of the non-financial performance; Services other than the certification of accounts provided by its network to the consolidated subsidiaries mainly consist of professional services in the context of agreed upon procedures, issuance of attestations and tax compliance services.

3.3 SUPPLEMENTAL INFORMATION AND CONDENSED GROUP ORGANIZATION CHART

3.3.1 Financial ratios

As described in note 2.1.2.1, the Group applied IFRS 16 “Leases” from September 1, 2019 using the simplified retrospective approach, without restating the comparative periods. Hence, comparative information for the Fiscal 2019 is presented as previously, in application of IAS 17 and the related interpretations.

The Group does not believe the new accounting treatment introduced by IFRS 16 modifies the operating nature of its lease transactions. Accordingly, to ensure the Group’s performance measures continue to best reflect its operating performance, the Group considers repayments of lease liabilities as operating items impacting the Free cash flow, which integrates all leases payments (fixed or variable). Consistently, the lease liabilities are not included in Net debt (treated as operating items).

		FISCAL 2020	FISCAL 2019
Gearing ratio	Borrowings (1) – operating cash (2) / Shareholders’ equity and non-controlling interests	67%	27%
Net debt ratio*	Borrowings (1) – operating cash (2) / Underlying EBITDA (underlying operating profit before Interest, Taxes, Depreciation and Amortization) (3)	2.1	0.8
Debt coverage	Borrowings / Operating cash flow	7.5 years	3.6 years
Financial independence	Non-current borrowings / Shareholders’ equity and non-controlling interests	179.4%	86.8%
Return on equity	Profit attributable to equity holders of the parent / Equity attributable to equity holders of the parent (before profit for the period)	-10.3%	17.6%
ROCE (Return on capital employed)*	Underlying operating profit after tax (4) / Average capital employed (5)	8.6%	18.3%
Interest cover	Operating profit / Net borrowing cost	0.6	11.6

* Due to IFRS 16 adoption, the Group adjusted the calculation of its performance measures, in particular EBITDA and ROCE. The Group considers the Underlying EBITDA as determined in (3) gives a better understanding as it follows the internal performance measures used by management. For the same reasons, the ROCE calculation uses the Underlying operating profit after tax and not the operating profit after tax, and divided by the average capital employed. The comparative period for Fiscal 2019 is determined on the same calculation basis.

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

		FISCAL 2020	FISCAL 2019
(1) Borrowings	Non-current borrowings	4,975	3,902
	+ Non-current derivative financial instrument liabilities	13	7
	+ Current borrowings	21	182
	+ Current derivative financial instrument liabilities	6	0
	- Derivative financial instruments recognized as assets	(22)	(12)
	BORROWINGS	**4,992**	**4,079**
(2) Operating cash	Cash and cash equivalents	2,027	1,781
	+ Restricted cash and financial assets related to the Benefits & Rewards Services activity	1,103	1,120
	- Bank overdrafts	(6)	(35)
	OPERATING CASH	**3,124**	**2,866**
(3) Underlying EBITDA	Underlying operating profit	569	1,200
	+ Depreciation and amortization	622	302
	- Lease payments[1]	(285)	-
	UNDERLYING EBITDA (UNDERLYING OPERATING PROFIT BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION)	**905**	**1,502**
(4) Underlying operating profit after tax	Underlying operating profit	569	1,200
	Underlying Effective tax rate (6)	30.8%	28.9%
	UNDERLYING OPERATING PROFIT AFTER TAX	**392**	**852**
(5) Average capital employed[2]	Property, plant and equipment	625	652
	+ Right-of-use assets relating to leases[3]	1,406	-
	+ Leases liabilities[3]	(1,424)	-
	+ Goodwill	5,961	5,911
	+ Other intangible assets	737	753
	+ Client investments	600	592
	+ Working capital excluding restricted cash and financial assets of the Benefits & Rewards Services activity	(3,343)	(3,256)
	AVERAGE CAPITAL EMPLOYED	**4,563**	**4,651**

(1) As described in note 2.1.2.1, the Group applied IFRS 16 "Leases" starting September 1, 2019 using the simplified retrospective approach, without restating the comparative periods. As a consequence, all rents for Fiscal 2019 were recognized in underlying operating profit.
(2) Average capital employed between the beginning and the end of the period.
(3) In Fiscal 2020, average of the IFRS 16 first time application position as of September 1, 2019 and as of the Fiscal 2020 closing balance.

(6) Below the underlying effective tax rate calculation:

(in millions of euro)	AUGUST 31, 2020 PROFIT BEFORE TAX EXCLUDING SHARE OF PROFIT OF COMPANIES CONSOLIDATED BY THE EQUITY METHOD	AUGUST 31, 2020 INCOME TAX	AUGUST 31, 2020 RATE	AUGUST 31, 2019 PROFIT BEFORE TAX EXCLUDING SHARE OF PROFIT OF COMPANIES CONSOLIDATED BY THE EQUITY METHOD	AUGUST 31, 2019 INCOME TAX	AUGUST 31, 2019 RATE
EFFECTIVE	**(230)**	**(98)**	**-42.6%**	**957**	**(277)**	**28.9%**
Adjustments:						
Restructuring costs	191	(44)		-	-	
Impairment	273	(57)		-	-	
Anticipated refund of USPP	150	(42)		-	-	
Non recognition of non recurrent deferred taxes	-	122		-	-	
Others	38	(11)		-	-	
UNDERLYING	**422**	**(131)**	**30.8%**	**957**	**(277)**	**28.9%**

3

3.3.2 Two-year financial summary

	FISCAL 2020	FISCAL 2019
Total shareholders' equity	**2,773**	**4,498**
Equity attributable to equity holders of the parent	2,758	4,456
Non-controlling interests	15	42
Borrowings[(1)]	**4,992**	**4,079**
Non-current borrowings	4,977	3,903
Current borrowings	14	176
Cash and equivalent, net of bank overdrafts	**2,021**	**1,746**
Financial assets of the Benefits & Rewards Services activity (including restricted cash)	**1,103**	**1,120**
Net borrowings[(2)]	**1,868**	**1,213**
Revenue	**19,321**	**21,954**
Underlying Operating profit	**569**	**1,200**
Operating profit	65	1,059
Profit for the period	(319)	686
Profit attributable to non-controlling interests	(4)	21
Profit attributable to equity holders of the parent	**(315)**	**665**
Weighted average number of shares	**145,868,679**	**145,721,534**
Earnings per share (in euro)	(2.16)	4.56
Dividend per share paid during the fiscal year (in euro)	2.90	2.75
Share price at August 31 (in euro)	59.96	103
Highest share price in the fiscal year (in euro)	50.42	104.95
Lowest share price in the fiscal year (in euro)	107.40	84.92

(1) Including net financial instruments at fair value, excluding bank overdrafts.
(2) Cash and cash equivalents + restricted cash and financial assets of the Benefits & Rewards Services activity – borrowings.

3.3.3 Exchange rates

			CLOSING EXCHANGE RATE AT AUGUST 31, 2020	AVERAGE EXCHANGE RATE FISCAL 2020
ISO CODES	COUNTRIES	CURRENCY	1 EURO =	1 EURO =
CFA	Africa	CFA (thousands)	0.656168	0.656168
ZAR	South Africa	Rand	19.958900	17.961558
DZD	Algeria	Dinar (thousands)	0.151719	0.137362
SAR	Saudi Arabia	Riyal	4.462500	4.185579
ARS	Argentina	Peso	87.864600	87.864600
AUD	Australia	Dollar	1.621400	1.651967
BRL	Brazil	Real	6.473900	5.255367
BGN	Bulgaria	Lev	1.955800	1.955800
CAD	Canada	Dollar	1.560100	1.500363
CLP	Chile	Peso (thousands)	0.927320	0.880803
CNY	China	Yuan	8.171100	7.842229
COP	Colombia	Peso (thousands)	4.455000	4.024708
KRW	South Korea	Won (thousands)	1.415760	1.333720
CRC	Costa Rica	Colon (thousands)	0.703740	0.638700
DKK	Denmark	Krone	7.443900	7.462521
AED	United Arab Emirates	Dirham	4.370300	4.097033
USD	United States	Dollar	1.194000	1.114542
GNF	Guinea	Guinea Franc (thousands)	11.412330	10.475812
HKD	Hong Kong	Dollar	9.253600	8.674971
HUF	Hungary	Forint (thousands)	0.354540	0.342401
INR	India	Rupee (thousands)	0.087469	0.081499
IDR	Indonesia	Rupiah (thousands)	17.404400	16.120820
ILS	Israel	Shekel	4.013100	3.875383
JPY	Japan	Yen (thousands)	0.126470	0.120130
KZT	Kazakhstan	Tenge (thousands)	0.499840	0.448275
KWD	Kuwait	Dinar	0.363200	0.341438
LBP	Lebanon	Pound (thousands)	1.791390	1.679678
MGA	Madagascar	Ariary (thousands)	4.532000	4.150750
MYR	Malaysia	Ringgit	4.973600	4.703275
MAD	Morocco	Dirham	10.876000	10.774817
MXN	Mexico	Peso	26.059000	23.385729
MZN	Mozambique	Metical	84.320000	73.079167
NOK	Norway	Kroner	10.455000	10.504058
NZD	New Zealand	Dollar	1.772800	1.749983
OMR	Oman	Rial	0.456922	0.429320
PEN	Peru	Sol	4.203600	3.809817
PHP	Philippines	Peso	57.837000	56.396958
PLN	Poland	Zloty	4.397100	4.385046

ISO CODES	COUNTRIES	CURRENCY	CLOSING EXCHANGE RATE AT AUGUST 31, 2020 1 EURO =	AVERAGE EXCHANGE RATE FISCAL 2020 1 EURO =
QAR	Qatar	Riyal	4.333000	4.066604
CZK	Czech Republic	Koruna (thousands)	0.026208	0.026101
RON	Romania	New Lei	4.839800	4.803158
GBP	United Kingdom	Pound	0.896050	0.876372
RUB	Russia	Ruble (thousands)	0.088299	0.076530
SGD	Singapore	Dollar	1.623500	1.542363
SEK	Sweden	Krona	10.288800	10.607529
CHF	Switzerland	Swiss Franc	1.077400	1.076296
TZS	Tanzania	Shilling (thousands)	2.754620	2.570154
THB	Thailand	Baht	37.098000	34.692833
TND	Tunisia	Dinar	3.269042	3.171349
TRY	Turkey	New Lira	8.777000	7.075258
UYU	Uruguay	Peso	50.749000	44.592042
VND	Vietnam	Dong (thousands)	27.574740	25.944940

3.3.4 Investment policy

(in millions of euro)	FISCAL 2020	FISCAL 2019
Acquisitions of property, plant, equipment, intangible assets, and client investments	393	415
Acquisitions of equity interests	18	301

As of the date of this document Sodexo has not made any significant firm commitment to acquire equity interests.

Because of the nature of the Group's activities, investments represent less than 2% of revenues and mainly relate to investments on the Group's sites, which are used to support operating activities and are financed by operating cash. None of these investments is individually significant in Fiscal 2020.

The main acquisitions made during Fiscal 2020 are indicated in note 6.1 "Goodwill" to the consolidated financial statements.

A detailed description of changes in investments is provided in notes 4.4, 6.2 and 6.3 to the consolidated financial statements.

3.3.5 Condensed Group organization chart

SODEXO SA

Holds directly or indirectly 100% of the subsidiaries indicated

UNITED KINGDOM	SODEXO LTD SODEXO IRELAND LTD SODEXO REMOTE SITES SCOTLAND LTD STH JAPAN K.K.
NORTH AMERICA	SODEXO, INC CENTERPLATE ULTIMATE HOLDINGS, CORP. CK FRANCHISING, INC SODEXO CANADA LTD
FRANCE	SOGERES SA SODEXO ENTREPRISES SAS SODEXO SANTE MEDICO SOCIAL SAS SOCIETE FRANCAISE DE RESTAURATION ET SERVICES SODEXO ENERGIE ET MAINTENANCE SODEXO SPORTS ET LOISIRS SODEXO JUSTICE SERVICES
EUROPE	SODEXO SERVICE SOLUTIONS AUSTRIA GMBH SODEXO ITALIA SPA SODEXO BELGIUM SA SODEXO SERVICES GMBH (GERMANY) SODEXO IBERIA SA SODEXO AB (SWEDEN) SODEXO NEDERLAND BV SODEXO LUXEMBOURG SA
SOUTH AMERICA	SODEXO CHILE SPA SODEXO DO BRASIL COMERCIAL SA SODEXO FACILITIES SERVICES LTDA (BRASIL) SODEXO PEROU SAC SODEXO SAS (COLOMBIA)
ASIA AUSTRALIA	SODEXO MANAGEMENT CO LTD SHANGHAI SODEXO SINGAPORE PTE LTD SODEXO REMOTE SITES AUSTRALIA PTY LTD SODEXO FOOD SOLUTIONS INDIA PRIVATE LTD SODEXO EUROASIA SARL (RUSSIA) KELVIN CATERING SERVICES LLC (UNITED ARAB EMIRATES)*
BENEFITS & REWARDS SERVICES	SODEXO PASS INTERNATIONAL SAS (FRANCE) SODEXO PASS FRANCE SA SODEXO PASS DO BRASIL SERV. E COMERCIO SA SODEXO PASS CESKA REPUBLICA AS SODEXO PASS BELGIUM SA SODEXO MOTIVATION SOLUTIONS UK LTD INSPIRUS LLC (USA)

*Third party non-controlling interest

NB: The operating subsidiaries indicated for each geographic area or activity are those with the highest revenues for Fiscal 2020.

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. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended August 31, 2020

SODEXO

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

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Shareholders Meeting, we have audited the accompanying consolidated financial statements of Sodexo for the year ended August 31, 2020. These consolidated financial statements were approved by the Board of Directors on October 28, 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

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, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from September 1, 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to note 2.1.2 "New accounting standards and interpretations required to be applied" to the consolidated financial statements, which describes the adoption at September 1, 2019 of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments".

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill

(Note 6.4 to the consolidated financial statements)

Description of risk

At August 31, 2020, the goodwill balance amounted to 5,764 million euro, representing the largest item on the balance sheet. An impairment loss is recognized if the recoverable amount of goodwill as determined during the annual impairment test or during a specific test carried out where there is an indication of impairment, is lower than its carrying amount.

Recoverable amount is typically determined based on the present value of future cash flows and requires significant judgment from management, in particular as regards the preparation of business forecasts, as well as the discount and long-term growth rates used.

Accordingly, we deemed the measurement of the recoverable amount of goodwill to be a key audit matter, due to the size of the goodwill balance and the inherent uncertainty of certain inputs, in particular the likelihood of achieving forecast results included in such measurement.

How our audit addressed this risk

We performed a critical review of the methods applied by management to determine the recoverable amount of goodwill. Our audit work consisted in:

- assessing the components of the carrying amount of cash-generating units (CGUs) or groups of CGUs, corresponding to the level at which goodwill is monitored by the Group, and their consistency with those used in projecting future cash flows;
- assessing the consistency of the projected future cash flows with the economic environments in which the Group operates;
- assessing the consistency of the growth rates used to project future cash flows with available long term inflation forecasts for the relevant geographic regions;
- assessing the reasonableness of the discount rates applied to projected future cash flows, verifying in particular that the various inputs used to calculate the weighted average cost of capital for each CGU or group of CGUs were sufficient to approximate the return expected by market participants for similar activities;
- verifying that note 6.4 to the consolidated financial statements contains the appropriate disclosures on the sensitivity of the recoverable amount of goodwill to changes in the main assumptions used.

Supplier discount allowances

(Note 4 to the consolidated financial statements)

Description of risk

Vendor Discounts and Allowances (VDAs) received by the Group from suppliers in the context of Sodexo managed food or facilities services contracts are recognized as a reduction in cost of sales.

The Group has a large number of supplier purchasing agreements that provide for VDAs based on quantities purchased or other contractual conditions, including exceeding thresholds or respecting commitments, such as vendor exclusivity arrangements. These agreements may be signed at a local, regional or global level.

Due to the number of such agreements within the Group and the fact that their anniversaries do not always coincide with the Group's fiscal year, the measurement of VDAs requires significant estimates from management and is therefore deemed to be a key audit matter.

How our audit addressed this risk

We tested, as we deemed relevant, the effectiveness of the controls implemented by management to avert or detect any errors in estimating the value of VDAs.

Our audit procedures included, on a sample basis:

- analyzing supplier agreements and the proper application of their terms and conditions in determining the VDAs recognized for the fiscal year, in particular as regards purchasing volumes, including the estimation of VDA accruals at the end of the reporting period;
- verifying the existence of the most material receivables recognized at the end of the reporting period with regard to accrued VDAs, as well as the consistency of their calculation with the terms and conditions of the supplier agreements;
- comparing the VDAs effectively received after the end of the reporting period with the receivables recognized at the end of the reporting period in order to assess the reliability of the Group's estimates.

Tax risks

(Notes 2.1.2.2, 2.1.2.3 and 10.2 to the consolidated financial statements)

Description of risk

The Group has operations in numerous countries around the world and, in the normal course of business, is subject to regular inspections by local tax authorities.

Such inspections may give rise to tax adjustments and disputes with tax authorities.

Estimates of the impacts of these tax risks and any related provisions involve significant judgment by management, especially as regards the expected outcome of disputes in progress or the probability of identified risks occurring. Accordingly, we deemed this subject to be a key audit matter.

How our audit addressed this risk

We held meetings with management to gain an understanding of the internal control procedures implemented to identify tax risks and uncertain tax positions, and, when necessary, determine any provisions.

With the support of our tax experts, we also:

- held meetings with the Group tax department and local management to assess the latest status of any inspections in progress and tax adjustments notified by the tax authorities, and to monitor developments in any disputes in progress;
- consulted the recent decisions and correspondence of Group companies with the tax authorities, and gained an understanding of the correspondence between the companies concerned and their tax advisors;
- analyzed the responses of the tax advisors to our requests for information or their analyses of disputes in progress;
- conducted a critical review of the estimates and positions adopted by management;
- verified that the latest developments had been factored into the risk analysis and the estimates of the provisions set aside in the statement of financial position.

SPECIFIC VERIFICATIONS

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report approved on October 28, 2020.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information related to the Group given in the management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with the requirements of article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Sodexo by the Shareholders Meetings held on February 22, 1994 for PricewaterhouseCoopers Audit and on February 4, 2003 for KPMG Audit.

At August 31, 2020, PricewaterhouseCoopers Audit and KPMG Audit were in the twenty-seventh and the eighteenth consecutive year of their engagement, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, October 28, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	**KPMG Audit**
	Department of KPMG SA
Stéphane Basset	Caroline Bruno-Diaz

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4.1 SODEXO S.A. INDIVIDUAL COMPANY FINANCIAL STATEMENTS

4.1.1 Income statement

(in millions of euro)	NOTES	FISCAL 2020	FISCAL 2019
Revenues	**3**	**135**	**128**
Other operating income		199	317
Purchases		(1)	(1)
Employee costs		(65)	(76)
Other operating expenses		(259)	(337)
Taxes other than income taxes		(9)	(9)
Depreciation, amortization and change in provisions		(18)	(6)
Operating profit		**(18)**	**16**
Financial income/(expense), net	4	358	580
Exceptional income/(expense), net	5	(133)	(22)
Employee profit-sharing		-	-
Income taxes	6	14	23
Net income		**221**	**597**

4.1.2 Balance sheet

Assets

(in millions of euro)	NOTES	AUGUST 31, 2020	AUGUST 31, 2019
NON-CURRENT ASSETS, NET			
Intangible assets	7	50	38
Property, plant and equipment	7	6	4
Financial investments	7-9	7,581	6,618
TOTAL NON-CURRENT ASSETS	**7**	**7,637**	**6,660**
CURRENT AND OTHER ASSETS			
Accounts receivable	9	32	66
Prepaid expenses, other receivables and other assets	9	958	471
Marketable securities	11	138	145
Cash		617	84
TOTAL CURRENT AND OTHER ASSETS		**1,745**	**766**
TOTAL ASSETS		**9,383**	**7,426**

Liabilities and equity

(in millions of euro)	NOTES	AUGUST 31, 2020	AUGUST 31, 2019
SHAREHOLDERS' EQUITY			
Share capital		590	590
Additional paid-in capital		248	248
Reserves and retained earnings		1,806	2,010
Restricted provisions		**15**	**15**
TOTAL SHAREHOLDERS' EQUITY	**13**	**2,659**	**2,863**
Provisions for contingencies and losses	10	392	384
LIABILITIES			
Borrowings	14-15	6,138	3,609
Accounts payable	14	50	44
Other liabilities	14	144	526
TOTAL LIABILITIES AND PROVISIONS		**6,724**	**4,563**
TOTAL LIABILITIES AND EQUITY		**9,383**	**7,426**

4.2 NOTES TO THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

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1. SIGNIFICANT EVENTS

1.1 Capital transactions

During Fiscal year 2020, Sodexo S.A. purchased 340,00 of its own shares for 34 million euro, to be used for restricted share grants.

1.2 External borrowings

On April 27, 2020 and July 17, 2020, Sodexo S.A. issued two bonds for a total nominal amount of 2.5 billion euro, which allowed it to extend the average maturity of its debt and strengthen its long-term liquidity reserves (see note 15.1 "Bond issues").

In addition, in order to preserve its independence and financial agility, Sodexo S.A. proceeded in July 2020 to early redeem its U.S. Private Placement (USPP borrowings), with a nominal amount of 607 million U.S. dollars. In accordance with the contractual provisions, compensation for a total amount of 48 million U.S. dollars (42 million euro) was paid and recognized as exceptional expenses. Following this transaction, described in notes 5. "Exceptional items" and 15.2.2 "U.S. private placements", Sodexo S.A. is no longer subject to compliance with any financial covenant in respect of its borrowings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The individual company financial statements have been prepared in accordance with the *plan comptable général* of 2014 and regulation no. 2014-03 issued by the Autorité des normes comptables (ANC), as amended by regulation no. 2016-07 dated November 4, 2016.

The accounting policies applied in preparing the individual company financial statements for Fiscal 2020 are the same as those applied for Fiscal 2019. The financial statements have been prepared using the historical cost convention.

In accordance with regulation no. 2015-06 issued by the ANC, merger deficits are included in "Other financial assets" (see note 7, "Non-current assets").

ANC regulation no. 2015-05 concerning forward financial instruments and hedging transactions has been effective for Sodexo S.A. since September 1, 2017 (see note 2.5 below for further details).

General accounting conventions were applied with respect to the principle of prudence and in accordance with basic assumptions as follows:

- going concern;
- consistency of accounting policies from one period to the next;
- proper cut-off between periods.

The basic method used to value the items recognized in the accounts is the historical cost method. Only significant information is disclosed.

The amounts presented in the tables in these notes are in millions of euro.

Exceptional items comprise items that do not relate to ordinary activities, and certain items that do relate to ordinary activities but are of an exceptional nature.

The balance sheet and income statement of Sodexo S.A. include amounts for branches in metropolitan France and in French overseas departments and regions.

2.1 Non-current assets

Non-current assets are valued at acquisition cost or historical cost. Acquisition cost comprises the amount paid plus all incidental costs directly related to the acquisition or to the installation of the asset, and incurred to enable the asset to function as intended.

Depreciation is calculated over the useful life of the asset using the straight-line method, which is considered to best reflect the underlying economic reality.

2.1.1 Intangible assets

Software is amortized over three to five years and integrated management software packages are amortized over three to seven years, depending on their expected useful lives.

The difference between the accounting and tax amortization of intangible assets is recognized as exceptional amortization.

2.1.2 Property, plant and equipment

The straight-line depreciation lives generally used are:

Buildings	20 years
General fixtures and fittings	3-10 years
Plant and machinery	4-10 years
Motor vehicles	4 years
Office and computer equipment	3-10 years
Other property, plant and equipment	5-10 years

2.1.3 Financial investments

Equity investments and other financial investments are carried on the balance sheet at cost. At each balance sheet date, a provision for impairment is recorded if the value in use of these assets is less than their net carrying amount including any merger deficits allocated to the assets for accounting purposes.

The value in use of investments is determined on the basis of net asset value, profitability and the future prospects of the investee.

When the carrying amount of an investment is higher than the net book value of the share of net assets of the subsidiary, the valuation is also supported by comparing the carrying amount of the investment to its value in use based on discounted future cash flows, using the following parameters:

- after-tax cash flows derived from business plans and a terminal value calculated by extrapolating the data for the final year of the business plan using a long-term growth rate specific to the business activity and geographic region Business plans generally cover one to five years;
- the cash flows are discounted using a rate based on the weighted average cost of capital.

Based on the estimated value in use, an investment may be maintained at a carrying amount in excess of the share of book net assets held.

Costs incurred to acquire shares in companies recognized at cost are recognized for tax purposes as exceptional amortization over a five-year period.

Receivables related to equity investments are recognized at face value. A provision for impairment is recorded where the recoverable amount is less than the carrying amount.

When an equity investment is sold or liquidated, any provision for impairment previously recognized against that investment is released and recorded as exceptional income.

2.2 Accounts receivable

Accounts receivable are recognized at face value. An allowance for doubtful accounts is recorded where the recoverable amount is less than the carrying amount.

2.3 Marketable securities (excluding treasury shares)

Marketable securities are recognized at acquisition cost, with any unrealized losses at the balance sheet date covered by a provision for impairment.

2.4 Treasury shares – restricted share plans

A provision is recorded when it is probable that restricted share plans will give rise to an outflow of resources. The amount of the provision is based on the cost of the treasury shares acquired (or to be acquired) for allocation to each plan.

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.

When treasury shares are neither allocated to a plan nor held for the purpose of being cancelled, they are valued at the lower of the average purchase price and the average market price for the last month of the fiscal year.

Treasury shares acquired for cancellation purposes are recognized in other financial assets and no provision for impairment is recorded.

2.5 Foreign currency transactions

Foreign currency revenues and expenses are translated using the exchange rate as of the transaction date. Foreign currency liabilities and receivables are translated in the balance sheet at the exchange rate prevailing as of the balance sheet date. Any difference arising from the retranslation of foreign currency liabilities and receivables at the closing exchange rate is recorded in the balance sheet. Unrealized foreign exchange losses at the balance sheet date are recognized to the extent the underlying balance is not hedged.

In accordance with the ANC regulation no. 2015-05, for foreign currency transactions a distinction is now made between commercial transactions and financial transactions, with the exchange gains and losses on these transactions recognized as follows:

- within operating profit, under “Other operating expenses” for commercial transactions;
- within “Financial income/(expense), net” for financial transactions, which includes the premiums on currency hedges recognized over the duration of the contracts.

2.6 Debt issuance costs

Debt issuance costs are recognized as a deferred charge asset in the balance sheet and amortized straight-line over the term of the debt.

2.7 Retirement benefits

Retirement benefit obligations due to active employees by law or under collective agreements are included in off-balance sheet commitments. Commitments under supplementary retirement plans are estimated using the projected unit credit method based on final salary and are also included in off-balance sheet commitments, net of any plan assets.

2.8 French tax consolidation

Sodexo S.A. is the lead company in the French tax consolidation, and has sole liability for income taxes for the entire French tax group. Each company included in the French tax consolidation recognizes the income tax for which it would have been liable had there been no French tax consolidation. Any income tax gains or losses arising from the French tax consolidation are recognized in the Sodexo S.A. financial statements.

In connection with position statement no. 2005-G issued on October 12, 2005 by the Urgent Issues Committee of the *Conseil national de la comptabilité* on the conditions under which a provision may be recognized by a Parent company covered by a French tax consolidation, Sodexo S.A. has elected the following accounting treatment: a provision for taxes is recognized in the financial statements of Sodexo S.A. to cover tax losses of subsidiaries which are used to offset income in the French tax consolidation and which will probably be reclaimed by the subsidiary. All tax losses incurred by operating subsidiaries are regarded as probable of being reclaimed by the subsidiary, given that the subsidiary will be able to offset such losses against income once it returns to profitability.

3. ANALYSIS OF NET REVENUES

(in millions of euro)	FISCAL 2020	FISCAL 2019
Revenues by business activity		
On-site Services	-	-
Holding company services	135	128
TOTAL	**135**	**128**
Revenues by geographic region		
France	135	128
French overseas departments and regions	-	-
TOTAL	**135**	**128**

4. FINANCIAL INCOME AND EXPENSE, NET

(in millions of euro)	FISCAL 2020	FISCAL 2019
Dividends received from subsidiaries and affiliates	476	711
Interest income	15	16
Interest expense	(91)	(82)
Net foreign exchange gain/(loss)	(3)	(45)
Net change in provisions for financial items	(39)	(20)
TOTAL	**358**	**580**

The net change in provisions for financial items primarily corresponds to the net total of charges to and releases of provisions for impairment of equity investments for 44 million euro.

The amount of interest expense includes a merger deficit of 6 million euro relating to the reorganization of the Group's legal structure.

5. EXCEPTIONAL ITEMS, NET

(in millions of euro)	FISCAL 2020	FISCAL 2019
Net change in provision for negative net assets of subsidiaries and equity investments	(46)	(17)
Net expense on treasury shares and commitments under stock option plans	(8)	(8)
Net change in restricted provisions and exceptional depreciation	-	-
Net change in provisions for tax losses reclaimable by subsidiaries included in the French tax consolidation	(29)	(5)
Debt forgiveness/subsidies given	-	-
Net gain/(loss) on asset disposals	(8)	8
Other	(42)	-
TOTAL	**(133)**	**(22)**

The net loss on asset disposals includes gains and losses on equity investments sold in connection with the reorganization of the Group's legal structure.

The 8 million euro net expense on treasury shares and commitments under stock option plans comprises:

- a 53 million euro loss on the sale of treasury shares in connection with the delivery of restricted shares;
- a 45 million euro net release of provisions for restricted share grants.

The "Other" line item includes an indemnity of 42 million euro in Fiscal 2020 due as a result of Sodexo S.A.'s early redemption of 607 million euro of its 2011 and 2018 U.S private placement borrowings.

6. ANALYSIS OF INCOME TAX EXPENSE

(in millions of euro)	PRE-TAX INCOME	INCOME TAXES	AFTER-TAX INCOME
Operating income	(18)	2	(16)
Financial income/(expense), net	358	13	371
Exceptional income/(expense), net	(133)	(1)*	(134)
Employee profit-sharing	-	-	-
TOTAL	**207**	**14**	**221**

* This amount includes the 14 million euro tax gain arising from the French tax consolidation.

7. NON-CURRENT ASSETS

(in millions of euro)	GROSS VALUE AT AUGUST 31, 2019	ADDITIONS DURING THE PERIOD	DECREASES DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	GROSS VALUE AT AUGUST 31, 2020	NET VALUE AT AUGUST 31, 2020
Intangible assets	89	21	1	-	109	50
Property, plant and equipment	17	4	-	-	21	6
Financial investments						
• Equity investments	6,637	368	13	-	6,992	6,806
• Receivables related to equity investments	54	704	51	(1)	706	697
• Other financial assets	87	-	9	-	78	78
TOTAL FINANCIAL INVESTMENTS	6,778	1,072	73	(1)	7,776	7,581
TOTAL	**6,884**	**1,097**	**74**	**(1)**	**7,906**	**7,637**

In accordance with ANC regulation no. 2015-06, merger deficits are included in “Other financial assets” for 74 million euro.

Sodexo S.A. participated in the recapitalization of its subsidiaries in Belgium, The Netherlands and Australia.

“Other movements during the period” were due to the reorganization of the Group’s legal structure.

8. DEPRECIATION AND AMORTIZATION

(in millions of euro)	ACCUMULATED DEPRECIATION AND AMORTIZATION AUGUST 31, 2019	INCREASES DURING THE PERIOD	DECREASES DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	ACCUMULATED DEPRECIATION AND AMORTIZATION AUGUST 31, 2020
Intangible assets	51	8	-	-	59
Property, plant and equipment	13	2	-	-	15
TOTAL	**64**	**10**	**-**	**-**	**74**

9. AMOUNT AND MATURITY OF RECEIVABLES AND OTHER ASSETS

(in millions of euro)	GROSS VALUE	LESS THAN 1 YEAR	MORE THAN 1 YEAR	AMORTIZATION AND PROVISIONS	CARRYING AMOUNT
Equity investments	6,992	-	6,992	186	6,806
Receivables related to equity investments	706	706	-	9	697
Other financial assets	78	4	74	-	78
TOTAL FINANCIAL INVESTMENTS	**7,776**	**710**	**7,066**	**195**	**7,581**
Accounts receivable	33	33	-	1	32
Prepaid expenses, other receivables and other assets	958	843	115	-	958
TOTAL ACCOUNTS AND OTHER RECEIVABLES	**991**	**876**	**115**	**1**	**990**
TOTAL	**8,767**	**1,586**	**7,181**	**196**	**8,571**

There is no commercial paper included in accounts receivable.

10. PROVISIONS AND IMPAIRMENT

(in millions of euro)	AUGUST 31, 2019	INCREASES AND CHARGES DURING THE PERIOD	DECREASES, RELEASES AND RECLASSIFICATIONS DURING THE PERIOD	OTHER MOVEMENTS DURING THE PERIOD	AUGUST 31, 2020
Provisions for contingencies and losses	383	121	112	-	392
Impairment					
• financial investments	160	44	9	-	195
• current assets	3	-	2	-	1
TOTAL IMPAIRMENT	**163**	**44**	**11**	**-**	**196**
TOTAL	**546**	**165**	**123**	**-**	**588**
Increases and decreases:					
• operating items		13	13		
• financial items		69	33		
• exceptional items		83	77		

As of August 31, 2020, the main provisions for contingencies and losses were for the following:

- restricted share grants for 134 million euro;
- losses reclaimable by subsidiaries included in the French tax consolidation for 139 million euro;
- subsidiaries in negative net equity positions for 86 million euro;
- foreign exchange losses for 25 million euro;
- litigation for 8 million euro.

11. MARKETABLE SECURITIES

(in millions of euro)	GROSS VALUE AUGUST 31, 2020	NET VALUE AUGUST 31, 2020	NET VALUE AUGUST 31, 2019
Treasury shares	127	127	137
Cash in the liquidity contract account	11	11	7
TOTAL	**138**	**138**	**144**

12. TREASURY SHARES

MOVEMENTS IN TREASURY SHARES DURING THE FISCAL YEAR

	MARKETABLE SECURITIES	OTHER FINANCIAL ASSETS
Number of shares held		
September 1, 2019	1,448,566	-
Acquisitions	2,471,771*	-
Disposals	(2,477,986)*	-
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	-	-
Allocation as treasury shares held for cancellation	-	-
August 31, 2020	1,442,351	-
Gross value of shares held (in millions of euro)		
September 1, 2019	145	-
Acquisitions	186*	-
Disposals	(193)*	-
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	-	-
Allocation as treasury shares held for cancellation	-	-
August 31, 2020	138	-

* Acquisitions and disposals include the implementation of the liquidity contract signed with an investment services provider, which complies with the decision 2018-01 of the French securities regulator (*Autorité des marchés financiers* – AMF), for the purpose of improving the liquidity of Sodexo shares and the regularity of the quotations.
Disposals of treasury shares also include those resulting from the delivery of free shares granted to employees in prior years.

13. SHAREHOLDERS' EQUITY

13.1 Share capital

As of August 31, 2020, the Company's share capital totaled 589,819,548 euro and comprised 147,454,887 shares, including 70,890,216 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, limited to 0.5% of the capital per shareholder.

13.2 Changes in shareholders' equity

(in millions of euro)

Shareholders' equity at end of previous fiscal year	2,863
Dividends approved by Shareholders Meeting and paid	(430)
Dividends on treasury shares	5
Net income for the fiscal year	221
Restricted provisions	-
Cancellation of treasury shares leading to a reduction in capital and additional paid-in capital	-
Other – Premiums/discounts on currency forwards	-
SHAREHOLDERS' EQUITY AT END OF FISCAL YEAR	**2,659**

In accordance with article L.225-210 of the French Commercial Code, Sodexo has reserves in addition to the legal reserve at least equal to the value of treasury shares held.

14. AMOUNT AND MATURITY OF LIABILITIES

LIABILITIES (in millions of euro)	GROSS AMOUNT	LESS THAN 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
Bond issues	4,998	18	2,100	2,880
Borrowings from related companies	1,140	560	-	580
Other borrowings	-	-	-	-
SUB-TOTAL BORROWINGS	**6,138**	**578**	**2,100**	**3,460**
Accounts payable*	50	50	-	-
Other liabilities	144	144	-	-
TOTAL	**6,332**	**772**	**2,100**	**3,460**

* Only accounts payable and accrued expenses are included in this line item.

There is no commercial paper included in payables.

ACCOUNTS PAYABLE BY AMOUNT AND DUE DATE (in millions of euro)	TOTAL	< 30 DAYS	31-44 DAYS	45-75 DAYS	76-90 DAYS	> 90 DAYS
Non-Group accounts payable*	45	43	-	2	-	-
Group accounts payable	5	5	-	-	-	-
TOTAL	**50**	**48**	**-**	**2**	**-**	**-**

* Only accounts payable and accrued expenses are included in this line item.

15. BOND ISSUES AND OTHER BORROWINGS

15.1 Bond issues

On June 24, 2014, Sodexo S.A. completed a bond issue structured in two tranches:

- a 600 million euro tranche redeemable at par on January 24, 2022 and bearing interest at an annual rate of 1.75%, with interest payable annually on January 24;
- a 500 million euro tranche redeemable at par on June 24, 2026 and bearing interest at an annual rate of 2.50%, with interest payable annually on June 24.

Accrued interest on these bonds amounted to 9 million euro as of August 31, 2020.

On October 14, 2016 Sodexo S.A. issued bonds for 600 million euro redeemable in April 2027 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 14. On August 1, 2017, the Company increased this issue with an additional 200 million euro of bonds. Accrued interest on these bonds was 2 million euro as of August 31, 2020.

On May 22, 2018, Sodexo S.A. issued bonds for 300 million euro redeemable in May 2025 and bearing interest at an annual rate of 1.125%, with interest payable annually on May 22. Accrued interest on this bond was 1 million euro as of August 31, 2020.

On June 26, 2019, Sodexo S.A. issued bonds for 250 million pounds sterling redeemable in June 2028 and bearing interest at an annual rate of 1.75%, with interest payable annually on June 26. Accrued interest on this bond was 1 million euro as of August 31, 2020.

On April 27, 2020, Sodexo S.A. completed a bond issue structured in two tranches:

- a 700 million euro tranche redeemable at par on April 27, 2025 and bearing interest at an annual rate of 0.75%, with interest payable annually on April 27;
- a 800 million euro tranche redeemable at par on April 27, 2029 and bearing interest at an annual rate of 1%, with interest payable annually on April 27.

Accrued interest on this bond amounted to 5 million euro as of August 31, 2020.

On July 17, 2020, Sodexo S.A. completed a bond issue structured in two tranches:

- a 500 million euro tranche redeemable at par on January 17, 2024 and bearing interest at an annual rate of 0.5%, with interest payable annually on January 17;
- a 500 million euro tranche redeemable at par on July 17, 2028 and bearing interest at an annual rate of 1%, with interest payable annually on July 17.

Accrued interest on this bond amounted to 1 million euro as of August 31, 2020.

None of the above-described bonds are subject to financial covenants.

15.2 Other borrowings

15.2.1 July 2011 multicurrency confirmed credit facility

On July 18, 2011, Sodexo S.A. contracted a multicurrency credit facility for a maximum of 600 million euro plus 800 million U.S. dollars, with an original maturity date of July 18, 2016. This facility has been amended on a number of occasions with the most recent amendment being in July 2019 with a new maturity date of July 2024, with two options to extend the maturity by one year each, up to July 2026. The maximum available limits under this facility now are 589 million euro plus 785 million U.S dollars.

The most recent amendment also incorporates a sustainability clause that links the credit facility cost to Sodexo's ability to comply with its public commitment to reduce its food waste by 50% by 2025.

On May 20, 2020, the Group obtained a further two bilateral facilities totaling 250 million euro. One facility is a 150 million euro facility and is due to mature in May 2021 and the second facility is a 100 million euro facility that is due to mature in January 2021 with the option to extend the facility for 8 months.

Amounts drawn on this facility carry floating interest indexed on the LIBOR and EURIBOR rates. This credit facility is not subject to any covenants.

No amounts had been drawn down on the facility as of either August 31, 2020 or August 31, 2019.

15.2.2 U.S. Private Placements

During Fiscal 2020, Sodexo S.A redeemed the full outstanding balance of U.S. Private Placement of 607 million U.S. dollars issued between 2011 and 2018.

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In accordance with the terms of the USPP loans, this repayment resulted in the payment of an indemnity of 48 million U.S. dollars (42 million euro).

Following this transaction, Sodexo S.A. is no longer subject to compliance with any financial covenant under its borrowings.

15.2.3 Commercial paper

As of August 31, 2020, borrowings under the Sodexo S.A. commercial paper programs are nil, as on August 31, 2019.

The bonds and loans from financial institutions described above include customary early redemption clauses. These early redemption clauses include cross-default or change of control clauses that apply to all borrowings.

15.3 Borrowings from related companies

On July 24, 2020, Sodexo S.A. borrowed 607 million U.S. dollars (522 million euro) from its subsidiary Sodexo Finance USD Limited redeemable on April 20, 2021. The amount of accrued interest relating to this loan was 0.4 million euro as of August 31, 2020.

On September 14, 2017, Sodexo S.A. borrowed 580 million euro from its subsidiary Sodexo Finance Designed Activity Company redeemable in September 2034. The amount of accrued interest relating to this loan amounted to 15 million euro as of August 31, 2020.

16. ACCRUED EXPENSES – DEFERRED REVENUES AND PREPAID EXPENSES

ACCRUED EXPENSES (in millions of euro)	
Borrowings	34
Accounts payable	17
Tax and employee-related liabilities	12
TOTAL	**63**

DEFERRED REVENUES AND PREPAID EXPENSES (in millions of euro)	
Deferred revenues	1
Prepaid expenses	11

17. RELATED-PARTY INFORMATION

(in millions of euro)	RELATED PARTIES	ASSOCIATED COMPANIES	OTHER	TOTAL
Assets – Gross values				
Equity investments	6,971	21	-	6,992
Receivables related to equity investments	697	9	-	706
Other investment securities	-	-	-	-
Advances to suppliers	-	-	-	-
Accounts receivable	32	-	-	32
Other operating receivables	2	-	-	2
Due from related companies	658	-	-	658
Non-operating receivables	-	-	-	-
TOTAL	**8,360**	**30**	**-**	**8,390**
Liabilities				
Accounts payable	5	-	-	5
Due to related companies	106	-	-	106
TOTAL	**111**	**-**	**-**	**111**
Income statement				
Revenues	132	-	-	132
Other operating income	174	-	-	174
Other operating expenses	(130)	-	-	(130)
Financial income	492	-	-	492
Financial expenses	(65)	-	-	(65)
Exceptional income	36	-	-	36
Exceptional expenses	(54)	-	-	(54)

Related parties: fully consolidated companies.

Associated companies: companies accounted for under the equity method, and non-consolidated companies in which Sodexo S.A. has an equity interest of more than 10%.

Other: companies accounted for under the equity method, and non-consolidated companies in which Sodexo S.A. has an equity interest of less than 10%.

There has been no related-party transaction that is both material and falls outside the framework of normal business dealings concluded at conditions that are not arm's-length.

18. FINANCIAL COMMITMENTS

18.1 Commitments made by Sodexo S.A.

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Performance bonds given to Sodexo Group clients	1,614	1,606
Financial guarantees to third parties	5,056	5,598
Retirement benefit commitments	12	13
Other commitments	139	137
TOTAL	**6,821**	**7,354**

Financial guarantees to third parties concern (i) guarantees for loans granted to Sodexo S.A. subsidiaries, (ii) guarantees related to reverse factoring programs set up by Sodexo S.A. subsidiaries, capped at 580 million euro (of which 77 million euro was guaranteed as of August 31, 2020), and (iii) a 1,925 million euro guarantee given during the year for a commercial paper program.

The leases for the Group's corporate headquarters in Issy-les-Moulineaux increased commitments for office leases by 20 million euro.

Other commitments notably include the guarantee issued by Sodexo S.A. in October 2012 to cover Sodexo UK's retirement plan obligation in the United Kingdom (*i.e.,* until October 2024). This guarantee was issued to the plan trustee for a maximum 100 million pounds sterling with a 12-year term.

18.2 Commitments received by Sodexo S.A.

(in millions of euro)	AUGUST 31, 2020	AUGUST 31, 2019
Commitments received	2,400	2,950

Commitments received mainly correspond to counter-guarantees by Sodexo, Inc. of Sodexo S.A.'s financial borrowings, which decreased due to the reimbursement of the borrowings during the year.

18.3 Financial instrument commitments

The ongoing commitments as of the end of the year were as follows:

DESCRIPTION	INCEPTION DATE	EXPIRATION DATE	NOMINAL AMOUNT	MARKET VALUE AS OF AUGUST 31, 2020
Forward currency purchase	April 2011 June 2019	April 2021 June 2028	USD 633 million GBP 250 million	EUR 92 million EUR 11 million
Swap hedging the currency and interest rate risk on a loan to Sodexo do Brasil Comercial SA	May 2020	November 2020	BRL 80 million	EUR 1 million

Sodexo may use derivative financial instruments in order to hedge its exposure to volatility in interest and currency exchange rates.

19. MAIN ADJUSTMENTS TO THE FUTURE TAX BASIS

INCREASES (in millions of euro)	
Exceptional amortization	15

DECREASES (in millions of euro)	
Employee profit-sharing	-
Other non-deductible provisions	5

The future tax liability related to this unrealized tax difference was 3 million euro, calculated at a rate of 34.43%.

20. RETIREMENT BENEFIT COMMITMENTS

20.1 Retirement benefits payable by law or under collective agreements

Sodexo S.A. is required to pay benefits to retiring employees on the terms stipulated in a company-wide collective agreement. The amount of the commitment has been calculated on the basis of rights vested at the balance sheet date, taking into account assumptions about final salary, discount rates and employee turnover.

This commitment, which is not recognized as a liability in the balance sheet, was estimated at 8 million euro as of August 31, 2020.

20.2 Commitments related to a supplemental pension plan

Commitments related to a supplemental pension plan were estimated using the projected unit credit method based on final salary and net of funding for the plan. These commitments, amounting to 4 million euro, are not recognized in the financial statements.

21. DIRECTORS' FEES

Directors' fees paid to Board members during the fiscal year represented less than 1 million euro (refer to section 5.5.3).

22. FRENCH TAX CONSOLIDATION

22.1 Benefit arising from French tax consolidation

Sodexo S.A. recognized a benefit of 14 million euro from the French tax consolidation for Fiscal 2020. This benefit represents the difference between the aggregate of the tax income and expenses recognized by the French subsidiaries included in the French tax consolidation and the income tax of Sodexo S.A. as lead company in the French tax consolidation.

22.2 Tax losses reclaimable as of August 31, 2020

The amount of potentially reclaimable tax losses from subsidiaries included in the French tax consolidation as of August 31, 2020 was 435 million euro, resulting in a provision of 139 million euro (using a rate of 32.02%).

23. AVERAGE NUMBER OF EMPLOYEES

	AUGUST 31, 2020	AUGUST 31, 2019
Managers	403	358
Supervisors	28	30
Other	3	37
Apprentices	14	9
TOTAL	**448**	**434**

The average number of employees is an average of the number of employees who were present at the end of each quarter.

24. CONSOLIDATION

Sodexo S.A. is consolidated in the financial statements of Bellon SA, which has its registered office at 17-19, place de la Résistance, Issy-les-Moulineaux, France. The consolidated financial statements of the Sodexo Group are presented in chapter 3 of this Universal Registration Document.

25. SUBSEQUENT EVENTS

No significant events occurred between the end of the reporting period and the date on which the Board of Directors approved the financial statements.

26. LIST OF SUBSIDIARIES AND OTHER EQUITY INVESTMENTS

(in thousands of euro)	CAPITAL	OTHER SHAREHOLDERS' EQUITY	PERCENTAGE INTEREST IN CAPITAL	BOOK VALUE OF INVESTMENT GROSS	BOOK VALUE OF INVESTMENT NET	LOANS AND ADVANCES GRANTED, NET	GUARANTEES GIVEN	REVENUES FOR MOST RECENT FISCAL YEAR	INCOME FOR MOST RECENT FISCAL YEAR	DIVIDENDS RECEIVED DURING THE FISCAL YEAR
Detailed information										
French subsidiaries										
Sodexo Pass International SAS	406,656	302,652	100,00%	662,056	662,056	-	-	-	94,598	80,060
Sodexo Entreprises	51,697	(21,356)	100,00%	201,669	201,669	-	1,250	550,230	(8,044)	11,923
Sofinsod SAS	82,683	277,300	100,00%	133,860	133,860	-	-	-	10,164	-
Sogeres	2,153	6,610	92,26%	107,717	107,717	-	-	410,788	(8,116)	2,286
Sodexo GC	15,095	1,673	100,00%	72,218	72,218	-	-	-	4,513	-
SEVPTE	92	(13,330)	100,00%	34,659	34,659	-	-	25,360	(10,229)	7,005
ETIN	36,030	(11,986)	100,00%	22,213	22,213	-	370,000	-	4,378	-
Société Française de Restauration et Services	1,899	(47,060)	100,00%	31,741	16,411	-	2,140	177,972	(25,619)	-
FoodChéri	274	(10,111)	87,03%	30,029	15,029	-	200	14,963	(9,350)	-
Ouest Catering	516	3,724	100,00%	7,900	7,900	-	-	-	3,484	-
Lenôtre SA	2,606	(77,062)	100,00%	62,394	1,517	-	-	56,295	(51,164)	-
Sodexo Afrique SARL	1,624	(2,029)	100,00%	14,539	17	-	1,255	-	785	-
Sodexo Ventures France	143	(5,004)	100,00%	23,425	-	-	-	-	(3,659)	-
French equity investments										
-	-	-	-	-	-	-	-	-	-	-
Foreign subsidiaries										
Sodexo, Inc.	3	1,398,223	100,00%	2,120,844	2,120,844	676,991	8,375	7,111,614	(19,237)	-
Sodexo Finance Designated Activity Company	379,830	540,533	100,00%	807,830	807,830	-	3,231,454	-	43,201	-
Sodexo Holdings Ltd	423,690	(11,459)	100,00%	555,305	555,305	-	1,116	-	10,734	31,241
Sodexo do Brasil Comercial SA	85,035	168,640	98,61%	446,825	446,825	13,564	6,422	522,349	14,481	-
Sodexo Belgium SA	215,765	(3,005)	99,89%	242,428	242,428	-	3,957	288,560	(24,734)	549
Sodexo Beteiligungs BV & Co. KG	193	179,617	100,00%	195,456	195,456	-	-	-	182	-
Sodexo Food Solutions India Private Limited	10,975	10,531	100,00%	145,009	145,009	-	-	235,991	(2,578)	-

(in thousands of euro)	CAPITAL	OTHER SHAREHOLDERS' EQUITY	PERCENTAGE INTEREST IN CAPITAL	BOOK VALUE OF INVESTMENT		LOANS AND ADVANCES GRANTED, NET	GUARANTEES GIVEN	REVENUES FOR MOST RECENT FISCAL YEAR	INCOME FOR MOST RECENT FISCAL YEAR	DIVIDENDS RECEIVED DURING THE FISCAL YEAR
				GROSS	NET					
Sodexo Australia Pty Ltd	125,709	(72,994)	86,29%	136,418	136,418	-	7,709	61,971	(12,535)	-
Sodexo Nederland B.V.	45	20,359	100,00%	115,435	115,435	-	800	225,436	(38,288)	-
Novae Holding SA	232	10	100,00%	112,045	112,045	-	-	-	10	-
Sodexo AB	10,535	36,486	100,00%	101,264	101,264	-	-	317,967	2,969	-
Sodexo Services Asia	81,550	17,962	100,00%	89,462	89,462	-	25,126	-	4,912	-
Compagnie Financière Aurore International	58,010	11,980	100,00%	68,920	68,920	-	-	-	464	199,000
Sodexo SAS	103	7,167	100,00%	40,153	40,153			125,589	6,495	5,384
Sodexo Inversiones SA	22,460	12,149	100,00%	28,041	28,041	-	40,996	-	1,658	-
Prima Assistance SA	15	-	85,00%	27,762	27,762			34,297	1,277	
Sodexo Iberia SA	3,467	4,497	100,00%	27,677	27,677	-	-	215,250	(8,576)	1,541
Sodexo Entegre Hizmet Yonetimi AS	6,829	-	100,00%	25,530	25,530	-	3,418	55,517	-	-
Sodexo Global Services UK Limited	25,110	79,037	100,00%	24,391	24,391	-	-	-	55,516	83,319
Sodexo Mexico SA de CV	4,964	1,636	100,00%	17,434	17,434	-	-	70,804	1,261	-
Sodexo One-Site Services Israel Ltd	-	7,986	100,00%	16,340	16,340	-	10,416	40,817	(495)	-
Sodexo Argentina SA	146	1,440	100,00%	12,834	12,834	-	4,268	49,718	(2,285)	-
Sodexo Chile SpA	9,928	5,829	100,00%	10,999	10,999	-	57,277	346,016	4,511	-
Kalyx Limited	17	(17)	100,00%	9,430	9,430	-	-	-	-	-
Sodexo SRL	7,447	(5,782)	100,00%	8,872	-	-	300	4,838	(196)	-
Sodexo Singapore Pte Ltd	8,315	1,610	100,00%	8,614	8,614	-	-	62,481	(3,917)	-
Sofinsod Insurance Designed Activity Company	7,868	(348)	100,00%	7,868	7,868	-	8,000	-	278	-
Sodexo Maroc SA	2,547	(2,725)	100,00%	7,667	3,461	-	1,839	19,865	(1,057)	-
Sodexo OY	5,046	(2,427)	100,00%	7,054	7,054	-	-	106,644	(3,965)	2,124
Sodexo Italia SPA	1,898	54,369	100,00%	7,029	7,029	-	-	324,205	136	18,449
Sodexo S.R.O.	5,249	(7,534)	100,00%	6,420	434	-	859	23,046	(2,725)	-
Sodexo Euroasia	53	12,266	100,00%	6,214	6,214	-	3,398	80,714	-	-

(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					
Foreign equity investments										
Sodexo GmbH	308	307,350	37,37%	38,702	38,702	-	-	-	(34)	-
Eat Club, Inc.	55,781	(35,516)	17,05%	18,395	-	-	-	72,539	(13,422)	-
Mentor Technical Group Corporation	-	19,219	45,00%	18,423	18,423	-	-	48,345	2,725	390
Socat LLC	558	1,574	49,00%	11,372	8,531	-	-	29,989	(317)	1,021
Aggregate information										
Other French subsidiaries	-	-	-	21,873	18,845	-	43,656	-	-	19,022
Other foreign subsidiaries	-	-	-	24,690	20,196	423	49,753	-	-	6,427
Other French equity investments	-	-	-	1,787	1,419	-	1,786	-	-	52
Other foreign equity investments	-	-	-	14,881	6,260	136	3,221	-	-	4,554
TOTAL	**-**	**-**	**-**	**6,992,110**	**6,806,147**	**691,114**	**3,888,988**	**-**	**-**	**474,347**

4.3 SUPPLEMENTAL INFORMATION ON THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS

4.3.1 Five-year financial summary

(in millions of euro)	FISCAL 2020[1]	FISCAL 2019	FISCAL 2018	FISCAL 2017	FISCAL 2016
Capital at end of period					
Share capital	590	590	590	603	615
Number of ordinary shares outstanding	147,454,887	147,454,887	147,454,887	150,830,449	153,741,139
Maximum number of potential new shares issuable by conversion of bonds	-	-	-	-	-
Income statement data					
Revenues excluding taxes	135	128	114	119	132
Earnings before income tax, employee profit-sharing, depreciation, amortization and provisions	266	632	450	428	587
Income tax	14	24	62	14	(15)
Employee profit-sharing	-	-	-	-	-
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	221	597	481	396	616
Dividend payout	-	430	407	417	371
Per share data					
Earnings after income tax and employee profit-sharing but before depreciation, amortization and provisions	1.90	4.44	3.47	2.93	3.72
Earnings after income tax, employee profit-sharing, depreciation, amortization and provisions	1.50	4.05	3.26	2.62	4.01
Net dividend per share[2]	-	2.90	2.75	2.75	2.40
Dividend premium per eligible share[2]	-	0.29	0.275	0.275	0.24

(1) Subject to approval by the Annual Shareholders Meeting to be held on January 12, 2021.
(2) The Board of Directors proposes at the Annual Shareholders Meeting on January 12, 2021, not to pay a dividend for Fiscal 2020.

(in millions of euro)	FISCAL 2020	FISCAL 2019	FISCAL 2018	FISCAL 2017	FISCAL 2016
Employee data					
Average number of employees during the fiscal year	448	434	370	360	337
Salary expense for the fiscal year	43	55	44	40	40
Social security and other employee benefits paid during the fiscal year	22	22	20	16	16

4.3.2 Appropriation of earnings

(in millions of euro)	FISCAL 2020(1)	FISCAL 2019	FISCAL 2018	FISCAL 2017	FISCAL 2016
Net income	221	597	481	396	616
Retained earnings	1,443	1,276	1,202	1,223	966
Retained earnings(2)	28	23	18	11	12
Retained earnings(3)	-	-	-	-	-
Transfer to legal reserve	-	-	-	-	-
Transfer from long-term capital gains reserve	**-**	**-**	**-**	**-**	**-**
Distributable earnings	1,692	1,896	1,701	1,630	1,594
Net dividend	-	427	405	415	369
Dividend premium(4)	-	3	2	2	2
Reserves	-	-	-	-	-
Retained earnings	**1,692**	**1,465**	**1,294**	**1,213**	**1,223**
Number of shares outstanding	**147,454,887**	**147,454,887**	**147,454,887**	**150,830,449**	**153,741,139**
Number of shares entitled to a dividend	**147,454,887**	**147,454,887**	**147,454,887**	**150,830,449**	**153,741,139**
Earnings per share (in euro)	**1.50**	**4.05**	**3.26**	**2.62**	**4.01**

(1) Subject to approval by the Annual Shareholders Meeting to be held on January 12, 2021.
(2) Corresponding to dividends not paid on treasury shares.
(3) Corresponding to the 10% dividend premium not paid.
(4) The Board of Directors proposes at the Annual Shareholders Meeting on January 12, 2021, not to pay a dividend for Fiscal 2020.

4.3.3 Supplier and client past due invoices

INVOICES RECEIVED AND PAST DUE AS OF AUGUST 31, 2020

(in millions of euro)	0 DAYS	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 91 DAYS	TOTAL (1 DAY AND OVER)
Classified as late payment						
Number of invoices	827	-	-	-	-	1 197
Amount (incl. VAT)	16	8	5	1	2	16
% of total purchases (net of VAT) for the fiscal year	8.8%	4.4%	2.8%	0.5%	1.1%	8.8%
Invoices related to disputed or unrecognized payables and not classified as late payment						
Number of invoices	-					
Amount (incl. VAT)	-					
Reference payment terms used						
	Contractual payment terms					

INVOICES ISSUED AND PAST DUE AS OF AUGUST 31, 2020

(in millions of euro)	0 DAYS	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 91 DAYS	TOTAL (1 DAY AND OVER)
Classified as late payment						
Number of invoices	361	-	-	-	-	1,639
Amount (incl. VAT)	11	9	4	1	9	22
% of total purchases (net of VAT) for the fiscal year	3.4%	3.0%	1.3%	0.2%	2.8%	7.3%
Invoices related to disputed or unrecognized receivables and not classified as late payment						
Number of invoices	16					
Amount (incl. VAT)	1					
Reference payment terms used						
	Contractual payment terms					

4.4 STATUTORY AUDITORS' REPORT

4.4.1 Statutory Auditors' Report on the financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended August 31, 2020

SODEXO

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

To the shareholders,

Opinion

In compliance with the engagement entrusted to us by your Shareholders Meeting, we have audited the accompanying financial statements of Sodexo for the year ended August 31, 2020. These financial statements were approved by the Board of Directors on October 28, 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at August 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee..

Basis of the audit opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from September 1, 2019 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5 (1) of Regulation (EU) No. 537/2014 or the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Justification of our assessments – key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Valuation of equity investments

Description of risk

The balance of equity investments at August 31, 2020 represented 6,806 million euro, the largest asset on the balance sheet. Equity investments are carried at cost, and at each balance sheet date, may be impaired based on their value in use.

As described in note 2.1.3 to the financial statements, value in use is determined by management on the basis of net asset value, profitability and the future prospects of the investee.

When the carrying amount of an investment is higher than the net book value of the share of net assets of the subsidiary, value in use is determined based on discounted future cash flows, using business plans prepared by management and covering one to five years. In preparing such business plans, management is required to exercise judgment.

Accordingly, we deemed the valuation of equity investments and any related receivables or provisions for contingencies to be a key audit matter, due to the inherent uncertainty of certain components of the valuation, in particular the likelihood of achieving forecast results used to calculate value in use.

How our audit addressed this risk

In order to assess the reasonableness of the estimate of the value in use of equity investments, based on the information provided to us, our audit work consisted mainly in verifying that the estimated values determined by management were based on an appropriate measurement method and underlying data, and, depending on the investee concerned:

- for valuations based on historical data: verifying that the equity values used were consistent with the financial statements of the entities concerned, and that any adjustments to equity were based on documentary evidence;
- for valuations based on forecast data:
  - obtaining forecast future cash flows of the investees concerned, and assessing their consistency with the business plans drawn up by management,
  - assessing the consistency of the growth rates used for projected cash flows with available external analyses, in light of the economic environments in which the investees operate,
  - assessing the reasonableness of the discount rates applied to estimated future cash flows, verifying in particular that the various inputs used to calculate the weighted average cost of capital for each investee were sufficient to approximate the return expected by market participants for similar activities.

Our audit work also consisted in:

- assessing the recoverability of receivables related to equity investments;
- verifying the recognition of provisions for contingencies where the Company is exposed to the losses of investees with negative equity.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report approved on October 28, 2020 and in the other documents provided to the shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of article L.225-37-3 of the French Commercial Code relating to compensation and benefits paid or awarded to 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 controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of article L.225-37-5 of the French Commercial Code relating to those items your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Sodexo by the Shareholders Meetings held on February 22, 1994 for PricewaterhouseCoopers Audit and on February 4, 2003 for KPMG Audit.

At August 31, 2020, PricewaterhouseCoopers Audit and KPMG Audit were in the twenty-seventh and the eighteenth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, October 28, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit

Stéphane Basset

KPMG Audit

Department of KPMG SA

Caroline Bruno-Diaz

4.4.2 Statutory Auditors' special report on related-party agreements

This is a free translation into English of the Statutory Auditors' special report on related-party agreements 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, 2020

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

To the shareholders,

In our capacity as Statutory Auditors of Sodexo, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements 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. Under the provisions of article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements to be approved by the shareholders' meeting

Agreements authorized and entered into during the year

We were not informed of any agreement authorized and entered into during the year to be submitted for approval at the Shareholders' Meeting pursuant to the provisions of article L.225-38 of the French Commercial Code.

Agreements already approved by the shareholders' meeting

Agreements approved in previous years that were implemented during the year

In accordance with article R.225-30 of the French Commercial Code, we were informed of the following agreement, which was approved by the Shareholders' Meeting in previous years and implemented during the year.

SERVICE AGREEMENT BETWEEN BELLON SA AND SODEXO

- Persons concerned:

Sophie Bellon, Nathalie Bellon-Szabo, François-Xavier Bellon, members of the Board of Directors of Sodexo and members of the Management Board of Bellon SA.

- Purpose and reasons given as to why they are beneficial for the Company:

A service agreement has been in place between the Company and Bellon SA, Sodexo's managing holding company, since 1991.

At its meetings on November 15, 2016 and July 10, 2017, the Board of Directors, on the recommendation of the Audit Committee, approved the revision of this agreement, which was approved by the Shareholders' Meeting of January 23, 2018.

The new agreement came into effect on November 17, 2016 for a period of five years.

According to the Board of Directors, under the terms of this agreement, Sodexo can call upon the professional experience and expertise of the three Bellon SA managers holding the positions of Chief Financial Officer, Chief Human Resources Officer and Chief Growth Officer.

- Terms and conditions:

Under the terms of this agreement, Bellon SA invoices Sodexo for the compensation of the Chief Financial Officer, Chief Human Resources Officer and Chief Growth Officer during the secondment period. Their compensation is rebilled for the exact amount and includes a fixed and variable portion, as well as any related payroll taxes.

The total fees rebilled under this agreement, and changes compared with the previous year, are reviewed by the Audit Committee annually. In addition, and in compliance with the law, the agreement is reviewed every year by the Board of Directors.

The annual rebilled fees payable to Bellon SA are approved each year by the Board of Directors of Sodexo, without directors who are members of the Bellon family taking part in the deliberations or the vote.

The expense booked in the financial year amounted to 1,460,305 euros excluding taxes, relating to the compensation (including payroll taxes) paid to the Chief Financial Officer, Chief Human Resources Officer and Chief Growth Officer.

Neuilly-sur-Seine and Paris-La Défense, November 20, 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	KPMG Audit
	Department of KPMG SA
Stéphane Basset	Caroline Bruno-Diaz

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CORPORATE GOVERNANCE

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In accordance with article L.225-37 of the French Commercial Code, this chapter includes the Board of Directors' Corporate Governance Report. It provides information on (i) the composition of the Board of Directors and the preparation and organization of the Board's work and any restrictions placed by the Board on the Chief Executive Officer's powers, (ii) the components of Corporate Officers' compensation packages and their compensation policies (disclosed in compliance with article L.225-37-2 of the French Commercial Code), (iii) transactions in Sodexo shares disclosed by Corporate Officers during the fiscal year ended August 31, 2020, and (iv) Sodexo's ownership structure.

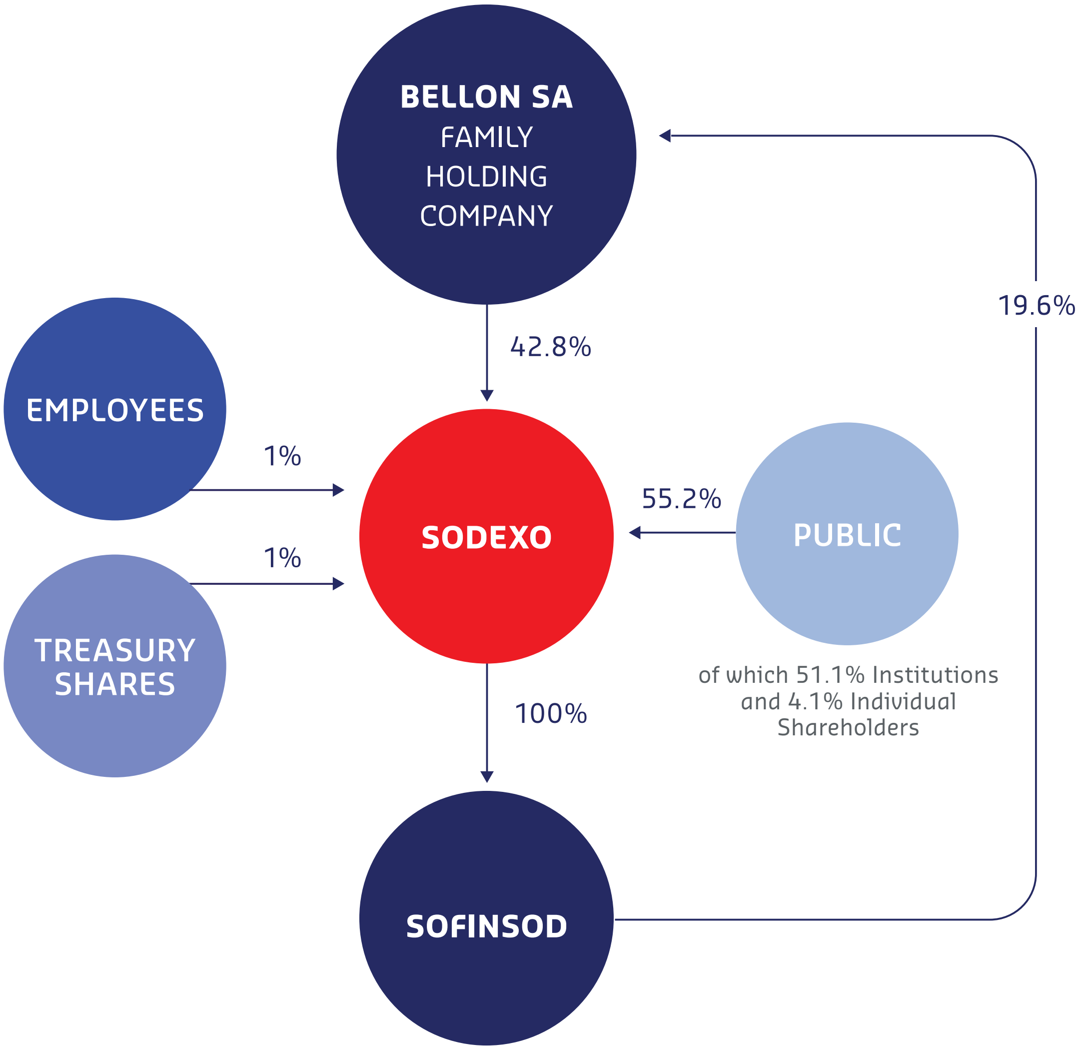
Certain information that forms an integral part of the Corporate Governance Report is provided in other sections of this Universal Registration Document. Information on shareholder participation in Annual Shareholders Meetings is set out in chapter 6, section 6.4.12; the table of authorizations for share capital increases is in section 6.3.8; and information that could have an impact in the event of a public tender offer is provided in section 6.3.

This report was approved by the Board of Directors at its meeting on October 28, 2020 and was submitted in full to the Statutory Auditors in accordance with article L.225-235 of the French Commercial Code.

The Corporate Governance reference framework used by Sodexo is the AFEP-MEDEF corporate governance Code for listed companies in France (hereafter the "AFEP-MEDEF Code"). The Company's application of the recommendations contained in this Code is presented in section 5.2.2 below.

Lastly, this chapter also describes the Group's risk management and internal control procedures (section 5.4) as well as its Corporate Social Responsibility vigilance plan drawn up in compliance with article L.225-102-4 of the French Commercial Code (section 5.3.4).

5.1 SHAREHOLDING STRUCTURE*



For further information about the Group's shareholding structure, see chapter 6 of this Universal Registration Document.

* Percentages have been rounded to the nearest tenth.

5.2 BOARD OF DIRECTORS

5.2.1 Composition and operating procedures of the Board of Directors

Sodexo is a French public limited company *(société anonyme)* governed by a Board of Directors. Since September 1, 2005, the roles of Chairman of the Board of Directors and Chief Executive Officer have been separated. This governance structure creates a clear segregation between the strategic planning and oversight functions that are the responsibility of the Board of Directors, and the operational and executive functions that are the responsibility of senior management.

The rules and operating procedures of the Board of Directors are defined by law, the Company's bylaws and the Internal Rules of the Board. In addition, three specialized Committees have been set up by the Board in order to enhance the Board's effectiveness and the Company's governance.

Directors hold office for a term of three years and may be reappointed. Exceptionally, the Shareholders Meeting may, on the recommendation of the Board of Directors, appoint or reappoint one or several directors for a period of one or two years.

5.2.1.1 Composition as of August 31, 2020

			Date of birth	Nationality	Number of director/officer positions held in other listed companies	First appointment to the Board	Term expires (at the Annual Shareholders Meeting called to approve the financial statements for the year indicated)	Seniority (years)	Number of Sodexo shares held	Independent directors[1]	Board committees: Member of the Audit Committee	Board committees: Member of the Nominating Committee	Board committees: Member of the Compensation Committee
Chairwoman		Sophie Bellon[2]	08/19/1961		1	07/26/1989	Fiscal 2020	31	7,964			●	
Independent directors		Emmanuel Babeau	02/13/1967		0	01/26/2016	Fiscal 2021	4	400	X	●		
Independent directors		Françoise Brougher[2]	09/02/1965		0	01/23/2012	Fiscal 2020	8	400	X		●	●
Independent directors		Soumitra Dutta[2]	08/27/1963		1	01/19/2015	Fiscal 2020	5	400	X	●		
Independent directors		Véronique Laury	06/29/1965		0	01/21/2020	Fiscal 2022	7 months	400	X			
Independent directors		Luc Messier	04/21/1964		1	01/21/2020	Fiscal 2022	7 months	400	X			
Independent directors		Sophie Stabile	03/19/1970		3	07/01/2018	Fiscal 2022	2	400	X	Chair		●
Independent directors		Cécile Tandeau de Marsac	04/17/1963		1	01/24/2017	Fiscal 2022	3	400	X		Chair	Chair
Director		François-Xavier Bellon	09/10/1965		0	07/26/1989	Fiscal 2021	31	36,383		●		
Director		Nathalie Bellon-Szabo[2]	01/26/1964		0	07/26/1989	Fiscal 2020	31	3,052			●	
Director representing employees		Philippe Besson	09/21/1956		0	06/18/2014	Fiscal 2022	6	-	N/A[4]			●
Director representing employees		Cathy Martin	06/05/1972		0	09/10/2015	Fiscal 2020[3]	4	-	N/A[4]	●		

(1) Independent directors based on the criteria set out in the AFEP-MEDEF Code.
(2) At the Annual Shareholders Meeting to be held on January 12, 2021, the Board of Directors will recommend that shareholders reappoint Sophie Bellon, Nathalie Bellon-Szabo and Françoise Brougher as directors for three-year terms expiring at the Annual Shareholders Meeting to be held to adopt the financial statements for Fiscal 2023. Furthermore, Soumitra Dutta, whose term of office expires at the close of the January 21, 2021 Annual Shareholders Meeting, has stated that he does not wish to stand for reappointment.
(3) Cathy Martin was originally appointed as a director representing employees in 2015. She was then reappointed in 2018 by the European Works Council and her current term of office expires at the close of the January 12, 2021 Annual Shareholders Meeting. Cathy Martin was renewed by the European Works Council for a three-year term starting on January 12, 2021.
(4) In accordance with French law and the AFEP-MEDEF Code, directors representing employees are not included in the calculation of the representation of men and women on the Board or the percentage of independent directors.

70%
Independent directors (excluding directors representing employees)

56
Average age of directors

60%
Female directors (excluding directors representing employees)

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CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS AND THE SPECIALIZED BOARD COMMITTEES IN FISCAL 2020

	DEPARTURE	APPOINTMENT	REAPPOINTMENT
Board of Directors	***January 21, 2020:*** Robert Baconnier Astrid Bellon	***January 21, 2020:*** Veronique Laury Luc Messier	***January 21, 2020:*** Sophie Stabile Cécile Tandeau de Marsac
Audit Committee	-	-	-
Compensation Committee	-	-	-
Nominating Committee	-	-	-

5.2.1.2 Chairman Emeritus

PIERRE BELLON

Born January 24, 1930
French nationality
Graduate of the *École des hautes études commerciales* (HEC)

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Number of Sodexo shares held: **12,900**

Main role: Chairman of the Supervisory Board, Bellon SA, and Chairman Emeritus, Sodexo S.A.

Background

Pierre Bellon joined Société d'Exploitations Hôtelières, Aériennes, Maritimes et Terrestres in 1958 as Assistant Manager. He later served as Managing Director and then Chairman and Chief Executive Officer.

In 1966 he founded Sodexo S.A., where he served as Chairman and Chief Executive Officer until August 31, 2005. Following the Board decision to separate the roles of Chairman of the Board of Directors and Chief Executive Officer, Pierre Bellon remained as Chairman of the Board of Directors until the Shareholders Meeting of January 26, 2016, when he was named Chairman Emeritus.

In 1988, Pierre Bellon was appointed Chairman and Chief Executive Officer of Bellon SA before serving as Chairman of the Management Board from 1996 to 2002 and Chairman of the Supervisory Board since February 2002.

Pierre Bellon had also served as:

- Vice President of CNPF (subsequently MEDEF), 1980-2005
- President of the French National Center for Young Business Leaders (formerly the Center for Young Employers), 1968-1970
- President of the French National Federation of Hotel and Restaurant Chains, 1972-1975
- Member of the French Economic and Social Council, 1969-1979

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

- **Chairman of the Supervisory Board:** Bellon SA

FOREIGN COMPANIES
None

Companies not linked to Sodexo

FRENCH COMPANIES

- **Chairman of the Supervisory Board:** Sobelnat SCA
- **Member of the Board of Directors:** *Association progrès du management* (APM), created by Pierre Bellon in 1987
- **Chairman and Founder:** Pierre Bellon Foundation

FOREIGN COMPANIES
None

Other positions and corporate offices held within the past five years but no longer held

- Chairman of the Board of Directors: Sodexo S.A. *(Term ended: January 2016)*

5.2.1.3 Board members as of August 31, 2020

SOPHIE BELLON – CHAIRWOMAN OF THE BOARD OF DIRECTORS

Born August 19, 1961
French nationality
Graduate of the *École des hautes études commerciales du Nord* (EDHEC)
First appointed: July 26, 1989
Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2020 *(Renewal proposed)*

Member of the Nominating Committee

Number of Sodexo shares held: **7,964**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chairwoman of the Board of Directors, Sodexo*

Background

Sophie Bellon began her career in 1985 with Crédit Lyonnais in the United States as a mergers and acquisitions advisor for the bank's French clientele in New York.

She joined Sodexo in 1994 as a senior analyst in the Group Finance Department. In 2001, she was appointed Project Manager – Strategic Financial Planning within the Group Strategic Planning Department to develop and implement key performance indicators for the Group. In September 2005, she was named Group Vice President of Client Retention and was responsible for the worldwide deployment of the initiative on client retention.

In September 2008, she was appointed Chief Executive Officer of Corporate Services for Sodexo France. In that capacity, she also took over responsibility for Facilities Management (FM) activities in France in September 2010.

In November 2013, Sophie Bellon was appointed Vice Chairwoman of the Sodexo Board of Directors (replacing Robert Baconnier), with specific responsibility for increasing the pace of Research, Development and Innovation, particularly in Quality of Life services.

On January 26, 2016, Sophie Bellon became Chairwoman of the Board of Directors of Sodexo S.A.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

- **Member of the Management Board:** Bellon SA

FOREIGN COMPANIES
None

Companies not linked to Sodexo

FRENCH COMPANIES

- **Chairwoman:** PB Holding SAS
- **Member of the Board of Directors:** L'Oréal*; Chairwoman of L'Oréal's* Human Resources and Remuneration Committee; Chairwoman of L'Oréal's* Nominations and Governance Committee, Member of L'Oréal's* Audit Committee
- **Member of the Board of Directors:** *Association nationale des sociétés par actions* (ANSA); *Association française des entreprises privées* (AFEP); *Association Comité France Chine;* United Way Alliance (UWA)

FOREIGN COMPANIES
None

Other positions and corporate offices held within the past five years but no longer held

- **Vice Chairwoman of the Board of Directors:** Sodexo S.A.* *(Term ended: January 2016)*
- **Chairwoman of the Management Board:** Bellon SA (France) *(Term ended: September 2015)*
- **Founding member:** Pierre Bellon Foundation *(Term ended: September 2018)*
- ***Co-Chair:*** Sodexo Women's international Forum for Talent (SWIFT) *(Term ended: June 2018)*

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* Listed company.

EMMANUEL BABEAU

Born February 13, 1967
French nationality
Graduate of the *École supérieure de commerce de Paris* (ESCP Europe); degree in accounting and finance (DESCF)
First appointed: January 26, 2016
Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2021

Member of the Audit Committee.

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chief Financial Officer, Philip Morris International

Background

Emmanuel Babeau 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 Deputy Managing Director of Finance.

He joined Schneider Electric in 2009 as Executive Vice President, Finance and a member of the Management Board. In 2013 he became Deputy Chief Executive Officer in charge of Finance and Legal Affairs. On May 1, 2020, he joined Philip Morris International* as Chief Financial Officer.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Companies not linked to Sodexo

FRENCH COMPANIES

- **Managing partner:** SCI GETIJ

FOREIGN COMPANIES

None

Other positions and corporate offices held within the past five years but no longer held

- **Vice Chairman and member of the Board of Directors:** Aveva Group plc* ** (UK) *(Term ended: April 2020)*
- **Deputy Chief Executive Officer:** Schneider Electric SE* (France) *(Term ended: April 2020)*
- **Member of the Board of Directors:** Invensys Ltd.** (UK) *(Term ended: July 2018)*; Schneider Electric Industries SAS** (France); Schneider Electric USA Inc.** (USA); Schneider Electric (China) Co., Ltd.** (China); Samos Acquisition Company Ltd.** (UK); Schneider Electric Holdings Inc.** (USA); Carros Sensors Topco (formerly InnoVista Sensors Topco Ltd)** (UK); AO Schneider Electric (Russia) (Terms ended: April 2020); Sanofi* (France) *(Term ended: May 2020)*
- **Member of the Supervisory Board:** InnoVista Sensors SAS** (France) (Term ended: January 2018); Aster Capital Partners SAS** (France); Schneider Electric Energy Access** (representing Schneider Electric Industries SAS) (Terms ended: April 2020)

* Listed company.
** Schneider Electric group company.

FRANÇOIS-XAVIER BELLON

Born September 10, 1965
French nationality
Graduate of the European Business School
First appointed: July 26, 1989
Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2021

Member of the Audit Committee.

Number of Sodexo shares held: **36,383**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chairman of the Management Board, Bellon SA

Background

François-Xavier Bellon began his career in 1990 with the Adecco group, working first in France and then in Spain.

In 1995, he joined the Sodexo Group, taking up an operational role in the Healthcare segment in France. In 1999, he was appointed Regional Director in Mexico and subsequently became Chief Executive Officer of Sodexo Mexique.

In 2004, he was appointed Chief Executive Officer of Sodexo UK & Ireland but he resigned from this position a few months later due to health problems.

He rejoined the Adecco group in September 2014 and headed up the Sales and Marketing Department of the Global Staffing Division as well as managing the group's key international accounts, based between Zurich and London.

In May 2007, François-Xavier Bellon took over a company based in the United Kingdom that provides home care services to dependent people, of which he became Chief Executive Officer before founding LifeCarers. He then left LifeCarers in November 2019 to focus on his various roles within Bellon SA and Sodexo.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

- **Chairman of the Management Board:** Bellon SA

FOREIGN COMPANIES

None

Companies not linked to Sodexo

FRENCH COMPANIES

- **Chief Executive Officer:** PB Holding SAS

FOREIGN COMPANIES

None

Other positions and corporate offices held within the past five years but no longer held

- **Chief Executive Officer and member of the Board of Directors:** Bright Yellow Group** (UK) *(Term ended: April 2016)*; LifeCarers Ltd. (UK) *(Term ended: November 2019)*
- **Member of the Board of Directors:** Bright Yellow Solutions Ltd.** (UK) *(Term ended: April 2016); Footprint Ltd (Term ended: April 2016); U1st Sports SA (Spain) (Term ended: January 2019); House of HR (Belgium) (Term ended: January 2019)*
- **Advisor:** French Foreign Trade Commission *(Term ended: December 2018)*

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** LifeCarerS Ltd. company.

NATHALIE BELLON-SZABO

Born January 26, 1964
French nationality
Graduate of the European Business School
First appointed: July 26, 1989
Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2020 *(Renewal proposed)*

Member of the Nominating Committee

Number of Sodexo shares held: **3,052**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chief Executive Officer, Sodexo Sports and Leisure

Background

Nathalie Bellon-Szabo began her career in the Foodservices industry in 1987. In 1989, she became an account manager for Scott Traiteur, and then Sales Manager of Le Pavillon Royal.

She joined Sodexo in March 1996 as Sales Director for Sodexo Prestige in France, becoming a Regional Manager in 1999. In September 2003, she was appointed Managing Director of Sodexo Prestige, and Managing Director of L'Affiche in January 2006. She was named Chairwoman of the Management Board of the Lido in 2009. She became Chief Executive Officer of Sodexo Prestige Sports and Leisure in France on September 1, 2010 and Chairwoman of the Management Board of Lenôtre in 2012.

On September 1, 2015, Nathalie Bellon-Szabo was appointed Chief Executive Officer Sports and Leisure France, On-site Services and Chief Operating Officer Sports and Leisure Worldwide, On-site Services.

On June 19, 2018, she was appointed Chief Executive Officer Sports and Leisure Worldwide and joined the Group Executive Committee.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

- **Member of the Management Board:** Bellon SA
- **Chairwoman:** Gedex SAS; Umanis SAS
- **Chairwoman of the Management Board:** Société du Lido (SEGSMHI); Lenôtre SA

FOREIGN COMPANIES

None

Companies not linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Other positions and corporate offices held within the past five years but no longer held

- **Chairwoman:** Yachts de Paris SAS (France) *(Term ended: November 2018); Société d'exploitation des vedettes Paris Tour Eiffel SAS (France)* (Term ended: November 2018); Sodexo Sports et Loisirs SAS (France) *(Term ended: November 2018)*; Compagnie d'armateur fluvial et maritime SAS *(France) (Term ended: November 2018)*
- **Chairwoman of the Board of Directors:** Millenia SA (France) *(Term ended: December 2018)*
- **Member of the Board of Directors:** Altima SA (France) *(Term ended: December 2018)*

PHILIPPE BESSON – DIRECTOR REPRESENTING EMPLOYEES

Born September 21, 1956

French nationality

First appointed: June 18, 2014

Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2022

Member of the Compensation Committee

Number of Sodexo shares held: **N/A**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Head of Projects for Sponsorship, Sodexo 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 for Sponsorship since 2014.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Companies not linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Other positions and corporate offices held within the past five years but no longer held

None

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FRANÇOISE BROUGHER

Born September 2, 1965

Dual French and American nationality

Graduate of ICAM-Lille (*Institut catholique d'arts et métiers*) (France) and Harvard University (United States)

First appointed: January 23, 2012

Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2020 *(Renewal proposed)*

Member of the Nominating Committee

Member of the Compensation Committee

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Director

Background

Françoise Brougher began her career in 1989 in a production unit of L'Oréal in Japan.

After receiving her MBA in 1994, she joined the strategy consulting firm Booz Allen & Hamilton, dividing her time between Europe and the United States.

In 1998, she joined the San Francisco-based Ocean Gem Pearl Corporation, an importer of black Tahitian pearls, as Chief Executive Officer.

From 2000 to 2005, she was Vice President of Strategy at California-based brokerage firm Charles Schwab Corporation.

In March 2005, she joined Google, where she managed the Business Operations for four years, becoming Vice President, Global SME Sales & Operations in 2009.

In April 2013, she joined San Francisco-based Square as Business Lead.

In February 2018, she was appointed Chief Operating Officer of Pinterest and stepped down from this role in April 2020.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Companies not linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
- **Member of the Board of Directors:** Blackbird Air (USA)

Other positions and corporate offices held within the past five years but no longer held

- **Executive Officer:** Pinterest*, (USA) *(Term ended: April 2020)*
- **Business Lead:** Square* (USA) *(Term ended: May 2017)*

* Listed company.

SOUMITRA DUTTA

Born August 27, 1963

Indian nationality

Doctorate in Computer Science, Artificial Intelligence, University of California, Berkeley, USA

First appointed: January 19, 2015

Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2020

Member of the Audit Committee.

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Professor of Management, Cornell University

Background

Soumitra Dutta began his career in 1985 as a research assistant at University of California, Berkeley, USA.

Between 1988 and 1990, he gained further research experience at General Electric. He then joined INSEAD, the international management school based in Fontainebleau (France), where he served as lecturer then dean of technology and e-learning.

In 1999, he set up eLab@Insead, the school's research and analytics center focused on big data analytics for businesses, which he headed until 2012. In 2002, he was named dean of Executive Education at INSEAD. During his tenure at INSEAD, Soumitra Dutta also participated in setting up and managing three strategy consultancies specialized in new technologies and innovation, which he developed before selling them.

From 2012 to 2018, he served as dean and professor of Management at Cornell SC Johnson College of Business at Cornell University, Ithaca, New York. Since 2018, he has fully devoted himself to his position of professor of management within the same university.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Companies not linked to Sodexo

FRENCH COMPANIES

- **Member of the Board of Directors:** Dassault Systèmes*

FOREIGN COMPANIES

- **Chairman of the Board of Directors:** The Global Business School Network (GBSN) (USA)

Other positions and corporate offices held within the past five years but no longer held

- **Member of the Board of Directors:** The Association to Advance Collegiate Schools of Business (AACSB) (USA) (*Term ended: February 2018*)

* Listed company.

VÉRONIQUE LAURY

Born June 29, 1965

French nationality

Graduate of the *Institut d'études politiques* (Sciences Po) of Paris

First appointed: January 21, 2020

Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2022

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Director

Background

After graduating from Sciences Po in 1988, Véronique Laury joined Leroy Merlin and took over various functions in the marketing and sales field for about 15 years.

In 2003, she joined Kingfisher, the European giant do-it-yourself company and parent company of B&Q, Brico Dépôt, Castorama and Screwfix. She was in charge of the Sales and Marketing Department of Castorama (France) and later of B&Q (UK) before being named Head of the group sales and marketing strategy, taking over the responsibility of group purchasing and brand development.

In 2013, Véronique Laury became Chief Executive Officer of Castorama France.

From September 2014 to September 2019, she was Chief Executive Officer of Kingfisher plc, listed in the FTSE 100 (UK).

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Companies not linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Other positions and corporate offices held within the past five years but no longer held

- **Chief Executive Officer:** Kingfisher plc* (UK) (*Term ended: March 2019*)

* Listed company.

CATHY MARTIN – DIRECTOR REPRESENTING EMPLOYEES

Born June 5, 1972
Canadian nationality
First appointed: September 10, 2015
Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2020

Member of the Audit Committee.

Number of Sodexo shares held: **N/A**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Regional Manager, On-site Services, Energy & Resources segment – East Canada, Sodexo Canada

Background

After completing her studies in nutrition, Cathy Martin began her career in the Foodservices industry in 1998.

In January 2000, she joined Sodexo as an on-site Foodservices manager. Over the past 20 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. In 2017, she became Regional Manager – East Canada for the Energy & Resources segment.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Companies not linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Other positions and corporate offices held within the past five years but no longer held

None

LUC MESSIER

Born April 21, 1964

Dual Canadian and American nationality

Graduate of the University of Sherbrooke (civil engineering) and of UC Davis (viticulture and oenology)

First appointed: January 21, 2020

Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2022

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: President, Reus Technologies LLC (USA)

Background

Luc Messier began his career in engineering and project management at Pomerleau. He joined the Bouygues group in 1993 as an engineer, project manager in Hong-Kong and in South Africa and was later appointed Chief Executive Officer of the Bouygues subsidiary handling construction work in Hong Kong.

In 2003, he joined Technip as Chief Operating Officer and was then named President and Chief Executive Officer of Technip Offshore Inc. before being appointed President and Chief Executive Officer of Technip USA.

Between 2007 and 2015, he served as Senior Vice President for ConocoPhillips, where he was responsible for projects, aviation and procurement.

Since 2015, he has been President of Reus Technologies LLC (on a part time basis), a technology development company that acts primarily as an angel investor in new technology, focused ventures.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Companies not linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

- **Chairman:** Reus Technologies LLC (USA); Messier Wine Holdings (USA)
- **Member of the Board of Directors:** Bird Construction Inc.* (Canada)

Other positions and corporate offices held within the past five years but no longer held

- **Member of the Board of Directors:** Junior Achievement (USA) *(Term ended: January 2015)*; French American Chamber of Commerce of Houston (USA) *(Term ended: January 2015);* Mercury Ensemble (USA) *(Term ended: December 2017);* Da Camera (USA) *(Term ended: December 2017);* Australia Pacific LNG (Australia) *(Term ended: June 2015);* IGP Methanol (USA) *(Term ended: April 2019);* Ocean Installer (Norway) *(Term ended: March 2020)*

* Listed company.

SOPHIE STABILE

Born March 19, 1970

French nationality

Graduate of the *École supérieure de gestion et finances* (ESGF) de Paris.

First appointed: July 1, 2018

Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2022

Chair of the Audit Committee

Member of the Compensation Committee

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chief Financial Officer, Lagardère

Background

Sophie Stabile began her career as a financial auditor before joining the Accor group in 1999. In 2006, she was appointed group Controller-General, in charge of the consolidation *process,* the International Finance Departments and the Financial Control and Internal Audit Departments as well as the Accor holding company and the group's *finance back* offices. In 2010 she became Chief Financial Officer.

From 2015 to 2017 she served as Chief Executive Officer, HotelServices France and Switzerland, for AccorHotels.

In February 2018, she founded Révérence – a consulting, investment and private equity firm – of which she has been Managing Partner since that date. In October 2020, she became Chief Financial Officer of group Lagardère.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Companies not linked to Sodexo

FRENCH COMPANIES

- **Managing Partner:** Révérence
- **Member of the Supervisory Board:** Unibail-Rodamco Westfield*
- **Member of the Board of Directors:** Ingenico*, SPIE*; Bpifrance Participations SA; Bpifrance Investissement SAS
- **Member of the Board of Directors:** *Institut Français des Administrateurs* (IFA), treasurer of IFA

FOREIGN COMPANIES

None

Other positions and corporate offices held within the past five years but no longer held

- **Chairwoman of the Supervisory Board:** Orbis (Poland) *(Term ended: 2016)*
- **Chief Executive Officer:** HotelServices France and Switzerland, AccorHotels (France) *(Term ended: 2017)*
- **Member of the Supervisory Board:** Altamir* (France) *(Term ended: March 2019)*

5

* Listed company.

CÉCILE TANDEAU DE MARSAC

Born April 17, 1963
French nationality
Graduate of the *École supérieure de commerce de Rouen*
First appointed: January 24, 2017
Expiration of current term: at the Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2022

Chair of the Compensation Committee

Chair of the Nominating Committee

Number of Sodexo shares held: **400**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Director

Background

Cécile Tandeau de Marsac began her career with Nestlé in 1987, holding various positions in Marketing and Communications before joining the Human Resources Department in 2002, where she was in charge of career development in France. In 2005, she became Human Resources Director for certain businesses and corporate *functions* at Nestlé France.

In 2007, she joined Rhodia as HR Director of a business unit in France, responsible for talent development for the group. She subsequently took part in two major projects, the transformation of Rhodia's organizational structure and the subsequent integration of Rhodia's teams following its acquisition by Solvay*.

From September 2012 to June 2019 she served as Chief Human Resources Officer, Solvay group.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
None

Companies not linked to Sodexo

FRENCH COMPANIES
- **Member of the Board of Directors:** Daher; Verallia*

FOREIGN COMPANIES
None

Other positions and corporate offices held within the past five years but no longer held

- **Chief Human Resources Officer:** Solvay group (France) *(Term ended: June 2019)*

* Listed company.

5.2.1.4 Changes in the composition of the Board of Directors during Fiscal 2020 and changes planned for Fiscal 2021

Changes during Fiscal 2020

At the Combined Annual Shareholders Meeting of January 21, 2020, the shareholders noted that Robert Baconnier did not wish to be reappointed as a director and that Astrid Bellon no longer wished to be a Board member as from January 21, 2020.

At the same meeting, the shareholders approved the appointment of two new independent directors – Véronique Laury and Luc Messier – for three-year terms expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2022.

Also at the January 21, 2020 meeting, Sophie Stabile and Cécile Tandeau de Marsac were reappointed as directors for three-year terms expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2022.

Changes planned for Fiscal 2021

At the Ordinary Annual Shareholders Meeting on January 12, 2021, the Board of Directors will recommend that shareholders reappoint Sophie Bellon, Nathalie Bellon-Szabo and Françoise Brougher as directors for three-year terms expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2023. These directors have worked diligently and been highly committed throughout their terms of office and particularly during the unprecedented sanitary crisis caused by the Covid-19 pandemic. Their skills fully match the expertise sought by the Board of Directors and contribute to the implementation of the Company's strategy and the achievement of its business development objectives.

It should be noted that if Sophie Bellon is reappointed as a director at the January 12, 2021 Annual Shareholders Meeting, she will continue to chair the Board of Directors.

Furthermore, Soumitra Dutta, whose term of office expires at the close of the January 12, 2021 Annual Shareholders Meeting, has stated that he does not wish to stand for reappointment.

Independent director of Sodexo's Board of Directors since January 19, 2015, Soumitra Dutta has made a significant contribution to the discussions of the Board and the Audit Committee, notably in the fields of technology, digital and strategy. The Chairwoman of the Board and all the other members thank Soumitra Dutta for his contribution to the Board's work.

Consequently, shareholders are invited to appoint Federico J. González Tejera as independent board member for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2023. Of Spanish nationality, Federico J. González Tejera is Chief Executive Officer and member of the Board of Directors of Radisson Hospitality AB. Federico J. González Tejera will bring to the Board his strategic vision as well as his solid expertise in consumer culture gained notably in the consumer goods, entertainment and media, and hotel sectors, where he held marketing and CEO positions in several multinationals.

Federico J. González Tejera's biography (below) provides additional information on his background.

FEDERICO J. GONZÁLEZ TEJERA

Born April 12, 1964

Spanish nationality

Graduate of the University Complutense de Madrid and the *École Supérieure de Commerce de Paris* (ESCP)

Number of Sodexo shares held: **0**

Business address:
Radisson
Avenue du Bourget 44,
1130 Bruxelles (Belgique)

Main role: Chief Executive Officer and member of the Board of Directors, Radisson Hospitality AB

Background

After receiving degrees in Economics, International Trade and Finance in Spain in 1988, Federico J. González Tejera joined Procter & Gamble in Spain where he held various marketing positions. He later assumed additional responsibilities in Europe (based in Belgium) and the Nordic countries (based in Sweden) prior to being appointed country head of Portugal.

After 16 years at Procter & Gamble, he joined Eurodisney in 2004 as Vice President of Marketing and later, President of Eurodisney Vacations and Senior Vice President of Marketing and Sales, Paris and EMEA.

In 2012, he joined the Spanish group NH Hotel Group as Chief Executive Officer.

Since 2017, Federico J. González Tejera has been Chief Executive Officer of Radisson Hospitality AB.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

None

Companies not linked to Sodexo

FRENCH COMPANIES

None

FOREIGN COMPANIES

- **Member of the Board of Directors:** Radisson Hospitality AB

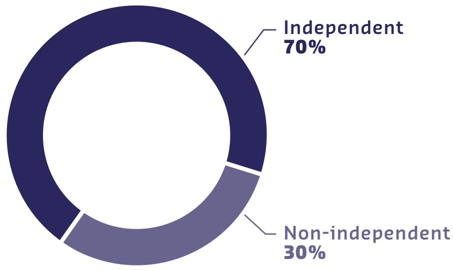
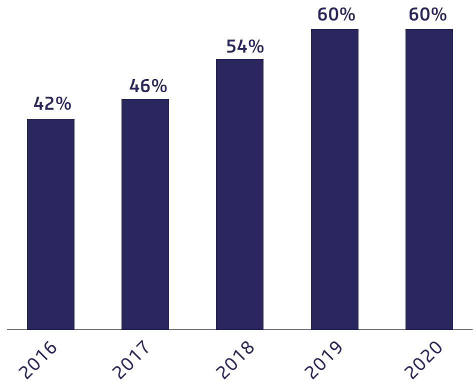
Other positions and corporate offices held within the past five years but no longer held

- **Chief Executive Officer:** NH Hotel Group *(Term ended: December 2016)*

5.2.1.5 Principles governing the composition of the Board of Directors

The Board of Directors regularly assesses whether the composition of the Board and of its specialized Committees is well balanced, particularly in terms of diversity (gender mix, nationality, age, competencies, etc.).

Diversity policy of the Board of Directors

CRITERIA	OBJECTIVES	IMPLEMENTATION AND RESULTS ACHIEVED IN FISCAL 2020
Director independence*	Have at least one third of the Board's members considered independent in accordance with the recommendations for controlled companies in the AFEP-MEDEF Code.	Since January 21, 2020, 70% of the directors are deemed to be independent. 
Gender balance*	Maintain an optimal gender mix on the Board of Directors.	 As of August 31, 2020, the Board of Directors had 12 members (including two directors representing employees), comprising seven women (including one female director representing employees) and five men (including one male director representing employees). This 60%/40% ratio of women to men (excluding directors representing employees) gives the Board a good gender balance and complies with the legal requirement in France, according to which the proportion of women and men on Corporate Boards must be at least 40% for each gender.
Directors' ages	No more than one third of the directors to be over 70 years old, in accordance with the applicable legal requirements.	Since January 21, 2020, all directors are under 70 years old.
Director nationality	The composition of the Board of Directors is intended to reflect as closely as possible the geographic mix of the Group's business and to incorporate a wide range of nationalities.	The Board currently includes members from France, the United States, Canada and India. In addition, Sodexo's directors have significant international experience and/or exposure, as they hold, or have held, positions or directorships in international companies or exercise key roles outside France.
Directors representing employees	Appointment of directors representing employees.	Since 2015, the Company has had two directors representing employees. Philippe Besson is on the Compensation Committee and Cathy Martin is on the Audit Committee.

* In accordance with French law and the AFEP-MEDEF Code, directors representing employees are not included in the calculation of the representation of men and women on the Board or the percentage of independent directors.

5

COMPETENCIES MATRIX

The diagram below shows the number of directors who have the competencies considered to be important for the Board:

	EXECUTIVE MANAGEMENT OF INTERNATIONAL COMPANIES	FINANCE	SUSTAINABLE DEVELOPMENT, SOCIETAL COMMITMENT AND HUMAN RESOURCES	INNOVATION - DIGITAL	MARKETING AND SALES	STRATEGY – MERGERS AND ACQUISITIONS	KNOWLEDGE OF THE SERVICE SECTOR
TOTAL	**8**	**10**	**6**	**7**	**7**	**8**	**7**

Executive management of international companies

Experience as a Chief Executive Officer, Executive Committee member or other executive management position in a large international company or a group with a global operating presence.

Finance

Extensive experience in business finance and financial reporting processes, risk management, accounting, cash management, tax, mergers and acquisitions, and the financial markets.

Sustainable development, Societal Commitment and Human Resources

Experience in managing Environmental, Social and Governance (ESG) issues, as well as human resources management.

Innovation – Digital

Expertise or recent experience in developing and implementing technological and/or digital strategies; experience in companies with a strong technological and/or digital focus.

Marketing and Sales

Experience in marketing, sales, distribution, and BtoC brand management.

Strategy – Mergers and Acquisitions

Experience in defining strategies and managing strategic issues; experience in mergers and acquisitions.

Knowledge of the service sector

Experience in the services industry, knowledge of the Group's business areas and competitive environment.

COMPETENCIES

The Board of Directors takes particular care in the selection of its members. Directors are chosen for their ability to act in the interest of all shareholders and for their expertise, experience and understanding of the strategic challenges in markets where the Group operates. The composition of the Board of Directors is intended to adhere closely to the principles of diversity and to reflect the geographic mix of the business (insofar as possible), to provide a range of technical skills, and to include individuals with in-depth knowledge of Sodexo's activities.

INDEPENDENCE

ANALYSIS BY THE BOARD OF DIRECTORS OF EACH DIRECTOR'S STATUS BASED ON THE INDEPENDENCE CRITERIA DEFINED IN ARTICLE 9 OF THE AFEP-MEDEF CODE

	AFEP-MEDEF CODE INDEPENDENCE CRITERION							
	EMPLOYEE/ CORPORATE OFFICER IN THE PAST 5 YEARS	CROSS-DIRECTORSHIPS	SIGNIFICANT BUSINESS RELATIONSHIPS	CLOSE FAMILY TIES	AUDITOR IN THE PAST 5 YEARS	PERIOD OF OFFICE EXCEEDING 12 YEARS	STATUS OF NON-EXECUTIVE CORPORATE OFFICER	STATUS OF MAJOR SHAREHOLDER
Sophie Bellon		✓	✓		✓		✓	
Emmanuel Babeau	✓	✓	✓	✓	✓	✓	N/A	✓
François-Xavier Bellon	✓	✓	✓		✓		N/A	✓
Nathalie Bellon-Szabo		✓	✓		✓		N/A	
Françoise Brougher	✓	✓	✓	✓	✓	✓	N/A	✓
Soumitra Dutta	✓	✓	✓	✓	✓	✓	N/A	✓
Veronique Laury	✓	✓	✓	✓	✓	✓	N/A	✓
Luc Messier	✓	✓	✓	✓	✓	✓	N/A	✓
Sophie Stabile	✓	✓	✓	✓	✓	✓	N/A	✓
Cécile Tandeau de Marsac	✓	✓	✓	✓	✓	✓	N/A	✓

In this table, ✓ indicates an independence criterion that is met.

Business relationships

During Fiscal 2020, seven[1] Board members were deemed independent directors. No independent director, the group or entity of which he or she is a member and in which he or she exercises executive powers, has any significant business ties with the Company, its group or its management.

When examining the independent status of its directors, the Board of Directors pays particular attention to any business relations existing between the Sodexo Group and the entity or group of which each independent director is a member or director.

For Fiscal 2020, the Board of Directors carried out a quantitative and qualitative analysis of each directors' situation and the business relations that their respective groups or entity have with Sodexo. In this analysis, the Board of Directors determined that agreements are negotiated between the parties at arm's length. The Board also determined that the business flows between these groups (all activities combined and at the global level) are significantly lower than the 1% materiality threshold retained by the Board of Directors. Altogether, business conducted between Sodexo and each of the relevant groups represents less than 0.1% of Sodexo's consolidated revenue.

Management of conflicts of interest

Since 2014 Sophie Stabile has been a member of the Board of Directors of SPIE, which, in a number of limited and clearly identified cases in the technical services field, could be considered to be a competitor of Sodexo in Europe. Sodexo's Board of Directors has therefore put measures in place to minimize this conflict of interest risk. In particular, no commercially sensitive information concerning activities in which Sodexo competes with SPIE may be disclosed or discussed in her presence.

Accordingly, the Board of Directors considers that Sophie Stabile complies with the recommendations of the AFEP-MEDEF Code to which the Company refers and with the provisions of the Internal Rules of the Board concerning conflict of interest situations.

In addition, the Board of Directors' Internal Rules state that directors are required to disclose to the Board any actual or potential conflicts of interest and must abstain from discussing and voting on any matters associated with such conflicts of interest.

Directors representing employees

On January 21, 2014, the Shareholders Meeting decided on the conditions of appointment to the Board of Directors of one or more directors representing employees. Directors representing employees are appointed for a period of three years. Subject to the specific legal provisions applicable to them, directors representing employees are bound by the same legal and corporate rules and regulations (including the Company's bylaws and the Board of Directors' Internal Rules) and have the same rights and are subject to the same obligations as those applicable to the other Company's directors.

A first director representing employees, Philippe Besson, was appointed by the trade union that obtained the most votes in the first round of the most recent elections in France of union representatives and took his seat on the Board at its meeting

1 In accordance with the AFEP-MEDEF Code, directors representing employees are not included in the calculation of the percentage of independent directors on the Board.

on June 18, 2014. He was then reappointed in 2017 and again in 2020 for a further three-year term effective from the Annual Shareholders Meeting held on January 21, 2020.

A second director representing employees, Cathy Martin, was appointed by the European Works Council and became a member of the Board at its meeting on September 10, 2015. She was reappointed in 2018 and again in 2020 for a further three-year term starting from the Annual Shareholders Meeting to be held on January 12, 2021.

In addition, in accordance with the applicable law, a member of the Social and Economic Committee *(Comité social et économique)* sits on the Board of Directors in an advisory capacity.

The Board does not have any directors representing employee shareholders, as the amount of the Company's capital held by employees does not exceed the 3% threshold that triggers the requirement for such a director, as set in article L.225-23 of the French Commercial Code.

5.2.1.6 Organization, operating procedures and preparation of the work of the Board of Directors

Sodexo is governed by a Board of Directors, which has been chaired by Sophie Bellon since January 26, 2016.

Role of the Chairwoman of the Board of Directors

The Chairwoman of the Board of Directors represents the Board, organizes and directs its work, and reports to the shareholders at the Shareholders Meeting. The Chairwoman also represents the Board of Directors in matters concerning third parties such as employee representatives and Statutory Auditors. In addition, she is responsible for shareholder relations, particularly concerning Corporate Governance matters, and reports to the Board of Directors on this role. The Chairwoman oversees the functioning of the Company's Corporate Governance structures and, in particular, ensures that the Board members are able to fulfill their duties. Moreover, in order to make the positions of the Chairwoman of the Board of Directors and the Chief Executive Officer more complementary, the Chairwoman assists the Chief Executive Officer in his strategic review by playing a support and challenge role that helps create a shared corporate vision and common goals. In addition, Sophie Bellon plays an important role as the Group's ambassador with respect to all of its stakeholders, including employees, customers, non-governmental organizations (NGOs) and public bodies in order to promote the Group's capabilities and offerings and communicate its needs.

Operating procedures of the Board of Directors – Internal Rules

In addition to the Company's bylaws, the Board of Directors is governed by the Board's Internal Rules, which notably set out the Board's mission, the minimum and maximum number of Board members, the rules of the Directors' charter, the minimum number of Board meetings and the rules for allocating directors' compensation. The Internal Rules also set the criteria for assessing the performance of the Board, set the limits to the powers of the Chief Executive Officer, and define the policy for issuing guarantees.

The Internal Rules are regularly reviewed by the Board of Directors and comply with the AFEP-MEDEF Code as revised in January 2020.

The full version of the Board of Directors' Internal Rules is available on the Group's website (www.sodexo.com) and a summary of the principal components thereof is provided below.

The Directors' charter

The main components of the Directors' charter are described below.

Each director should 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. Directors should also be focused, active and engaged, and act with integrity.

Each director must personally own at least 400 Sodexo shares by the end of their first year of office (except for directors representing employees to whom no such requirement applies in accordance with French law).

To the extent possible, all Sodexo directors attend Shareholders Meetings.

Any director of Sodexo who obtains undisclosed information during the course of his or her duties is subject to insider trading legislation. In accordance with the European Market Abuse Regulation, the Company may draw up specific insider lists if insider information has been identified and a decision has been taken to postpone the publication of the relevant information.

Directors are prohibited from trading in Sodexo securities as follows:

- during the period commencing 30 calendar days prior to the date of publication of the half-year and annual consolidated financial statements and up to and including the date of their publication;
- during the period commencing 15 calendar days prior to the date of publication of the consolidated financial information for the first and third quarters up to and including the date of their publication.

Transactions in the Company's securities carried out by directors must be disclosed to the French securities regulator (*Autorité des marchés financiers* – AMF) within three trading days of the transaction date. Directors are required to inform the Group Legal Department of all transactions in Sodexo securities.

Induction and training of directors

Upon joining the Board, all directors receive training adapted to their specific needs. They meet the Chairwoman of the Board of Directors, the Chief Executive Officer and Group executives. Meetings are also organized with certain executives and external advisors. Site visits are arranged to provide an overview of the Group's businesses and a better understanding of each activity. Directors may also receive additional training on corporate responsibility or other matters. Board member training is a continuous process, throughout the term of office.

In addition, the Board ensures that directors representing employees are given the necessary time to prepare their participation in each Board meeting and that they receive the number of training hours required under the applicable legal provisions. Since joining Sodexo's Board of Directors, Philippe Besson and Cathy Martin have participated in several training seminars organized by the French Institute of Directors (IFA) as well as in-house training courses delivered by several of the Company's corporate functions, which are open to all of Sodexo's directors. In addition, both Philippe Besson and Cathy Martin have undergone training that leads to certification as Board directors which includes modules on corporate responsibility and ethics. They began this training in Fiscal 2019 and continued during Fiscal 2020.

Mission of the Board of Directors

The Board of Directors is a collegial body that acts in the Company's best interests, in line with the Group's corporate mission, and in the best interests of all of the Company's shareholders.

The Board defines Sodexo's strategy, long-term objectives and overall policies, in consideration of the social and environmental issues related to its activities, and ensures that they are properly implemented.

It regularly carries out the controls and verifications that it deems appropriate (particularly concerning progress made on the performance metrics set by the Board).

It appoints the Corporate Officers responsible for managing the Group's general policies.

The Board of Directors ensures the existence and effectiveness of the management of the Group's commitments, risks and internal control procedures, and oversees the quality of the information provided to shareholders and the financial markets in the financial statements and in connection with major financial transactions.

It ensures the implementation of a mechanism for the prevention and detection of corruption and influence peddling and receives all the information necessary for this purpose.

The Board of Directors also ensures that the Chief Executive Officer implements non-discrimination and diversity policies and a vigilance plan.

As required by law, the Board of Directors approves the financial statements for publication, decides on appropriation of net income, proposes dividends, and makes decisions on significant investments and the Group's financial policy.

At least five days ahead of Board meetings, each director is given briefing documents so that he or she can review and/or investigate the issues to be discussed.

The Group's senior executives make regular presentations to the Board of Directors, in particular at the meeting during which the budget is discussed:

- the Chief Executive Officer and the other operational executives, each in their area of responsibility, discuss the potential for growth, competitive positions, the ambition and the strategy for achieving it, and the principal components of their action plans;
- Group executives in each functional area (Human Resources, Finance and Group Growth Strategy) present their recommendations regarding strategy and policy developments, progress achieved and to be achieved and action plans for implementation within the Group.

The Board of Directors performs periodic in-depth reviews of the financial statements at meetings attended as necessary by members of the Group's operational and functional management teams as well as by the external auditors.

The Board of Directors meets at least once a year without the presence of executive management and employee representatives.

The Board of Directors is also kept regularly informed of questions, comments or criticism from shareholders, whether at meetings with shareholders or by mail, e-mail or conference call.

Board meetings during the fiscal year

BOARD MEETINGS

The Board of Directors met ten times during Fiscal 2020 (including by videoconference or telecommunication means), therefore fulfilling the minimum requirement of six meetings per year as stated in the Board of Directors' Internal Rules. The Board's work during the year mainly related to the following areas:

Corporate Governance

- approving the Management Report of the Board of Directors and the Corporate Governance Report for Fiscal 2019;
- reviewing the Fiscal 2019 Universal Registration Document;
- reviewing proposed amendments to the Company's bylaws;
- assessing the operating procedures and membership structure of the Board of Directors and the specialized Committees;
- proposing the reappointment of directors whose terms of office were due to expire;
- proposing the appointment of two new directors;
- assessing directors' independence;
- reviewing the charters of the specialized Committees;
- reviewing the procedure for identifying related-party agreements;
- carrying out its annual review of related-party agreements and commitments;
- calling the Annual Shareholders Meeting, preparing the Board of Directors' Report to the Annual Shareholders Meeting, and reviewing the resolutions to be put to the shareholders' vote;
- reviewing employee engagement;
- reviewing corporate responsibility issues;
- reviewing measures to reduce the risk of cyber-attacks;
- more generally, examining the work carried out and recommendations issued by the Nominating Committee and the Compensation Committee.

Compensation

- reviewing the compensation of Board members;
- approving the compensation and benefits of the Chief Executive Officer;
- approving the compensation and benefits of the Chairwoman of the Board of Directors;

- defining a new compensation policy for the Chairwoman of the Board of Directors and the Chief Executive Officer to be submitted to the Annual Shareholders Meeting;
- examining the alternatives for the implementation of a new supplemental pension plan, which will notably be applicable to the Chief Executive Officer;
- reviewing gender pay equality;
- adopting the restricted and performance share plans.

Financial statements and financial management

- reviewing and approving the financial statements of the Company and the Group for Fiscal 2019;
- appropriating net income for Fiscal 2019 and deciding on a dividend payment;
- examining the Group budget for Fiscal 2020;
- examining Sodexo's share performance and investor/analyst feedback;
- regularly renewing the authorizations granted to the Chief Executive Officer for issuing guarantees up to a certain threshold;
- putting in place the share buyback program;
- reviewing and approving the consolidated financial statements for the first half of Fiscal 2020 and the Interim Financial Report;
- examining business trends for the end of Fiscal 2020;
- approving forecast documents;
- regularly reviewing the management and impact of the Covid-19 crisis, including its effect on liquidity and the employee relief program set up for employees affected by the social and economic impacts of the pandemic;
- more generally, examining the Statutory Auditors' Reports and analyzing the work of the Audit Committee and approving its recommendations.

Group business and strategy

- regularly reviewing the Group's various business activities and segments, as well as their growth outlook and competitive environments;
- carrying out a status review of Facility Management services;
- regularly reviewing strategic opportunities, especially in terms of external growth.

Each year, a whole day is devoted to presentations on strategic issues given to the Board by operations and support teams, in addition to the plans that are regularly presented during the year at other Board meetings. These annual presentations are an occasion for high-quality discussions between the directors and the Company's senior management team and are extremely appreciated by everyone involved.

ASSESSMENT OF BOARD OPERATING PROCEDURES

At least once a year, the Board of Directors devotes an agenda item to discussing its operating procedures, and every three years it organizes a formal external assessment.

The most recent formal assessment took place in 2020 as the previous one was carried out in 2017. The findings were presented and discussed at the Board meeting on June 24, 2020. The assessment was performed by an external consulting firm and consisted of a questionnaire and individual meetings.

As well as appraising each director's actual contribution to the Board's work, the following six topics were covered in the assessment:

- the composition of the Board of Directors;
- the allocation of roles and Board dynamics;
- discussions on strategy;
- discussions on performance;
- logistics and administrative performance; and
- the Board's Committees.

The Board's membership structure has recently been strengthened with the arrival of new independent directors with solid competencies in finance, human resources and operations, and the overall age profile is gradually getting younger. Similarly, there has been a renewal of skills within the Board Committees.

In terms of the allocation of roles and Board dynamics, the general view of the Board's operating procedures is favorable and the directors particularly appreciate their freedom of expression and the Board's spirit of collective intelligence. They also consider that Board meetings are highly participative. The directors representing employees consider that they are fully integrated into the Board and that their contribution is valued.

Concerning strategy, the strategy days organized by Sodexo are very much appreciated and reinforce the choice to involve the whole Board in strategy decisions rather than creating a dedicated Strategy Committee.

Similarly, Corporate Social Responsibility issues are addressed directly by the Board as a whole instead of by a dedicated Committee.

The directors feel that they have a good understanding of the Group's operational challenges and goals, a good risk map, and detailed performance monitoring that provides information that is both accessible and high quality.

The Committees' roles and responsibilities are clear and appropriate. The quality of the work of the Nominating and Compensation Committees has improved since the last formal assessment.

In terms of Board's composition, identified areas for improvement included increasing the representation of the service sector on the Board, adding international profiles and CEOs with in-depth business transition/transformation experience, including in digital.

Specialized Committees of the Board

To support its decision-making process, the Board of Directors has three specialized Committees, each with its own charter approved by the Board of Directors setting out its role, responsibilities and operating procedures.

Broadly, the role of these specialized Committees is to examine specific issues ahead of Board meetings and to submit opinions, proposals and recommendations to the Board of Directors.

AUDIT COMMITTEE

COMPOSITION AS OF AUGUST 31, 2020

Sophie Stabile(1)	*Chairwoman, Independent director*
Emmanuel Babeau(1)	*Independent director*
François-Xavier Bellon	*Director*
Soumitra Dutta(2)	*Independent director*
Cathy Martin	*Director representing employees*

(1) Deemed a "financial expert" as defined in article L.823-19 of the French Commercial Code
(2) Effective October 28, 2020, Soumitra Dutta was replaced on the Audit Committee by Véronique Laury

75% Independent*

100% attendance

5 meetings

All Audit Committee members have recognized competencies in finance and accounting, as confirmed by their professional background (see section 5.2.1.3). When Cathy Martin was appointed as a member of the Audit Committee, she was given specific in-house training on the Company's accounting, financial and operating procedures.

The Audit Committee is responsible for ensuring that the Group's accounting policies are appropriate and consistently applied, particularly with respect to material transactions. It also verifies that the procedures used for preparing and processing accounting information (both financial and extra-financial) are effective and it issues recommendations for ensuring the integrity of such information.

It examines the Company's fraud detection procedures and its whistleblowing system. It is notably in charge of ensuring that a procedure is in place for dealing with complaints from third parties or employees (which may be anonymous) about any irregularities concerning accounting or internal control practices or any other area.

It issues observations and recommendations to the Company's senior management team about risks, particularly the structure, scope and organization of risk management. Accordingly, it periodically reviews senior Management Reports on risk exposure (including social and environmental risks) and prevention and ensures that effective internal controls are applied. It also regularly reviews the Internal Audit Reports and is informed of the internal audit plan.

The Audit Committee performs an annual review of the fees paid to the Statutory Auditors of Sodexo and its subsidiaries, assesses auditor independence and pre-approves certain non-audit services. When necessary, it carries out the process for appointing and re-appointing the Statutory Auditors.

The Audit Committee also issues recommendations to the Board of Directors about the regular assessment of the conditions for entering into related-party agreements and other agreements within the Group. As part of its work in this area, it reviews the annual payment due under the service agreement signed between Sodexo and Bellon SA (described in section 5.3.2 of this Universal Registration Document), as well as any changes in its amount from one year to the next.

Lastly, the Audit Committee reviews and issues recommendations on requests made to the Board for pledges, endorsements and guarantees.

To perform its role, the Audit Committee is assisted by the Chief Executive Officer, the Chief Financial Officer, the Senior Vice President Group internal audit and the Statutory Auditors, who present their work to the Committee and answer any questions that it may have. The Committee may also make inquiries of any Group employee, without any Company executives being present, and seek advice from outside experts. It meets at least once a year with the Statutory Auditors without management.

The Audit Committee met five times in Fiscal 2020 and the attendance rate was 100%.

In addition to the above matters, the Committee's work during the year concerned the following:

- assessing the impact of the first-time application of IFRS 9, IFRS 16 and IFRIC 23;
- reviewing the internal control process;
- reviewing the risk map, the audit plan and monitoring audit engagements;
- updating the Internal Audit charter;
- reviewing the Fiscal 2020 audit plan and the impact of Covid-19 on the annual audit plan;
- monitoring the Group's financing;
- monitoring the guarantees issued by the Company and the related authorizations granted to the Chief Executive Officer by the Board of Directors, and, more generally, monitoring the Group's off balance-sheet commitments;
- reviewing the non-audit services performed by the Statutory Auditors;
- reviewing the procedure for identifying related-party agreements;
- reviewing the amounts owed to Bellon SA under the service agreement with the Company;
- examining the alternatives for the implementation of a new supplemental pension plan which will notably be applicable to the Chief Executive Officer;
- reviewing the organizational structure of the finance function;
- examining the Group's scope of consolidation, the integration process for newly acquired companies, and the accounting restatements carried out in relation to acquisitions.

The Audit Committee also reviewed the annual consolidated financial statements for Fiscal 2019 and the interim consolidated financial statements for the first half of Fiscal 2020. In addition, it examined the sections of the Fiscal 2019 Universal Registration Document relating to risk management and internal control procedures, as well as the content of the Half year Financial Report, and reviewed the draft financial press releases before they were submitted to the Board of Directors.

Part of the meetings dedicated to reviewing the Group's annual and half-year results took place with the Statutory Auditors and without management.

In addition to formal Committee meetings, the Chair of the Audit Committee also had meetings during the fiscal year with the Chief Executive Officer, the Senior Vice President Group Internal Audit, the Chief Financial Officer and the Statutory Auditors.

* Excluding directors representing employees

NOMINATING COMMITTEE

COMPOSITION AS OF AUGUST 31, 2020

Cécile Tandeau de Marsac	*Chairwoman, Independent director*
Sophie Bellon	*Chairwoman of the Board of Directors*
Nathalie Bellon-Szabo	*Director*
Françoise Brougher	*Independent director*

50% Independent

95% attendance

4 meetings

This Committee regularly assesses the competencies and experience that the Board of Directors needs, and more generally, the situation of directors in relation to the criteria concerning the composition of the Board of Directors specified in the relevant legislation, the AFEP-MEDEF Code and the Board's Internal Rules.

It examines proposals made by the Chairwoman of the Board of Directors in relation to director nominations. For this purpose, it may retain the services of external executive search firms to identify candidates, while ensuring that the backgrounds of short-listed candidates are adapted to its current needs.

It provides an opinion to the Board of Directors on the appointment of the Chief Executive Officer and, as appropriate, one or more Deputy Chief Executive Officers.

The Nominating Committee is also responsible for preparing a succession plan for the Group's key Corporate Officers and members of the Group Executive Committee. This plan is regularly reviewed to ensure that the Committee is always in a position to propose succession solutions in the event that a position falls vacant unexpectedly.

The Committee 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 2020 and the attendance rate was 95%.

In addition to the above matters, the Committee's work during the year included the following:

- reviewing the Nominating Committee's charter;
- reviewing the resolutions submitted to the Annual Shareholders Meeting;
- reviewing the relevant sections of the Corporate Governance Report published in the Fiscal 2019 Universal Registration Document;
- reviewing succession plans;
- examining the Group's talent retention strategy;
- reviewing the reappointment of a director representing employees;
- examining the specific training plan for directors representing employees;
- regularly discussing the recruitment of new directors;
- assessing directors' independence;
- reviewing the Board's diversity policy;
- reviewing the directors' competencies matrix to enhance understanding of the Board's skills requirements and define the profiles sought for future Board candidates.

COMPENSATION COMMITTEE

COMPOSITION AS OF AUGUST 31, 2020

Cécile Tandeau de Marsac	*Chairwoman, Independent director*
Philippe Besson	*Director representing employees*
Françoise Brougher	*Independent director*
Sophie Stabile	*Independent director*

100% Independent*

96% attendance

5 meetings

The Compensation Committee is responsible for making proposals to the Board of Directors relating to the compensation policy for the Company's Corporate Officers, and recommendations about the components of compensation paid during or awarded for the previous fiscal year to Corporate Officers.

It also examines the compensation policy proposed by the Chief Executive Officer for the key executives of the Company and the Group, notably the members of the Executive Committee (including long-term compensation plans).

The Compensation Committee validates the Group's general policies relating to compensation, including long-term compensation (restricted share plans), and post-employment benefits undertaken by the Company (termination benefits, non-compete agreement, supplemental pension plan etc.).

The principles and rules applied by the Board of Directors in determining the compensation and fringe benefits provided to the Corporate Officers and members of the Executive Committee are described in section 5.5 of this Universal Registration Document.

In connection with its work, the Compensation Committee may use external specialists.

The Compensation Committee met five times in Fiscal 2020 and the attendance rate was 96%.

The work carried out during the year included the following:

- reviewing the Compensation Committee's charter;
- examining recent developments and new regulations concerning executive pay;
- reviewing the compensation packages of the Chairwoman of the Board and the Chief Executive Officer (*ex post* and *ex ante* say-on-pay votes), including the pay equity ratio;
- examining the alternatives for the implementation a new supplemental pension plan which will notably be applicable to the Chief Executive Officer;
- reviewing compensation policies for Executive Committee members and the Group's senior leaders;

* Excluding directors representing employees

- reviewing the budget for directors' compensation, which it kept unchanged;
- reviewing the resolutions submitted to the Annual Shareholders Meeting;
- reviewing the relevant sections of the Corporate Governance Report published in the Fiscal 2019 Universal Registration Document;
- reviewing restricted and performance share plans, including validating the achievement level for the performance criteria in the 2016 plans;
- assessing the impact of Covid-19 on the compensation of Corporate Officers and members of the Executive Committee;
- more generally, making recommendations to the Board of Directors on Corporate Officers' compensation and the Group's long-term incentive plans.

DIRECTORS' ATTENDANCE RATES AT BOARD AND COMMITTEE MEETINGS DURING FISCAL 2020

	BOARD(1)	AUDIT COMMITTEE(2)	COMPENSATION COMMITTEE(3)	NOMINATING COMMITTEE(4)
Sophie Bellon	100%			100%
Emmanuel Babeau	90%	100%		
Robert Baconnier(5)	100%			
Astrid Bellon(5)	100%			
François-Xavier Bellon	100%	100%		
Nathalie Bellon-Szabo	100%			100%
Philippe Besson	100%		100%	
Françoise Brougher	80%		80%	75%
Soumitra Dutta	100%	100%		
Véronique Laury	100%			
Cathy Martin	90%	100%		
Luc Messier	100%			
Sophie Stabile	100%	100%	100%	
Cécile Tandeau de Marsac	100%		100%	100%
Average rate	97%	100%	96%	95%

(1) Number of Board meetings: 10.
(2) Number of Audit Committee meetings: 5.
(3) Number of Compensation Committee meetings: 5.
(4) Number of Nominating Committee meetings: 4.
(5) At the Combined Annual Shareholders Meeting of January 21, 2020, the shareholders noted that (i) Robert Baconnier's term of office as a director had expired and that he did not wish to be reappointed, and (ii) Astrid Bellon no longer wished to be a Board member as from January 21, 2020. Consequently, the attendance rates for these two directors only cover the period from September 1, 2019 through January 21, 2020.

ROLE OF THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE COMMITTEE

The Chief Executive Officer has the authority to manage the operations and functions of the Group. Limits are placed on the powers of the Chief Executive Officer. These limits are set by the Board of Directors based on the recommendations of the Chairwoman of the Board.

The Chief Executive Officer is required to obtain the prior consent of the Board to make any pledge, endorsement or guarantee as follows:

- term greater than 15 years, regardless of the amount;
- term between 10 and 15 years and amount greater than or equal to 15 million euro;
- term between 5 and 10 years and amount greater than or equal to 30 million euro;
- term less than 5 years and amount greater than or equal to 50 million euro.

However, where the term is less than 25 years and the amount is less than 100 million euros, the prior consent of the Board is not required if it has been pre-approved by the Chairwoman of the Audit Committee.

The total amount for which the Chief Executive Officer may make any pledge, endorsement or guarantee between Board meetings is limited to 150 million euro.

The Chief Executive Officer must also obtain prior consent from the Board of Directors to commit the Company beyond certain amounts as follows:

- for acquisitions of interests in companies for more than 100 million euro per transaction (enterprise value). The prior approval of the Chairwoman of the Board is sufficient for a transaction amounting to more than 50 million euro and less than 100 million euro;
- for disposals of shares in companies for more than 20 million euro (enterprise value) per transaction;
- for medium- and long-term new financing of more than 100 million euro.

The Chief Executive Officer must also obtain the prior consent of the Board for decisions relating to the startup of new activities.

Denis Machuel was appointed Chief Executive Officer on January 23, 2018 to replace Michel Landel, who had held the position since September 1, 2005. Following his appointment as Chief Executive Officer, Denis Machuel's employment contract with a Sodexo subsidiary was terminated.

DENIS MACHUEL – CHIEF EXECUTIVE OFFICER

Born April 19, 1964
French nationality
Graduate of the *École nationale supérieure d'informatique et de mathématiques appliquées de Grenoble* (ENSIMAG)
Holds a Master of Science degree in Computer Science from Texas A&M University
First appointed: January 23, 2018
Expiration of current term: Unlimited period

Number of Sodexo shares held: **29,930**

Business address:
Sodexo
255, quai de la Bataille-de-Stalingrad
92130 Issy-les-Moulineaux (France)

Main role: Chief Executive Officer, Sodexo*

Background

Denis began his career with Schneider Electric in Egypt, before taking on the role of consultant at Altran, with Dassault Électronique as client. He remained with Altran for 16 years, holding several management positions including Altran Technologies UK's Chief Executive Officer, where he created the subsidiary. He then became Chief Executive Officer of Altran Technologies France, before becoming Director of Strategy and Offshore Operations.

In 2007, he joined Sodexo as Benefits & Rewards Services Chief Executive Officer for Central and Eastern Europe. In 2010, Denis took the lead of the Benefits & Rewards Services activity in Europe and Asia, before being appointed as Benefits & Rewards Services Chief Executive Office worldwide in January 2012. Denis joined Sodexo's Executive Committee in January 2014. In January 2015, he also became Group Chief Digital Officer and, in September 2016, Denis was also appointed as Personal & Home Services Chief Executive Officer.

On January 23, 2018, Denis Machuel was appointed Chief Executive Officer of Sodexo.

Other positions and corporate offices held

Companies linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
- **Member of the Board of Directors:** Sodexo, Inc (USA)
- **Member of the Management Board:** Sodexho Pass Venezuela CA (Venezuela)

Companies not linked to Sodexo

FRENCH COMPANIES
None

FOREIGN COMPANIES
- **Member of the Board of Directors:** Catalyst (USA)

Other positions and corporate offices held within the past five years but no longer held

Denis Machuel has held numerous corporate offices in Sodexo Group subsidiaries within the past five years. For ease of reference, not all of these offices are listed here.

Executive Committee

The Chief Executive Officer is assisted by an Executive Committee.

The role of the Executive Committee is to support Sodexo's growth and business development. This Committee – which has a diversified membership structure and includes key expertise, representing all of the Group's activities, segments and geographies in which the Group operates – drives Sodexo's consumer- and customer-centric approach and maximizes the efficiency of execution locally.

The Executive Committee meets regularly and is the linchpin of the Group's management structure. It is responsible not only for discussing and developing strategies to be recommended to the Board of Directors, but also for monitoring the implementation of these strategies once the Board of Directors has approved them. The Executive Committee tracks the implementation of action plans, monitors business unit performance, and assesses the potential benefits of growth opportunities and the risks inherent in its business operations.

During Fiscal 2020 the following changes took place in relation to the Executive Committee's members:

- Simon Seaton replaced Nicolas Japy as CEO Energy & Resources Worldwide;
- Sunil Nayak replaced Sylvia Metayer as CEO Corporate Services Worldwide;
- Sylvia Metayer became Chief Growth Officer;
- Johnpaul Dimech replaced Lorna Donatone as CEO, Geographical Regions.

Damien Verdier's role was changed to focus exclusively on Corporate Responsibility and Institutional relationships before his planned retirement on September 30, 2020.

As of August 31, 2020, Sodexo's Executive Committee had 20 members (including Denis Machuel), 30% women with eight different nationalities. These members are as follows:

Denis Machuel	Chief Executive Officer
Nathalie Bellon-Szabo	CEO, Sports and Leisure Worldwide, On-site Services
Cathy Desquesses	Group Chief People Officer
Johnpaul Dimech	CEO, Geographic Regions Region Chair, Asia Pacific, On-site Services
Sean Haley	CEO, Service Operations Worldwide Region Chair, UK & Ireland, On-site Services
Tony Leech	CEO, Government & Agencies Worldwide, On-site Services
Satya-Christophe Menard	CEO, Schools Worldwide and Universities rest of the World, On-site Services
Sylvia Metayer	Group Chief Growth Officer
Sarosh Mistry	Region Chair, North America, On-site Services Chair, Universities North America, On-Site Services CEO, Home Care Services Worldwide
Belen Moscoso Del Prado	Group Chief Digital and Innovation Officer
Sunil Nayak	CEO, Corporate Services Worldwide, On-site Services
Anna Notarianni	Region Chair, France, On-site Services
Marc Plumart	CEO, Healthcare & Seniors Worldwide, On-site Services
Marc Rolland	Group Chief Financial Officer
Dianne Salt	Group Chief Communications Officer
Didier Sandoz(1)	CEO, Personal & Home Services
Simon Seaton	CEO, Energy & Resources Worldwide
Aurélien Sonet	CEO, Benefits & Rewards Services
Bruno Vanhaelst	Group Chief Sales and Marketing Officer
Damien Verdier(2)	Group Chief Corporate Responsibility Officer CEO, Entegra Worldwide

(1) Following Damien Verdier's retirement, Didier Sandoz became, as from October 1, 2020, Group's Chief Corporate Responsibility Officer and CEO, Personal & Home Services
(2) Retired on September 30, 2020.

5

On September 1, 2020 the following changes took place:

- following Damien Verdier's retirement on October 1, 2020:
  - Sean Haley was appointed Chairman of Entegra in parallel with his role as CEO Service Operations Worldwide,
  - Didier Sandoz, CEO Personal & Home Services, became the Group's Chief Corporate Responsibility Officer and took over responsibility for the Stop Hunger network,
  - Johnpaul Dimech – CEO Geographic Regions and Region Chair, Asia Pacific – and Anna Notarianni – Region Chair France, were given responsibility for issues concerning Group Institutional Relations. Anna Notarianni is also now responsible for matters related to Societal Innovation;
- since October 1, 2020, Sodexo's Executive Committee comprises 19 members, with 32% women and eight different nationalities.

The gender diversity within the Executive Committee complies with applicable law, the recommendations set out in the AFEP-MEDEF Code and best market practices. In line with this, performance shares granted to Executive Committee members are subject, among other criteria, to a specific diversity and inclusion vesting condition aimed at promoting women to top management positions, *i.e.*, posts reporting directly to a member of the Group Executive Committee. The targets set by the Board of Directors are for 37% of top management posts to be held by women in 2022 and 40% in 2025.

The Executive Committee is supported by **a Group Investment Committee** whose members comprise the Chief Executive Officer, the Chief Financial Officer and one or more CEOs, depending on the investment projects concerned. This Committee considers and approves:

- significant new contracts for the Group;
- any plan to invest in property, plant and equipment or intangible assets as well as cumulative overruns of any investment budget approved at the beginning of the fiscal year;
- any plan to invest in or acquire companies;
- disposals of shareholdings.

The Executive Committee meets regularly in plenary meetings, and *ad hoc* meetings are held when required.

5.2.2 Compliance with the AFEP-MEDEF Code

Sodexo adopted the AFEP-MEDEF Code as its Corporate Governance framework. The latest version of this Code, as revised in January 2020, is available on the websites of the AFEP (www.afep.com) and the MEDEF (www.medef.com). It is also available on the Group's website at www.sodexo.com. The Company has opted not to apply certain of the Code's recommendations, for the reasons set out in the table below.

AFEP-MEDEF RECOMMENDATIONS	SODEXO PRACTICE
Proportion of independent members on the Nominating Committee (section 17.1 of the Code) The Code recommends that the majority of the members of the Nominating Committee be independent directors.	Sodexo's Nominating Committee comprises four members, 50% of whom are independent directors. However, it is important to note that: • its members do not include any executive Corporate Officers, as recommended by the Code; • like the Board's other Committees, it is chaired by an independent director.

Attendance of shareholders at the Annual Shareholders Meeting

Specific procedures pertaining to the participation of shareholders at the Shareholders Meeting are indicated in article 15 of Sodexo's bylaws (see chapter 6, section 6.4.12 of this Universal Registration Document).

Factors that could have an impact in the event of a public tender offer

In accordance with article L.225-100-3 of the French Commercial Code – which lists the factors that require disclosure if they could have an impact in the event of a public tender offer – the only relevant factor for Sodexo is Bellon SA's control over the Company's capital and voting rights. For further information about the Group's shareholding structure and voting rights, see chapter 6, section 6.3 of this Universal Registration Document.

5.3 OTHER INFORMATION

5.3.1 Other information concerning Corporate Officers and senior management of the Company

Family relationships within the Board of Directors are as follows:

- Nathalie Bellon-Szabo and François-Xavier Bellon (directors) are the sister and brother of Sophie Bellon, Chairwoman of the Board of Directors;
- Nathalie Bellon-Szabo (director) is a member of Sodexo's Executive Committee.

No loans or guarantees have been made or given to either members of the Board of Directors or senior management by Sodexo or by any Group company.

No assets necessary for the Group's operations are owned by either members of the Board of Directors or senior management or by their families.

There are no potential conflicts of interest between the duties to Sodexo of members of the Board of Directors or senior management and their private interests. In particular Mr. and Mrs. Pierre Bellon and their four children control 72,6% of the family holding company, which in turn holds 42.8% of the share capital of Sodexo and 57.1% of the exercisable voting rights as of August 31, 2020. Mr. and Mrs. Pierre Bellon and their children entered into an agreement in June 2015 to prevent their direct descendants from freely disposing of their Bellon SA shares for 50 years. Bellon SA's only asset is its holding in Sodexo; Bellon SA has no intention of selling this holding to a third party.

As far as the Company is aware, no member of the Board of Directors or of the senior management has during the past five years been:

- convicted of fraud;
- associated with a bankruptcy, receivership or liquidation;
- officially incriminated and/or subject to any official public sanction issued by a statutory or regulatory authority;
- prohibited by a court from acting as a Board member, a Supervisory Board member, or a member of senior management of an issuer, or from participating in the management or business affairs of an issuer.

Transactions in Sodexo shares carried out by Corporate Officers, Board members, members of their family and related persons

As required under article 223-26 of the French securities regulator's (*Autorité des marchés financiers* – AMF) General Regulation, transactions in Company shares by Corporate Officers, directors and persons with personal ties to these officers and directors declared to the AMF pursuant to article L.621-18-2 of the French Monetary and Financial Code were as follows during Fiscal 2020:

	TRANSACTION TYPE	TRANSACTION DATE	AVERAGE PRICE
Luc Messier (director)	Purchase of 400 shares	January 29, 2020	€98.50
Bellon SA (legal entity related to Sodexo)	Purchase of 150,000 shares	March 2, 2020	€86.20
Bellon SA (legal entity related to Sodexo)	Purchase of 150,000 shares	March 3, 2020	€86.97
Nathalie Bellon-Szabo (director)	Purchase of 465 shares	March 3, 2020	€87.37
Nathalie Bellon-Szabo (director)	Purchase of 460 shares	March 4, 2020	€85.95
Bellon SA (legal entity related to Sodexo)	Purchase of 150,000 shares	March 4, 2020	€85.95
Nathalie Bellon-Szabo (director)	Purchase of 480 shares	March 5, 2020	€83.54
Bellon SA (legal entity related to Sodexo)	Purchase of 180,000 shares	March 5, 2020	€83.59
Nathalie Bellon-Szabo (director)	Purchase of 500 shares	March 6, 2020	€80.12
Bellon SA (legal entity related to Sodexo)	Purchase of 159,878 shares	March 6, 2020	€80.30
Denis Machuel, Chief Executive Officer	Vesting of 6,750 restricted shares*	April 8, 2020	N/A
Bellon SA (legal entity related to Sodexo)	Pledge of 1,189,721 shares	April 16, 2020	€63.04
Sophie Stabile (director)	Purchase of 100 shares	July 28, 2020	€58.98
Sophie Stabile (director)	Purchase of 200 shares	August 31, 2020	€61.87

* In accordance with the terms and conditions of the 2016 restricted share plan, 6,750 restricted shares were vested and delivered to Denis Machuel at the end of the applicable vesting period, *i.e.*, on April 27, 2020. For further information, see section 5.5.2.2 of this Universal Registration Document.

Measures to prevent control being exercised in an abusive manner

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 seven independent directors among the twelve members of the Board of Directors (including two directors representing employees) as of August 31, 2020;

(b) the fact that the Company has put in place three specialized Committees, which are all chaired by independent directors and whose members include independent directors, as recommended by the AFEP-MEDEF Code;

(c) the separation of the roles of Chairwoman of the Board and Chief Executive Officer;

(d) the disclosures within this document of the relationship between Sodexo and Bellon SA:

- these include the ownership interest of Bellon SA in Sodexo (disclosed in section 6.3 of this document),
- the Sodexo shares are the only assets held by Bellon SA; consequently, the interests of Sodexo's shareholders are aligned with those of Bellon SA's shareholders and the capital ties between the two companies do not generate any conflict of interest,
- since 1991, a service agreement between Bellon SA and Sodexo has been in operation (described below in the paragraph concerning related-party agreements). The fees payable under this agreement and changes in these fees are reviewed annually by the Audit Committee.

5.3.2 Related-party agreements and commitments

Related-party agreements and commitments submitted for approval at the Annual Shareholders Meeting of January 12, 2021

During Fiscal 2020, the Company did not enter into any related-party agreements or commitments governed by articles L.225-38 or L.225-42-1 of the French Commercial Code that were not previously submitted to shareholders for their approval.

Related-party agreements and commitments approved by the shareholders in previous years that remained in force during Fiscal 2020

Service agreement between Bellon SA and Sodexo, in which Sophie Bellon, Nathalie Bellon-Szabo and François-Xavier Bellon are Corporate Officers in both companies and exercise control as defined in article L.233-3 of the French Commercial Code

The service agreement between Bellon SA and Sodexo, which falls within the scope of article L.225-38 of the French Commercial Code and was approved by shareholders in previous years, remained in force during Fiscal 2020. This agreement was subject to an annual review by the Board of Directors and the Statutory Auditors were informed thereof.

Information on this service agreement is provided below as well as in the Statutory Auditors' Special Report set out in chapter 4, section 4.4.2 of this Universal Registration Document.

A service agreement has been in place between the Company and Bellon SA since 1991.

At its meetings on November 15, 2016 and July 10, 2017, the Board of Directors, on the recommendation of the Audit Committee, approved changes to this agreement that became effective on November 17, 2016 and were approved at the Shareholders Meeting of January 23, 2018.

Under the terms of this agreement, Sodexo benefits from the professional experience and expertise of the three Bellon SA managers.

Under the terms of the agreement, Bellon SA invoices Sodexo for the compensation (including payroll taxes) of the Group Chief Financial Officer, Group Chief People Officer, and Group Chief Growth Officer during the secondment period. In compliance with the law, their compensation is fully rebilled, including the fixed and variable portions, as well as any related payroll taxes.

The total fees billed under this agreement, and changes compared with the prior year, are reviewed annually by the Audit Committee and the Board of Directors. In addition, and in compliance with the law, the agreement and the annual billed fees are reviewed every year by the Board of Directors (with none of the directors from the Bellon family taking part in either the vote or the related discussions).

The amount recorded as an expense for Fiscal 2020 amounts to 1,460,305 euro excluding tax.

Other agreements and commitments

The commitments made by the Company to Sophie Bellon, Chairwoman of the Board of Directors (concerning her supplemental health and benefit plans) and Denis Machuel, Chief Executive Officer (concerning his supplemental health and benefit plans, non-compete obligation and supplemental pension plan) previously fell within the scope of article L.225-42-1 of the French Commercial Code and were therefore duly approved by shareholders in previous years.

Following the repeal of article L.225-42-1 of the French Commercial Code, these commitments are no longer treated as related-party agreements and are now included in the compensation policies for the Chairwoman of the Board of Directors and the Chief Executive Officer that are approved every year by the shareholders.

Assessment procedure for related-party agreements and other agreements

On November 6, 2019, on the recommendation of the Audit Committee, the Board of Directors adopted an internal charter for the Group to be used for identifying those agreements that need to undergo the procedure for related-party agreements, and distinguishing them from other agreements entered into in the ordinary course of business. This charter will help ensure that Sodexo complies with new French legislation on these agreements, which requires companies to regularly assess the conditions under which such agreements are entered into and to analyze their classification.

In addition to describing the regulatory framework applicable to the various types of agreements that may be entered into by the Group, the charter provides for a regular assessment to be carried out by the Audit Committee of the conditions under which agreements are entered into in the ordinary course of business, with any parties that have a direct or indirect interest in an agreement being prohibited from taking part in the corresponding assessment.

A summary of how the charter has been applied is presented once a year to the Audit Committee, which then reports to the Board of Directors on the work it has carried out.

5.3.3 Ethics and Compliance

Conducting business with integrity is critical to Sodexo's success and constitutes a fundamental pillar of the Group's responsible business conduct commitments.

In line with this, Sodexo has chosen to appoint a Group Chief Ethics Officer, who reports directly to the Chief Executive Officer and is responsible for promoting ethical principles.

5.3.3.1 Ethics and Compliance governance

Since 2011, the Sodexo Group Ethics and Compliance Committee ensures that business is conducted responsibly, by:

- deploying an ethics and compliance culture, and related programs and policies across the Group;
- addressing a range of issues relating to anti-corruption, the duty of vigilance, and preventing conflicts of interests;
- supporting all of the Group's Ethics and Compliance Committees worldwide;
- examining all specific issues brought to its attention.

This Committee is co-chaired by the Group General Counsel and the Group Chief Ethics Officer and comprises representatives from the Group's various support functions: Ethics, Legal, Internal Control, Internal Audit, Human Resources, Supply Management, corporate responsibility, and Communications, as well as heads of certain Group activities (some of whom are also members of the Group Executive Committee). Two other Group Executive Committee members take part in the work of the Ethics and Compliance Committee (a region Chair and a worldwide segment CEO). These two members change every year so that all of the Group's functions can be represented. The Ethics and Compliance Committee makes a quarterly report on its work to the Group Executive Committee.

A local network dedicated to compliance issues has also been recently deployed throughout the Group. Each country, in all of the Group's activities, now has at least one compliance point of contact, whose roles include (i) drawing up the local risk mapping, (ii) adapting the Group's overall ethics and compliance program to the specific requirements of the country and activity concerned, (iii) reporting to the Group all information relating to local deployment of the program so it can be adapted where necessary, (iv) assisting operations teams on a daily basis, and (v) helping local executives promote a culture of integrity within their subsidiaries. This compliance community has been given dedicated systems and processes so it can access the resources needed to deploy the program globally and consistently.

In addition, local Ethics and Compliance Committees – which report to the regional Executive Committees – have been put in place in regions and/or countries that did not have them before France's "Sapin II" Act took effect.

5.3.3.2 Ethics and Compliance program

In order to make its strategy tangible as well as meeting the applicable legal requirements, Sodexo has structured its Ethics and Compliance program around the following pillars:

1. A committed management team: Sodexo's management team embodies the Group's culture of integrity and has a zero-tolerance policy for any form of unethical practice, such as bribery, corruption, or breaches of human rights. The management team's commitment is demonstrated in a number of different ways, including regular communications from the Chief Executive Officer and other executives, for example during the "Let's Chat" ethics and compliance forum which was relayed on all of the Group's local intranets in November 2019.
2. Risk assessment: Risks specific to responsible business conduct have been assessed for each country and aggregated within the global risk mapping. These risks cover major issues such as bribery, corruption, breaches of human rights, anti-trust practices and environmental damage. In order to deepen the Group's risk assessment processes, the methods used are currently being reviewed, and the revised versions will be implemented during Fiscal 2021.
3. Policies and procedures: Sodexo put in place its first Group-wide ethics charter in 2007 and subsequently drew up its Code of conduct. This Code – which sets out the Group's ethical principles – was updated in 2018 to take into account the changes introduced by the French Sapin II Act. The Code of conduct provides practical examples showing employees how to do the right thing when faced with a dilemma. It is available in16 languages and can be consulted on the Sodexo website. It is rounded out by policies and procedures, which

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give employees practical tools for guiding them in their daily work and projects, notably in relation to gifts, invitations, donations, corporate sponsorship, public affairs and intermediaries.

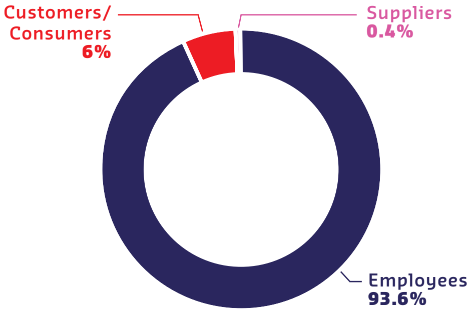
4. Training and awareness-raising: Specific training courses on responsible business conduct are developed and delivered within the Group to the staff categories with the highest level of exposure. E-learning modules on Responsible Business Conduct (combating sexual harassment, data protection, human rights in the workplace, and preventing corruption and conflicts of interest) have been put in place for all of the Group's leaders and managers. In-house communication campaigns are regularly launched to let employees know about these e-learning modules, and as of August 31, 2020, over 45,512 people had signed up for them. In addition, face-to-face training is provided to Executive Committee members and certain other Group executives about the obligations resulting from the Sapin II Act.
5. Third-party assessment: Since 2008, Sodexo has had a Supplier Code of conduct, which is translated into 23 languages and is regularly updated. The Group's suppliers are required to respect this Code, which is included as an appendix to all sales contracts, and also to pass on its terms and conditions to all of the players in their own supply chains.

   Sodexo is continuing the deployment of its online registration tool in order to centralize information about its suppliers. This tool incorporates all of Sodexo's requirements relating to capacity, certification, geographical coverage, and regulation. It is also used to collect data on social responsibility. Suppliers benefit from a simple interface, which enables them to provide all the required information easily. The advantage for Sodexo is that the tool provides a "gateway" for the collection of information adapted to the Group's social responsibility requirements. Suppliers are invited to respond to various questions linked to the Group's social responsibility commitments and are required to update them throughout their relationship with Sodexo. In parallel, over the past several months Sodexo has been working on launching a solution for carrying out a full assessment of the corporate responsibility of companies in its supply chain.

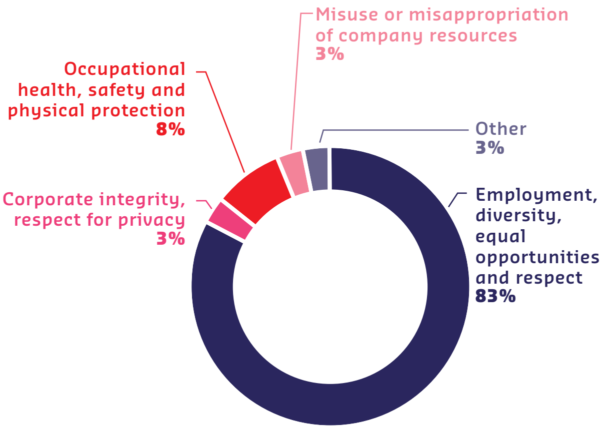
   During Fiscal 2020, the Group added a compliance section to its due diligence procedures for mergers and acquisitions.
6. Whistleblowing system – Speak Up: The Sodexo Speak Up Ethics Line – available in over 30 languages, online or by phone in each country – enables (subject to local legislation) all Sodexo employees and partners (in particular suppliers, customers and consumers) to report anything that they suspect to be unethical, particularly harassment, theft, fraud, corruption, conflicts of interest, environmental damage, document forgery or insider trading. In compliance with local laws and regulations, this system is hosted by a third-party company and replaces the local whistleblowing systems that previously existed. All of the managers concerned have been informed of the case management and responsible investigation procedures through two online training sessions.

   894 cases were lodged *via* Sodexo Speak Up during Fiscal 2020.

BREAKDOWN OF SPEAK UP CASES BY SOURCE



BREAKDOWN OF SPEAK UP CASES BY CATEGORY



7. Controls: The internal control and risk management procedures relating to the preparation and processing of financial and accounting information form an integral part of the Group's anti-corruption measures. Internal and external audits are performed on a regular basis, notably covering the following topics: anti-corruption, anti-money laundering, environmental protection, respect of human rights and fundamental labor rights, and occupational health and safety.

5.3.3.3 Sodexo Group tax policy

The Sodexo Group has established a tax policy that has been published on its website. This policy mainly states that the Sodexo Group undertakes to respect local tax laws and regulations that apply and pay its fair share of taxes in all countries where it operates, in line with the substance of the economic activity of the business locally. Sodexo is not using intended tax structures for tax avoidance nor investing in tax structures located in so-called "tax havens" in order to avoid taxes. The tax policy complies with principles of Business Integrity and the Code of ethics of the Sodexo Group. Therefore, the Group considers that it complies with the requirements of the new article L.225-102-1 of the French Commercial Code combatting tax evasion.

Sodexo will always:

- perform risk management assessments before adopting a tax position;
- ensure that each controlled entity has a sound commercial, business or financial justification and has the sufficient level of substance;
- frame transfer pricing policy for intra-Group exchanges of goods and services on an arm's length basis, pricing in line with international standards (*e.g*. OECD Guidelines); this principle is applied consistently across the Group and adequately documented;
- monitor tax compliance in jurisdictions where Sodexo operates.

All significant tax positions are regularly reported to the Group Audit Committee.

5.3.4 Vigilance Plan

Sodexo has been actively managing its risks for a long time. The legal requirements regarding the duty of vigilance therefore reflect the values and actions long championed by the Group and its founder, Mr. Pierre Bellon.

In accordance with France's Duty of Vigilance Act, the Vigilance Plan presents the measures put in place within the Group to identify risks and prevent serious impacts in terms of (i) human rights and fundamental freedoms, (ii) individual health and safety, and (iii) environmental damage that may result from the Group's activities and those of its subcontractors and suppliers.

As Sodexo operates in 64 countries in a variety of complex economic and socio-cultural contexts, it adapts its approach to the above issues in accordance with its different businesses and host countries. The Vigilance Plan covers Sodexo and its subsidiaries' activities and is perfectly in line with its corporate responsibility roadmap.

In addition, the Group has put in place a dedicated governance system relating to ethics and compliance issues (including those that fall within the scope of the French Duty of Vigilance Act), as described in section 5.3.3 of this Universal Registration Document.

Issues that fall within the scope of the Duty of Vigilance cover all businesses and involve numerous teams, including Corporate Responsibility, Supply Management, Legal Affairs, Internal Control, Internal Audit, Human Resources, Ethics and Operations. The Group's work on these issues also involves its customers, suppliers and subcontractors.

In Fiscal 2020, there was special focus on the impact of the Covid-19 pandemic on those three areas, with a special relief program set up for the Group's employees and suppliers.

The diagram below details the measures implemented by the Group in accordance with the five obligations concerning the three categories of issues. These measures are described in more detail in chapter 2 of this Universal Registration Document.

The main measures contained in the vigilance plan are presented below:

	RISK MAPPING	REGULAR EVALUATION PROCEDURES COMPANY-WIDE	APPROPRIATE ACTIONS TO MITIGATE RISKS OR TO PREVENT SERIOUS HARM

HUMAN RIGHTS	• Risk mapping including risks related to human rights, prepared by all countries
	• Consideration of the sexual harassment risk as part of the social dialogue (Sodexo employee)
	• Materiality assessment (cf. section "Materiality assessment", chapter 1)
	• Identification of three supply chain risk categories and specific monitoring of the supply chain:
	  • Textile: Uniforms
	  • Seafood: Tuna
	  • Agricultural product: Beef
	• Support to the employees most affected by the business loss during the pandemic
	• Support to local employment at our suppliers during the pandemic
		• Implementation of the Responsible Business Conduct program
		• Supplier Code of conduct
		• Matrix audit for textile supplier (uniforms)
		• Assessment using the Supplier Information Management (SIM) system
			• Specific clauses in customer and employees' contracts
			• Sodexo Code of conduct (integrity statements)
			• Supplier and Subcontractor Contrat Management (Contractual clauses; Right Supplier, Right Terms)
			• Training for managers on fundamental labor rights
			• Employee relief program financed by contributions from the Group's key executives
			• Implementation of more flexible financing solutions, especially for SMEs and local suppliers

HEALTH AND SAFETY	• Risk mapping including risks related to health and security, prepared by all countries (cf. section 5.4) • Materiality assessment (cf. section "Materiality assessment", chapter 1) • "Zero harm" Culture • Covid-19 related risk governance, including the Advisory Medical Committee (AMC)	• Standard operating procedure review process, including modifications due to Covid-19 in coordination with the AMC • Implementation of the Responsible Business Conduct program • Supplier Code of conduct • Assessment* using the Supplier Information Management (SIM) system	• Deployment of Global Health Policies – Workplace Safety • "Zero harm" Culture • Clauses in customers and employees' contracts • Annual plans of health and safety improvement • Sodexo Safety Net Program (focused on high-risk sites and activities) • Sodexo's Code of conduct (integrity statements) • Supplier and Subcontractor Contract Management (Contract clauses, Right Supplier, Right Terms)
ENVIRONMENT	• Risk mapping including environmental risks, prepared by all countries (cf. section 5.4) • Materiality assessment (cf. section "Materiality assessment", chapter 1)	• Standard Operating Procedures (SOPs) for Site Managers • Implementation of Responsible Business Conduct program • Sodexo's Supplier Code of conduct • Assessment* using the Supplier Information Management (SIM) system	• Sales Academy (special session dedicated to Environment) • Site Manager Academy (special session dedicated to Environment) • Implementation of Group policies: Palm Oil, Seafood, Eggs, Animal Welfare • Customer and employee contractual clauses • Sodexo's Code of conduct (integrity statements) • Supplier and Subcontractor Contract Management (Contract clauses, Right Supplier, Right Terms)

* Auto-évaluations.

WHISTLEBLOWING AND REPORTING MECHANISM	FOLLOW-UP ON IMPLEMENTED MEASURES AND EVALUATION OF THEIR EFFECTIVENESS	INDICATORS AND EXEMPLES OF EFFECTIVENSS	OPPORTUNITIES CREATED
• Speak Up whistleblowing system accessible to everyone impacted by Sodexo business activities	• Third-party independent audit (KPMG) • Biennial Engagement Survey • Regular supplier review process (external certification, mitigation and prevention)	• 96% of Sodexo's Senior Leaders received training on sexual harassment • 100% of Sodexo's textile suppliers are evaluated by an independent organization. • More than 9,630 managers received training on fundamental rights at work • €30 million employee's relief program	• Strengthening social dialogue through global framework agreement on preventing sexual harassment • Strengthening the relationship with suppliers through the Global Sustainable Seafood Initiative • Multi-sector and multiplayer (NGOs, trade unions, businesses, etc.) cooperation through the OECD's Business for Inclusive Growth
• Speak Up whistleblowing system accessible to everyone impacted by Sodexo's business activities • Sodexo Life Safety program to report potential serious incidents • Health and safety reporting tool (Salus) for all injuries and recordable injuries (including all reported Covid-19 cases)	• Third-party independent audit (KPMG) • Biennial Engagement Survey • Regular supplier review process (external certification, mitigation and prevention) • External certifications and compliance with standards (ex: OHSAS 18001/ ISO 45001)	• Lost Time Injury Rate (LTIR): 0.77 (improved by 11.1%) • 86.6% of Group revenues from countries having one or more OHSAS 18001 or ISO 45001 • 8% Speak Up cases related to health and safety	• Appeal to customers and to their loyalty • Reduction in insurance costs • Increase Better employee engagement • Reduction in absenteeism rate
• Speak Up whistleblowing system accessible to everyone impacted by Sodexo's business activities	• Third-party independent audit (KPMG) • Biennial Engagement Survey • Regular supplier review process (external certification, mitigation and prevention)	• 88.0% of On-site revenues come from countries where the Sodexo Animal Welfare Supplier charter is available in at least one official language • 77.7% of seafood purchased are from sustainable sources (in kg) • 45.0% of all shell eggs purchased by Sodexo are from cage-free sources (in volume)	• Development of offers and services having a positive impact on the environment • Participation in global initiatives to fight against climate change • Contribution to the achievement of our customers' environmental objectives • Positive impact on Sodexo's employer brand

5.3.5 Data protection

Respecting privacy and protecting personal data are the responsibility of everyone at Sodexo and form one of the pillars of the Group's Responsible Business Conduct program.

The Group has been able to strengthen the relationship of trust it has built up with its employees, customers, consumers and shareholders about data protection by appointing a Group Data Protection Officer in Fiscal 2017 (who reports directly to the Group General Counsel), setting up a dedicated data protection team, and rolling out a global data protection program that complies with the General Data Protection Regulation (**"GDPR"**)[1].

In addition, in view of today's global regulatory environment in which GDPR principles have been widely taken up in data protection laws outside the European Union – such as the laws recently adopted in Brazil and California and those in the process of being adopted, such as in India and Chile – Sodexo's decision to have a uniform, Group-wide data protection policy based on GDPR requirements, while also taking into account the legal obligations applicable locally, has proved to be a real commercial asset.

As describe below, in Fiscal 2020, major headway was made in terms of each of the program's six pillars, with all of the following areas reinforced: governance processes, accountability, the management of personal data transfers, processes and tools for ensuring better risk management and data protection as from the project design stage ("privacy by design"), protocols for responding to requests from data subjects, and transparency and employee awareness-raising.

5.3.5.1 Data protection Governance

A hybrid governance model

The hybrid governance model put in place by Sodexo consists of combining centralized and local governance. The Group Data Protection Officer – who is in charge of ensuring compliance with the applicable laws and the Group's policies and procedures relating to data protection – has a central team of experts at Group level, which has recently been strengthened by the addition of a project management specialist. She is also assisted by a network of local data protection single points of contact appointed in each of the entities concerned, who provide help and support with implementing the global data protection program through local governance bodies.

In order to ensure that new local data protection single points of contacts are integrated into the network as effectively as possible, the Group has created a Data Protection Academy, which held two training sessions in Fiscal 2020. Additionally, with a view to ensuring that the data protection network stays ahead of the learning curve and that best practices are harmonized and the Group's data protection policies and procedures are consistently implemented, the Group Data Protection Officer and her central team exercise a continuous oversight role (with quarterly meetings in groups and meetings with the whole network twice a year).

During Fiscal 2020, the monthly reporting system used by the local data protection single points of contact to report certain key indicators, such as the number of requests for access rights, or the number of data protection impact assessments, was simplified and automated. The information reported *via* this system gives the Group Data Protection Officer an overall view of the situation Group-wide, which she uses as a basis for her quarterly reports to the Group Chief Executive Officer.

A shared governance system

In Fiscal 2019, the Group set up a system for sharing data protection governance with the teams in charge of information systems security. This system was continued in Fiscal 2020 through the following two Committees:

- **global Cyber-Security and Data Protection Review Committee,** comprising the Global Chief Information Security Officer, the Group Data Protection Officer, the Group General Counsel, the Group Internal Control Officer and seven members of the Executive Committee.
  - The role of this Review Committee, which meets around three times a year, is to (i) approve the strategies and programs drawn up by the Global Chief Information Security Officer and the Group Data Protection Officer, and monitor the implementation of their respective roadmaps, (ii) draw lessons from any major security incidents and data breaches and adjust the corresponding programs where necessary, (iii) review the reports of the internal and external auditors and the responses to be put in place for any identified weaknesses, and (iv) identify any major residual risks for the Group and decide on the appropriate remedial actions. One of the issues covered by the risk assessments performed and reported on to the Committee in Fiscal 2020 by the Group Data Protection Officer and the Global Chief Information Security Officer was the use of personal computers and smartphones for professional purposes ("Bring Your Own Device");
- **Group Compliance Management Committee,** comprising the Global Chief Information Security Officer, the Group Data Protection Officer, the Global IT Compliance & Control Director and members of their respective teams at Group level.
  - This Committee meets on a regular basis and is assisted, when required, by representatives of the Group's business activities, segments and support functions. Its role is to ensure that the IT-related technical and organizational measures implemented to guarantee security and confidentiality adequately cover data protection risks. In Fiscal 2020, the Compliance Management Committee

1 Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

focused on the launch of a campaign across all of Sodexo's entities to raise awareness and provide recommendations to ensure that the Group's data retention policies are effectively applied.

5.3.5.2 Accountability

In conjunction with the information systems teams, in Fiscal 2018 an inventory was performed of (i) IT applications and (ii) the types of personal data processing, by purpose, carried out by Group entities operating in the European Union and the European Economic Area. This project led to the rollout of the global GDPR compliance program, which notably included the creation of data processing activities records.

This inventory and program rollout exercise was extended to the Asia Pacific region, the United States and Brazil in Fiscal 2019, and to South America, Russia and the Middle East in Fiscal 2020.

Sodexo has also decided to submit Binding Corporate Rules to the French supervisory authority for data protection, the National Commission for Information Technology and Civil Liberties (**"CNIL"**), which Sodexo considers as its competent lead supervisory authority. This is a legal framework proposed in the GDPR that allows multinational companies to submit a binding Code of conduct for data protection. Once approved by the CNIL, this Code will enable Sodexo to even more effectively share common compliance management rules with all Group entities and have a Group-wide data sharing framework.

5.3.5.3 Data sharing

The Group Data Protection Officer has drawn up a best practice code for sharing data as well as template data protection clauses for supplier agreements on processing personal data. These documents have been relayed throughout the network of data protection single points of contact so that ever since Fiscal 2018 all Group entities have been able to apply the same practices where data processing operations are either fully or partially outsourced.

Furthermore, a map of the applicable data protection laws was drawn up in Fiscal 2020 with the aim of providing a clear overall view of the formalities that need to be carried out in each of the countries where Sodexo entities operate, and therefore to prepare for implementing the Group's Binding Corporate Rules.

The main issues arising in relation to data sharing in Fiscal 2020 concerned managing and framing transfers of personal data to (i) the United Kingdom, due to the uncertainties caused by Brexit and (ii) the United States, due to the Court of Justice of the European Union's ruling invalidating the decision adopted by the European Commission in 2016 on the adequacy of the protection provided by the EU-US "Privacy Shield", which allowed the transfer of data between the European Union and operators in the U.S. that adhere to its data protection principles.[1]

5.3.5.4 Risk management and control

Privacy by design

The Group has tightened its existing procedures by incorporating a review of risks related to privacy and fundamental human rights, based on an automated questionnaire that has to be completed by the internal parties concerned prior to launching projects involving personal data processing. This "Privacy Risk Assessment Questionnaire" enables each data protection team to more efficiently identify the level of risk posed by projects and to decide whether they need to take any compliance measures.

As a result, if a high level of risk is identified and certain criteria are met, an impact assessment can be performed. The impact assessment process was simplified and automated during Fiscal 2020, making easier to assess the risks involved and facilitating contacts with the internal parties concerned.

Privacy by default

A risk assessment is also carried out on Group suppliers before any contracts are signed with them and this process has been automated for global suppliers.

Continuous risk management and regular, targeted controls

A regular monitoring plan has been put in place for the local data protection single points of contact in order to assist them with ongoing compliance management. Sodexo's entities are also monitored to measure their progress in implementing the Group's data protection program. This monitoring now includes a "project management" aspect, which provides a full and up-to-date view of the risks related to any non-compliance with the applicable laws and the Group's policies and procedures concerning data protection.

The following were created in Fiscal 2020: (i) a risks register, designed to more efficiently target data protection internal audits, and (ii) a list of control points, intended to help internal controllers and auditors to better measure how well the data protection program is being implemented.

Managing the Covid-19 crisis also led to issues relating to data protection. The Group Data Protection Officer issued guidelines to ensure that the Group's practices were consistent for processing personal data relating to (i) workplace health and safety for employees, and (ii) services provided to customers, such as temperature-taking at the entrance to sites.

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1 Commission Decision of July 26, 2000 pursuant to Directive 95/46/EC of the European Parliament and of the Council on the adequacy of the protection provided by the safe harbour privacy principles and related frequently asked questions issued by the U.S. Department of Commerce.

5.3.5.5 Response protocols and execution measures

Response to requests concerning rights regarding data protection

During Fiscal 2020, the Group carried out in-depth work on updating its policy and procedure for managing requests concerning data subjects access rights (right of access, right of rectification, etc.) and on digitalizing the procedures for managing the exercise of these rights (online form, a system enabling requests to be more effectively tracked, etc.).

Response to security incidents and personal data breaches

To ensure that any security incidents resulting from personal data breaches are properly managed, the Group Data Protection Officer and the Global Chief Information Systems Security Officer have jointly drafted a Group directive to be adapted locally by all of the Sodexo entities. A dedicated system has also been deployed in order to deal with any such security incidents even more efficiently and to enable a register of the incidents to be kept. Training has been given to the local data protection single points of contact to help them with assessing the risks for data subjects when security incidents take place.

The Group Data Protection Officer keeps an overall register of personal data breaches, into which incidents can now be entered thanks to a simplified, automated reporting system through which the local data protection single points of contact can easily report any personal data breaches.

Cooperation with the data protection authorities

In Fiscal 2020, Sodexo's French Foodservices operations were audited by France's supervisory authority for data protection, the CNIL. This audit was carried out as part of the annual program implemented by the CNIL, which in 2018 announced that it would be paying special attention to how service providers process personal data on behalf of data controllers. The CNIL found that Sodexo has shown a good level of maturity in applying the new legal framework with respect to the personal data processing it carries out as a data processor for its customers. As a result, it decided to close the audit procedure.

5.3.5.6 Transparency and awareness-raising

Transparency

The Group's work on transparency during Fiscal 2020 included updating its notification templates and confidentiality policies, especially those intended for Group employees but also those including necessary information related to cookies.

A system designed to record user consent and preferences prior to the installation of cookies has been chosen and will be deployed during Fiscal 2021 on all of the websites and apps of the Sodexo entities concerned.

Awareness-raising

As an extension to the global GDPR training program set up in Fiscal 2019 for Sodexo employees, the Group has launched a new practical worldwide campaign, based on ten golden rules with a logo, graphic identity and the slogan "We believe in privacy". Designed in a fun and engaging way, this campaign has stepped up Sodexo's drive to raise employee awareness about confidentiality and data protection.

A training module will be launched in Fiscal 2021 to remind all of the Group's employees about data protection principles.

5.4 RISK MANAGEMENT

5.4.1 Group Policies

Sodexo faces a number of internal and external risks and uncertainties in the conduct of its business and in the implementation of its strategy. To confront these risks and uncertainties, the Group has established an organization and policies intended to identify, evaluate, prevent and manage these risks in order to limit any adverse impacts.

Internal control procedures are established by the Company and implemented under its responsibility, and are intended to ensure:

- compliance with laws and regulations and application of Group policies;
- the effectiveness of the Company's internal processes, notably those concerning the safeguarding of its assets;
- the reliability and integrity of financial and non-financial information.

Internal control procedures play a major role in the conduct of the Group's business, by contributing to the prevention and management of risks.

Strategy, long-term objectives and general policies of the Group

The Group's strategy, long-term objectives and general policies, as defined initially by Mr. Pierre Bellon and subsequently adjusted over the years by the Board of Directors, with support from the Chief Executive Officer and the Executive Committee, are set out in the first chapter of this document and are presented each year during the Shareholders Meeting.

The Group's internal control procedures rely on these principles.

General policies of the Group

Group policies cover such areas as strategic planning, human resources development, finance, procurement, consumer and customer focus, health safety and environment, sustainable development, data protection and internal audit. They comprise four parts: goals, procedures, improvement metrics, and research and innovation. The Group continues to develop its policies to make them easier to understand and apply.

In light of the Group's changing environment and its expanding portfolio of services and solutions, these policies are regularly updated and approved by the Board of Directors.

Strategic planning process

The Board of Directors and senior management work together to constantly improve the strategic planning process and promote buy-in at all levels of the organization.

The Group's fundamental principles demonstrate how Sodexo was able to start from scratch in 1966 and then become a major international group with 420,000 employees, in 64 different countries, and world leader in Quality of Life services. In a profoundly changing world, Sodexo has defined priorities to enable it to continue to grow its revenues and underlying operating profit in the future.

Periodically, and particularly during the September Board meeting, the Group Chief Executive Officer, the heads of the Group corporate functions and of the main segments and activities present their strategic plans. Through this process, directors and senior executives all contribute to evolving the strategy and policies of the Group.

Human resources development policy

The Group's four overriding human resources priorities are:

- anticipate and adapt the staffing requirements of operations in terms of numbers, skills and competencies to enhance operational efficiency;
- continue to develop a performance-based culture based on shared priorities and indicators, by offering training and learning for individual development;
- promote an inclusive work environment and embrace diversity in all its dimensions;
- in a particularly challenging and uncertain economic context, limit the social impact of the crisis as much as possible and maintain individual motivation.

The main human resources policies are focused on: the profile of a Sodexo leader and senior manager, Group organizational rules, succession planning for senior managers, senior managers' training and skills enhancement, employee engagement, compensation, and innovation and research in the area of human resources administration.

Finally, annual tracking of improvement metrics by the Executive Committee and Board of Directors should serve to validate action plans aimed at advancing these policies, including engagement surveys, employee retention, internal promotion, and the representation of women in senior management.

Sodexo is also making significant advances in the area of diversity, particularly in relation to gender balance at all levels of the organization and is establishing partnerships with organizations for people with disabilities.

Financial policies

The Group's financial objectives are twofold, namely:

TO PRESERVE THE GROUP'S FINANCIAL INDEPENDENCE

Financial independence is a fundamental principle, because it enables the Group to hold firm to its values, pursue a long-term strategic vision, ensure management continuity and guarantee the business's lasting success.

Sodexo's financial independence is guaranteed by the family shareholding. As of August 31, 2020, Sodexo's family holding company, Bellon SA, held 42.8% of the shares and 57.1% of the exercisable voting rights. This financial independence is based on three simple principles:

- choosing low capital-intensive activities;
- continuously maintaining sufficient liquidity to fund growth, reimburse medium-term debt, and pay dividends to shareholders;
- preserving a strong balance sheet and sound financial ratios.

ENHANCING THE ATTRACTIVENESS OF SODEXO SHARES TO LOYAL, LONG-TERM SHAREHOLDERS

Financial policies establish rules applicable to areas such as investment approvals, and the management of working capital, cash and debt.

Group financial policies require all decisions involving external financing to be made by the Group Chief Financial Officer, the Chief Executive Officer or the Board of Directors, depending on the amount and type of the transaction.

The Group Finance Department prepares a ten-year financing plan for the Group each year.

Group financial policies are designed to prevent any speculative positions being taken and to avoid risk in connection with financing and cash management activities.

Procurement policy

The objectives of the procurement function are documented in the Group's procurement policies and processes. The performance of Sodexo's procurement teams in the main countries where it does business is measured through savings metrics, which enable the Group to gauge the impacts of procurement initiatives and demonstrate the savings achieved.

The Group's priority is to ensure that suppliers and subcontractors that deliver Sodexo products and services have the right skills, capabilities and potential to carry out the tasks assigned to them. Our risk management guidelines set out the procurement procedures that our teams are required to follow in terms of working with and managing suppliers and subcontractors. The level of initial evaluation process and type of on-going management procedures for suppliers and sub-contractors directly depend on the product supplied or service rendered, and include verifying issues such as food safety and traceability.

In line with the Group's procurement policy, suppliers and subcontractors must sign the Sodexo Supplier Code of conduct which sets out Sodexo's requirements for adopting responsible best practices concerning ethical, social and environmental issues.

Business Integrity Guide

The Business Integrity Guide sets forth the Group's standards for achieving business integrity. Adherence to these uncompromising standards is part of what it means to be an employee of an industry-leading, best-in-class company. Sodexo employees must never compromise adherence to this guide for financial or other business objectives or personal gain. Sodexo does not tolerate any practice that is not born of honesty, integrity and fairness, anywhere in the world where it does business.

Corporate Responsibility

Since its creation in 1966, Sodexo's vocation has been to improve the Quality of Life for its employees and all whom it serves and contribute to the economic, social and environmental development of the communities, regions and countries in which it operates. In 2009, the Group formalized its Corporate Responsibility roadmap, the Better Tomorrow Plan. A revised version of this roadmap, Better Tomorrow 2025 was released in 2017.

The roadmap focuses on Sodexo's role as an employer, as a service provider and as a corporate citizen as well as on the impacts that it has on individuals, on communities and on the environment. It has 9 measurable commitments to action by 2025 with interim targets.

Sodexo's **commitment to the environment** as a service provider is to source responsibly and provide management services that reduce carbon emissions. Since 2009, Sodexo has implemented a low carbon strategy which is motivated by our desire to improve Quality of Life. Our strategy takes into account the business opportunities, risks and their financial implications.

In particular, these commitments are demonstrated through the following actions:

- renewal of the technical partnership agreement with World Wildlife Fund (WWF) to work on carbon reduction throughout Sodexo's supply chain;
- membership of the Better Buying Lab initiative led by the World Resources Institute (WRI) to promote the consumption of more plant-based food;
- combined management focus on achievement of the 34% carbon emissions reduction target, compared to 2017 baseline year.

In the **area of nutrition** for the health and wellness of consumers, Sodexo is committed to food safety and the promotion of a balanced diet for its consumers. Sodexo plays a critical role in the fight against obesity and malnutrition and provides solutions to make health and wellness a priority.

In the **area of social, economic and environmental development in the cities, regions or countries where Sodexo is present**, we focus on the following actions:

- Sodexo has been supporting the fight against hunger through Stop Hunger a global network created 20 years ago;
- working with local and small businesses and contributing to local economies through the Partner Inclusion program which allows thousands of local businesses to integrate Sodexo's value chain;
- tackling waste by engaging with clients and supply partners to provide innovative solutions on food waste through the deployment of the program WasteWatch;
- promoting gender balance with a target of having at least 40% woman among Sodexo's senior leaders by 2025.

Sodexo is committed to respecting human rights wherever it does business. This commitment, with its core policies and procedures are based on international texts such as the Universal Declaration of Human Rights, the International Labour Organization's Declaration of Fundamental Principles and Rights at Work, and by the principles set forth in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Health, safety and environment policy

Sodexo's ambition is to be the safest place to work for our employees. This ambition is reflected in our commitment to zero harm and a culture of care, for the people who work for us, for our clients, and for the consumers we serve every day.

Sodexo's global Health, Safety and Environment policy describes the Company's commitments, Including working in partnership with our clients, consumers, suppliers and local communities, towards a zero harm culture where injuries and health issues are prevented and the environment at work is protected.

Information systems policies

The Group Information Systems and Technologies Department (Global IS&T) has defined three core objectives:

- provide a first-class experience to our customers and consumers as well as to our own users by making the best use of available technologies;
- continuously improve the performance of the Group through productivity gains, extensive data analysis, respecting compliance obligations and exacting relationships with our partners (solution and cloud providers, integrators);
- protect the Group's digital assets in a context where cyber risk is increasingly pervasive and complex.

To meet these three core objectives, the Information Systems and Technologies Department has put in place numerous procedures, notably in the following areas:

- Group Information Systems Governance;
- Information and Systems Security;
- Mobile Terminal Allocation and Security;
- IS&T Capital Expenditure Programs;
- Third Party Security.

Data Protection policy

As Sodexo put individuals at the heart of the Quality of Life services, it was essential for Sodexo to establish a foundation for privacy and the protection of all personal data. The Sodexo's Global Data Protection Policy is aimed to describe how Sodexo entities collect, use, store, share, delete or otherwise process personal data and how data subjects can exercise their rights. This policy applies to the global organization of Sodexo entities when the European data protection law, namely, the General Data Protection Regulation (or "GDPR") is applicable. This policy applies to the processing of personal data collected by Sodexo, directly or indirectly, from all individuals including, but not limited to Sodexo's job applicants, our employees, clients, consumers, suppliers or subcontractors, our shareholders or any third parties (for further details of the compliance program relating to GDPR and other data protection laws, please refer to section 5.3.5).

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 governance, operations and the resources used.

The internal audit team is also responsible for alerting the Chairwoman of the Board of Directors, the Audit Committee and the Executive Committee to any material risks and informing them of the causes of identified weaknesses.

The internal audit team has defined several procedures, primarily covering the identification of internal audit priorities for the coming fiscal year, the planning and execution of internal audits, the drafting of Internal Audit Reports and the follow up of action plans to implement the team's recommendations.

A series of internal audit performance indicators has been developed, covering such issues as the percentage of internal audit recommendations that have been implemented, the average time required to issue Internal Audit Reports, the annual audit plan completion rate, Internal Auditor rotation rates, the satisfaction rate among audited units.

Delegations of authority

Principles and policies in this area are supplemented by job descriptions, annual targets and, for senior executives, clearly defined delegations, which are reviewed annually and formally communicated to each executive by his or her superior.

The Chief Executive Officer delegates certain authority to the members of the Group Executive Committee, who themselves delegate to members of their executive teams.

Delegations of authority cover business development, human resources, procurement, investments and finance.

Delegations of authority must comply with the Group's policies.

Improvement metrics

All progress can be measured. Accordingly, Sodexo has developed improvement metrics allowing for progress to be measured in five main areas: Business Development, Management, Procurement, Human Resources and Corporate Responsibility.

The Group Finance Department coordinates the process and monitors operational improvement metrics for activities and entities using a Group scorecard.

Making progress in these areas is critical for future growth in underlying operating profit, operating cash flow and revenue.

The improvement metrics are presented each year to the Board of Directors and the Group Executive Committee in order to track progress in the areas concerned.

Development metrics:

- client retention rate;
- client and consumer satisfaction rates;
- comparable unit growth;
- new business development rate;
- return on investments in development (particularly non-tangible investments).

Management metrics:

- contract profitability;
- profitability of the different activities and client segments;
- gross operating margin and on-site costs;
- general and administrative expenses by subsidiary, by client segment and by function.

Procurement metrics:

- percentage of purchases made from referenced suppliers;
- number of referenced products, reduction in the number of deliveries on a site, etc.

Corporate Responsibility metrics

Employer metrics, including:

- employee engagement rate for which the Group has targeted a level comparable to that of firms ranked as the best employers worldwide. This indicator is measured every two years by an engagement survey;
- employee retention for all personnel and for site managers;
- internal promotion, which is measured by the number of employees promoted to site manager, to a middle manager or a senior management position;
- representation of women in senior management;
- percentage reduction in LTIR;
- percentage of workforce working in countries implementing action plans to integrate people with disabilities into the workplace.

Nutrition, health and wellness metrics, including:

- percentage of client sites implementing actions that proactively address the Sodexo 10 Golden Rules of Nutrition, Health and Wellness.

Economic, social and environmental development metrics, including:

- percentage of spend with contracted suppliers having signed the Sodexo Supplier Code of conduct;
- business value benefiting SMEs (in euro).

Environmental protection metrics, including:

- measure of the consumption of products, identified as having an impact on the environment (for example palm oil);
- percentage of sustainable fish and seafood;
- percentage reduction in carbon emissions intensity (compared to 2017 baseline).

Sodexo selected an independent firm to audit a representative selection of social, environmental and societal data demonstrating the progress made in the area of Corporate Social Responsibility. The conclusions of this audit are presented in section 2.2.10 of this document.

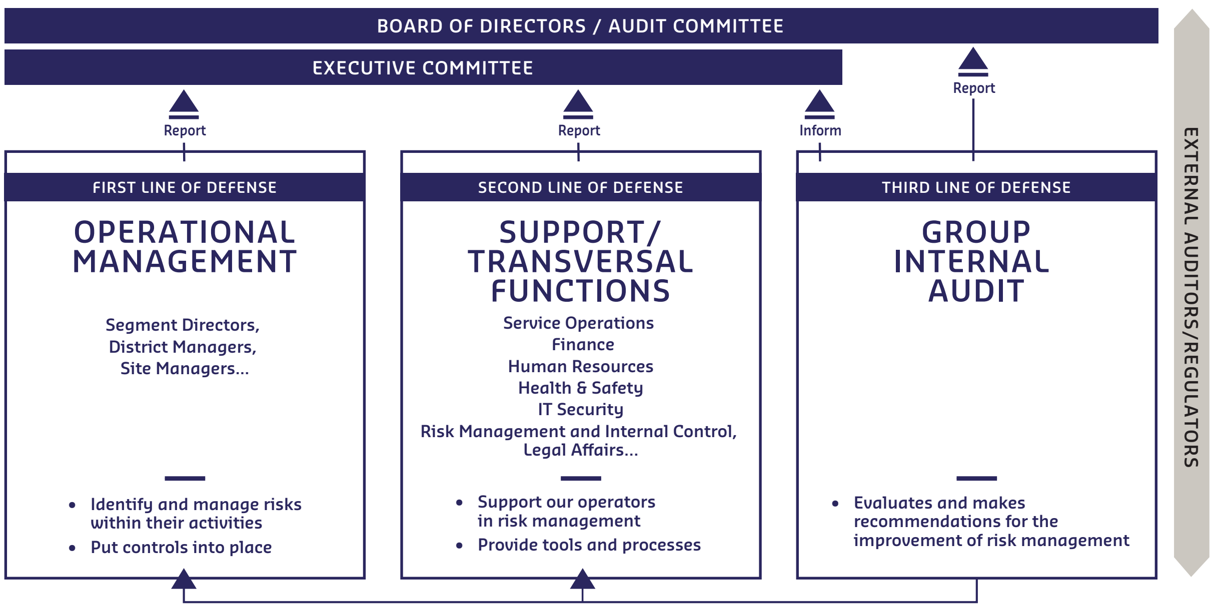
5.4.2 Description of the risk management approach

5.4.2.1 Organization of the risk management and internal control model

The risk management and internal control process is built using the 3 Lines of Defense model, as shown below:

SODEXO'S RISK MANAGEMENT AND INTERNAL CONTROL MODEL

The Three Lines of Defense



The first line of defense mainly consists of our operational managers who identify and manage risks within their activities. They put controls and action plans in place for the risks identified.

The second line of defense is our support functions who are there to support operators in their risk management. They define the procedures and standards and provide standardized tools and processes to enable operational staff to put in place the appropriate controls.

The third line of defense is internal audit, which gives an independent evaluation of the risk management and internal control process to the Executive Committee and Board of Directors. It makes recommendations to the first and second lines of defense for the improvement of risk management and internal control and carries out monitoring in relation to action plans.

Sodexo has put in place a robust procedure for the identification and assessment of major risks, designed to ensure that risks are evaluated and managed at the appropriate level within the organization. Measures to manage risks are implemented either at the site, country, regional or global level, depending on their nature.

The Group's internal control procedures rely on the fundamental principles defined by the Board of Directors.

5.4.2.2 Approach to Risk Assessment

Sodexo uses a hybrid risk assessment approach, both "bottom-up" from operators and "top-down" from senior management.

On an operational level, the leadership Committees of each of Sodexo's main entities carry out an annual risk assessment, facilitated by risk and internal control managers. The results of these assessments are recorded in a global risk management tool. Risks thus identified are owned and managed at the local level.

Additionally, a series of interviews with Sodexo's senior leaders across the world is carried out by Group internal audit on an annual basis to identify key risks impacting Sodexo's business and the achievement of its objectives.

The results of all the risk assessments and the senior leader interviews are evaluated in the development of the Group risk profile which comprises the principal risks that might impact Sodexo's Strategic Agenda. The profile is shared with Sodexo's Executive Committee for comment, before being submitted to the Audit Committee and the Board of Directors.

5.4.2.3 Risk Assessment Methodology

Sodexo assesses its risks in 3 stages using a standard global methodology:

- **risk Identification:** the first step is the identification of risks that may impact Sodexo's ability to achieve its objectives, whether it be at site, country, regional or global level. Several risk identification methods are used, including surveys and risk registers, but the recommended and most widely used method for both bottom-up and top down assessments is by individual interview with key stakeholders;
- **risk evaluation:** risks identified in the previous step are then evaluated using three risk criteria:
  - impact – the effect or consequence the risk will have,
  - likelihood – the frequency or probability of the risk occurring,
  - level of control – the level of control already in place to reduce the risk;
- **risk prioritization:** following evaluation, risks are then prioritized for further actions to treat them.

The main risk factors to which the Group is exposed are described in section 5.4.3 of this Universal Registration Document.

5.4.2.4 Link between internal control and risk assessment

As described above, risk assessment is used to identify, evaluate and prioritize risks. Once they have been assessed, risks are treated to reduce their effect. Ways of treating risks include putting in place action plans and implementing controls. Controls therefore form an important part of the range of measures that can be used to mitigate risks, and Sodexo's internal control procedures are part of an ongoing process of managing the Group's risk exposure.

Sodexo's risk management and internal control system is based on the internal control reference framework recommended by the French securities regulator (*Autorité des marchés financiers* – AMF). The five components of the reference framework are the control environment (integrity, ethics, competencies, etc.), evaluation of risks (identification, analysis and management of risks), control activities (methods and procedures), information and communication (collection and sharing of information) and monitoring (follow-up and eventual updating of processes).

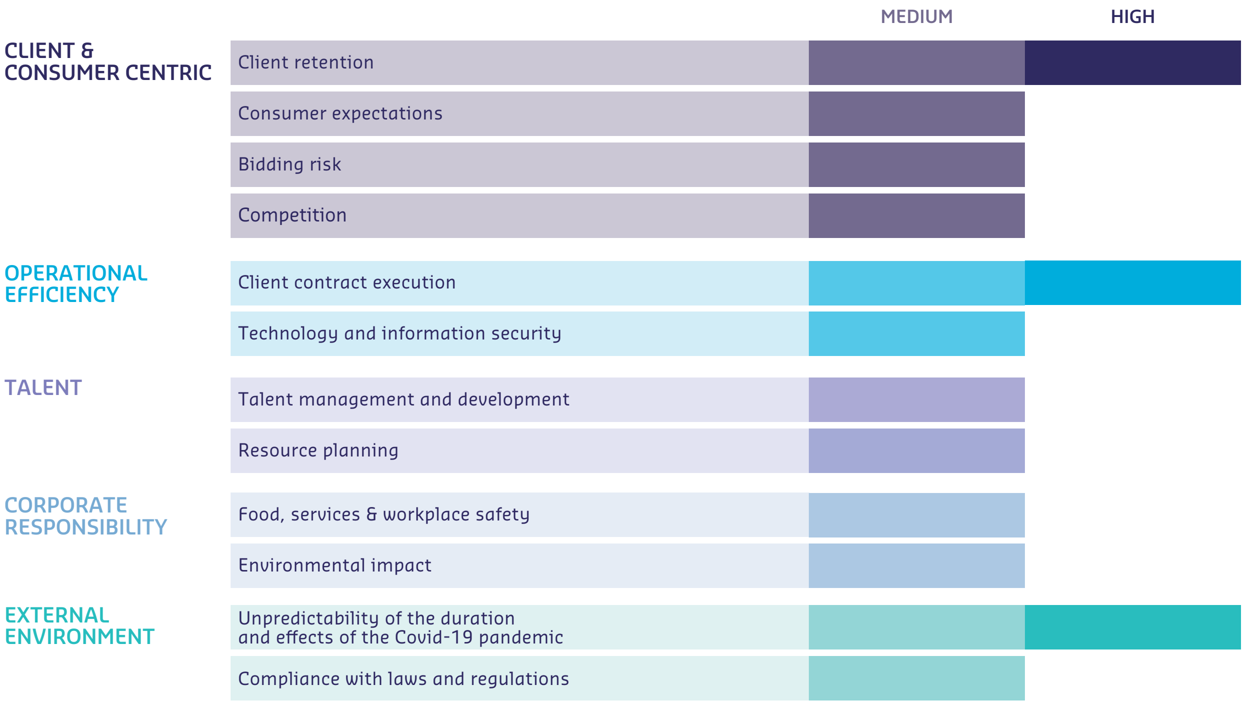
5.4.3 Risk factors

5.4.3.1 Principal Risks & Risk Management Measures

Summary of Sodexo's Principal Risk Factors

The summary table of Sodexo's principal risks shows a classification of the risks by reference to the pillars of Sodexo's Strategic Agenda, as well as risks from the external environment. As outlined in 5.4.2.3, each risk is assessed using impact and probability to give an evaluation of the inherent risk, and then a third criteria "level of control" is used to evaluate the overall net risk. The table below shows the net risk assessment. The most significant risks are presented at the top of each category, and the materiality of each risk shown is using a two-level rating scale, as follows:

RISK MANAGEMENT AND MAIN RISKS



Description of Principal Risk Factors

The tables describing Sodexo's principal risk factors (see below) give an estimate of their timeframe (short-term, medium term or long-term), their possible impact and examples of measures implemented to reduce these risks.

The risk timeframe is shown as follows:

Short-term (less than a year)

Medium Term (1 to 3 years)

Long-term (over 3 years)

CLIENT RETENTION

Risk of not keeping and renewing contracts with Sodexo's existing clients.

Risk Timeframe: **Medium Term** Category: **Client & Consumer Centric**

Impact

Sodexo's clients have been impacted to a greater or lesser extent in all segments by the Covid-19 pandemic in Fiscal 2020. Periods of lockdown, where large populations have been confined to their homes mean partial or full closure of client premises for weeks or even months. In the Education sector, for example, some countries did not open schools or universities for the rest of the academic year.

As clients re-open their premises, their needs have changed: offices and schools have to be re-configured to adhere to social distancing requirements, more intensive cleaning may be needed, and the food offer has to be more flexible, as employees continue to work partially from home. For example, the traditional workplace food offering – an on-site kitchen providing food to on-site employees at set hours – is evolving.

Sodexo needs to work with its clients pro-actively as a partner to adapt to changing circumstances and continue to meet evolving client needs.

A lack of ability to adapt to the client's current circumstances, an inability to transform our services to remain attractive to meet client/consumer demand, or any changes in client outsourcing strategy could mean that the client is not retained, possibly leading to:

- less growth;
- decrease in profitability;
- loss of credibility in the market place.

Examples of Mitigating Activities

- On-site teams continually listening to the client and the consumer.
- Strengthening of the client relationship management process to ensure alignment with client expectations on an on-going basis.
- Rise with Sodexo, launch of a combined On-site Services and Benefits & Rewards Services global program dedicated to the re-opening of client offices and sites.
- Ability to offer new services to respond to client challenges (disinfection cleaning, welcome back to work packages, virtual concierge).
- Client relationship management tool.
- Monitoring at global level of retention in the client portfolio.

CONSUMER EXPECTATIONS

Increasing consumer expectations around personalized and innovative services, healthy food choices and a comfortable environment; increasing consumer expectations in relation to Company business conduct and environmental impact.

Risk Timeframe: **Short/Medium Term** Category: **Client & Consumer Centric**

Impact

"Empowered consumers" is one of 11 megatrends that Sodexo has identified in its markets. Consumers are increasingly voicing their opinions and clients are taking their opinions into account. Consumers expect more choice, more convenience, healthier options and socially responsible behavior from the companies from which they receive service. Specific examples that Sodexo has had to take into account include:

- increased use of digital platforms for delivery of meals;
- rise of demand from our consumers for plant-based food that is less carbon intensive;
- reduction of single use plastics to reduce marine pollution;

Moreover, the Covid-19 pandemic has accelerated the consumer empowerment trend, with consumers working remotely on a regular basis, or even full-time.

If Sodexo cannot adapt its consumer offer or cannot anticipate and meet consumer expectations for innovation and in relation to environmental impact or business conduct, its revenues, as well as its reputation, could be affected.

Examples of Mitigating Activities

- B2C food delivery offers (*e.g.* Deli Express by Sodexo in Brazil and Singapore).
- Digitally enabled food services with apps that offer mobile ordering, cashless services, rewards programs and digital management of meal benefits (*e.g.* Bite in the Education segment, Zeta in India).
- Partnering with startups in the Sodexo Accelerators program.
- Better Tomorrow 2025: Sodexo's corporate responsibility roadmap, that sets out 9 commitments based on their impact on individuals, communities and the environment.
- Roll-out of 10 Golden rules of nutrition, health and well-being.
- Sodexo employs more than 5,700 dieticians worldwide.
- Sodexo's Code of conduct, the "Business Integrity Guide" sets out Sodexo's standards for business integrity.
- Global Ethics & Compliance Committee supports programs throughout the Company.

BIDDING RISK

Risks relating to the commercial and contractual model and the scope of services included in a client contract.

Risk Timeframe: **Long-term** Category: **Client & Consumer Centric**

Impact

Some of Sodexo's client contracts are long-term and may run between five and ten years. This is particularly relevant for the Business & Administrations segment.

Inaccurate pricing assumptions, a lack of definition or detail in the scope of services and inadequate contractual clauses during a bid proposal can lead to low margins or even losses on the contract, either in the startup phase or at a later date. In particular, new types of services arising as a result of the Covid-19 pandemic such as on-site health checks and wellness services need to be appropriately charged and contractually documented, and meet all local medical and data protection regulations.

Examples of Mitigating Activities

- Benchmark exercises, site visits, full due diligence and the use of technical expertise are all part of the process to establish unit costs, seasonality of services and base-line estimates (monitoring of cost and performance indicators to verify the relevance and competitiveness of our offer).
- Identification of the main contractual risks (from the analysis) and the deployment of measures to compensate these risks.
- System of review of projects by different stakeholders according to their size, stake and scope.
- Strict execution of Sodexo's key processes for contract design & solution and mobilization.
- Creation of a Medical Advisory Council, a team of external experts to advise on the development of new protocols and standards.
- Early involvement of data privacy specialists in any new project or service.

COMPETITION

Sodexo faces both established competitors and new digital entrants at the local, national and international levels: risk of market share loss and loss of growth momentum.

Risk Timeframe: **Long-term** Category: **Client & Consumer Centric**

Impact

Losing ground to competitors reflects a lack of understanding of the evolution of client needs and entails a lack of growth in revenues and lower profitability.

Examples of Mitigating Activities

- Combined On-site Services and Benefits & Rewards services programs such as Rise with Sodexo, widens the choice that can be offered to consumers in both activities.
- Creation of new offers to better respond to consumer expectations.
- Investment in digital technology including digital applications, innovative food solutions such as restaurant delivery and digital retail services, robotics to enhance cleaning and the use of artificial intelligence to improve services help Sodexo enhance the consumer experience and take advantage of the opportunities created.
- Strategic acquisitions to expand Sodexo's offers.
- STEP: Sodexo's performance management framework designed to drive operational performance through common operational indicators.
- Identification of savings to be redeployed in investment for growth.
- Strengthening of commercial teams on the ground.

CLIENT CONTRACT EXECUTION

Risks relating to the execution of a client contract: poor service delivery, non-fulfilment of contractual and performance obligations, over delivery of additional services not defined in the contract, poor management of food and labor costs.

Risk Timeframe: **Short/Medium Term**   Category: **Operational Efficiency**

Impact

Poor service delivery to clients or non-fulfilment of contract obligations could lead to client dissatisfaction, possible contractual penalties and ultimately the loss of the client.

Over-delivery of additional services not defined in the contracts and without related invoicing could lead to a shortfall in revenues and loss of profitability on the contract.

Poor management of food and labor costs could result in reduced profitability on the contract.

In addition, the outbreak of the Covid-19 pandemic has led to significant variations in the scope and level of services delivered in existing contracts. Poor contract management could lead to costs being incurred, but with reduced revenue, leading to reduced profitability on the contract.

Examples of Mitigating Activities

- Strict execution of Sodexo key processes defined for contract mobilization.
- "I Promise": tools and techniques to help site managers manage their contracts and improve the services they deliver.
- Definition of operational standards and best practices that are shared to improve performance (*e.g.* Innovhub).
- Tools such as the Site Management System to ensure proper training of employees and the execution of quality inspections.
- DRIVE: integrated food management process.
- STEP: Sodexo's performance management framework.
- Strict monitoring of loss-making contracts.
- Rigorous follow-up during the pandemic on the execution of services including active management of fixed costs and renegotiation of some terms and conditions.

TECHNOLOGY & INFORMATION SECURITY

Risks around managing the confidentiality, availability and integrity of Sodexo's information technology assets; managing cloud systems and third-party suppliers, managing Sodexo and client data; risks from external cyber threats.

Risk Timeframe: **Short/Medium Term**   Category: **Operational Efficiency**

Impact

On a daily basis, Sodexo IT systems across 64 countries process the data of 420,000 Sodexo employees and 100 million consumers; including patients in hospitals and children in Childcare.

In addition, the demand for new innovative and efficient services creates a fast changing and highly interconnected architecture, while the scale of operations also makes Sodexo a target for cyber criminals who want to exploit its weaknesses and gain access to the data of the thousands of clients and suppliers, to whom Sodexo is connected.

Within this challenging environment, information security issues such as poor data integrity, loss of data confidentiality and lack of availability of key systems, or collaboration services, could result in high cost and/or high-volume impacts such as:

- inaccurate financial reporting;
- contractual penalties;
- regulatory fines (*e.g.* GDPR, Brazilian data protection law LGPD, card payment information standard PCI-DSS);
- reputational damage with shareholders, clients, consumers, suppliers and employees.

Moreover, the outbreak of the Covid-19 pandemic has resulted in an increase in cyber related criminal activity focused on key infrastructure and core IT services, as well as significant demand for remote working services.

Examples of Mitigating Activities

- Group Information & Systems Security Policy aligned to ISO 27001 framework, with detailed security directives on key topics (*e.g.* security by design, cloud services, incident management).
- Investment in security infrastructure, tools and services such as multi-factor authentication, laptop encryption, security risk assessments, security operations center and email monitoring.
- Global Data Center consolidation strategy focused on using trusted hosting partners (*e.g.* Microsoft Azure) to provide secure and efficient services.
- Company-wide collaboration on security and compliance topics such as data privacy, cyber threats, new technologies and IT internal controls facilitated by formal Governance Committees and cross entity network groups.
- Globally coordinated cyber security initiatives to specifically address the potential Covid-19 impact and strengthen the resilience of remote working facilities.

TALENT MANAGEMENT AND DEVELOPMENT

Risk of not having the right people in the right place at the right time.

Risk Timeframe: **Short/Medium Term** Category: **Talent**

Impact

Sodexo is a company of people serving people. With 360,000 consumer and client-facing employees and 60,000 managers, Sodexo's employees are central to its long-term growth objectives.

Particular focus is on North America for talent identification (pipeline) and strengthening performance-led culture. In developing markets like APAC, the focus is on talent attraction and talent retention.

A lack of attention to employee performance management and development could lead to:

- a decrease in service quality jeopardizing retention and therefore long-term profitable growth;
- reactive vs. proactive talent management, leading to loss of top talent.

In addition, during the Covid-19 crisis, some sites were partially or fully closed in the second half of the year and gradually re-opened. Where possible, site personnel were transferred to other sites or to other companies. However a significant portion of our employees have been impacted by layoffs, or by furlough, leading to a loss of income. This could lead to a lack of employee motivation if the situation becomes permanent or deteriorates.

Examples of Mitigating Activities

- Training and development programs to reskill and upskill.
- Design of a new performance and reward framework to help retain, develop and motivate people.
- Annual talent reviews at management level.
- Global Next Generation Leader program designed to strengthen leadership bench.

In addition, during the health crisis, the following measures were implemented:

- training programs for employees on furlough;
- creation of the Sodexo Employee Relief Program to provide financial or material assistance to the most vulnerable on-site employees;
- launch of an engagement survey during the crisis;
- regular communication with employees on the impact of the health crisis in the short and medium term.

RESOURCE PLANNING

Inability to anticipate client needs in terms of skills and workforce

Risk Timeframe: **Short/Medium Term** Category: **Talent**

Impact

In the current context of the Covid-19 pandemic, client needs change on a daily basis in terms of services and volume. Sodexo must know how to adapt its resources in the short and medium term. Globally, Sodexo's ability to develop the skills of its employees and adjust its workforce to adapt to client needs is influenced by:

- demographic issues;
- the constantly changing needs of our clients;
- a volatile regulatory environment;
- the availability of the required skills.

Any inability to adjust the resources, skills and workforce could lead to client contracts not being served properly.

Examples of Mitigating Activities

- Development of local training centers to skill current and future employees (*e.g.*; CEDEX in Latam, Food Services Apprenticeship Training Center in France).
- Design of competency models and career paths to help employees develop within the Company.
- Development and trialing of Strategic Workforce Planning in some segments (Energy & Resources) and regions (China) to better anticipate labor needs.
- Development of operational and strategic plans including a skills and workforce dimension.

FOOD SERVICES AND WORKPLACE SAFETY

Consumer illness or injury caused by technical services, consumer illness caused by food services, work-related Injury/illness of Sodexo employee or contractor.

Risk Timeframe: **Short/Medium Term** Category: **Corporate Responsibility**

Impact

Ensuring the safety of consumers, clients and Sodexo employees particularly during the Covid-19 pandemic is a critical priority.
Potential illness, injury or loss of life of consumers, clients or Sodexo employees could mean:

- loss of client confidence in Sodexo;
- significant lost time due to injury and illness;
- fines and potential litigation;
- impact on Company reputation.

Examples of Mitigating Activities

- Appropriate use of Personal Protective Equipment.
- Reinforcement of existing global HSE safety policy and standards for food safety, personal hygiene and infection control.
- Creation of a Medical Advisory Council, a multi-disciplinary team that advises on measures to ensure safe procedures that adhere to all local regulations.
- Partnership with Bureau Veritas to establish the Rise Safe hygiene verification label for the health and safety services used by our clients.
- Sodexo Safety Nets – 7 measures for accident prevention.
- Employee training.
- Leadership Safety Walks.
- Incident and accident reporting.
- Quick Share process to share lessons learned from investigations.
- Global HSE Committee that reviews incidents and the effectiveness of processes on a quarterly basis.

ENVIRONMENTAL IMPACT

Adverse environmental impact from Sodexo's activities: poor management of food waste, ineffective actions to mitigate climate change.

Risk Timeframe: **Long-term** Category: **Corporate Responsibility**

Impact

- Poor food waste management could result in a loss of client and consumer confidence and a decreased ability to attract new clients.
- Ineffective climate change actions could result in Sodexo's carbon emissions staying the same or even increasing.

Examples of Mitigating Activities

- WasteWatch global program to reduce food waste.
- Renewed partnership with WWF in FY20 focused on reducing the Company's environmental impact and achieving its carbon reduction target.
- Connecting financing costs of the Group to action on food waste performance.
- Environmental awareness campaigns – WasteLess week.
- Founder member and participation in the International Food Waste Coalition.
- Local and responsible sourcing.
- Roll-out of plant-based recipes in units using ingredients selected for their lower environmental impact and higher nutritional value.
- Measurement and tracking of carbon footprint of Sodexo's food purchases.

UNPREDICTABILITY OF DURATION AND EFFECTS OF COVID-19 PANDEMIC

Risks associated with the uncertainty surrounding the global pandemic

Risk Timeframe: **Short/Medium Term** Category: **External Risk**

Impact.

Covid-19 has already had a significant impact on Sodexo's business in FY20 as national lockdowns led to partial or full closure of client premises, resulting in non-provision of services to the client and less or no revenue generation in those sites.

It has already been seen that the relaxation of government restrictions has also led to a renewed increase in country infection rates, resulting in countries being locked down again or in targeted local lockdowns of affected regions. Restrictions can and do change daily with immediate effect. It is therefore very likely that targeted local lockdowns will continue in FY21.

In this uncertain environment, both clients and consumers remain cautious. Clients are re-opening sites on a staged basis, while consumers may be reluctant to return to work, if they have to travel on public transport, for example; or perceive the work environment to be unsafe.

In addition, large gatherings or events are currently not allowed in many countries.

The continued spread of the virus and a significant rise in infection rates could mean:

- delay in further opening-up of client premises and a slower return to work of employees than anticipated or even client premises being forced to close again, both resulting in less revenue generation in those sites;
- continued inability to hold large scale events, leading to the further postponement of revenue and margin;
- reduced ability to re-deploy front-line employees who cannot work from home, leading to possible employee redundancies;
- reduced profitability.

Examples of Mitigating Activities

- Rise with Sodexo: a global multi-activity program for re-opening of client sites, that includes workspace optimization, safety guidance, disinfection cleaning and employee well-being services.
- Precise and pro-active management of our workforce to adapt to the rapidly changing environment.
- Global Response Team to coordinate Sodexo's response to the pandemic, as well as local teams at regional and country level.
- Rigorous follow-up on the execution of our services with strong contract management including renegotiation of some terms and conditions.
- Strict management of cash, with a focus on client receivables.
- Strict control of SG&A.

COMPLIANCE WITH LAWS AND REGULATIONS

The nature of Sodexo's business and its worldwide presence mean that it is subject to a wide variety of laws, including labor law, anti-trust law, anti-corruption law, data protection and privacy, and health, safety and environmental law.

Risk Timeframe: **Medium Term** Category: **External Risk**

Impact

The wide range of services that Sodexo proposes means that it is subject to very specific laws and regulations for each activity at both the global and local level. As examples:

- as a food operator, Sodexo has a legal requirement to provide accurate allergen information about the food and drinks it serves;
- the emission of vouchers and cards in Benefits & Rewards Services requires compliance with anti-money-laundering laws in some countries;
- working with sensitive populations like children and seniors in Personal & Home Services requires back-ground checks of our employees.

Any non-compliance of Sodexo with laws and regulations or a lack of knowledge and awareness of laws and regulations either at a country level or a global level could mean:

- harm to employees, clients and consumers;
- damage to Sodexo's reputation;
- potential financial penalties;
- criminal action being brought against the Company and its directors.

Examples of Mitigating Activities

- Legal teams deployed at the central and local levels, who provide advice to operational staff.
- Legal teams specialized by area of expertise, having recourse to external experts.
- Awareness training sessions for our employees.
- Global Ethics and Compliance Committee ensures coordination and coherence of deployment of compliance programs amongst countries.
- Sodexo Speak Up offers Sodexo employees and partners a confidential way to report activities or behaviors contrary to the Code of conduct or illegal.

5.4.3.2 Risk coverage

5.4.3.2.1 Insurance coverage

Sodexo's general policy is to transfer non-retained risks, especially intensity risks, to the insurance market. Insurance programs are contracted with reputable insurers.

The main insurance programs are as follows:

- liability insurance, which covers against personal injury, property damage or consequential loss caused to third parties. This category notably includes operational, product, after-delivery and professional liability insurance. Since June 1, 2016, Sodexo has implemented a worldwide liability insurance program benefiting all countries in which the Group operates, including the USA and Canada;
- property insurance, which mainly covers the risk of fire and explosion, water damage, natural disasters, and (in some countries) acts of terrorism. As a general rule, the sum insured is equal to the value of the insured property; however, some insurance contracts cap the amount paid out under the policy;
- workers' compensation. In countries with no government-provided coverage (primarily the United States, Canada and Australia), Sodexo has contracted workers' compensation programs;
- crime insurance dedicated to Benefits & Rewards Services, to partially transfer to the insurance market the risks of fraud, falsification and theft;
- marine cargo insurance for covering loss or theft of goods during their shipment;
- employment practices liability which provides coverage for wrongful termination, sexual harassment, discrimination and workplace torts. This program was originally implemented in the USA and Canada, but has been expanded globally from June 1, 2017;
- cyber risk insurance, which responds to cyber events such as intrusion, denial of service attacks, data breach. It covers the forensics, privacy breach and data restoration costs as well as any business interruption arising out of a cyber event.

In addition, Sodexo maintains compulsory insurance as legally required in the countries where it operates.

5.4.3.2.2 Self-Insured Risks

Retained or self-insured risks correspond to the deductibles specified in the insurance programs contracted by Sodexo. They consist for the most part of frequency risks (*i.e.,* risks that recur regularly) but from time to time may also include intensity risks (*i.e.,* risks representing substantial amounts). In some countries, these retained risks correspond to deductibles under employer's liability, workers compensation, third-party automobile and property insurance. In North America, deductibles range from 5,000 U.S. dollars to 5,000,000 U.S. dollars per occurrence. Outside North America, deductibles generally range from 7,500 euro to 2,000,000 euro per occurrence. Sodexo also self-insures frequency risks and low amplitude risks through two captive insurance companies. The American company, incorporated in the State of Hawaii, manages the deductibles of the Workers' Compensation, Automobile Liability and General Liability insurance programs. The Irish company, based in Dublin, provides:

- direct insurance and re-insurance for motor own damage and third party liability risks up to 500,000 euro per claim and 2,500,000 euro in aggregate per year;
- reinsurance on the property insurance program for up to 3,000,000 euro per claim and in aggregate per year.

5.4.3.2.3 Placing of risk and total cost

On the occasion of its most recent policy renewals, Sodexo maintained the scope and level of its coverage, as regards in particular, general liability insurance and professional liability insurance, especially for risks associated with Facilities Management activities.

The total cost of the main insurance programs and self-insured risks (excluding workers' compensation) of fully-consolidated Group companies, represents around 0.25% of consolidated revenue.

5.4.3.3 Description of internal control process, including controls relating to the preparation and accounting disclosure

The risk management and internal control approach applied within the Group consists of:

- the identification and assessment of risks;
- the description of the control environment, both at Group and subsidiary levels;
- documentation and self-assessment of these controls, both at local and Group level;
- independent testing of the effectiveness of these controls, by independent persons.

A very large number of Group entities prepare a detailed report (Company Level Control Report) on their control environment based on the five components of the reference framework and which includes an evaluation of the subsidiary's principal risks, a description of risk management measures and an assessment of their effectiveness.

The most significant Group entities go beyond this initial phase, and evaluate the effectiveness of additional controls determined by their own risk assessment (Process Level Controls). Some of these controls are also subject to effectiveness tests performed by independent persons (Group Internal Auditors).

An executive summary of the status of internal controls and the progress achieved is submitted to the Audit Committee at the end of the fiscal year.

5.4.3.4 Description of internal controls relating to the preparation of accounting and financial disclosure

Group Finance is responsible for ensuring the reliability of financial and accounting information.

A process is in place to produce and analyze financial information at both operational sites and in the Group and local Finance teams.

Local Finance teams produce a monthly cumulative income statement starting at 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 Group Finance.

At the half-year, the external auditors conduct a limited review of the interim financial statements.

At the end of the fiscal year, the Chief Executive Officers and Chief Financial Officers of the segments and regions certify the reliability of their financial statements, prepared in accordance with IFRS standards. The external auditors of the main entities express a view on these financial statements in accordance with their mandate from Sodexo's shareholders. Group Finance monitors changes to IFRS standards and interpretations and ensures that the accounting treatments applied by all entities are compliant with Group rules.

Twice a year, Group Finance identifies the events that may have led to one or several assets being impaired, notably goodwill and intangible assets (in accordance with IFRS). Where appropriate, the carrying amount of the asset concerned is written down in the financial statements.

Segment Chief Executive Officers and their Executive Committees, as well as Region Chairs and Chief Financial Officers review operational and financial reporting (comprising improvement metrics for client retention, sales development and comparable unit revenue growth) before presenting it to the Group Executive Committee, and then to the Chairwoman of the Board of Directors. In addition, quarterly reviews with each of the Group's activities, segments and regions give the Group Chief Executive Officer and Group Chief Financial Officer insight into performance trends for the segments and regions based on the financial reporting and operational information.

Procedures are in place to identify off-balance sheet commitments. This term covers all rights and obligations that may have an immediate or future impact on Sodexo's financial position but are not recognized (or are only partially recognized) in the balance sheet or income statement. These include items such as assets pledged as security; guarantees relating to operating contracts (for example bid bonds or performance bonds), to borrowings, or to claims and litigation; lease obligations not recognized in the balance sheet; commitments under call or put options. Off-balance sheet commitments are presented regularly to the Board of Directors.

Group Insurance works closely with the relevant executives in the entities to:

- implement global insurance programs, negotiated at the Group level, available for all entities and supported by insurance companies recognized within the Insurance Industry for their financial solidity;
- put in place insurance coverage to protect the interests of employees, clients, shareholders and the Group;
- identify and evaluate the key insurable risks faced by Sodexo, with particular attention to the emergence of new risk factors associated with changes in our activities, especially in Facilities Management;
- reduce contractual risk, in particular by means of limitation of liability clauses or hold-harmless agreements;
- achieve the appropriate balance between risk retention (self-insurance) and the insurance market in covering the potential financial consequences of Sodexo's risk exposure; and
- achieve optimization by financing some of the Group's risks through the use of captive insurance companies.

The Sodexo Legal Department (comprised of a Group team and regional and local teams) works pro-actively with business development and operational teams to ensure legal compliance and support contract negotiations, so that risks pertain solely to contractual obligations for services and are limited in value and duration.

Lastly, using the financial information reported and consolidated, the Chief Executive Officer, assisted by Group Finance, prepares the Group's financial communication. The Chief Executive Officer also relies on the operating data required to prepare the Universal Registration Document. The interim and annual results press releases are submitted to the Board of Directors for approval.

To enable the Chief Executive Officer to provide reliable information on the Group's financial situation, a Disclosure Committee comprising representatives from the Group's corporate functions reviews all financial information prior to publication. Members represent the following functions: Financial Control, Financial Communications, Legal, Human Resources, Sustainable Development, Communications and Board Secretary.

5.4.4 Group Internal Audit Department

The Senior Vice President Group Internal Audit reports directly to the Chairwoman of the Board, thus ensuring the independence of the Group Internal Audit Department within the organization. The Senior Vice President Group Internal Audit meets the Chairwoman of the Board on a monthly basis and works closely with the Chairwoman of the Audit Committee, holding informal meetings (approximately four times per year).

Sodexo's Group Internal Audit activities are 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.

The Internal Audit Department performs internal audits of Group entities based on an internal audit plan established annually.

The audit plan is based on the Group Risk Profile (which is established using the approach described under 5.4.2.2. Approach to Risk Assessment) and input from the Chairwoman of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and other key stakeholders from Sodexo. The Audit Committee reviews and approves this annual audit plan.

The responsibilities of the Internal Audit Department include:

- ensuring, with the related functional teams, that employees throughout the organization are aware of and diligently apply Group policies;
- ensuring that delegations of authority and procedures have been established and communicated to the appropriate levels of management, and checking that they are properly implemented;
- helping to assess entities' internal controls, issuing action plans designed to remedy identified control weaknesses, and monitoring implementation of these action plans.

The Internal Audit Department may also conduct special assignments at the request of the Chairwoman of the Board, the Audit Committee, the Chief Executive Officer or the Executive Committee.

During Fiscal 2020, the Group Internal Audit Department, with an average of 25 staff, conducted 32 audits in 20 countries. The number of audits was strongly impacted by the Covid-19 crisis and travel restrictions. The Group Internal Audit team has conducted audit assignments remotely and has been re-deployed during this period to support the business. In addition, a network of some 85 internal control coordinators (many of whom report to the Finance Directors) is in place. This network is coordinated by a central internal control team and enables specific support to be given to internal audit engagements and to rectify weaknesses identified by the internal audit team.

The Internal Audit Department regularly tracks implementation of post-audit action plans by Group entities. An overall progress report is updated regularly and submitted on a semi-annual basis to the Chief Executive Officer, the Group Chief Financial Officer, the Chairwoman of the Board and the Audit Committee. All audits are followed up within a maximum of 12 months.

In Fiscal 2020, the Internal Audit Department carried out a survey of a sample of entities. The vast majority (94%) of them considered that the quality of audits was satisfactory.

The Group Internal Audit Department also conducts an independent evaluation of internal control.

Finally, the Internal Audit Department assesses the external auditors' independence and reviews the annual budgets for external auditors' fees (for both statutory audit work and other engagements) prior to their approval by the Audit Committee.

Risk management and the reinforcement of internal control are a permanent strategic priority for the Group.

Internal controls cannot provide an absolute guarantee that all risks have been eliminated. Sodexo nevertheless endeavors to ensure that the most effective internal control procedures feasible are in place in each of its entities.

In the preparation of this report, and in compliance with the recommendation issued by the French securities regulator, the French securities regulator (*Autorité des marchés financiers* – AMF), in July 2010, this report is prepared on the basis notably of the "Reference Framework" produced by the French Market Advisory Group and published by the AMF.

5.5 COMPENSATION

The disclosures provided in this section comply with the new requirements concerning Corporate Officers' compensation introduced by *Ordonnance* 2019-1234 of November 27, 2019 issued pursuant to France's Business Growth and Transformation Act dated May 22, 2019 (the "PACTE Act"), as well as the recommendations contained in the AFEP-MEDEF Code as revised in January 2020 and the recommendations issued by the French securities regulator (*Autorité des marchés financiers* – AMF) on December 3, 2019 concerning Corporate Governance and executive compensation in listed companies.

Drawn up by the Board of Directors on the basis of recommendations made by the Compensation Committee, this section sets out (i) the compensation policies for the Chairwoman of the Board of Directors, the Chief Executive Officer and the Company's Directors, (ii) the components of the compensation paid during or awarded for Fiscal 2020 to the Chairwoman of the Board of Directors, the Chief Executive Officer and the Company's Directors, (iii) the compensation policy applicable to members of the Executive Committee, and (iv) the Group's long-term incentive plan.

5.5.1 Compensation policy for Corporate Officers

The compensation policy applicable to Corporate Officers (the Chairwoman of the Board of Directors, the Chief Executive Officer and the directors) sets out the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the total compensation and benefits payable to the Company's Corporate Officers for the duties performed under the terms of their corporate office.

This policy is reviewed annually by the Board of Directors, on the basis of recommendations made by the Compensation Committee. The policy is in Sodexo's best interests, plays a role in ensuring its longevity and is fully in line with its strategy. Consequently, the principles and criteria used to determine the Chief Executive Officer's variable compensation align his interests with those of the Company's shareholders and other stakeholders by factoring in performance targets based on economic, financial, social and environmental indicators such as employee health and safety, talent management and corporate responsibility performance.

The Compensation Committee is entirely comprised of independent directors, except for one director representing employees in accordance with AFEP-MEDEF recommendations. It may use the services of external advisors specialized in Corporate Officers' compensation and it takes into account feedback received from institutional shareholders.

The principles and criteria in the compensation policy for Corporate Officers will apply in Fiscal 2021 to all persons who hold a Corporate Officer's position within the Company.

However, in accordance with *Ordonnance* 2019-1234 of November 27, 2019 issued pursuant to the PACTE Act, the Board of Directors, on the basis of recommendations made by the Compensation Committee, reserves the right to adapt the compensation policies for Corporate Officers if any exceptional circumstances arise during the fiscal year. Any such amended policy would apply until it is approved at the next Annual Shareholders Meeting. Examples of exceptional circumstances include a significant change in the Corporate Officers' scope of responsibility, a major event impacting Sodexo's markets and/or main competitors (market downturn, pandemic, etc.), a major change in the Group's scope of consolidation following a merger, acquisition or disposal, or the creation or termination of a significant business activity or a change in accounting principles. Any changes made to the policy must, however, be in the Company's best interests. If such a specific situation were to occur, the adjustments made to the compensation policy for Corporate Officers would be publicly disclosed.

Pursuant to article L.225-37-2-II of the French Commercial Code, the compensation policies for Sodexo's Corporate Officers will be submitted for approval at the Ordinary Annual Shareholders Meeting to be held on January 12, 2021.

5.5.1.1 General principles for Corporate Officers' compensation

The Board of Directors ensures that the compensation policy for Corporate Officers is adapted to the Company's strategy and operating context and that its purpose is to enhance Sodexo's medium and long-term performance and competitiveness in order to attract and retain the best talents. The policy is based on the following principles:

COMPLIANCE	The compensation policy for the Company's Corporate Officers is determined in accordance with the recommendations of the AFEP-MEDEF Code.
COMPETITIVENESS	Research is regularly conducted – including with the assistance of external consulting firms – in order to benchmark the Company's compensation packages against panels of its peers (comparable companies in terms of size and international scope), both in the French market (CAC 40 companies excluding banks and insurance companies) and in international markets (main competitors).
COMPLETENESS – BALANCE	A comprehensive analysis of all of the components of Corporate Officers' compensation and benefits is conducted using a component-by-component approach. An overall consistency analysis is also performed to ensure that the best balance is achieved between fixed and variable, individual and collective, and short- and long-term compensation.
ALIGNMENT OF INTERESTS	Aligning interests means both ensuring that the Company has the ability to attract, motivate and retain the talent that it needs, and at the same time, meeting the expectations of the Company's shareholders and other stakeholders, particularly in terms of Corporate Social Responsibility, transparency, and associating compensation with performance.
PERFORMANCE	The performance conditions applicable to Corporate Officers' compensation are rigorous and are based on the key factors that contribute to the Company's profitable and sustainable growth. They are also in line with the Company's published short, medium and long-term targets.
TRANSPARENCY	The Corporate Officers' compensation policy is governed by clear, straightforward and transparent rules. The Compensation Committee ensures that all of these principles are appropriately applied in the work it performs and the recommendations it issues to the Board of Directors, both in terms of determining the compensation policy and its implementation, when the actual amounts of the compensation packages are determined.

5.5.1.2 Shareholder engagement

99.82% of shareholders voted in favor of the most recent envelope for directors' compensation

99.21% of shareholders voted in favor of the Chairwoman of the Board's compensation for Fiscal 2019

99.36% of shareholders voted in favor of the Chief Executive Officer's compensation for Fiscal 2019

99.21% of shareholders approved the compensation policy for the Chairwoman of the Board for Fiscal 2020

99.33% of shareholders approved the compensation policy for the Chief Executive Officer for Fiscal 2020

85.09% of shareholders approved the regulated commitment concerning the Chief Executive Officer's supplemental pension plan

Sodexo actively engages with its institutional shareholders and proxy advisors *via* regular meetings held to discuss the specific characteristics of the Group's governance as well as best practices and developments concerning governance and compensation. During Fiscal 2020, the Investor Relations team organized a large number of meetings between the Chairwoman and the Secretary of the Board and Sodexo's institutional shareholders. In addition to these meetings, the Investor Relations team frequently liaises with institutional shareholders' teams responsible for governance and voting at Shareholders Meetings. The discussions with investors in Fiscal 2020 focused notably on the introduction of a new supplemental pension plan for the Chief Executive Officer (described in section 5.5.1.4). As pension regulations in France have undergone significant change and the circular has not yet been published, the implementation of the new supplemental pension plan remains under review.

Individual shareholders who are members of the Shareholders Club are also invited to share their areas of interest so that the Company can more effectively prepare the Annual Shareholders Meeting and answer any questions they may have.

5.5.1.3 Compensation policy for the Chairwoman of the Board of Directors (non-executive Corporate Officer)

Structure of the compensation

The compensation of the Chairwoman of the Board of Directors comprises a fixed compensation, collective health and benefit plans as well as fringe benefits.

As the Chairwoman is a non-executive Corporate Officer, in line with market practices in France, she does not receive any short-term annual variable compensation or any multi-year variable compensation, or any long-term incentive plan.

Fixed compensation

The Chairwoman's fixed compensation is determined in line with benchmark studies and is awarded as payment for duties and responsibilities inherent to such position.

Accordingly, the following factors are taken into account:

- the duties specific to the role of chairing the Board of Directors, as provided for by Law and the Board of Directors' Internal Rules, which notably involve ensuring that the Company is properly governed and that its governance bodies (Board of Directors, specialized Committees of the Board and Shareholders Meeting) function effectively;
- the role as Sodexo's ambassador;
- the skills, experience, expertise and professional profile of the holder of the position;
- market analyses and benchmark studies on the compensation awarded for comparable positions in peer companies.

The compensation policy may be modified during the term of the corporate office and prior to its renewal if there is a significant evolution in the scope of responsibility, which may be related to the Company's evolution, or if there is a major disparity with the market. In such specific situations, the nature of any adjustment to the fixed compensation and the related motives would be publicly disclosed.

The annual fixed compensation of the Chairwoman of the Board of Directors is 675,000 euro, unchanged since the Annual Shareholders Meeting of January 23, 2018.

As stated earlier in this chapter, given the unprecedented sanitary crisis caused by the Covid-19 pandemic and the resulting social and economic impacts, the Board of Directors decided to reduce Sophie Bellon's fixed compensation by 50% for the second half of Fiscal 2020 – a decision that was based on the Group's underlying values of solidarity and fairness. Sophie Bellon fully agreed with this decision, which allowed her to express her solidarity with the Group's employees.

A review of whether Sophie Bellon's compensation is appropriate was due to be carried out in Fiscal 2020 at the time of her reappointment as Chairwoman of the Board. However, given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, acting on the recommendation of the Compensation Committee, the Board of Directors decided to freeze the Chairwoman's annual fixed compensation for Fiscal 2021.

Collective health and benefit plans

The Chairwoman of the Board of Directors is a member of the Company's collective health and benefit plans, subject to the same terms and conditions as those applicable to all employees of the Group's French entities. These plans are as follows:

- an "incapacity, disability or death" benefit plan, financed in part by Sodexo, which, in the event of an employee's death, provides for the payment of a death benefit equal to 215% of their fixed compensation, up to a maximum amount of eight times the French Social Security Code's annual ceiling, and which is increased for dependent children;
- an additional "incapacity, disability or death" benefit plan, financed in full by Sodexo, which is reserved for employees whose annual gross compensation is greater than eight times the French Social Security Code's annual ceiling and which, in the event of an employee's death, provides for the payment of a death benefit equal to 200% of the portion of their fixed compensation that is greater than eight times the French Social Security Code's annual ceiling;
- a supplemental health insurance plan, to which all Sodexo employees are entitled, financed in part by Sodexo.

Company car

The Chairwoman of the Board of Directors has the use of a Company car. The insurance, maintenance and fuel costs (related to her professional use) are covered by Sodexo.

Other components of compensation

The Chairwoman of the Board of Directors does not receive any other compensation for her duties as a director or for attending specialized Committee meetings. Additionally, she will not receive a termination benefit if her corporate office is terminated.

5.5.1.4 Compensation policy for the Chief Executive Officer (executive Corporate Officer)

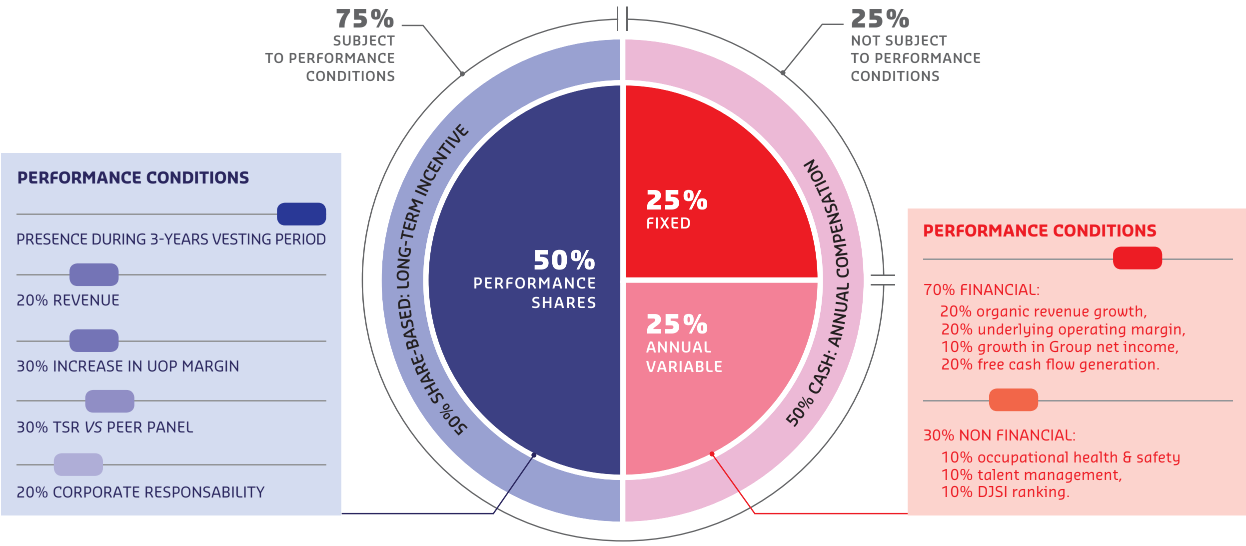
Structure of the compensation

The Chief Executive Officer's compensation is made up of fixed, variable and long-term compensation. He also receives other benefits, such as a non-compete indemnity, a supplemental pension plan, collective health and benefit plans as well as fringe benefits.

The aim of the compensation policy for the Chief Executive Officer is to achieve a balance between long and short-term performance in order to promote the Group's development for the benefit of all of its stakeholders.

To this end, and with a view to protecting stakeholders' interests, the Company strives to ensure consistency between the Chief Executive Officer's compensation package and Sodexo's performance.

STRUCTURE OF THE CHIEF EXECUTIVE OFFICER'S COMPENSATION FOR FISCAL 2021



Fixed compensation

The fixed compensation of the Chief Executive Officer is awarded as payment for the duties and responsibilities inherent to such a position.

Consequently, the following factors are considered:

- the level and complexity of the roles and responsibilities attributed to the Chief Executive Officer, who has the broadest powers to act on behalf of the Company in all circumstances and to represent the Company in its dealings with third parties;
- the skills, experience, expertise and professional profile of the holder of the position;
- market analyses and benchmark studies on the compensation awarded for comparable positions in peer companies.

The Chief Executive Officer's annual fixed compensation is used as the yardstick for determining his annual variable compensation and long-term compensation. The amount of this fixed compensation is not systematically reviewed each year.

The Chief Executive Officer's annual fixed compensation is 900,000 euro, unchanged since he was first appointed on January 23, 2018.

As stated earlier in this chapter, given the unprecedented sanitary crisis caused by the Covid-19 pandemic and the resulting social and economic impacts, the Board of Directors decided to reduce his fixed salary by 50% for the second half of Fiscal 2020 – a decision that was based on the Group's underlying values of solidarity and fairness. This decision was fully supported by Denis Machuel and allowed him to express his solidarity with the Group's employees.

Annual variable compensation

CALCULATION METHODS

The Chief Executive Officer's annual variable compensation is intended to encourage the achievement of the annual performance targets determined by the Board of Directors in line with Sodexo's strategy.

Based on the Compensation Committee's recommendations, each year the Board of Directors ensures that the Chief Executive Officer's variable compensation – which is governed by specific performance criteria – constitutes a sufficiently significant portion compared to his fixed compensation.

Provided that all the applicable targets are achieved, it amounts to 100% of his annual fixed compensation.

It is based mainly on financial criteria, as follows:

- 70% is contingent upon targets based on the Group's financial performance for the fiscal year, including organic revenue growth, underlying operating profit margin, Group net income and free cash flow generation;
- 30% is contingent upon non-financial targets, primarily quantitative targets (including occupational health and safety, talent management and Sodexo's ranking in the Dow Jones Sustainability Index).

The annual variable compensation due to the Chief Executive Officer is calculated and set by the Board of Directors following the close of the fiscal year to which it applies.

In the first quarter of each year, based on the Compensation Committee's recommendations, the Board of Directors reviews the various targets, their weightings, and the expected performance levels. It then sets:

- the trigger threshold under which no variable compensation is paid;
- the variable compensation target level, corresponding to the amount due when each target is reached; and
- the quantitative performance measurement, which also applies to non-financial criteria.

Consequently:

- 100% of the annual variable compensation is paid if the targets are achieved;
- 150% of the annual variable compensation is paid if the targets are exceeded.

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The financial performance targets that are based on financial indicators are determined in a specific manner by reference to the budget pre-approved by the Board of Directors and are subject to the above-mentioned performance thresholds.

Exceptionally and given the unprecedented sanitary crisis caused by the Covid-19 pandemic, the Board of Directors decided to establish the budget for Fiscal 2021 for each of the first and second halves of the fiscal year in line with the financial objectives communicated to the market. Thus, the financial performance targets were set in October 2020 for the first half and will be set in March 2021 for the second half. This structure will apply to all employees eligible for variable compensation.

The overachievement will be measured for the full fiscal year. The achievement rate for the Chief Executive Officer's variable compensation will be measured at two points in time: following publication of the half-year interim results for Fiscal 2021 and following publication of the annual results for Fiscal 2021.

If the financial performance targets communicated for the first half are achieved, the variable compensation earned under these targets will be considered as achieved.

In any case there will be no acceleration of his payment which remains subject to approval by the Annual Shareholders Meeting.

The achievement rates will be disclosed on a criterion-by-criterion basis once the Board of Directors has assessed whether the performance targets have been reached. The achievement rate for the variable compensation contingent on the quantitative criteria (financial or non-financial) can be adjusted downwards, irrespective of the performance level achieved, in order to better reflect the achievement rate for the qualitative criteria. The adjustment can only be made downwards, not upwards, and cannot be used for the purpose of offsetting weaker performance with respect to the quantitative criteria.

The Board of Directors has decided not to include a clawback clause for the Chief Executive Officer's variable compensation for the following reasons:

- his compensation structure is made up of 25% fixed compensation and 75% variable compensation;
- the variable portion is subject to stringent performance criteria as proven by past achievement rates;
- the weighting of non-quantitative performance criteria is particularly low, and
- in accordance with article L.225-100, II of the French Commercial Code, payment of the variable compensation for a given year is subject to approval at the Annual Shareholders Meeting.

PAYMENT CONDITION

In accordance with French law, payment of the annual variable compensation is subject to shareholder approval during the Annual Shareholders Meeting.

APPOINTMENT TO OR TERMINATION OF OFFICE

If a new Chief Executive Officer is appointed or the existing Chief Executive Officer's term of office is terminated during the course of a fiscal year, the same principles as described above will apply, on a pro rata basis by reference to the period during which the Chief Executive Officer concerned actually holds office. However, if a Chief Executive Officer is appointed during the second half of the fiscal year, the performance appraisal will be carried out on a discretionary basis by the Board of Directors, taking into account the recommendations of the Compensation Committee.

Long-term compensation

OBJECTIVE

The aim of the compensation policy for the Chief Executive Officer is to achieve a balance between long and short-term performance in order to promote the Group's development for the benefit of all of its stakeholders.

The Board of Directors considers that the long-term compensation system – which also applies to other key positions within the Company – is particularly suited to the position of Chief Executive Officer in view of the direct contribution that he is expected to make to Sodexo's long-term performance. It is based on (i) the Group achieving organic revenue growth and underlying operating profit margins over a period of several years, in line with market guidance (ii) Sodexo's share performance compared with a peer group, and (iii) corporate responsibility criteria. The system therefore helps to increase the Chief Executive Officer's motivation and loyalty while aligning his interests with those of the Company's stakeholders.

LONG-TERM COMPENSATION SYSTEM

Sodexo's long-term compensation system currently consists solely of performance share grants.

Performance share grants are decided by the Board of Directors, acting on the recommendation issued by the Compensation Committee, during the first quarter of each Fiscal year, after the publication of the financial statements for the previous fiscal year.

The vesting period of shares granted under performance share plans is now three years in order to align said period with the period used for measuring the achievement of the performance conditions as well as to market practices.

The Board of Directors has capped the value of the performance shares granted to the Chief Executive Officer at 150% of his total annual compensation (including fixed compensation and annual variable compensation at targets achieved). In addition, the performance shares granted to him may not represent more than 5% of the total number of restricted and performance shares granted by the Board of Directors in any given fiscal year.

PERFORMANCE CONDITIONS

The proportion of the performance shares that will vest depends on the achievement of both internal and external performance conditions, as measured over a three-year period. The achievement rates will be disclosed on a criterion-by-criterion basis once the Board of Directors has assessed whether the performance targets have been reached.

As the Group's medium-term objectives are not publicly disclosed, the organic growth revenue target and underlying operating margin target will remain confidential.

The performance conditions reflect a good balance between operating performance, investor confidence and the Group's corporate responsibility performance. They are fully in line with Sodexo's business model of sustainable and profitable growth and meet the expectations of all of the Company's stakeholders.

The criteria used are intended to measure overall performance and are directly related to the Group's main strategic objectives, with the following weightings:

- financial performance: 50%;
- stock market performance: 30%;
- Corporate responsibility performance, including diversity and environmental targets: 20%.

If it was necessary to change these criteria, the Board of Directors would ensure consistent and stringent criteria over the long-term.

CONTINUED PRESENCE CONDITION

In order for his performance shares to be delivered, the Chief Executive Officer must be present within the Group at the vesting date. However, in accordance with the AFEP-MEDEF Code and the plan rules applicable to all beneficiaries of the Group's performance share plans, in exceptional circumstances, the Board of Directors, on the recommendation of the Compensation Committee, may authorize the Chief Executive Officer to retain his rights to any non-vested shares at the date of his departure.

In such a case, the number of shares that vest would be determined on a pro rata basis by reference to the actual time the Chief Executive Officer spent within the Group during the vesting period. The original vesting period would continue to run and the rules of the applicable plan – including the performance conditions – would still apply.

SHAREHOLDING OBLIGATION

In accordance with article L.225-197-1 of the French Commercial Code, the Chief Executive Officer is required to hold in registered form, for the duration of his term of office, a number of vested shares whose value has been set by the Board of Directors as equivalent to 30% of his annual fixed compensation at the date the shares are delivered.

Based on the recommendation of the Compensation Committee, the Board reinforced this shareholding obligation by deciding that the Chief Executive Officer must from now on maintain a portfolio of shares with a value equivalent to 200% of the gross annual fixed compensation. This portfolio must be built up over a maximum period of three years, as from September 1, 2019 for the current Chief Executive Officer. Denis Machuel currently holds a portfolio of shares with a total value exceeding the threshold set by the Board.

In addition, as long as he remains in office, the Chief Executive Officer may not use hedging instruments on any performance shares granted to him.

Multi-year compensation

The Board of Directors has decided not to create a multi-year compensation system, preferring instead to apply a share-based long-term compensation system, which it considers to be more closely aligned with the interests of the Company's shareholders.

However, the Board may envisage putting in place such a system if any regulatory changes or other changes in circumstances were to render it difficult or impossible to use shares. If a multi-year compensation plan were to be set up, it would be based on the same principles and criteria as those used for determining and allocating performance shares and the same grant cap would apply.

Indemnity in the event of termination of office

If the Chief Executive Officer's term of office is terminated for any reason (other than resignation, retirement or gross or willful misconduct) then he may be entitled to an indemnity representing up to twice the amount of his annual gross compensation (fixed and variable) received over the 12 months preceding the termination.

This indemnity will only be paid if, at constant consolidation scope and currency exchange rates, the annual increase in the Sodexo Group's consolidated underlying operating profit is equal to or higher than 5% for each of the three fiscal years ended prior to the termination of the appointment.

Denis Machuel has expressly refused this indemnity and therefore will not benefit from any payment in case of termination of office.

Non-compete agreement

If the Chief Executive Officer's term of office is terminated, he is also subject to a non-compete obligation for a maximum term of 24 months, which is intended to protect the Group by restricting the Chief Executive Officer's freedom to carry out certain activities following the end of his term. The activities concerned include holding any position as an employee or Corporate Officer, or carrying out any consulting work, either directly or through another legal entity, for any of Sodexo's competitors. As consideration for these restrictions, the Chief Executive Officer would be paid an indemnity representing up to 24 months of his fixed compensation paid during the fiscal year preceding the termination of his term of office.

At its meeting on April 27, 2018, the Board decided to approve the conclusion of a non-compete agreement with Denis Machuel for a period of 24 months as from the date on which his duties as Chief Executive Officer would cease.

However, the Board of Directors would have the option to decide to waive the Company's right to enforce this non-compete agreement when the Chief Executive Officer leaves the Group. In addition, the maximum aggregate amount paid to the Chief Executive Officer for (i) his non-compete agreement, and/or (ii) his indemnity on termination of office, may not exceed 24 months' worth of his fixed compensation.

This indemnity will not be paid if the Chief Executive Officer retires, and in any event will not be paid once he reaches the age of 65.

Supplemental pension plan

Until December 31, 2019, the Chief Executive Officer was a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code and article L.137-11-1 of the French Social Security Code, and which was set up for the most senior executives employed by a French company of the Group. Under this supplemental pension plan (subject to a minimum of five years of presence in the plan), as a member of the plan for at least 15 years, the pension paid could represent up to 15% of the average of his last three years' fixed compensation preceding his retirement. This pension complements the pensions due to him under compulsory pension plans, provided that he is a Corporate Officer or employee of the Company at the time of his retirement.

The Board of Directors had decided that the Chief Executive Officer's rights under this plan would only accrue if the achievement rate for his annual variable compensation targets was at least 80%. If this rate were to be reached, the beneficiary would acquire 1% additional rights to the defined benefit plan for the year concerned. However, an achievement rate less than 80%, would not trigger additional rights under the supplemental pension plan for that year.

The rights were financed and provisioned through annual charges, which were to be revalued each year, depending on new commitments and the balance of the account held by the insurer.

This plan has been closed to new members since February 28, 2018. In order to comply with the PACTE Act and with *Ordonnance* of July 3, 2019 implementing the EU Pensions Portability Directive into French law, rights acquired as at December 31, 2019, were frozen at that date. As this plan is not portable, its members will only be eligible for it if they are still with Sodexo on the date they retire.

In Fiscal 2020, the Company proposed to the January 21, 2020 Annual Shareholders Meeting, to replace the defined supplemental benefit pension plan governed by articles 39 of the French General Tax Code and L.137-11-1 of the French Social Security Code with a plan governed by article L.137-11-2 of the French Social Security Code, which would have similar characteristics.

The Compensation Committee took note of the vote by the January 21, 2020 Annual Shareholders Meeting on the twelfth resolution on the supplemental pension plan of the Chief Executive Officer as well as comments from investors.

The proposed new plan has not been implemented during Fiscal 2020 as the French Social Security Department circular concerning the financing of such plans has not yet been published. The Board of Directors will only authorize this plan if the circular provides that such plans do not result in the recognition of employee benefit plan liabilities on the Company's balance sheet.

If the French Social Security Department circular allowing finalization of the plan governed by article L.137-11-2 of the French Social Security Code is not published during Fiscal 2021, an exceptional grant of restricted shares will be made to the Chief Executive Officer. This grant will be subject to the condition of achieving a rate of at least 80% of his annual variable compensation targets. The amount of this grant would be capped at the retirement plan contribution which would have been made in accordance with article L.137-11-2 of the French Social Security Code, had the plan been implemented. The restricted shares grant would vest and be subject to a presence condition over three years. The value of the restricted shares grant would be calculated at the close of the Annual Shareholders Meeting to be held to adopt the financial statements of Fiscal 2021 on the basis of the average of the twenty closing share prices preceding the grant date.

The exceptional grant would also be made if the circular did not preclude the recognition of employee benefit plan liabilities on the Company's balance sheet.

This exceptional grant would also be applicable to those members of the Executive Committee who would be included in the supplemental pension plan.

Company car

The Chief Executive Officer has the use of a Company car, the insurance, maintenance and fuel costs (related to his professional use) of which are covered by Sodexo.

Collective health and benefit plans

The Chief Executive Officer is a member of the Company's collective health and benefit plans, subject to the same terms and conditions as those applicable to all employees of the Group's French entities.

Unemployment insurance

As the Chief Executive Officer does not have an employment contract, the Company has subscribed to a private unemployment insurance policy with the French association of unemployment insurance for Corporate Officers (*Association pour la garantie sociale des chefs et dirigeants d'entreprises* – GSC). Under this policy, if the Chief Executive Officer were to lose his office, he would receive benefits for a maximum period of 24 months.

Exceptional compensation

The compensation policy does not permit the granting of an exceptional compensation to the Chief Executive Officer.

Potential change of governance

If one or more Deputy Chief Executive Officers were appointed, the principles and criteria for determining, allocating and awarding the compensation components provided for in the Chief Executive Officer's compensation policy would also apply to the Deputy Chief Executive Officer(s). In such a case, the Board of Directors, acting on the recommendation of the Compensation Committee, would adapt the principles and criteria to the person(s) concerned in order to determine the applicable targets, performance levels, conditions, compensation structures and maximum percentages of the fixed compensation that their variable compensation may represent (which may not be higher than those set for the Chief Executive Officer).

If the Chief Executive Officer were to become a member of the Company's Board of Directors, he would not receive any directors' compensation.

Signing bonus

Pursuant to the recommendations of the AFEP-MEDEF Code, if a new Chief Executive Officer is recruited from outside Sodexo, the Board of Directors may decide to grant him or her an indemnity (in cash and/or shares) in order to compensate for any loss of previous compensation or benefits (excluding pension benefits).

In accordance with article L.225-37-2 of the French Commercial Code, the payment or implementation of any such compensation would be subject to shareholder approval.

5.5.1.5 Compensation policy for the Company's directors (other than the Chairwoman of the Board)

Structure of the compensation

The overall compensation awarded to directors ("directors' compensation") is made up of a fixed and variable compensation and a travel allowance for directors coming from the United States.

Directors are not eligible for any long-term compensation, supplemental pension plan or compensation or benefits that may result from any change in their duties, new duties taken on, or a loss of office.

As previously mentioned, the Chairwoman of the Board of Directors does not receive any directors' compensation so this compensation policy does not apply to her.

The compensation policy for Sodexo's directors is intended to remunerate the work they perform at Board and Committee meetings, without however encouraging an excessive number of meetings.

Sodexo's policy has always been to regularly review the overall envelope for directors' compensation. This envelope was increased by 11% in 2015, 5% in 2017, and 22% in 2018.

The current total annual envelope for directors' compensation is 900,000 euro, unchanged since the Annual Shareholders Meeting of January 23, 2018 (eleventh resolution).

A review of whether the overall amount of this compensation is appropriate was intended to be performed in Fiscal 2020. However, given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, acting on the recommendation of the Compensation Committee, the Board of Directors decided to freeze this overall amount for Fiscal 2021.

The procedures for allocating director's fixed and variable compensation have been decided by the Board of Directors for Fiscal 2021. However, these procedures may be reviewed by the Board of Directors in the event of a change in the Board of Directors' composition or a change to take into account an increase in the workload or responsibilities.

Fixed compensation

The procedures for allocating the overall amount of compensation among the individual directors are set by the Board of Directors, based on the recommendation of the Compensation Committee. Currently, each director receives annual fixed compensation of 20,000 euro for their participation in Board meetings and 5,500 euro for their participation in meetings of each specialized Committee of which they are a member.

A further fixed annual amount of 20,000 euro is allocated to each Chair of the specialized Committees.

The fixed portion of directors' compensation is calculated proportionately to the time served on the Board by each director during a given fiscal year.

Variable compensation

Upon recommendation of the Compensation Committee, the Board maintained the variable compensation for each Board meeting attended at 4,000 euro and for each specialized Committee meeting attended at 2,400 euro.

This variable compensation is not, however, awarded for Board meetings that take place by way of written consultation in accordance with the conditions set in the applicable regulations, or for any *ad hoc* meetings.

Travel allowance

A travel allowance of 1,250 euro per Board meeting attended is paid to directors traveling from the United States.

SUMMARY OF DIRECTORS' FIXED AND VARIABLE COMPENSATION

(in euro)	ANNUAL FIXED COMPENSATION	ADDITIONAL ANNUAL FIXED COMPENSATION FOR CHAIRING A COMMITTEE	VARIABLE COMPENSATION PER ATTENDANCE AT EACH MEETING
Board of Directors	20,000		4,000
Audit Committee	5,500	20,000	2,400
Nominating Committee	5,500	20,000	2,400
Compensation Committee	5,500	20,000	2,400

A review of whether the overall amount of this compensation is appropriate was intended to be performed in Fiscal 2020. However, given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, acting on the recommendation of the Compensation Committee, the Board of Directors decided to freeze this overall amount for Fiscal 2021.

5.5.2 Information on the components of compensation paid or awarded to Corporate Officers

5.5.2.1 Compensation of Sophie Bellon, Chairwoman of the Board of Directors

The following tables show a breakdown of the various components of Sophie Bellon's compensation during Fiscal 2020.

These components were determined in line with the compensation policy for the Chairwoman of the Board of Directors approved at the January 21, 2020 Combined Annual Shareholders Meeting (tenth resolution). This policy provides a fixed compensation, collective health and benefit plans as well as fringe benefits. It does not include any other variable or exceptional compensation, long-term compensation or directors' compensation.

Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board of Directors decided to reduce her fixed salary by 50% for the second half of Fiscal 2020. Sophie Bellon fully agreed with this decision, which gave her the opportunity to express her solidarity with the Group's employees. The amounts not paid for the fixed compensation financed the creation of the Sodexo Employee Relief Program in April 2020 to help address some of the social and economic consequences of the Covid-19 pandemic.

At the Ordinary Annual Shareholders Meeting of January 12, 2021, shareholders will be given a "say-on-pay" vote on the total compensation and benefits paid during or awarded for Fiscal 2020 to Sophie Bellon for her role as Chairwoman of the Board of Directors.

Summary of compensation, stock options and performance shares awarded to the Chairwoman of the Board of Directors

TABLE 1, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

SOPHIE BELLON CHAIRWOMAN OF THE BOARD OF DIRECTORS (in euro)	FISCAL 2020	FISCAL 2019
Compensation awarded for the fiscal year (gross, before tax)	508,019	676,739
Value of stock options granted	N/A	N/A
Value of performance shares granted	N/A	N/A
TOTAL	**508,019**	**676,739**

Summary of compensation awarded/paid to the Chairwoman of the Board of Directors

TABLE 2, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	FISCAL 2020		FISCAL 2019	
SOPHIE BELLON CHAIRWOMAN OF THE BOARD OF DIRECTORS (in euro)	GROSS AMOUNTS AWARDED (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)	GROSS AMOUNTS AWARDED (BEFORE TAX)	GROSS AMOUNTS PAID (BEFORE TAX)
Fixed compensation(1)	506,250	506,250	675,000	675,000
Variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation	N/A	N/A	N/A	N/A
Fringe benefits(2)	1,769	1,769	1,739	1,739
TOTAL	**508,019**	**508,019**	**676,739**	**676,739**
The following amounts were paid by Bellon SA to Sophie Bellon for her mandate as member of the Management Board of Bellon SA:				
Fixed compensation	190,000	190,000	185,000	185,000

(1) Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board of Directors decided to reduce her fixed salary by 50% for the second half of Fiscal 2020.
(2) Sophie Bellon has the use of a Company car.

Summary of benefits – Chairwoman of the Board of Directors

TABLE 11, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		COMPENSATION OR ENTITLEMENTS DUE OR LIKELY TO BECOME DUE AS A RESULT OF A CHANGE IN DUTIES OR LOSS OF OFFICE		INDEMNITY RELATING TO A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Sophie Bellon **Chairwoman of the Board of Directors**								
Appointment date: January 26, 2016		X		X		X		X
Expiration of current term: 2021 Annual Shareholders Meeting held to approve the financial statements for Fiscal 2020								

5.5.2.2 Compensation of Denis Machuel, Chief Executive Officer

The following tables show a breakdown of the various components of Denis Machuel's compensation during Fiscal 2020.

These components were determined in line with the compensation policy for the Chief Executive Officer approved at the January 21, 2020 Combined Annual Shareholders Meeting (eleventh resolution). This policy provides a fixed, variable and long-term compensation, as well as a non-compete agreement, a supplemental pension plan, collective health and benefit plans as well as fringe benefits. It does not include any multi-year variable compensation, exceptional compensation or a termination benefit.

Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board of Directors decided to reduce his salary by 50% for the second half of Fiscal 2020 and to suppress his variable compensation for Fiscal 2020. This decision was fully supported by Denis Machuel, and allowed him to express his solidarity with the Group's employees. The amounts not paid for the fixed and variable compensation financed the creation of the Sodexo Employee Relief Program in April 2020 to help address some of the social and economic consequences of the Covid-19 pandemic.

At the Ordinary Annual Shareholders Meeting of January 12, 2021, shareholders will be given a "say-on-pay" vote on the total compensation and benefits paid during or awarded for Fiscal 2020 to Denis Machuel for his role as Chief Executive Officer.

Summary of compensation, stock options and performance shares awarded to the Chief Executive Officer

TABLE 1, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

DENIS MACHUEL **CHIEF EXECUTIVE OFFICER** (in euro)	FISCAL 2020	FISCAL 2019
Compensation awarded for the fiscal year (gross, before tax)	688,463	1,807,730
Value of stock options granted	N/A	N/A
Value of performance shares granted	N/A*	1,836,252
TOTAL	**688,463**	**3,643,982**

* No performance shares were grant during Fiscal 2020.

Summary of compensation awarded/paid to the Chief Executive Officer

TABLE 2, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	FISCAL 2020		FISCAL 2019	
DENIS MACHUEL CHIEF EXECUTIVE OFFICER (in euro)	**GROSS AMOUNTS AWARDED (BEFORE TAX)**	**GROSS AMOUNTS PAID (BEFORE TAX)**	**GROSS AMOUNTS AWARDED (BEFORE TAX)**	**GROSS AMOUNTS PAID (BEFORE TAX)**
Fixed compensation[(1)]	675,000	675,000	900,000	900,000
Variable compensation[(2)]	0	892,800	892,800	245,596
Exceptional compensation	N/A	N/A	N/A	N/A
Directors' compensation	N/A	N/A	N/A	N/A
Fringe benefits[(3)]	13,463	13,463	14,930	14,930
TOTAL	**688,463**	**1,581,263**	**1,807,730**	**1,160,526**

(1) Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board of Directors decided to reduce his fixed salary by 50% for the second half of Fiscal 2020.
(2) Denis Machuel's variable compensation for the year, to be paid the following year (see tables below for details). Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board of Directors decided to suppress any variable compensation for Fiscal 2020.
(3) Denis Machuel has the use of a Company car and is the beneficiary of an unemployment insurance policy.

Variable compensation awarded for Fiscal 2020

As stated above, the Chief Executive Officer's compensation policy approved by the shareholders at the Combined Annual Shareholders Meeting of January 21, 2020 provided for the Chief Executive Officer to receive annual variable compensation amounting to 100% of his annual fixed compensation provided that all of the applicable targets were achieved. The aim of awarding this variable compensation is to encourage the achievement of the annual performance targets set by the Board of Directors in line with Sodexo's overall business strategy.

		WEIGHTING OF TARGETS	**MAXIMUM IN% OF TARGET**	**ACHIEVEMENT RATE**	**CORRESPONDING AMOUNT** (in euro)
70% based on financial targets	Organic growth	20%	175%	0%	0
	Underlying operating profit margin (excluding exchange rate impacts)	20%	175%	0%	0
	Growth in Group net income	10%	175%	0%	0
	Free cash flow	20%	175%	0%	0
	Total financial targets	**70%**	**175%**	**0%**	**0**
30% based on non-financial targets	Health and safety target	10%	100%	100%	90,000
	Talent management	10%	100%	75%	67,500
	Dow Jones Sustainability Index, industry leader position	10%	100%	100%	90,000
	Total non-financial targets	**30%**	**100%**	**91.6%**	**247,500**
TOTAL VARIABLE COMPENSATION FOR FISCAL 2020		**100%**	**150%**	**27.5%**	**247,500**
VARIABLE COMPENSATION AWARDED FOR FISCAL 2020					**0**

Financial performance in Fiscal 2020 was deeply impacted by the sanitary crisis. The level of attainment of the objectives was 27.5%, hence, variable compensation would have been 247,500 euro. However, given the unprecedent sanitary crisis caused by the Covid-19 pandemic, the Board of Directors decided to suppress his variable compensation for Fiscal 2020.

Variable compensation awarded for Fiscal 2019 and paid during Fiscal 2020

Although organic growth outperformed the applicable target in Fiscal 2019 compared to the initial objective and taking into account that the underlying operating profit margin underperformed, the Board of Directors, based on the proposal of the Chief Executive Officer, had decided to cap the variable compensation due in relation to the organic growth target at 100%, for both the Chief Executive Officer and the members of the Executive Committee.

		WEIGHTING OF TARGETS	MAXIMUM IN% OF TARGET	ACHIEVEMENT RATE	CORRESPONDING AMOUNT (in euro)
70% based on financial targets	Organic growth	20%	175%	100%	180,000
	Underlying operating profit margin (excluding exchange rate impacts)	20%	175%	86%	154,800
	Growth in Group net income	10%	175%	0%	0
	Free cash flow	20%	175%	175%	315,000
	Total financial targets	**70%**	**175%**	**103%**	**649,800**
30% based on non-financial targets	Health and safety target	10%	100%	100%	90,000
	Talent management	10%	100%	70%	63,000
	Dow Jones Sustainability Index, industry leader position	10%	100%	100%	90,000
	Total non-financial targets	**30%**	**100%**	**90%**	**243,000**
TOTAL VARIABLE COMPENSATION FOR FISCAL 2019		**100%**	**150%**	**99%**	**892,800**

Performance shares granted to the Chief Executive Officer during Fiscal 2020

In accordance with the compensation policy approved by the shareholders at the Combined Annual Shareholders Meeting of January 21, 2020, the vesting period of shares granted under restricted share plans was reduced from four years to three years in order to align the vesting periods with the periods used to measure the achievement of the applicable performance conditions as well as to market practices. The timing of when the plans are usually set up was therefore also changed (*i.e.* during the first quarter of each fiscal year, after the publication of the financial statements for the previous fiscal year).

Consequently, in order to maintain a regular annual delivery of performance shares, no performance shares were granted to the Chief Executive Officer during Fiscal 2020.

Performance shares that became available during Fiscal 2020

TABLE 7, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

PLAN NO. AND DATE	NUMBER OF SHARES THAT BECAME AVAILABLE DURING FISCAL 2020
Plan no. 2016 dated April 27, 2016	6,750

At its meeting on April 27, 2016, the Board of Directors decided, under its 2016 restricted share plan implemented pursuant to the authorization granted by the Annual Shareholders Meeting of January 26, 2016, to grant 13,500 restricted shares to Denis Machuel, who at the time was a member of Sodexo's Executive Committee. These shares were subject to a four-year vesting period expiring on April 27, 2020 and to the following vesting conditions:

- 50% of the shares granted were subject to a continued presence condition; and
- 50% of the shares (referred to as "performance shares") were subject to a continued presence condition and a performance condition.

The performance condition was as follows:

(i) The vesting of 50% of the performance shares was subject to the average growth in operating profit (before exceptional items and excluding currency effects) in line with the external objectives of Sodexo, of between +8% to +10% per year for Fiscal 2016, Fiscal 2017, Fiscal 2018 and Fiscal 2019, as follows:

GROWTH IN OPERATING PROFIT *(AVERAGE GROWTH PER YEAR FOR FISCAL 2016, FISCAL 2017, FISCAL 2018 AND FISCAL 2019)*	**NUMBER* OF VESTED SHARES** *(% OF THE INITIAL NUMBER OF SHARES SUBJECT TO THE CONDITION OF GROWTH IN OPERATING PROFIT)*
Less than 8% per year	0%
Between 8% and 9% per year	30%-60%
Between 9% and 10% per year	60%-100%
10% or higher per year	100%

* Roundown to the closest whole number.

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(ii) The vesting of the other 50% of the performance shares was subject to the achievement of the performance of Sodexo's TSR (Total Shareholder Return) compared to the CAC 40 GR index (dividends reinvested), as follows:

SODEXO'S TSR *(BETWEEN JANUARY 27, 2016 AND THE DATE OF THE ANNUAL SHAREHOLDERS MEETING CALLED TO APPROVE THE FISCAL 2019 FINANCIAL STATEMENTS)*	NUMBER* OF VESTED SHARES *(% OF THE INITIAL NUMBER OF SHARES SUBJECT TO THE CONDITION OF PERFORMANCE OF SODEXO'S TSR COMPARED TO THE CAC40 GR INDEX)*
Negative and/or underperformance with respect to the CAC 40 GR index	0%
Outperformance with respect to the CAC 40 GR index of between 0% and 8%	10%-50%
Outperformance with respect to the CAC 40 GR index of between 8% and 12%	50%-100%
Outperformance with respect to the CAC 40 GR index of more than 12%	100%

* Roundown to the nearest whole number.

Based on the recommendation of the Compensation Committee, the Board of Directors at its meeting of April 8, 2020, recognized that:

- neither of the two performance conditions had been met as the annual average growth in operating profit (before exceptional items and excluding currency impacts) was 3.5% and Sodexo's TSR was 25% against 58% for the CAC 40 GR index. Consequently, the delivery of 6,750 performance shares granted by the Board of Directors on April 27, 2016 was cancelled;
- the continued presence condition had been met. Consequently, the remaining 6,750 restricted shares (*i.e.* not subject to performance conditions) granted by the Board of Directors on April 27, 2016 vested and were delivered on April 27, 2020.

Performance share grants to the Chief Executive Officer

TABLE 9, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

PLAN DATE	VALUE OF PERFORMANCE SHARES GRANTED (in euro)	NUMBER OF PERFORMANCE SHARES ORIGINALLY GRANTED	PERFORMANCE CONDITIONS	NUMBER OF VESTED PERFORMANCE SHARES	VESTING DATE	AVAILABILITY DATE
04/27/2017	1,189,202	14,000	60%	N/A	04/20/2021	04/20/2021
04/27/2018	1,600,437	25,000	100%	N/A	04/27/2022	04/27/2022
06/19/2019	1,836,252	22,000	100%	N/A	06/19/2023	06/19/2023

Summary of benefits of the Chief Executive Officer

TABLE 11, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	EMPLOYMENT CONTRACT		SUPPLEMENTAL PENSION PLAN		COMPENSATION OR ENTITLEMENTS DUE OR LIKELY TO BECOME DUE AS A RESULT OF A CHANGE IN DUTIES OR LOSS OF OFFICE		INDEMNITY RELATING TO A NON-COMPETE CLAUSE	
	YES	NO	YES	NO	YES	NO	YES	NO
Denis Machuel **Chief Executive Officer**								
Appointment date: January 23, 2018		X	X			X	X	
Indefinite term								

5.5.2.3 Compensation and benefits paid during or awarded for Fiscal 2020 – Say on Pay (*ex post* vote at the Ordinary Annual Shareholders Meeting of January 12, 2021)

Compensation and benefits paid during or awarded for Fiscal 2020 to Sophie Bellon, Chairwoman of the Board of Directors

TYPE OF COMPENSATION OR BENEFITS	AMOUNTS PAID DURING FISCAL 2020	AMOUNTS AWARDED FOR FISCAL 2020 OR ACCOUNTING VALUE	COMMENTS
Fixed compensation	€506,250	€506,250	Pre-tax gross amount due for the fiscal year. Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board decided to reduce her fixed salary by 50% for the second half of Fiscal 2020. Sophie Bellon fully agreed with this decision, which allowed her to express her solidarity with the Group's employees. The amounts not paid for the fixed compensation financed the creation of the Sodexo Employee Relief Program in April 2020 to help address some of the social and economic consequences of the Covid-19 pandemic.
Fringe benefits	€1,769	€1,769	Sophie Bellon has the use of a Company car.

Sophie Bellon is not eligible for any of the following types of compensation or benefits: directors' compensation, variable compensation, multi-year variable compensation, exceptional compensation, long-term compensation, termination benefit or the supplemental pension plan.

Compensation and benefits paid during or awarded for Fiscal 2020 to Denis Machuel, Chief Executive Officer

TYPE OF COMPENSATION OR BENEFITS	AMOUNTS PAID DURING FISCAL 2020	AMOUNTS AWARDED FOR FISCAL 2020 OR ACCOUNTING VALUE	COMMENTS
Fixed compensation	€675,000	€675,000	Pre-tax gross amount due for the fiscal year. Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board of Directors decided to reduce his fixed salary by 50% for the second half of Fiscal 2020. This decision received the fully support of Denis Machuel, and allowed him to express his solidarity with the Group's employees. The amounts not paid for the fixed compensation financed the creation of the Sodexo Employee Relief Program in April 2020 to help address some of the social and economic consequences of the Covid-19 pandemic.
Variable compensation	€892,800	€0	Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board of Directors decided to suppress his variable compensation for Fiscal 2020. This decision received the fully support of Denis Machuel, and allowed him to express his solidarity with the Group's employees. The amounts not paid for the variable compensation financed the creation of the Sodexo Employee Relief Program in April 2020 to help address some of the social and economic consequences of the Covid-19 pandemic. However, he received 892,800 euro in variable compensation awarded for Fiscal 2019 and paid during Fiscal 2020 following the adoption of the ninth resolution of the January 21, 2020 Combined Annual Shareholders Meeting.
Stock options and performance shares	N/A	N/A	Due to the decision taken by the Board of Directors on November 6, 2019 to reduce in 2019 the vesting period from four to three years, no performance shares were granted to Denis Machuel during Fiscal 2020. The Group no longer grants stock options.
Non-compete indemnity	No amounts paid	No amounts awarded	In the event of the termination of Denis Machuel's duties as Chief Executive Officer, he is subject to a non-compete obligation. This commitment from the Company, approved at the Annual Shareholders Meeting on January 22, 2019, is no longer treated as related-party commitment following the repeal of article L. 225-42-1 of the French Commercial Code. The related conditions and financial consideration are set out in section 5.5.1.4.

TYPE OF COMPENSATION OR BENEFITS	AMOUNTS PAID DURING FISCAL 2020	AMOUNTS AWARDED FOR FISCAL 2020 OR ACCOUNTING VALUE	COMMENTS
Supplemental pension plan	No amounts paid	No amounts awarded	Since his appointment as member of the Group's Executive Committee in September 2014 and up until December 31, 2019, Denis Machuel was a beneficiary of a defined benefit pension plan governed by article 39 of the French General Tax Code and article L.137-11-1 of the French Social Security Code, set up for the Group's senior executives holding an employment contract with one of its French companies. Under this supplemental pension plan (subject to a minimum of five years of presence in the plan), as a member of the plan for at least 15 years, the pension paid could represent up to 15% of the average of his last three years' fixed compensation preceding his retirement, to which would be added the pensions due to him under compulsory pension plans, provided that he were still a Corporate Officer of the Company at the time of his retirement. The Board of Directors had decided that the Chief Executive Officer's entitlements under this plan would only accrue if the achievement rate for his annual variable compensation targets was at least 80%. If this rate were to be reached, a 1% contribution to the defined benefit plan would be accrued for the year concerned. However, if the achievement rate were less than 80%, no defined benefit contribution would be accrued for that year. The entitlements were financed and provisioned through annual charges, which were to be revalued each year, depending on new commitments and the balance of the account held by the insurer. In order to comply with the PACTE Act and the Ordonnance of July 3, 2019 implementing the EU Pensions Portability Directive into French law, rights acquired as at December 31, 2019 were frozen at that date. The Company's commitments under this plan amounted to 432,832 euro as at December 31, 2019. In Fiscal 2020, the Company proposed replacing the defined benefit supplemental pension plan governed by articles 39 of the French General Tax Code and L.137-11-1 of the French Social Security Code with a plan governed by article L.137-11-2 of the French Social Security Code, which would have similar characteristics. This proposal was included in the compensation policy approved by the shareholders at the January 21, 2020 Annual Shareholders Meeting. However, the proposed new plan was not implemented in Fiscal 2020 because the French government circular concerning the financing of the plan had not yet been issued. Indeed, the Board of Directors considers that the absence of employee benefit plan liabilities on the Company's balance sheet remains uncertain. In any case, even if the plan had been implemented, the Chief Executive Officer would not have acquired any rights under the proposed plan during Fiscal 2020, as the performance criteria of achieving at least 80 % of his annual variable compensation were not met.
Fringe benefits	€13,463	€13,463	Denis Machuel has the use of a Company car and is the beneficiary of an unemployment insurance policy.

Denis Machuel is not eligible for any of the following types of compensation or benefits: multi-year variable compensation, exceptional compensation or termination benefit.

5.5.2.4 Pay equity ratio between the compensation paid to the Company's executive Corporate Officers and the average and median compensation received by Sodexo employees

According to article L.225-37-3 of the French Commercial Code, the table below presents the ratios between the compensation level of the Chairwoman of the Board of Directors, the Chief Executive Officer and the average and median compensation of Sodexo employees over the past five years on a full time equivalent basis.

The ratios were established with reference to AFEP-MEDEF guidelines on compensation multiples published on January 28, 2020.

For the executive Corporate Officers, the compensation elements taken into account are:

- the fixed compensation;
- the annual variable compensation paid in N for the Fiscal year N-1;
- the performance shares granted during the Fiscal year measured at fair value (under IFRS rules) on the grant date;
- the fringe benefits.

For employees (full time equivalent), the compensation elements taken into account are:

- the fixed compensation;
- the annual variable compensation paid in N for the Fiscal year N-1;
- the individual bonuses;
- the participation paid in N;
- the valuation of performance shares granted during the Fiscal year measured at fair value (under IFRS rules) on the grant date;
- the fringe benefits.

The ratios are calculated on the compensation elements paid during the year.

The scope of this information has been broadened and is now based on a volume of employees in France unlike last year when the information was based upon the Social and Economic Unit *(Unité Economique et Social)* made up of French holding companies of the Sodexo Group.

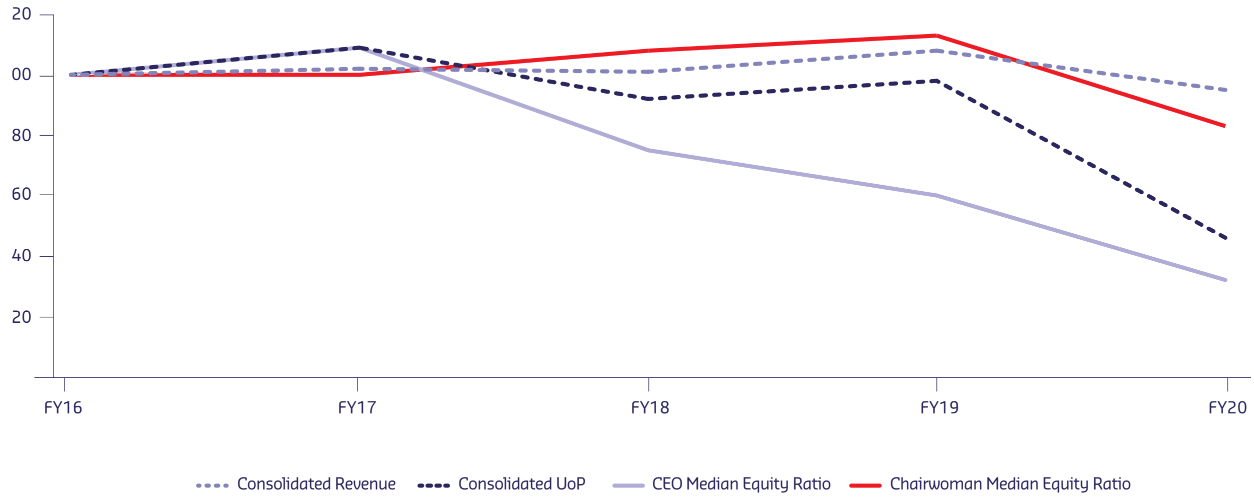
	FISCAL 2016	FISCAL 2017	FISCAL 2018	FISCAL 2019	FISCAL 2020
Annual compensation paid					
Chairwoman of the Board of Directors	€552,027	€551,829	€627,077	€676,739	€508,019
Evolution		*0%*	*14%*	*8%*	*-25%*
Chief Executive Officer	€4,684,311	€5,067,771	€ 3,619,279	€2,996,778	€1,581,263
Evolution		*8%*	*-30%*	*-13%*	*-49%*
Employees					
Number of employees	*27,357*	*27,283*	*27,702*	*28,371*	*28,257*
Evolution		*0%*	*2%*	*2%*	*0%*
Average compensation (in euro)	€29,704	€29,782	€30,848	€31,714	€31,556
Evolution		*0%*	*4%*	*3%*	*0%*
Median compensation (in euro)	€23,224	€22,923	€24,014	€24,626	€24,809
Evolution		*-1%*	*5%*	*3%*	*1%*
Ratio					
Chairwoman of the Board – ratio average compensation	19	19	20	21	16
Chairwoman of the Board – ratio median compensation	24	24	26	27	20
Chief Executive Officer – ratio average compensation	158	170	117	94	50
Chief Executive Officer – ratio median compensation	202	221	151	122	64
Financial indicators					
Group revenue	20,245	20,698	20,407	21,954	19,321
Evolution		*2%*	*-1%*	*8%*	*-12%*
Group's operating income	1,226	1,340	1,128	1,200	569
Evolution		*9%*	*-16%*	*6%*	*-53%*

Elements explaining the variation of the ratios related to the compensation of the Chairwoman of the Board of Directors:

- during Fiscal 2016, the compensation of Sophie Bellon as Chairwoman of the Board of Directors has been annualized for the purposes of this calculation;
- over the Fiscal 2020, the fixed compensation of the Chairwoman of the Board of Directors was reduced by 50% over the second half of the fiscal year.

Elements explaining the variation of the ratios related to the compensation of the Chief Executive Office:

- Michel Landel was Chief Executive Officer for the full Fiscal 2016 and 2017;
- for the Fiscal 2018, the ratio was calculated based on compensation paid both to Michel Landel and Denis Machuel, proportionally to their terms of office;
- Denis Machuel was Chief Executive Officer for the full Fiscal 2019;
- over the Fiscal 2020, the fixed compensation of the Chief Executive Officer was reduced by 50% over the second half of the fiscal year. No performance shares were granted during Fiscal 2020.



5.5.3 Information on the components of compensation paid or awarded to the directors

The total annual amount of compensation available for payment to the directors of Sodexo was set at 900,000 euro at the Annual Shareholders Meeting of January 23, 2018 (eleventh resolution). The total amount actually paid to all directors (other than to the Chairwoman of the Board) during Fiscal 2020 was 788,800 euro (compared to 822,750 euro during Fiscal 2019), representing 88% of the total budget approved at the Annual Shareholders Meeting.

These amounts were calculated and paid in accordance with the Board of Directors' Internal Rules, based on the following criteria established for Fiscal 2020:

(in euro)	ANNUAL FIXED COMPENSATION	ADDITIONAL ANNUAL FIXED COMPENSATION FOR CHAIRING A COMMITTEE	VARIABLE COMPENSATION PER ATTENDANCE AT EACH MEETING
Board of Directors	20,000		4,000
Audit Committee	5,500	20,000	2,400
Nominating Committee	5,500	20,000	2,400
Compensation Committee	5,500	20,000	2,400

A travel allowance of 1,250 euro per Board meeting attended is paid to directors traveling from the United States.

Directors are not eligible for any long-term compensation, supplemental pension plan or compensation or benefits that may result from any change in their duties, new duties taken on, or a loss of office.

As stated above, the Chairwoman of the Board of Directors does not receive any directors' compensation.

The two directors representing employees both hold an employment contract with the Group and therefore receive compensation that has no connection with their office as director. The amounts of their salaries are not disclosed for confidentiality reasons.

The compensation paid to the directors during Fiscal 2020 and Fiscal 2019 (both fixed and variable) calculated based on their attendance at Board and Committee meetings as indicated above, was as follows:

TABLE 3, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

DIRECTORS (in euro)		FISCAL 2020 AMOUNT AWARDED	FISCAL 2020 AMOUNT PAID	FISCAL 2019 AMOUNT AWARDED	FISCAL 2019 AMOUNT PAID
Emmanuel Babeau	Directors' compensation	65,500	65,500	81,600	81,600
Robert Baconnier(1)	Directors' compensation	33,550	33,550	63,100	63,100
Astrid Bellon(2)	Directors' compensation	26,000	26,000	36,000	36,000
	Bellon compensation	146,667	146,667	146,666	146,666
Bernard Bellon	Directors' compensation	-	-	36,000	36,000
	Bellon compensation	-	-	2,000	2,000
François-Xavier Bellon	Directors' compensation	65,500	65,500	63,500	63,500
	Bellon compensation	390,000	390,000	355,000	355,000
Nathalie Bellon-Szabo(3)	Directors' compensation	63,100	63,100	63,100	63,100
	Other compensation	490,758	490,758	527,993	527,993
Philippe Besson(4)	Directors' compensation	65,500	65,500	65,500	65,500
Françoise Brougher	Directors' compensation	71,550	71,550	98,600	98,600
Soumitra Dutta	Directors' compensation	71,750	71,750	67,750	67,750
Véronique Laury(5)	Directors' compensation	22,000	22,000	-	-
Cathy Martin(4)	Directors' compensation	57,500	57,500	61,500	61,500
Luc Messier(5)	Directors' compensation	23,250	23,250	-	-
Sophie Stabile	Directors' compensation	103,000	103,000	80,500	80,500
Cécile Tandeau de Marsac	Directors' compensation	120,600	120,600	105,600	105,600

(1) At the Annual Shareholders Meeting of January 21, 2020, the shareholders noted that Robert Baconnier's term of office had expired and that he did not wish to be reappointed as a director.
(2) At the Annual Shareholders Meeting of January 21, 2020, the shareholders noted that Astrid Bellon no longer wished to be a member of Sodexo S.A.'s Board of Directors as from January 21, 2020. Astrid Bellon received other compensation for her role as a member of Bellon SA's Management Board during fiscal year.
(3) Nathalie Bellon-Szabo received other compensation during the fiscal year for her role as a member of Bellon SA's Management Board (190,000 euro for Fiscal 2020 and 275,000 for Fiscal 2019) as well as for her roles as Chief Executive Officer of Sodexo Sports et Loisirs France and Chief Operating Officer of Sodexo Sports and Leisure worldwide (On-site Services) (300,758 euro for Fiscal 2020 and 249,410 euro for Fiscal 2019). She also has the use of a Company car.
(4) Philippe Besson and Cathy Martin are directors representing employees. The salaries they receive under their employment contracts are not disclosed for confidentiality reasons. At Philippe Besson's request, part of the compensation due to him for his role as director representing employees is paid to the trade union that appointed him (21,429 euro paid to Philippe Besson and 44,071 euro paid to his trade union during Fiscal 2020).
(5) Véronique Laury and Luc Messier were appointed as new directors at the Annual Shareholders Meeting of January 21, 2020.

5.5.4 Compensation policy for members of the Executive Committee

The compensation policy applicable to members of the Executive Committee is reviewed each year by the Compensation Committee and the Board of Directors. It is fully aligned with that of the Chief Executive Officer.

The compensation of Executive Committee members is made up of the following:

- **a fixed salary;**
- **an annual variable compensation.**

  Depending on the Executive Committee member, the annual variable compensation represents between 50% and 80% of their fixed salary.

  The bonus is calculated and paid following the close of the fiscal year to which it applies and after the Board of Directors has approved the financial statements.
- **a long-term incentive plan,** consisting of restricted share grants. Shares are subject to continued presence and performance conditions.

  The applicable performance conditions and the proportion of shares subject to each condition are equivalent to those set for the Chief Executive Officer and described in section 5.5.1.4 of this Universal Registration Document.

In addition to this compensation, Executive Committee members may receive fringe benefits (primarily a car and a travel allowance) and pension plan contributions (under defined contribution and, where applicable, defined benefit, plans).

Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, the Board of Directors decided to reduce the Executive Committee members' fixed compensation by 10% for the second half of Fiscal 2020, and to suppress the variable compensation for Fiscal 2020. This decision received the full support of the Executive Committee members, and allows them to express their solidarity with the Group's employees. The amounts not paid for the fixed and variable compensation financed the creation of the Sodexo Employee Relief Program in April 2020 to help address some of the social and economic consequences of the Covid-19 pandemic.

Total compensation paid during Fiscal 2020 by the Group to members of the Executive Committee in office as of August 31, 2020 (including the Chief Executive Officer, details of whose compensation are provided in section 5.5.2.2 of this document), amounted to 13,896,618 euro.

This amount comprises:

- a fixed salary of 8,052,431 euro;
- a variable portion of 5,844,187 euro (comprising the Fiscal 2019 variable compensation and travel allowance paid during Fiscal 2020 amounting to 54,382 euros).

No restricted share plan was granted to members of the Executive Committee during the 2019-2020 financial year.

5.5.5 Description of the long-term incentive plan – Restricted share plans

Sodexo's long-term incentive policy has two objectives:

- to incentivize the Group's executives, managers and other employees by aligning their financial interests with those of Sodexo's shareholders;
- to attract and retain the intra-entrepreneurs needed to expand and strengthen Sodexo's market leadership.

Since Fiscal 2013, long-term incentive plans have consisted exclusively of restricted share plans.

In the eighteenth resolution adopted at the Annual Shareholders Meeting on January 22, 2019, the Company's shareholders renewed the authorization given to the Board of Directors to grant, on one or more occasions, restricted shares – either in the form of existing or new Sodexo shares – to employees and Corporate Officers of the Group.

The terms and conditions of the restricted share plans (including the related continued presence and performance conditions) and the list of beneficiaries are determined by the Board of Directors based on recommendations issued by the Compensation Committee.

As from the 2020 plans, the terms and conditions of the restricted share plans set up within the Group are as follows:

- the restricted share grants take place annually and are decided during the first quarter of each fiscal year, after the publication of the financial statements for the previous fiscal year;
- vesting of the shares is subject to a **three-year continued presence condition** for each beneficiary and **to performance conditions assessed over a three-year period.**

The restricted share grants have no dilutive impact for shareholders as the shares concerned are treasury shares held by the Company.

During Fiscal 2020, the vesting periods of the restricted share plans set up by the Board of Directors on December 1, 2015 and April 27, 2016 ended on December 1, 2019 and April 27, 2020 respectively.

The plan set up on December 1, 2015 included the following two performance conditions:

- a condition that Sodexo's Total Shareholder Return (TSR) had to increase by 20% over three years;
- a condition that Group net income had to increase by an average of at least 6% per year over three years.

These performance conditions were met (54% TSR growth and a 14% annual average increase in Group net income).

Consequently, on December 1, 2019, 9,100 shares vested under the international plan set up on December 1, 2015.

The restricted share plan set up on April 27, 2016 included the following two performance conditions:

- a condition that Sodexo's TSR had to outperform the CAC 40 GR index by 12% over a four-year period;
- a condition that average growth in Sodexo's operating profit had to amount to at least 10% per year over four years.

These performance conditions were not met, as Sodexo's TSR increased by 25% versus 58% for the CAC 40 GR index, and average annual growth in operating profit was 3.5%.

Consequently, on April 27, 2020, 445,637 shares vested under the international plan set up on April 27, 2020.

Lastly, as part of the restricted share plan set up in June 2019, at its meeting on November 6, 2019, the Board of Directors decided to make an additional grant of restricted shares. These shares will vest on June 19, 2023 provided that the continued presence condition and any applicable performance conditions are met. This grant concerns 11 employees and 10,000 shares.

Further details of the plans in force are provided in the table below.

Restricted shares granted to Group managers

TABLE 9, BASED ON THE AFEP-MEDEF CODE TEMPLATE AND AMF RECOMMENDATION 2009-16

	2015-2 PLAN	2016 PLAN	2016-2 PLAN	2016-3 PLAN	2017 PLAN	2017-2 PLAN	2018 PLAN	2018-2 PLAN	2019 PLAN	2019-2 PLAN
Date of Annual Shareholders Meeting	01/21/2013	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/26/2016	01/22/2019	01/22/2019
Date of grant by the Board of Directors	12/01/2015	04/27/2016	09/30/2016	11/30/2016	04/20/2017	09/14/2017	04/27/2018	09/13/2018	06/19/2019	11/06/2019
Total number of shares granted	15,100	866,075	11,950	10,000	884,895	14,000	917,880	34,100	810,990	10,000
Total number of beneficiaries	8	1,264	16	2	1,357	5	1,671	20	2,144	11
% of share capital	*0.01%*	*0.56%*	*0.01%*	*0.01%*	*0.58%*	*0.01%*	*0.62%*	*0.02%*	*0.55%*	*0.01%*
Performance conditions										
Growth in Group net income	X									
Growth in operating profit		X	X	X	X	X	X	X	X	X
Organic growth									X	X
TSR	X	X	X	X	X	X	X	X	X	X
Corporate responsibility							X	X	X	X
Plans										
Vesting date	12/01/2019	04/27/2020	09/30/2020	11/30/2020	04/20/2021	09/14/2021	04/27/2022	09/13/2022	06/19/2023	06/19/2023
Availability date	12/01/2019	04/27/2020	09/30/2020	11/30/2020	04/20/2021	09/14/2021	04/27/2022	09/13/2022	06/19/2023	06/19/2023
Total number of shares granted	15,100	866,075	11,950	10,000	884,895	14,000	917,880	34,100	810,990	10,000
Number of shares granted to the Corporate Officer		44,000			44,000		25,000		22,000	
% of share capital		*0.03%*			*0.03%*	*0.00%*	*0.02%*	*0.00%*	*0.01%*	*0.00%*
Aggregate number of shares canceled	(6,000)	(165,512)	(650)		(118,181)	(1,000)	(96,610)	(1,700)	(26,010)	
Shares forfeited due to performance conditions not being met		(253,226)								
Vested shares	**9,100**	**445,637**								
Accelerated vesting for death and disability		**1,700**			**900**		**810**		**200**	
TOTAL OF THE PLANS AT AUGUST 31, 2020	**0**	**0**	**11,300**	**10,000**	**765,814**	**13,000**	**820,460**	**32,400**	**784,780**	**10,000**

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As of August 31, 2020, a total of 6,124,720 restricted shares had been granted to Group managers since 2013 (representing approximately 4.16% of the Company's share capital since the adoption of the twelfth resolution at the January 21, 2013 Annual Shareholders Meeting), corresponding to an aggregate amount of 459,760,489 euro (as measured in accordance with IFRS at the grant date).

These grants concerned 1,123 beneficiaries in 2013, 1,200 in 2014, 1,307 in 2015, 1,282 in 2016, 1,357 in 2017, 1,691 in 2018 and 2,165 in 2019.

Restricted shares granted to the ten Group employees (other than Corporate Officers) receiving the largest number of restricted shares, and shares vested for those employees

INFORMATION DISCLOSED IN ACCORDANCE WITH ARTICLE L.225-197-4 OF THE FRENCH COMMERCIAL CODE

	TOTAL NUMBER OF SHARES	PLAN DATE
Shares granted during Fiscal 2020 to the ten Group employees receiving the largest number of restricted shares (aggregate information)	9,850	11/06/2019
Shares vested during Fiscal 2020 for the ten Group employees receiving the largest number of restricted shares (aggregate information)	47,030	04/27/2016

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SHAREHOLDERS AND SHARE CAPITAL

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Financial communications calendar

Investor Day	November 2, 2020
Fiscal 2021 first quarter revenues	January 8, 2021
Fiscal 2020 Annual Shareholders Meeting	January 12, 2021
Fiscal 2021 half-year results	April 1, 2021
Fiscal 2021 nine month revenues	July 1, 2021
Fiscal 2021 annual results	October 28, 2021
Fiscal 2021 Annual Shareholders Meeting	December 14, 2021

These dates are purely indicative and are subject to change without notice. Regular updates to the calendar are available on our website www.sodexo.com.

How to obtain information

Investor relations

E-mail: financial.communication.group@sodexo.com

Shareholders club

E-mail: clubactionnaires@sodexo.com

Phone: +33 (0)1 57 75 80 54

Address: Sodexo Investor Relations/Shareholders Club – 255, quai de la Bataille-de-Stalingrad – 92866 Issy-les-Moulineaux Cedex 9 – France

Further information available on the Sodexo website

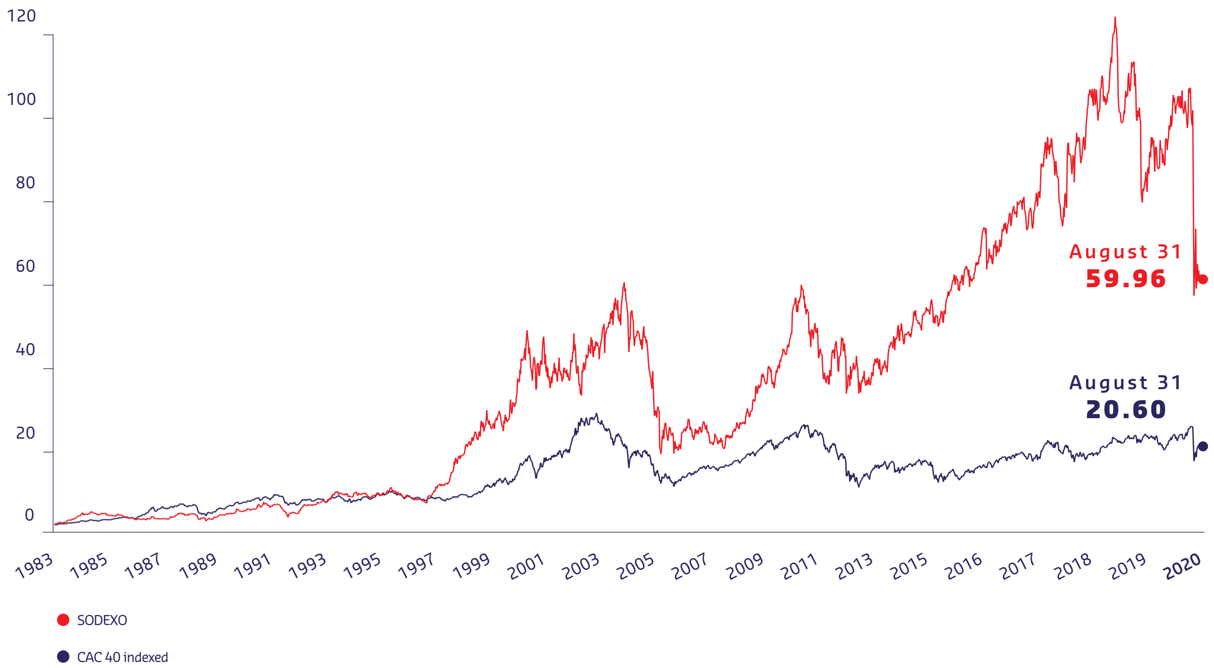
www.sodexo.com

6.1 SODEXO SHARE PERFORMANCE

Sodexo shares are listed on Euronext Paris (Euroclear code: FR0000121220) and are included in the SBF 120 index. In addition, Sodexo offers securities listed in U.S. dollars, in the form of American Depositary Receipts (ADRs) that are traded on the over-the-counter (OTC) market, ticker SDXAY, with five ADRs representing one Sodexo share.

6.1.1 Stock market performance

ADJUSTED SODEXO SHARE PRICE TRENDS FROM INITIAL LISTING ON MARCH 2, 1983 THROUGH AUGUST 31, 2020 (in euro)**, COMPARED TO THE CAC 40 INDEXED ON THE SODEXO SHARE**



The initial listing was on March 2, 1983 at an adjusted price of 1.55 euro. As of August 31, 2020 (the last trading day of Fiscal 2020), the closing share price was 59.96 euro.

Since its first listing, the value of the Sodexo share has been multiplied by 38.7, whereas the CAC 40 index has been multiplied by only 13.3 over the same period, which means that Sodexo's shares have significantly outperformed the CAC 40[1].

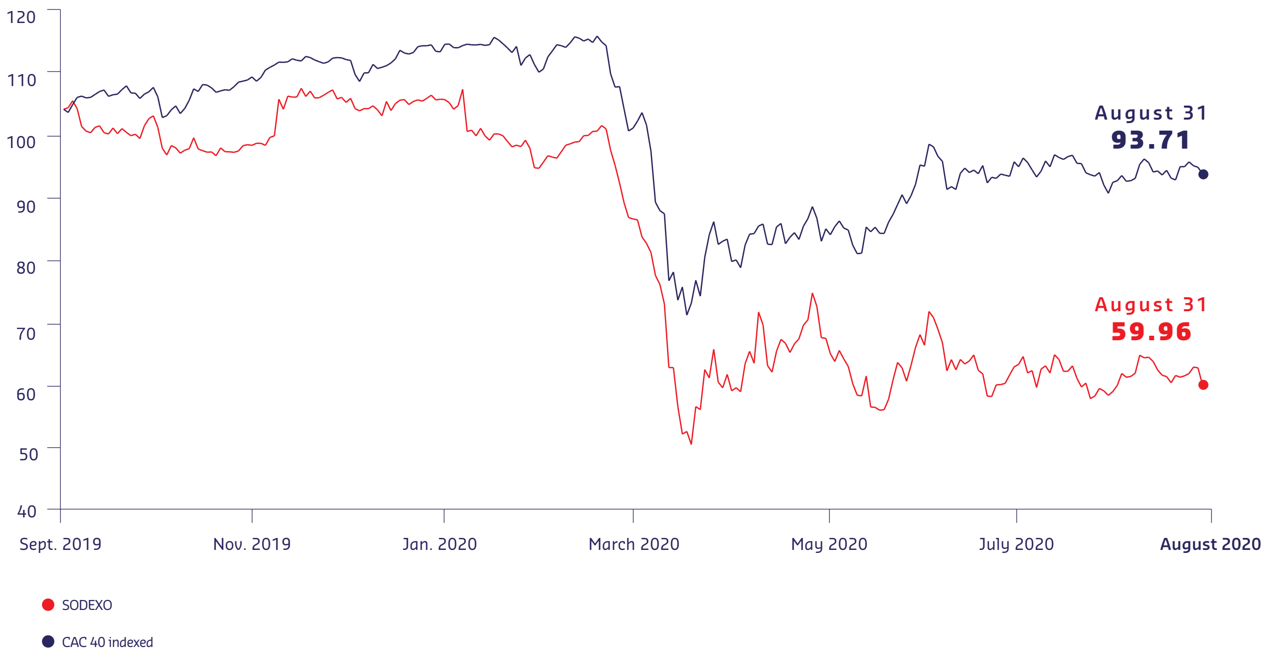
Since its listing on the stock exchange in 1983, Sodexo's share value has appreciated by an average of 10.23% *per annum,* excluding dividends.

1 CAC 40 index reconstituted from 1983 to 1987.

SODEXO 5-YEAR SHARE PRICE FROM AUGUST 31, 2015 THROUGH TO AUGUST 31, 2020 (in euro), **COMPARED TO THE CAC 40 INDEXED ON THE SODEXO SHARE**

Over the last five fiscal years, Sodexo's share price has decreased by 24%, whereas the CAC 40 index has increased by 6% during the same period. This can be explained by the weakness of Sodexo's share price since the beginning of 2020. Between August 31, 2015 and December 31, 2019, Sodexo's share price outperformed the CAC 40 by 6%. From January 1, 2020 to August 31, 2020, the Sodexo share price was significantly impacted by the effects of the Covid-19 pandemic and was down 43% compared to the CAC 40 which was down 17%.

SODEXO 1-YEAR SHARE PRICE FROM AUGUST 31, 2019 THROUGH AUGUST 31, 2020 (in euro), **COMPARED TO THE CAC 40 INDEXED ON THE SODEXO SHARE**



During Fiscal 2020, the share price decreased by 42% while the CAC 40 index decreased by 10%. Indeed, it is Sodexo's sector as a whole, which was deeply affected by the unprecedented sanitary crisis due to Covid-19 pandemic. The CAC 40 index sector breakdown reflects only a few companies in the Leisure & Tourism industry and a strong weighting in the Luxury, Healthcare and Industrial Goods and Services sectors, which were less impacted by the pandemic.

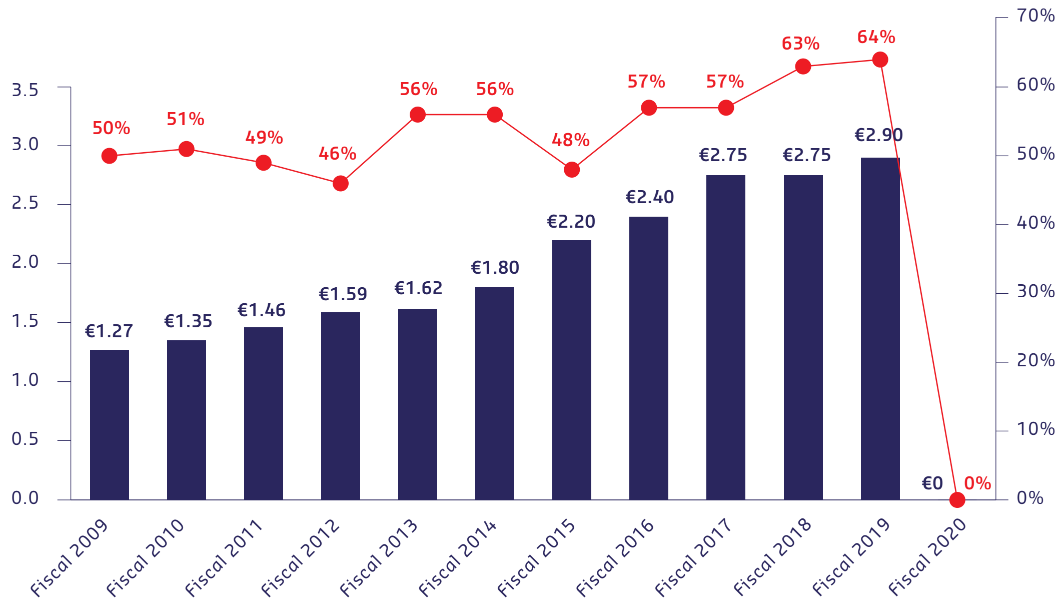
As of August 31, 2020, the market capitalization of Sodexo was 8.8 billion euro.

6.1.2 Share and dividend performance

Dividend policy

The Group's dividend policy is aimed at securing long-term shareholder loyalty by regularly increasing the dividend, a dividend payout ratio of around 50% and a dividend premium for shareholders who have held their shares in registered form for an unbroken period of at least four years.

DIVIDEND (in euro) **PAYOUT RATIO** (in %)



To protect the balance sheet given the severity of the Covid-19 downturn in activity, and the uncertainty as to the timing of recovery, and in solidarity with the teams, the Board has decided not to propose a dividend distribution for Fiscal 2020. Accordingly, no dividend premium will be distributed either.

	FISCAL 2020	FISCAL 2019	FISCAL 2018	FISCAL 2017	FISCAL 2016
SHARE PRICE (in euro)					
Opening price as of September 1	104.05	89.74	98.26	104.75	77.71
Closing price as of August 31	59.96	103.10	89.72	98.03	103.85
Market capitalization as of August 31 (in billions of euro)	8.8	15.2	13.2	14.8	16.0
12-month low	50.42	84.20	78.10	96.02	70.45
12-month high	107.40	108.65	114.05	123.60	106.7
DAILY AVERAGE VOLUME OF SHARE TRADING					
In number of shares	338,666	253,895	361,046	241,150	275,923
In value (in thousands of euro)	29,058	26,839	34,221	25,607	24,551
DIVIDEND AND SHARE PERFORMANCE					
Total payout(2) (in millions of euro)	N/A	425	403	411	371
Payout ratio including dividend premium (Total payout/Group net profit)	N/A	64.7%	62.6%	57.0%	58.2%
Dividend per share (DPS) (in euro)	0(1)	2.90(1)	2.75	2.75	2.40
10% dividend premium (in euro)	N/A	0.290(1)	0.275	0.275	0.24
Earnings per share (EPS)(3) (in euro)	(2.16)	4.56	4.40	4.85	4.21
Payout ratio (DPS/EPS)	N/A	63.6%	62.5%	57%	57%
TOTAL SHAREHOLDER RETURN (TSR)(4)	**-39.6%**	**+18.0%**	**-5.9%**	**-4.1%**	**36.5%**

(1) The Board of Directors has decided not to propose the distribution of a dividend and therefore of a dividend premium for Fiscal 2020.
(2) Theoretical payout for current fiscal year and actual figures for previous years. Includes dividend premium.
(3) Based on an average number of shares (quarterly average).
(4) Calculation of the Total Shareholder Return over a given period and calculated as follows: (market price at the end of the period – market price at the beginning of the period + dividends paid over the period, excluding the dividend premium)/market price at the beginning of the period.

6.1.3 Benefits of being a registered shareholder

Registered Sodexo shareholders are entitled to:

- double voting rights for registered shares held for at least four years;
- a dividend premium of 10% for registered shares held for at least four years (the number of shares eligible for this dividend premium may not exceed 0.5% of the share capital for any single shareholder);
- automatic invitation to Shareholders Meetings and personalized information on all financial transactions (capital increases, bond issues, etc.);
- an exemption from administration costs (for directly-registered shares only).

Sodexo share codes

Sodexo bearer shares are traded under the code FR0000121220.

The code for registered shares already eligible for the dividend premium is FR0011532431.

Different share codes have been introduced for registered shares in order to reflect the period in which the shares were acquired and to determine eligibility for the dividend premium.

The use of different codes does not affect the tradability of the shares. When selling shares, it is advisable to sell the most recently acquired first in order to maintain the dividend premium rights on the highest number of remaining shares.

REFERENCE DATE FOR REGISTRATION OF SHARES TO QUALIFY FOR THE DIVIDEND PREMIUM	RIGHT TO DIVIDEND PREMIUM FOR FISCAL	ISIN CODES FOR REGISTERED SHARES
Before August 31, 2016	2020	FR0013193125
August 31, 2017	2021	FR0013270261
August 31, 2018	2022	FR0013353075
August 31, 2019	2023	FR0013436029
August 31, 2020	2024	FR0013447026
August 31, 2021	2025	FR0013536729

On September 1, 2020, Euroclear merged the shares held under the code SODEXO ACTIONS PRIME DE FIDÉLITÉ 2021 – FR0013193125 into the code FR0011532431.

Contacts for registered shareholders

Directly-registered shareholder accounts are managed by Société Générale, which also acts as transfer agent for all Sodexo shares.

For further information call:

Société Générale Nantes (France): +33 (0)2 51 85 67 89

or visit the Société Générale website: www.sharinbox.societegenerale.com

6.1.4 ADR program

Since Sodexo's voluntary delisting from the New York Stock Exchange in 2007, Sodexo American Depositary Receipts (ADRs) are traded on the over-the-counter (OTC) market, ticker SDXAY, with five ADRs representing one Sodexo share.

Advantages for U.S. investors:

- U.S. brokers purchase, sell and settle the ADRs in the same way as they would for the shares of a U.S. company;
- the prices of the ADRs are quoted in U.S. dollars and the dividends are paid in U.S. dollars;
- ADRs are a straightforward and effective way of enabling U.S. investors to invest in international companies.

KEY INFORMATION ON THE SODEXO ADRS:

ADR ticker symbol	SDXAY
Platform	OTC
CUSIP	833792104
DR ISIN	US8337921048
ISIN code	FR0000121220
SEDOL	7062713
Custodian bank	Citibank Europe Plc (Dublin)
ADR ratio	5 ADRs for 1 ordinary share

CONTACTS AT CITIBANK FOR ANY QUESTIONS CONCERNING THE ADRS:

New York	London
Michael O'Leary	Michael Woods
michael.oleary@citi.com	michael.woods@citi.com
Tel.: +1 212 723 4483	Tel.: +44 20 7500 2030

6.2 FINANCIAL COMMUNICATIONS POLICY

To respond more effectively to the expectations of its shareholders, Sodexo continuously works to improve its investor relations program by developing new information channels and in the quality of its interactions during the different meetings with the financial community.

6.2.1 Listening to our shareholders and the financial community

In order to comply with all applicable regulations in connection with its listing on Euronext Paris (the French stock exchange), Sodexo and all those involved in preparing financial communications have committed to a set of transparency principles designed to ensure equal treatment of all shareholders.

Sodexo's investor relations policy is based on four core principles:

- **equal treatment when disclosing quarterly financial information:** all financial press releases are issued simultaneously in real time to all our stakeholders, both in French and English. These press releases are published on the Group's website (www.sodexo.com) and relayed through the press, e-mail and *via* an authorized provider;
- **regular reporting:** the financial community is informed of the financial publication schedule a year in advance, and updates are always available on the Group's website. In a process of acceleration of the publication of the Group's accounts, the announcement of the Fiscal 2020 results and the Shareholders Meeting to approve those accounts are advanced by about ten days;
- **ease of access to financial meetings:** Annual Shareholder Meetings and revenue and results presentations are broadcast *via* a live webcast and subsequently available on the Sodexo website. In addition, all financial communication is available and archived on the website;
- **transparency:** all information on the Group, including the Company's Bylaws, Universal Registration Document (formerly called the Registration document), Interim Report, press releases, presentations and share price trends, is also available on the website: www.sodexo.com.

6.2.1.1 Group spokesperson

Only the Chairwoman, the Chief Executive Officer and members of the Executive Committee are authorized to provide financial communications. The Chief Executive Officer appoints the Director of Financial Communications to act as spokesperson for the Group, within specific delegated powers.

6.2.1.2 Preparation and publication of financial communications

All financial communication is reviewed prior to publication by a Group Disclosure Committee comprising representatives from Group Finance, Communications, Corporate Responsibility, Legal, Board secretary and Human Resources.

Barring exceptional circumstances, all information with the potential to influence the share price is published before Euronext Paris opens for trading.

After approval of this information by the Chief Executive Officer, the Chief Financial Officer or the Board of Directors (depending on its nature), it is communicated to the markets *via* a press release issued simultaneously to the entire financial community and to the stock market authorities.

Sodexo does not communicate financial information during the following periods:

- **30 calendar days preceding** the date of publication of the **annual and half-year consolidated financial statements;**
- **15 calendar days preceding** the date of publication of its **first and third quarter** consolidated financial information.

6.2.1.3 Code of conduct for senior managers

To ensure Sodexo's commitment to transparency and regulatory compliance, the Board of Directors adopted a Code of conduct with integrity principles for senior managers in 2003. Since that date, the Group's Executive Committee members and key finance executives must systematically and formally sign up to this Code and abide by its principles.

This Code of conduct sets out a core set of behaviors:

- to avoid actual or apparent conflicts of interest;
- to comply with all laws, rules and regulations;
- to protect the Group's confidential information;
- to conduct all business fairly;
- to hold managers accountable for their behavior and create an environment of trust where concerns can be reported without fear of retaliation or retribution.

The Group's ethical principle of transparency means efficient communication with the Group's shareholders, so that they are provided with full and accurate information on the Group's financial condition and profits. The Group is committed to timely communication and to complete, accurate, reliable and clear reporting.

6.2.2 Universal Registration Document (URD)

According to the new Regulation (EU) 2017/1129 in force since July 21, 2019 and its Delegated Regulation 2019/980, Sodexo publishes a Universal Registration Document. This Universal Registration Document aims to enhance shareholder and investor understanding of the risk factors, overall strategy and extra-financial aspects.

The Universal Registration Document is filed each year with the French securities regulator (Autorité des marchés financiers – AMF) in accordance with its General Regulation. The French-language document can be consulted on the AMF website (www.AMF-france.org). It is also available, along with the English version, at www.sodexo.com.

An interactive and accessible version of the Universal Registration Document in French and English is also available on the Group's website to facilitate reading, particularly for those that are visually impaired.

6.2.3 Annual Shareholders Meeting

The Annual Shareholders Meeting is announced in official notices published in the press, in the BALO *(Bulletin des annonces légales obligatoires)* in France and on the Group's website, at www.sodexo.com.

The notice of meeting is available in French and English at least 15 days before the meeting, and usually well before. It is sent to all registered shareholders, and to other shareholders upon request. It is also available at www.sodexo.com.

A live webcast of the Sodexo Annual Shareholders Meeting is broadcast on our website, enabling shareholders who cannot attend in person to ask questions and follow the voting on resolutions. The webcast of the last Annual Shareholders Meeting has been archived and is available on the Sodexo website.

6.2.4 Regular meetings and ongoing dialogue

Sodexo is committed to genuine dialogue with its shareholders and with the broader financial community.

In order to ensure that the figures it releases each quarter are fully understood, the Group organizes conference calls led by the Chief Executive Officer and Chief Financial Officer. In addition, a program of regular meetings with investors and analysts is put in place each year, with the Chief Executive Officer and Chief Financial Officer holding sessions in Europe (in particular in Paris, London and Frankfurt) and also in the United States and Canada. These events create opportunities for more informal dialogue.

Themed briefings are also held periodically to give investors and analysts insight into front-line operations.

Sodexo also regularly participates in industry presentations and conferences organized by brokerage firms in France and abroad.

Lastly, the Financial Communications Department is always available to answer questions from analysts and investors.

On September 6, 2018, the Group organized its first Capital Markets Day in nine years. The event was held at the Yachts de Paris, on the banks of the Seine, with presentations on the strategy of the Group and its various activities including a presentation by Sophie Bellon of her vision on the Group. All the members of the Executive Committee, some representatives from other departments and the Chairwoman of the Board were present throughout the day. More than 90 investors, analysts, bankers and financial journalists attended the event.

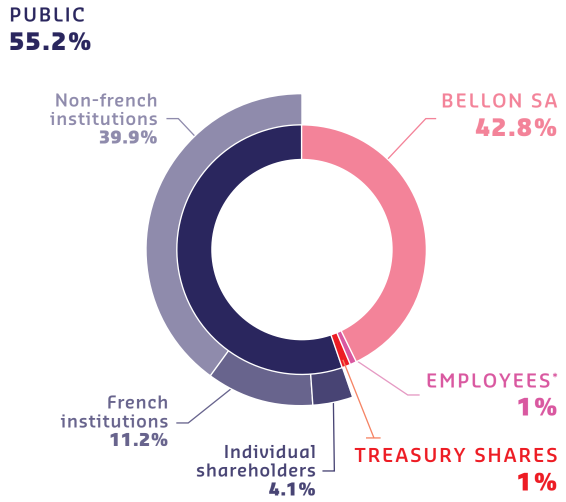
The most recent Investor Day took place on November 2, 2020, it was completely virtual in the context of sanitary restrictions. All plenary presentations, recordings and transcripts are available on the website: www.sodexo.com.

6.2.5 The Shareholders Club

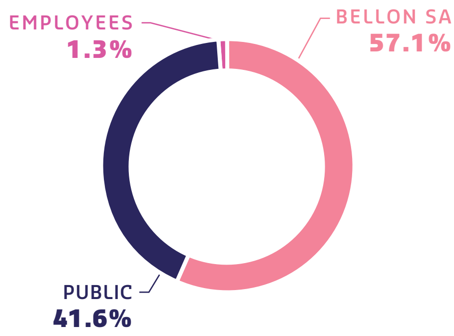
Sodexo launched its Shareholders Club on October 3, 2019 with the objective to strengthen the personal link between the Company and its shareholders, provide a direct flow of information on Sodexo and its services and provide a dedicated forum for discussion. To become a member, simply fill out the form available on www.sodexo.com, in the shareholders section. The events that were planned for the year have been delayed due to the sanitary crisis.

6.3 SHAREHOLDERS

SHAREHOLDER BREAKDOWN AS OF AUGUST 31, 2020



VOTING RIGHTS BREAKDOWN AS OF AUGUST 31, 2020



Source: Nasdaq

6.3.1 Evolution of the share capital in the last three fiscal years

As at August 31, 2020, the share capital of the Company was an aggregate nominal value of 589,819,548 euro divided into 147,454,887 shares of a nominal value of 4 euro each. There were no changes in the Company's share capital between August 31, 2020 and the date of publication of this document.

The table below provides the evolution of the share capital over the last three fiscal years:

	DATE OF THE TRANSACTION	NATURE OF THE OPERATION	NUMBER OF SHARES CANCELLED	NUMBER OF SHARES COMPRISING THE SHARE CAPITAL FOLLOWING THE OPERATION	SHARE CAPITAL FOLLOWING THE OPERATION
Position for Fiscal 2018	August 29, 2018	Share cancellation	3,375,562	147,454,887	€589,819,548
Position for Fiscal 2019				147,454,887	€589,819,548
Position for Fiscal 2020				147,454,887	€589,819,548

6.3.2 Changes in the breakdown of share capital and voting rights over the last three years

	AUGUST 31, 2020				AUGUST 31, 2019				AUGUST 31, 2018			
SHAREHOLDERS	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS(1)	% OF EXERCISABLE VOTING RIGHTS(1)	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOING RIGHTS	% OF EXERCISABLE VOTING RIGHTS	NUMBER OF SHARES	% OF CAPITAL	% OF THEORETICAL VOTING RIGHTS	% OF EXERCISABLE VOTING RIGHTS
Bellon SA	63,040,363	42.8	56.8	57.1	62,250,485	42.2	56.2	56.6	62,250,485	42.2	56.7	57.2
Artisan Partners(2)	6,903,241	4.7	2.9	2.9	6,311,718	4.3	2.9	2.9	8,019,726	5.4	3.7	3.8
First Eagle Investment Management(2)	6,491,901	4.4	3.0	3.0	6,478,143	4.4	3.0	3.0	6,913,289	4.7	3.1	3.1
Caisse des Dépôts et Consignations(2)	4,392,104	3.0	2.2	2.2								
BlackRock Inc.	4,356,910	3.0	2.0	2.0	6,586,640	4.5	3.0	3.1	-	-	-	-
Employees(3)	1,560,021	1.0	1.2	1.3	1,602,197	1.1	1.1	1.1	1,721,960	1.2	1.1	1.2
Treasury shares	1,442,351	1.0	0.7	0	1,448,566	1.0	0.7	0	1,869,352	1.3	0.9	0
Public	58,851,891	39.9	31.2	31.5	60,808,881	41.2	32.0	32.2	62,858,705	42.6	32.6	32.9
TOTAL	**147,454,887**	**100%**	**100%**	**100%**	**147,454,887**	**100%**	**100%**	**100%**	**147,454,887**	**100%**	**100%**	**100%**

(1) As at August 31, 2020, the 147,454,887 shares making up the Company's share capital carried 218,345,103 theoretical voting rights and 216,902,752 voting rights exercisable at General Meetings. Only treasury shares do not carry any voting rights, in accordance with article L.225-210 of the French Commercial Code.
(2) Acting on behalf of its managed funds.
(3) This figure includes the shares held by employees in an account with Société Générale as a result of restricted share awards, in accordance with French Act no. 2015-990 of August 6, 2015 on growth, business and equal economic opportunities.

As at August 31, 2020, the members of the Board of Directors together directly held less than 0.5% of the Company's share capital.

6.3.3 Shareholding held by Bellon SA

During the Fiscal 2020, Bellon SA, the family holding company, purchased 789,878 shares, increasing its equity stake in the Company to 42.8% of the share capital with a total number of shares of 63,040,363.

Mr & Mrs Pierre Bellon and their four children, who control 72.6% of Bellon SA, signed a 50-year agreement in June 2015 which prevents their direct descendants from freely disposing of their Bellon SA shares. The only asset of Bellon SA is its stake in Sodexo and Bellon SA has no intention of selling its stake to a third-party.

Refer to section 5.3.1 of this document to have more information on the number of shares purchased by Bellon SA during the Fiscal year 2020.

6.3.4 Crossing of legal and statutory reporting thresholds in Fiscal 2020

In accordance with article L.233-7, I of the French Commercial Code, no legal threshold crossings have been reported to the Company during Fiscal 2020.

The Combined Annual Shareholders Meeting of January 21, 2020, in its 15th resolution, approved the amendment of article 8.4 of the Company's Bylaws to reduce the statutory threshold from 2.5% of the share capital of the Company to 1% of the voting rights of the Company from January 21,2020.

As a result, in accordance with the previous and current article 8.4 of the Bylaws, the following statutory threshold crossings have been reported:

- on January 8, 2020, the Caisse des Dépôts et Consignations, directly and indirectly through companies that it controls, reported that it had exceeded the statutory threshold of 2.5% of the share capital and the voting rights on January 2, 2020 and held 4,495,174 shares and 5,625,174 voting rights, representing 3.04% of the share capital and 2.60% of the voting rights of the Company;
- on January 20, 2020, Citigroup Inc reported that it had exceeded the statutory threshold of 2.5% of the share capital and voting rights on January 1, 2020, and held 3,689,155 shares, representing 2.50% of the share capital and 1.70% of the voting rights of the Company;
- on March 4, 2020, Citigroup Inc reported that it had crossed below the statutory threshold of 1% of the voting rights on March 3, 2020, and held 1,539,624 shares, representing 1.04% of the share capital and 0.71% of the voting rights of the Company;
- on March 16, 2020, First Eagle Investment Management reported that it had exceeded the statutory threshold of 3% of the voting rights on March 11, 2020, and held 6,542,757 shares, representing 4.44% of the share capital and 3.03% of the voting rights of the Company.

As of the date of this Universal Registration Document and to the best of Sodexo's knowledge:

- since August 31, 2020 the following statutory and legal threshold crossings were reported to the Company:
  - on September 28, 2020, Artisan Partners reported that it had exceeded the statutory threshold of 3% of the voting rights on September 23, 2020, and held 6,550,381 shares, representing 4.44% of the share capital and 3.02% of the voting rights of the Company,
  - on October 13, 2020, First Eagle Investment Management reported that it had exceeded the legal threshold of 5% of the share capital on October 12, 2020, and held 7,401,988 shares, representing 5.02% of the share capital and 3.39% of the voting rights of the Company;
- only Bellon SA, Artisan Partners Limited Partnership, BlackRock Inc., Caisse de Dépôt et Consignations and First Eagle Investment Management hold 2% or more of the share capital or voting rights of Sodexo, directly or indirectly, individually, or in concert;
- there are no shareholder agreements in place and no agreements that, if implemented, could result in a change of control of Sodexo.

6.3.5 Share buy-back program

As a reminder:

- the Combined Annual Shareholders Meeting of January 22, 2019 authorized the Board of Directors, in its 17th resolution, to purchase or arrange for the purchase of Company shares within the limit of 5% of the total number of shares comprising the share capital as of January 22, 2019 (*i.e.*, a total of 7,372,744 shares), for a period of 18 months. The maximum purchase price of shares pursuant to the authorization could not exceed 120 euro per share and the total amount allocated to the authorized share buy-back program could not exceed 885 million euro;
- the Combined Annual Shareholders Meeting of January 21, 2020, after having terminated the previous authorization, again authorized the Board of Directors, in its 13th resolution, to purchase or arrange for the purchase of Company shares under the same terms and conditions as the authorization granted by the Combined Annual Shareholders Meeting of January 22, 2019 (17th resolution) for a further period of 18 months.

The above authorizations have been granted in order to cover restricted share plans, cancel treasury shares by reducing the share capital and/or facilitate the Sodexo liquidity contract.

For more information about the objectives targeted by the two authorizations mentioned above, please refer to chapter 7 of the Fiscal 2018 Registration Document and chapter 7 of the Fiscal 2019 Universal Registration Document.

During the Fiscal 2020, the Board of Directors implemented the above-mentioned authorizations as follows:

- Sodexo repurchased 340,000 shares (representing 0.23% of the share capital) at an average price of 99.85 euro per share plus trading fees of 115,422 euro excluding taxes;
- Sodexo transferred 449,623 shares for delivery under restricted share plans.

Further, as a reminder, on March 13, 2020, the Company terminated its liquidity contract signed on October 1, 2016 (and amended on March 1, 2019) with Kepler-Cheuvreux. The Company signed a new liquidity contract with Exane, effective from March 16, 2020, for an initial period expiring December 31, 2020, and renewable by tacit agreement for successive periods of 12 months. The two liquidity contracts were signed in conformity with the AMF decision n° 2018-01 related to the establishment of liquidity contracts on shares as accepted market practice and the standard contract of the *Association française des marchés financiers* (AMAFI).

Under the liquidity contract concluded between Sodexo and Kepler-Cheuvreux, the following transactions were carried out:

- purchase of 631,675 shares for a total amount of 58,897,666.26 euro, at an average price of 93.24 euro);
- sale of 477,989 shares for an aggregate amount of 47,714,849.27 euro, at an average price of 99.82 euro).

As of March 13, 2020, date at which the contract terminated, the following amounts were booked to the liquidity account:

- 227,000 shares;
- 7,088,974.82 euro.

The same amounts were booked to the new liquidity contract with Exane.

Under the liquidity contract concluded with Exane, the following transactions were carried out:

- purchase of 1,500,096 shares for a total amount of 805,988.52 euro, at an average price of 61.79 euro;
- sale of 1,550,374 shares for an aggregate amount of 846,286.06 euro, at an average price of 62.23 euro.

As at August 31, 2020:

- Sodexo directly held 1,442,351 of its own shares (representing 1% of the share capital) intended to hedge various restricted share plans set up for Group employees (for more information about restricted share plans, please refer to section 5.5 of this document);
- the total carrying amount of the treasury shares portfolio was 138 million euro;
- the Sodexo liquidity account was composed of 176,722 shares.

Since August 31, 2020, the Company has not purchased Sodexo shares other than through its liquidity contract.

Detailed information on these transactions may be found on the Sodexo website in "Regulated information" section.

6.3.6 Description of the share buy-back program subject to the authorization of the Annual Shareholders Meeting to be held on January 12, 2021

The Board of Directors proposes that the Ordinary Annual Shareholders Meeting to be held on January 12, 2021, in its 15th resolution, renew the authorization granted to the Board to repurchase Sodexo shares pursuant to articles L.225-209 *et seq*. of the French Commercial Code, articles 241-1 *et seq.* of the General Regulation of the AMF and the European rules applicable to market abuses under European regulation (UE) no. 596/2014 of April 16, 2014.

The principal aims of the new share buy-back program would be in particular to cover restricted share plans, to reduce the Company's share capital through the cancellation of shares and to trade in the shares within the context of the existing liquidity contract.

The maximum number of shares that may be purchased under this new share buy-back program would be set at 5% of the total number of shares comprising the Company's capital as of the date of the Ordinary Annual Shareholders Meeting on January 12, 2021, *i.e.,* a maximum number of 7,372,744 shares.

The maximum share purchase price under this share buy-back program may not exceed 90 euro per share and the total amount allocated to the program may not exceed 663 million euro.

This authorization would be valid for a period of 18 months, replacing the authorization given for the same purpose by the Combined Annual Shareholders Meeting on January 21, 2020, in its 13th resolution.

For further information about this authorization submitted to a vote at the Ordinary Annual Shareholders Meeting on January 12, 2021, please refer to the draft resolutions presented in chapter 7 of this Universal Registration Document.

6.3.7 Employee share ownership

As at August 31, 2020, Group employees held 1% of the Company's share capital, representing 1,560,021 shares, 53.5% of which was held in an employees' mutual fund (FCPE).

As at August 31, 2020, the number of Group employee shareholders was estimated at 31,306.

The various profit-sharing agreements in force allow employees of the Group's French subsidiaries to pay the amounts they receive in respect of these profit-sharing agreements into an employees' mutual fund invested in Sodexo shares, or into a restricted savings account. To qualify for favorable tax and social security treatment, amounts due to employees are subject to a five-year lock-up period.

6.3.8 Capital authorized but not issued – Delegations and valid financial authorizations

As at the date of this Universal Registration Document, the Board of Directors of the Company had the following delegations and financial authorizations conferred to it by the decisions of the Annual General Meetings.

CURRENTLY VALID AUTHORIZATIONS	MAXIMUM AGGREGATE NOMINAL VALUE OF CAPITAL INCREASE(S)(1) (in millions of euro)	MAXIMUM AMOUNT OF CAPITAL INCREASE(S)* (% OF SHARE CAPITAL)	DATE OF AUTHORIZATION (No OF THE RESOLUTION)	DATE OF EXPIRATION	USAGE
Authorizations with preferential rights					
• Issuance of ordinary shares and/or any other securities carrying rights to Sodexo shares	85(2)	14%	January 21, 2020 (20th)	March 20, 2022	Unused
• Issuance of debt securities carrying rights to Sodexo shares	1,000	N/A	January 21, 2020 (20th)	March 20, 2022	Unused
Authorizations to issue shares to employees and managers					
• Issuance of ordinary shares and/or any other securities reserved for members of Employee Savings Plans	About 9(3)	1.5%	January 21, 2020 (22nd)	March 20, 2022	Unused
• Grant of restricted shares and performance shares	About 15	2.5%	January 22, 2019 (18th)	March 21, 2022	See section 5.5
Issuance of shares by capitalizing profit, reserves or premiums	85(3)	N/A	January 21, 2020 (21st)	March 20, 2022	Unused
Share capital reduction through cancellation of shares	N/A	5% of number of shares	January 21, 2020 (23rd)	March 20, 2022	See section 6.3.2

(1) Adjusted amounts of share capital as at August 31, 2020.
(2) The 85 million euro ceiling would include the amounts of any capital increases carried out pursuant to the 21th and 22th resolution of the Combined Shareholders Meeting held on January 21, 2020.
(3) This aggregate amount will be included in the 85 million euro ceiling set in the 20th resolution of the Combined Shareholders Meeting held on January 21, 2020.

6.3.9 Potential share capital

As of the date of this document, there are no securities outstanding, other than existing equity securities and the restricted shares allocated to Group employees and corporate officers, as described in section 5.5 of the present document, which carry immediate or future rights to the Company's share capital.

6.4 ADDITIONAL GENERAL INFORMATION AND THE BYLAWS OF THE COMPANY

6.4.1 Corporate name, registered office, website

Corporate name: Sodexo.

Registered office: 255, quai de la Bataille-de-Stalingrad, 92130 Issy-les-Moulineaux, France.

Telephone: +33 (0)1 30 85 75 00.

Website: www.sodexo.com

Information that can be found on the Company's website is not an integral part of this document, except if incorporated by reference into said document.

6.4.2 Legal form

Sodexo is a French public limited company *(société anonyme),* subject to all laws and regulations governing commercial corporations in France, and in particular to the provisions of the French Commercial Code.

6.4.3 Date of incorporation and duration

The Company has a life of 99 years from December 31, 1974, save earlier termination or winding up.

The date of expiration of the Company is December 30, 2073.

6.4.4 Corporate purpose

The objectives of the Company shall be, in France, the French overseas departments and territories or abroad, directly or indirectly, on behalf of third parties or on its own account or in association with third parties, as follows:

- the development and provision of all services related to the organization of Foodservices and other essential services for corporations and public bodies;
- the operation of all restaurants, bars, hotels and more generally all establishments connected with Foodservices, the hotel industry, tourism, leisure and other services, and the ownership and financing thereof;
- the provision of some or all of the services required for the operation, maintenance and management of establishments or buildings used for office, commercial, industrial, leisure, healthcare or educational purposes, and for the operation and maintenance of some or all of the equipment installed therein;
- the execution of all installation, repair, refurbishment and replacement works on installed equipment;
- the provision of advice and of economic, financial and technical surveys relating to all projects and to all services associated with the development, organization and operation of the establishments defined above, and in particular all acts in furtherance of the construction of such establishments and all related consultations and assistance;
- the formation of all new companies and the acquisition by whatever means of equity interests in all companies irrespective of their corporate purposes;
- and more generally all civil, commercial, industrial and financial transactions, and transactions involving movable property or real estate, that are directly or indirectly associated with the aforementioned purposes or with all similar or related purposes.

6.4.5 Company registration and LEI

Sodexo is registered in the Trade and Companies Register of Nanterre under no. 301 940 219.

Business identifier code (APE code): 5629B

LEI code: 969500LCBOG12HXPYM84.

6.4.6 Material contracts

During the last two years, the Company has not entered into any material contract, other than those signed in the ordinary course of business, that create a material obligation or commitment for the entire Group.

6.4.7 Fiscal year

The fiscal year commences on September 1 of each year and ends on August 31 of the following year.

6.4.8 Form of shares and transfer of shares

The Company's shares may be held in either registered or bearer form. They are freely negotiable.

Transfer of shares occurs by transfer from one account to another in accordance with the conditions laid down by law and regulations.

6.4.9 Statutory disclosure thresholds

In accordance with article 8 of the Company's Bylaws, any shareholder whose interest in the Company, held in any form and taking into account the forms of ownership provided for in the legislation applicable to statutory disclosure requirements, reaches or falls below 1% of the Company's voting rights or any multiple thereof, including percentages that are higher than the disclosure thresholds provided for in the applicable laws and regulations, must inform the Company by registered mail with return receipt requested within five trading days of the threshold being crossed. When a disclosure threshold is crossed due to a purchase or sale of shares on the open market, the five trading-day timeframe will begin on the trade of the shares rather than their delivery date.

The above disclosure requirements will also apply to intermediaries that are registered with the Company or its share registrar as acting on behalf of shareholders who are not domiciled in France.

If a shareholder fails to comply with the above disclosure rules, the shares not disclosed may be stripped of voting rights at General Meetings.

6.4.10 Identification of shareholders

The Company may make use of the legal framework available for identifying the holders of shares which have, either immediately or in the future, voting rights at General Shareholders Meetings.

6.4.11 Appropriation of earnings and dividend premium

Each share entitles its holder to a proportion of the Company's profits and net assets equal to the proportion of capital represented by the share.

The first appropriation of net income, net of any accumulated losses from prior periods, must be an amount of at least 5% of net income to establish the reserve fund required by law. This appropriation ceases to be compulsory once this reserve fund is equal to one-tenth of the issued capital but must be resumed if for any reason the reserve falls below one-tenth of the issued capital.

Distributable earnings comprise net income for the fiscal year, minus any accumulated losses brought forward and any transfer to the legal reserve, plus any retained earnings brought forward.

Distributable earnings are appropriated in the following order (i) any sum that the Ordinary Shareholders Meeting, on the proposal of the Board of Directors, decides to carry forward as retained earnings or to appropriate to the creation of an extraordinary reserve fund, contingency fund or other fund, whether or not created for a specific purpose and (ii) the surplus is distributed among all of the shareholders, each share entitling its holder to an equal share of the profit.

However, shareholders able to show that they have been a registered shareholder for at least four years as of the end of a given fiscal year, and who remain registered at the dividend payment date related to the said fiscal year, are entitled to a dividend premium on the shares so registered, equal to 10% of the dividend paid on the other shares, the resulting dividend premium being rounded down to the nearest euro cent where appropriate.

Similarly, shareholders able to show that they have been a registered shareholder for at least four years as of the end of a given fiscal year, and who remain registered at the date of a capital increase by capitalization of reserves, income or share premiums, by distribution of bonus shares, are entitled to supplementary bonus shares equal to 10% of those to be distributed. In the case of odd lots, the number of supplementary shares will be rounded down to the nearest unit. The resulting new shares will qualify for the same treatment as the old shares from which they are derived for the purposes of calculating rights to the dividend premium and to receive supplementary bonus shares.

The number of shares upon which a single shareholder shall be eligible for these dividend premiums or supplementary bonus shares may not exceed 0.5% of the share capital.

The above-mentioned right to a dividend premium has been applicable since the payment of the dividend for the fiscal year ended August 31, 2013.

6.4.12 Shareholders Meetings

General Shareholders Meetings are called and deliberate on the terms stipulated by the law. They are held at the registered office or at any other place specified in the notice of meeting.

For the purposes of calculating quorum and majority at General Shareholders Meetings, shareholders taking part in said meetings *via* video-conferencing or electronic links allowing them to be identified in accordance with the definitions and conditions relating to such links as stipulated in the relevant laws or regulations are deemed to have attended the meeting.

General Shareholders Meetings are made up of all shareholders whose shares are paid up to the extent called and whose right to participate in the Shareholders Meeting is evidenced by an entry recorded, by the date and according to the procedure required by applicable laws and regulations, in a share register or securities account in the name of the shareholder or, for shareholders who are not resident in France, the shareholder's accredited financial intermediary, showing the number of shares held.

Shares must be registered within the above-stipulated deadline either in share accounts in the shareholder's name held by the Company or *via* the approved intermediary, or in bearer share accounts held by the approved intermediary.

Members are entitled to attend General Shareholders Meetings upon simple proof of identity and entitlement. The Board of Directors may, at its discretion, issue personal admission cards to shareholders in their names and demand presentation thereof.

All shareholders may vote remotely as provided by applicable laws and regulations.

Equally, all shareholders may take part in discussions when meetings are in session and vote *via* electronic data.

General Shareholders Meetings are chaired by the Chairman of the Board of Directors, or in his absence by the Vice Chairman if one has been appointed or failing that by the longest-serving director present. If there is no director present, the meeting elects its own Chairman.

6.4.13 Double voting rights

No shareholder holds any special voting rights and all shares in the Company carry one voting right, except for registered shares carrying double voting rights.

The Annual Shareholders Meeting held on February 23, 1999 introduced double voting rights conferred on all fully paid-up shares registered in the name of the same shareholder for at least four years as well as on registered shares allotted free of charge to a shareholder for the existing shares held by that shareholder that carry double voting rights, in the event of a bonus share issue carried out by capitalizing profit, reserves or premiums.

As at August 31, 2020, the 147,454,887 shares making up the Company's capital carried 218,345,103 theoretical voting rights and 216,902,752 voting rights exercisable at General Meetings. 70,890,216 of the shares have double voting rights, representing 48.07% of the capital and 65.36% of the voting rights, which could be exercisable at that date.

Only treasury shares do not carry any voting rights, in accordance with article L.225-210 of the French Commercial Code (which accounts for differences between the theoretical number of voting rights and the number of exercisable voting rights).

6.4.14 Modification of shareholders’ rights

All modifications to share capital or voting rights attached to the shares therein are subject to legal requirements, as the Company’s Bylaws do not contain specific provisions.

A full version of the Company’s Bylaws is available on the Group’s website at www.sodexo.com.

6.4.15 Consultation of legal documents

Documents relating to the Company which are required to be made available to the public (Bylaws, reports and other documents, historical individual company and consolidated financial information for at least each of the two fiscal years preceding the date of this Fiscal 2020 Universal Registration Document) are available on the Company’s website (www.sodexo.com) and may also be consulted at its registered office at 255, quai de la Bataille-de-Stalingrad – 92130 Issy-les-Moulineaux, France, preferably by appointment.

7

ORDINARY ANNUAL SHAREHOLDERS MEETING OF JANUARY 12, 2021

7.1	Agenda	294
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7.1 AGENDA

1. Adoption of the individual company Financial statements for Fiscal 2020.
2. Adoption of the consolidated financial statements for Fiscal 2020.
3. Appropriation of net income for Fiscal 2020.
4. Reappointment of Sophie Bellon as a director for a three-year term.
5. Reappointment of Nathalie Bellon-Szabo as a director for a three-year term.
6. Reappointment of Françoise Brougher as a director for a three-year term.
7. Appointment of Federico J. González Tejera as a new director for a three-year term.
8. Reappointment of KPMG S.A. as Statutory Auditor.
9. Approval of the information related to compensation paid during or awarded for Fiscal 2020 to Corporate Officers, as referred to in article L.225-37-3 I of the French Commercial Code.
10. Approval of the components of compensation paid during or awarded for Fiscal 2020 to Sophie Bellon, Chairwoman of the Board of Directors.
11. Approval of the components of compensation paid during or awarded for Fiscal 2020 to Denis Machuel, Chief Executive Officer.
12. Approval of the compensation policy applicable to directors.
13. Approval of the principles and criteria used to determine, allocate and award the components of the compensation and benefits payable to the Chairwoman of the Board of Directors.
14. Approval of the principles and criteria used to determine, allocate and award the components of the compensation and benefits payable to the Chief Executive Officer.
15. Authorization for the Board of Directors to purchase shares of the Company.
16. Powers to carry out formalities.

7.2 RESOLUTIONS SUBMITTED TO THE ORDINARY ANNUAL SHAREHOLDERS MEETING OF JANUARY 12, 2021

First and second resolutions: Adoption of the individual company and consolidated financial statements for Fiscal 2020

Purpose

In the first and second resolutions, shareholders are invited to adopt the individual company financial statements of Sodexo for Fiscal 2020, showing net income of 221,090,476 euro, and the consolidated financial statements of the Group, showing a net loss attributable to equity holders of the parent of 315 million euro.

The individual company financial statements have been prepared in accordance with French legal and regulatory provisions and the consolidated financial statements in accordance with the applicable regulations in force, including International Financial Reporting Standards (IFRS) as endorsed by the European Union.

In compliance with article 223 *quater* of the French General Tax Code (Code général des impôts), no expenses within the scope of this Code were incurred during Fiscal 2020.

First resolution

(ADOPTION OF THE INDIVIDUAL COMPANY FINANCIAL STATEMENTS FOR FISCAL 2020)

Having considered the Board of Directors' Report and the Statutory Auditors' Report on the individual company financial statements for Fiscal 2020, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, adopts the individual company financial statements for the fiscal year ended August 31, 2020 as presented, which show net income of 221,090,476 euro.

The Shareholders Meeting also approves the transactions reflected in these financial statements and/or described in these reports.

In application of article 223 *quater* of the French General Tax Code, the Shareholders Meeting notes that no expenses within the scope of article 39-4 of said Code were incurred in Fiscal 2020.

Second resolution

(ADOPTION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL 2020)

Having considered the Board of Directors' Report and the Statutory Auditors' Report on the consolidated financial statements for Fiscal 2020, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, adopts the consolidated financial statements for the fiscal year ended August 31, 2020 as presented, which show a net loss attributable to equity holders of the parent amounting to 315 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 for Fiscal 2020

Purpose

In the third resolution, shareholders are invited to approve the Board's recommended appropriation of net income for Fiscal 2020.

To protect the balance sheet given the severity of the Covid-19 downturn in activity, and the uncertainty as to the timing of recovery, and in solidarity with the teams, the Board has decided to propose to the shareholders not to distribute a dividend for Fiscal 2020, and therefore, no dividend premium for Fiscal 2020.

Consequently, shareholders are invited to appropriate the full amount of net income for Fiscal 2020 – totaling 221,090,476 euro to retained earnings.

Third resolution

(APPROPRIATION OF NET INCOME FOR FISCAL 2020)

In accordance with the proposal made by the Board of Directors, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to appropriate the full amount of net income for Fiscal 2020 of 221,090,476 euro to retained earnings.

The Shareholders Meeting notes that following this appropriation of net income, retained earnings – which amounted to 1,470,676,528 euro as of August 31, 2020 – now totals 1,691,767,004 euro.

In accordance with article 243 *bis* of the French General Tax Code, dividends paid for the last three fiscal years were as follows:

	FISCAL 2019 (PAID IN 2020)	FISCAL 2018 (PAID IN 2019)	FISCAL 2017 (PAID IN 2018)
Dividend per share*	€2.90	€2.75	€2.75
Total payout	€425,069,235	€402,512,000	€410,658,908

* Dividend fully eligible for the 40% allowance applicable to individuals who are tax resident in France, as provided for in article 158-3 2° of the French General Tax Code.

Fourth to seventh resolutions: Composition of the Board of Directors

The Board of Directors currently has twelve members, including two directors representing employees, seven independent directors and seven women.

Reappointment of three directors

Purpose

The purpose of the fourth to sixth resolutions is to reappoint Sophie Bellon, Nathalie Bellon-Szabo and Françoise Brougher whose terms as directors expire at the close of the January 12, 2021 Annual Shareholders Meeting.

Consequently, shareholders are invited to reappoint these three directors for three-year terms expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for Fiscal 2023.

Sophie Bellon

Sophie Bellon has been a non-independent director of Sodexo's Board of Directors since July 26, 1989 and Chairwoman of the Board of Directors since January 26, 2016. She brings to the Board and the Group her in-depth knowledge of Sodexo. As Sodexo's most prominent ambassador, she promotes the Company, its Quality of Life services and its mission, with frequent speaking engagements in front of various audiences and she intervenes on behalf of the service sector. Sophie Bellon is committed to ensuring good governance for the Group, and is fully dedicated to the work of the Board of Directors.

Sophie Bellon's attendance rate at Board meetings has been 100% for over ten years.

If she is reappointed as a director at the January 12, 2021 Annual Shareholders Meeting, Sophie Bellon will continue to chair the Board of Directors and serve as a member of the Nominating Committee.

Nathalie Bellon-Szabo

Nathalie Bellon-Szabo has been a non-independent director of Sodexo's Board of Directors since July 26, 1989, and a member of the Group Executive Committee and Chief Executive Officer Sports & Leisure Worldwide since June 19, 2018. She brings to the Board her in-depth knowledge of Sodexo and its operations as well as her experience in and contribution to Quality of Life services.

Nathalie Bellon-Szabo's attendance rate at Board meetings during her current term of office has been 97% on average.

If she is reappointed as a director at the January 12, 2021 Annual Shareholders Meeting, Nathalie Bellon-Szabo will continue to serve as a member of the Nominating Committee.

Françoise Brougher

Françoise Brougher has been an independent director of Sodexo's Board of Directors since January 23, 2012. She brings to the Board her international experience – particularly in the United States – as well her strategic vision and expertise as an executive of publicly traded U.S.-headquartered companies in the digital space. Her expertise is important in enabling Sodexo to adapt to the new behaviors of consumers, customers, employees and suppliers.

Françoise Brougher's attendance rate at Board meetings during her current term of office has been 94% on average, reflecting her active and committed involvement in the Board of Directors' work.

If she is reappointed as a director at the January 12, 2021 Annual Shareholders Meeting, Françoise Brougher will continue to serve as a member of the Nominating Committee and the Compensation Committee.

Appointment of a new independent director

Purpose

Soumitra Dutta, who has been a director of Sodexo since January 19, 2015 and whose term of office expires at the close of the January 12, 2021 Annual Shareholders Meeting, has stated that he does not wish to stand for reappointment. Sophie Bellon would like to thank Soumitra Dutta, both personally and on behalf of the Board of Directors and all of the shareholders, for his contribution to the work of the Board and the Audit Committee.

Consequently, in the seventh resolution, shareholders are invited to appoint Federico J. González Tejera as independent Board member for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for Fiscal 2023. Of Spanish nationality, Federico J. González Tejera is Chief Executive Officer and member of the Board of Directors of Radisson Hospitality AB. Federico J. González Tejera will bring to the Board his strategic vision as well as his solid expertise in consumer culture gained notably in the consumer goods, entertainment and media, and hotel sectors, where he held marketing and CEO positions in several multinational corporations.

Véronique Laury has been appointed to the Audit Committee to replace Soumitra Dutta.

If all of the above resolutions are adopted, at the close of the January 12, 2021 Annual Shareholders Meeting, the Board of Directors will comprise a total of twelve members, including seven independent directors and seven women, as follows.

COMPOSITION OF THE BOARD OF DIRECTORS AFTER THE SHAREHOLDERS MEETING OF JANUARY 12, 2021

			Date of birth	Nationality	Number of director/officer positions held in other listed companies	First appointment to the Board	Term expires (at the Annual Shareholders Meeting called to adopt the financial statements for the year indicated)	Seniority (years)	Number of Sodexo shares held	Independent directors[(1)]	Board committees: Member of the Audit Committee	Board committees: Member of the Nominating Committee	Board committees: Member of the Compensation Committee
Chairwoman		Sophie Bellon[(2)]	08/19/1961	France	1	07/26/1989	Fiscal 2023	31	7,964			●	
Independent directors		Emmanuel Babeau	02/13/1967	France	0	01/26/2016	Fiscal 2021	5	400	X	●		
Independent directors		Françoise Brougher[(2)]	09/02/1965	France, United States	0	01/23/2012	Fiscal 2023	9	400	X		●	●
Independent directors		Federico J. González Tejera[(2)]	04/12/1964	Spain	0	12/01/2021	Fiscal 2023	0	0	X			
Independent directors		Véronique Laury	06/29/1965	France	0	01/21/2020	Fiscal 2022	1	400	X	●		
Independent directors		Luc Messier	04/21/1964	Canada, United States	1	01/21/2020	Fiscal 2022	1	400	X			
Independent directors		Sophie Stabile	03/19/1970	France	3	07/01/2018	Fiscal 2022	2	400	X	Chair		●
Independent directors		Cécile Tandeau de Marsac	04/17/1963	France	1	01/24/2017	Fiscal 2022	4	400	X		Chair	Chair
Directors		François-Xavier Bellon	09/10/1965	France	0	07/26/1989	Fiscal 2021	31	36,383		●		
Directors		Nathalie Bellon-Szabo[(2)]	01/26/1964	France	0	07/26/1989	Fiscal 2023	31	3,052			●	
Directors representing employees		Philippe Besson	09/21/1956	France	0	06/18/2014	Fiscal 2022	6	-	N/A[(4)]			●
Directors representing employees		Cathy Martin	06/05/1972	Canada	0	09/10/2015	Fiscal 2023[(3)]	5	-	N/A[(4)]	●		

(1) Independent directors based on the criteria provided in the AFEP-MEDEF Code.
(2) Subject to the approval of the January 12, 2021 Shareholders Meeting of the reappointment of Sophie Bellon, Nathalie Bellon-Szabo and Françoise Brougher as well as the appointment of Federico J. González Tejera as directors for three-year terms expiring at the Shareholders Meeting to be held to adopt the financial statements for Fiscal 2023.
(3) Cathy Martin was originally appointed as a director representing employees in 2015. She was then reappointed in 2018 by the European Works Council and her current term of office expires at the close of the January 12, 2021 Annual Shareholders Meeting. Cathy Martin was renewed for a three-year term starting on January 12, 2021.
(4) In accordance with French law and the AFEP-MEDEF Code, directors representing employees are not included in the calculation of the representation of men and women on the Board or the percentage of independent directors.

70%
Independent directors (excluding directors representing employees)

56
Average age of directors

60%
Female directors (excluding directors representing employees)

Biographical information on these directors is provided in chapter 5, section 5.2.1 of the Company's Fiscal 2020 Universal Registration Document.

Fourth resolution

(REAPPOINTMENT OF SOPHIE BELLON AS A DIRECTOR FOR A THREE- YEAR TERM)

Having considered the Board of Directors' Report, and noting that Sophie Bellon's term of office expires at the close of this meeting, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to reappoint her as a director for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2023.

Fifth resolution

(REAPPOINTMENT OF NATHALIE BELLON-SZABO AS A DIRECTOR FOR A THREE-YEAR TERM)

Having considered the Board of Directors' Report, and noting that Nathalie Bellon-Szabo's term of office expires at the close of this meeting, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to reappoint her as a director for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2023.

Sixth resolution

(REAPPOINTMENT OF FRANÇOISE BROUGHER AS A DIRECTOR FOR A THREE-YEAR TERM)

Having considered the Board of Directors' Report, and noting that Françoise Brougher's term of office expires at the close of this meeting, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to reappoint her as a director for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2023.

Seventh resolution

(APPOINTMENT OF FEDERICO J. GONZÁLEZ TEJERA AS A NEW DIRECTOR FOR A THREE-YEAR TERM)

Having considered the Board of Directors' Report as well as the expiration as of today of Soumitra Dutta's term of office, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to appoint Federico J. González Tejera as new director of the Company in replacement of Soumitra Dutta for a three-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2023.

Eighth resolution: Reappointment of KPMG SA as a Statutory Auditor

Purpose

The terms of office of KPMG SA as Statutory Auditor and Salustro Reydel S.A. as deputy Statutory Auditor expire at the close of the January 12, 2021 Annual Shareholders Meeting.

In order to ensure continuity of the Statutory Auditors' work since their first appointment in 2003, in the eighth resolution, shareholders are invited to reappoint KPMG S.A. as Statutory Auditor for a further six-year term, expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for Fiscal 2026.

In accordance with French Act 2016-1691 dated December 9, 2016 (the "Sapin II" Act) and article 14 of the Company's bylaws updated following the January 21, 2020 Combined Annual Shareholders Meeting, the Company has no longer the legal obligation to appoint deputy Statutory Auditor when the principal Statutory Auditors is not an individual or one person firm. Consequently, and taking into account that KMPG S.A. is a multi-partner company, the eighth resolution also invites shareholders not to reappoint or replace Salustro Reydel S.A. as deputy Statutory Auditor.

Eighth resolution

(REAPPOINTMENT OF KPMG S.A. AS STATUTORY AUDITOR)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings, resolves to reappoint KPMG S.A. – a French private limited company *(société anonyme)* whose registered office is located at Tour Eqho 2, Avenue Gambetta, 92066 Paris-La Défense Cedex, France, and registered with the Trade and Companies Register of Nanterre under number 775 726 417 – as Statutory Auditor for a six-year term expiring at the close of the Annual Shareholders Meeting to be held to adopt the financial statements for the fiscal year ending August 31, 2026.

Having noted that Salustro Reydel's term of office as deputy Statutory Auditor expires at the close of this meeting, the Shareholders Meeting resolves not to reappoint or replace Salustro Reydel as deputy Statutory Auditor.

Ninth resolution: Approval of information related to compensation paid during or awarded for Fiscal 2020 to the Corporate Officers

Purpose

In the ninth resolution, shareholders are invited to approve – in accordance with article L.225-100 II of the French Commercial Code – the information referred to in article L.225-37-3 I of the French Commercial Code relating to compensation paid during or awarded for Fiscal 2020 to the Chairwoman of the Board of Directors, the Chief Executive Officers and the Board of Directors (together referred to as "Corporate Officers").

All of the components of the Corporate Officers' compensation are proposed by the Board of Directors based on the recommendations of the Compensation Committee as detailed in the Board of Directors' Corporate Governance Report provided in chapter 5, section 5.5 of the Company's Fiscal 2020 Universal Registration Document.

Ninth resolution

(APPROVAL OF THE INFORMATION RELATED TO COMPENSATION PAID DURING OR AWARDED FOR FISCAL 2020 TO THE CORPORATE OFFICERS, AS REFERRED TO IN ARTICLE L.225-37-3 I OF THE FRENCH COMMERCIAL CODE)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-100 II of the French Commercial Code, approves the information referred to in article L.225-37-3 I of said Code, as described in the Corporate Governance Report prepared in compliance with article L.225-37 of said Code and detailed in chapter 5, section 5.5 of the Company's Fiscal 2020 Universal Registration Document.

Tenth and eleventh resolutions: Approval of the components of compensation paid during or awarded for Fiscal 2020 to the Chairwoman of the Board and the Chief Executive Officer

Purpose

In accordance with article L.225-100 III of the French Commercial Code, in the tenth and eleventh resolutions, shareholders are invited to approve the fixed and variable components of the total compensation and benefits paid during or awarded for the fiscal year ended August 31, 2020 to Sophie Bellon, Chairwoman of the Board of Directors, and Denis Machuel, Chief Executive Officer.

Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and the resulting social and economic impacts, the Board decided to reduce by 50% the fixed compensation of both the Chairwoman of the Board of Directors and the Chief Executive Officer for the second half of the fiscal year, and to suppress Chief Executive Officer variable compensation for Fiscal 2020. This decision was fully supported by the Chairwoman of the Board of Directors and the Chief Executive Officer and allowed them to express their solidarity with the Group's employees. The amounts not paid for the fixed and variable compensation financed the creation of the Sodexo Employee Relief Program in April 2020 to help address some of the social and economic consequences of the crisis.

All of the components of the Chairwoman of the Board of Directors and the Chief Executive Officer' compensation are proposed by the Board of Directors based on the recommendations of the Compensation Committee as detailed in the Board of Directors' Corporate Governance Report provided in chapter 5, section 5.5.2 of the Company's Fiscal 2020 Universal Registration Document.

Tenth resolution

(APPROVAL OF THE COMPONENTS OF COMPENSATION PAID DURING OR AWARDED FOR FISCAL 2020 TO SOPHIE BELLON, CHAIRWOMAN OF THE BOARD OF DIRECTORS)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-100 III of the French Commercial Code, approves the components of the total compensation and benefits paid during or awarded for the fiscal year ended August 31, 2020 to Sophie Bellon, Chairwoman of the Board of Directors, as described in the Corporate Governance Report prepared in compliance with article L.225-37 of the French Commercial Code and detailed in chapter 5, section 5.5.2 of the Company's Fiscal 2020 Universal Registration Document.

Eleventh resolution

(APPROVAL OF THE COMPONENTS OF COMPENSATION PAID DURING OR AWARDED FOR FISCAL 2020 TO DENIS MACHUEL, CHIEF EXECUTIVE OFFICER)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-100 III of the French Commercial Code, approves the components of the total compensation and benefits paid during or awarded for the fiscal year ended August 31, 2020 to Denis Machuel, Chief Executive Officer, as described in the Corporate Governance Report prepared in compliance with article L.225-37 of the French Commercial Code and detailed in chapter 5, section 5.5.2 of the Company's Fiscal 2020 Universal Registration Document.

Twelfth resolution: Approval of the compensation policy applicable to Board of Directors for Fiscal 2021

Purpose

In accordance with article L.225-37-2 II of the French Commercial Code, in the twelfth resolution shareholders are invited to approve the policy for allocating Board of Directors' compensation adopted by the Board of Directors.

This policy reflects the practices implemented by the Company for many years in relation to Board of Directors' compensation and will apply starting in Fiscal 2021 until the approval of a new compensation policy by the Shareholders Meeting.

Given the unprecedented sanitary crisis caused by the Covid-19 pandemic and the resulting social and economic impacts, acting on the recommendation of the Compensation Committee, the Board of Directors proposes to freeze the overall amount of the Board of Directors' compensation for Fiscal 2021, unchanged since the January 23, 2018 Combined Annual Shareholders Meeting (eleventh resolution).

The compensation policies submitted for shareholder approval are proposed by the Board of Directors based on the recommendation of the Compensation Committee and are presented in detail in the Board of Directors' Corporate Governance Report provided in chapter 5, section 5.5.1.5 of the Company's Fiscal 2020 Universal Registration Document.

Twelfth resolution

(APPROVAL OF THE COMPENSATION POLICY APPLICABLE TO BOARD OF DIRECTORS)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-37-2 II of the French Commercial Code, approves the components of the compensation policy applicable to Board of Directors for Fiscal 2021, as proposed by the Company's Board of Directors based on the recommendation of the Compensation Committee and as described in the Corporate Governance Report prepared in compliance with article L.225-37 of the French Commercial Code and detailed in chapter 5, section 5.5.1.5 of the Company's Fiscal 2020 Universal Registration Document.

Thirteenth and fourteenth resolutions: Approval of the compensation policies applicable to the Chairwoman of the Board of Directors and the Chief Executive Officer for Fiscal 2021

Purpose

In accordance with article L.225-37-2 II of the French Commercial Code, in the thirteenth and fourteenth resolutions, shareholders are invited to approve the compensation policies applicable to the Chairwoman of the Board of Directors and the Chief Executive Officer adopted by the Board of Directors.

These principles and criteria will apply from Fiscal 2021 until the approval of a new compensation policy by the Shareholders Meeting.

Chairwoman of the Board of Directors' compensation policy

The compensation policy of the Chairwoman of the Board of Directors for Fiscal 2021 is unchanged from that approved at the Combined Annual Shareholders Meeting of January 21, 2020.

A review of the compensation policy of the Chairwoman of the Board of Directors was intended to be performed in Fiscal 2020 prior to Sophie Bellon's reappointment as Chairwoman of the Board. However, given the unprecedented sanitary crisis caused by the Covid-19 pandemic and its resulting social and economic impacts, acting on the recommendation of the Compensation Committee, the Board of Directors proposes freezing the Chairwoman's annual fixed compensation for Fiscal 2021.

Chief Executive Officer' compensation policy

The main proposed changes to the compensation policy of the Chief Executive Officer for Fiscal 2020 compared to that approved at the Combined Annual Shareholders Meeting of January 21, 2020 are the following:

- the financial performance criteria applicable to the annual variable compensation of the Chief Executive Officer will be exceptionally defined for each of the first and second halves of the Fiscal 2021 in line with the financial objectives communicated to the market;
- the 20% corporate responsibility performance criterion of the long-term compensation of the Chief Executive Officer will now include, not only a diversity objective, but also an environmental objective.

The compensation policies submitted for shareholder approval are proposed by the Board of Directors based on the recommendation of the Compensation Committee and are presented in the Board of Directors' Corporate Governance Report provided in chapter 5, section 5.5.1 of the Company's Fiscal 2020 Universal Registration Document.

Thirteenth resolution

(APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE COMPONENTS OF THE COMPENSATION AND BENEFITS PAYABLE TO THE CHAIRWOMAN OF THE BOARD OF DIRECTORS)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-37-2 II of the French Commercial Code, approves the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits payable to the Chairwoman of the Board of Directors for Fiscal 2021, as proposed by the Company's Board of Directors based on the recommendations of the Compensation Committee and as described in the Corporate Governance Report prepared in compliance with article L.225-37 of the French Commercial Code and detailed in chapter 5, section 5.5.1 of the Company's Fiscal 2020 Universal Registration Document.

Fourteenth resolution

(APPROVAL OF THE PRINCIPLES AND CRITERIA USED TO DETERMINE, ALLOCATE AND AWARD THE COMPONENTS OF THE COMPENSATION AND BENEFITS PAYABLE TO THE CHIEF EXECUTIVE OFFICER)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with article L.225-37-2 II of the French Commercial Code, approves the principles and criteria used to determine, allocate and award the fixed, variable and exceptional components of the compensation and benefits payable to the Chief Executive Officer for Fiscal 2021, as proposed by the Company's Board of Directors based on the recommendations of the Compensation Committee and as described in the Corporate Governance Report prepared in compliance with article L.225-37 of the French Commercial Code and detailed in chapter 5, section 5.5.1 of the Company's Fiscal 2020 Universal Registration Document.

Fifteenth resolution: Authorization for the Company to purchase its own shares

Purpose

As of August 31, 2020, the Company held 1,442,351 treasury shares, corresponding to 1% of its share capital, mainly allocated to cover commitments to beneficiaries under restricted share plans and employee share purchase plans.

In the fifteenth resolution, shareholders are invited to renew the 18-month authorization granted to the Board of Directors to enable the Company to purchase its own shares at any time other than when a public tender offer for the Company's shares is in progress.

Although French law authorizes share buybacks of up to 10% of a company's share capital, it is proposed that they be limited to 5% of the share capital as of the date of the Annual Shareholders Meeting on January 12, 2021.

The maximum price of the shares that may be purchased under this share buyback program would be 90 euro per share and the total amount invested in the program may not exceed 663 million euro.

The shares purchased pursuant to this resolution would be used, *inter alia,* to (i) cover restricted share plans, (ii) reduce the Company's share capital by canceling shares, and (iii) provide liquidity in Sodexo shares under the liquidity contract entered into between Sodexo and Exane BNP Paribas.

For information on the implementation of the previous share buyback authorization, see chapter 6, section 6.3.5 of the Company's Fiscal 2020 Universal Registration Document.

Fifteenth resolution

(AUTHORIZATION FOR THE BOARD OF DIRECTORS TO PURCHASE SHARES OF THE COMPANY)

Having considered the Board of Directors' Report, the Shareholders Meeting, acting under the rules of quorum and majority applicable to Ordinary Shareholders Meetings and in accordance with articles L.225-209 *et seq.* of the French Commercial Code, articles 241-1 *et seq.* of the General Regulations of the French securities regulator (*Autorité des marchés financiers* – AMF) and the European regulatory framework applicable to market abuse (based on Regulation (EU) no. 596/2014 of April 16, 2014), authorizes the Board of Directors – or a duly authorized representative of the Board – to purchase or arrange for the purchase of Sodexo shares to be used, *inter alia,* for the following purposes:

- to implement a stock option plan enabling beneficiaries to acquire – for consideration and by all authorized means – shares of the Company in accordance with articles L.225-177 *et seq.* of the French Commercial Code or any similar plan, with the beneficiaries notably including (i) employees and/or Corporate Officers of the Company or of companies or groupings affiliated to it under the conditions provided for in article L.225-180 of said Code, and/or (ii) any other beneficiary authorized by law to receive such stock options; or
- to grant restricted shares of the Company in accordance with articles L.225-197-1 *et seq.* of the French Commercial Code, notably to (i) employees of the Company or of companies or groupings affiliated to it under the conditions provided for in article L.225-197-2 of said Code, and/or (ii) Corporate Officers of the Company or of companies or groupings affiliated to it under the conditions provided for in article L.225-197-1 II of said Code, and/or (iii) any other beneficiary authorized by law to receive such share grants; or

- to allocate or sell shares to employees in connection with an employee profit sharing plan or a company or group share purchase plan (or equivalent plan) under the conditions provided for by law, including articles L.3332-1 *et seq.* of the French Labor Code; or
- to transfer shares upon exercise of rights attached to securities issued by the Company or, as authorized by law, by entities affiliated to it, which give access to Company shares through reimbursement, conversion, exchange, presentation of a warrant or any other method; or
- to reduce the Company's share capital by canceling shares within the limits provided for by law and by the twenty-third resolution of the January 21, 2020 Combined Annual Shareholders Meeting or any future resolution with the same effect that may be adopted during the period in which this authorization remains valid; or
- to transfer shares as a means of exchange, payment or otherwise in connection with mergers and acquisitions; or
- to carry out market-making in Sodexo shares under a liquidity contract with an investment services provider, in accordance with the market practices accepted by the AMF by way of decision 2018-01 dated July 2, 2018; or
- generally, to fulfill the obligations related to stock option plans or other share grants to employees or Corporate Officers of the Company or an affiliated company.

The program is also intended to permit the implementation of any market practices that may be authorized at a future date by the AMF and, generally, the execution of any other transaction that complies with the applicable regulations. In this case, shareholders will be notified by means of a press release.

The transactions provided for pursuant to this resolution may be made by any method, in particular on the stock market or over-the-counter, including through the use of any financial instruments, options or derivatives and by means of block purchases or sales or in any other way. The transactions may take place at any time, subject to the limits authorized by the applicable laws and regulations, other than during a public tender offer for the Company's shares. In the event of such a public tender offer, unless prior consent is given by a Shareholders Meeting, the Board of Directors may not use this authorization and the Company may not implement any share buyback program from the time when the third party concerned submits the offer until the end of the offer period.

The Shareholders Meeting resolves that the maximum number of shares acquired pursuant to this resolution may not exceed 5% of the Company's share capital as of the date of this meeting (*i.e.,* as an indication, as of August 31, 2020, a maximum of 7,372,744 shares), it being stipulated that if this authorization is used, the existing number of treasury shares must be taken into account such that the Company does not at any time hold more treasury shares than the legally permitted maximum of 10% of its share capital.

The Shareholders Meeting resolves that the maximum price paid for shares purchased under this resolution may not exceed 90 euro per share. However, the Shareholders Meeting authorizes the Board of Directors to adjust this maximum purchase price in the event of a change in the nominal value of the Company's shares, a capital increase carried out by capitalizing reserves, a free allocation of shares, a stock split or reverse stock split, the distribution of reserves or any other assets, a redemption of capital, or any other transaction affecting the Company's capital or equity, in order to take into account the impact of the transaction on the share price.

The Shareholders Meeting resolves that the total amount allocated to the share buyback program may not exceed 663 million euro.

The Shareholders Meeting acknowledges that this authorization is granted for a period of eighteen (18) months as from the date of this meeting and cancels, with effect from this day, any unused portion of any prior authorization granted to the Board of Directors for the same purpose.

Full powers are given to the Board of Directors – or any duly authorized representative of the Board – to decide on and act on the present authorization, to clarify its terms if necessary and determine its specific details, to carry out share purchases and to place stock market orders and enter into agreements, in particular for the keeping of share purchase and sale registers, to allocate or reallocate purchased shares to the desired objectives in accordance with applicable laws and regulations, to establish the procedures necessary to safeguard, should the need arise, the rights of holders of securities or options, in accordance with applicable laws, regulations or contracts, and to make filings and carry out other formalities, and generally do all that is necessary.

Sixteenth resolution: Powers

Purpose

The sixteenth resolution is a standard resolution conferring powers to complete all legal formalities and filings relating to the resolutions approved at the Annual Shareholders Meeting.

Sixteenth resolution

(POWERS TO CARRY OUT FORMALITIES)

The Shareholders Meeting confers full powers on the bearer of an original, copy or extract of the minutes of this Shareholders Meeting to carry out all filing and publication formalities required by law.

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8.1 GLOSSARY

ADR (American Depositary Receipts)

An ADR is a registered certificate issued by a U.S. bank to represent ownership of a share or bond issued by a publicly-traded non-U.S. company. ADRs are quoted in U.S. dollars, but the underlying shares or bonds are denominated in their original currency and are held in deposit by a bank, known as the custodian, in the country of issue. ADRs enable a non-U.S. company, subject to certain conditions, to be quoted in the United States. One Sodexo share is represented by five Sodexo ADRS. Dividends and voting rights belong to the ADR holder.

Alternative Performance Measures (APM)

These are indicators that complement those directly derived from the financial statements and wich can provide investors with additional relevent information allowing a better understanding of strategy and performance.

More details are provided in chapter 2.1.3.6 of this document.

Bearer shares

Shares held in a share account maintained by the shareholder's bank or broker. Sodexo is not informed of the shareholder's identity. The share purchase and administration of the shares are handled by the shareholder's bank or broker.

Benefits & Rewards Services

Sodexo's Benefits & Rewards Services – which are provided through vouchers, cards or digitally – cover five service categories: Employee Benefits, Incentive and Recognition Programs, Employee mobility and Expense Management and Public Benefits.

Client retention rate

The client retention rate corresponds to the total amount of revenue generated from business with existing clients in the prior fiscal year compared with total revenue for that year.

It is expressed as a percentage and is calculated in a comprehensive way by deducting the revenue generated in the prior fiscal year that corresponds to (i) contracts lost to a competitor or self-operation, (ii) contracts terminated by Sodexo and (iii) site closures. Other companies may calculate their retention rates on a different basis.

Comparable site growth rate

The comparable site growth rate is the increase in revenues from sites that have contributed to consolidated revenue over two complete consecutive fiscal years (sites with activity from September 1, 2018 to August 31, 2020).

Corporate Officers

Corporate Officer is the term used in English for the French *mandataire social* and refers to Sodexo's Chief Executive Officer, Chairwoman of the Board and the Members of the Board of Directors.

Development rate

The development rate is the annualized estimated revenue for new contracts signed during the fiscal year, divided by prior year revenues.

Dividend premium

Any shareholder that has held registered shares for at least four years as of the end of the fiscal year including as of the dividend payment date will be eligible for a 10% dividend premium on those shares. The number of shares eligible for the dividend premium is limted to 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 state of involvement in a group or a company. This concept includes the mobilization of employees for the success of the company, their pride in belonging and their loyalty to the company. Thus, the engagement rate is the percentage of employees who answered the nine questions relating to engagement with an average score greater than or equal to 4.5 on an increasing scale from 1 to 6 (the methodology is the same as that used the last few years with a new provider The Happiness Index).

More details are provided in section 2.2.2 of this document.

Employee retention rate

The employee retention rate corresponds to the proportion of employees who remain with the Group during the year out of the overall average number of employees for the year.

Note that for purposes of this calculation employees leaving the Group do not include departures related to legal requirements or regulations concerning lost contracts, transfers between Group subsidiaries or the expiration of fixed-term contracts.

GRI

The Global Reporting Initiative (GRI) was created in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Environment Programme (UNEP). The GRI's vocation is to lift sustainable development methods to a level equivalent to those of financial reporting, in the interests of comparability, credibility, rigor, frequency and verifiability of the communicated information.

Group net income

Group net income corresponds to the line "Profit attributable to equity holders of the parent" in the consolidated income statement. It is the Group's total consolidated net income (*i.e.,* the net income generated by all Group companies) less the portion of net income attributable to interests held by third party shareholders in subsidiaries not wholly owned by Sodexo.

Intensity risk

Risks whose frequency and severity require transfer to the insurance market.

ISO

ISO (International Organization for Standardization) is the world's largest developer of voluntary International Standards. International Standards give state of the art specifications for products, services and good practice, helping to make industry more efficient and effective. They include ISO 9001 for Quality management, ISO 14001 for Environmental management, ISO 22000 for Food Safety management, ISO 27000 for 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 Benefits & Rewards Services activity for beneficiaries on behalf of clients.

Net debt

Net debt corresponds to the Group's borrowings less operating cash at the balance sheet date.

More details in section 3.5.1 Financial Ratios.

OHSAS 18001

A standard developed in the United Kingdom (Occupational Health and Safety Assessment Series) used as a model for occupational health and safety management systems. Its objective is to provide companies with assessment and certification of their health and safety management systems, consistent with international management system standards.

On-site Services

Sodexo On-site Services respond to the needs of Sodexo's client segments.

Performance shares

Sodexo shares granted free of consideration by the Board of Directors to the Chief Executive Officer and Group managers in order to reward individual performance and whose vesting is subject to the beneficiary still being 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 granted and the responsibilities of the beneficiaries concerned.

Personal & Home Services

Sodexo Services provided in three main areas: childcare, concierge services and in-home care for dependent persons.

Registered shares

Registered shares are shares that are registered in the holder's name in Sodexo's share register (unlike bearer shares). They may be directly or indirectly registered. Registered Sodexo shareholders are entitled to:

- double voting rights for registered shares held for at least four years;
- a dividend premium of 10% for registered shares held for at least four years, limited to 0.5% of Sodexo's issued capital per shareholder;
- automatic invitation to Shareholders Meetings and personalized information on all financial transactions (capital increases, bond issues, etc.);
- reduced administration costs (for directly registered shares only).

1. Directly registered shares (French *nominatif pur*)

The shares are recorded in the holder's name in a share account kept by the Company's registrar, Société Générale, allowing direct communications between the shareholder and Sodexo.

2. Indirectly registered shares (French *nominatif administré*)

In this case, the shares are registered in the holder's name in a share account managed by his or her bank or broker, which is responsible for the related custodial and administration services. The shares are administered in the same way as for bearer shares.

TSR

Total Shareholder Return (TSR) is a measure of the performance of a company's shares over time. The total return to the shareholder combines share price appreciation and dividends paid.

8.2 RESPONSIBILITY FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE AUDIT OF THE FINANCIAL STATEMENTS

8.2.1 Responsibility for the Universal Registration Document

Person responsible for the information included in the Universal Registration Document:

Denis Machuel, Chief Executive Officer

Having taken all reasonable precautions, I hereby declare that the information contained in the Universal Registration Document is to the best of my knowledge in accordance with reality and that nothing has been omitted that would alter its impact.

I declare that to the best of my knowledge the financial statements comply with the applicable accounting standards and present a true statement of the net worth, the financial position, and of the income of the Company, and of the consolidated entities.

The Management Report included in the Universal Registration Document presents a true picture of the evolution of the business, of the results and the financial position of the Company and of the consolidated entities, as well as a description of the principal risks for the Group.

I have obtained from our Statutory Auditors an engagement completion letter in which they declare that they verified the information relating to the financial position and the financial statements which are presented in this document and that they have read this document in its entirety.

Denis Machuel

Chief Executive Officer

November 20, 2020

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8.2.2 Responsibility for the audit of the financial statements

AUDITORS	FIRST APPOINTED	TERM OF OFFICE	TERM OF OFFICE EXPIRES
STATUTORY AUDITORS			
PricewaterhouseCoopers Audit Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France Registered no. RCS Nanterre 672 006 483 Represented by Stéphane Basset	February 22, 1994	6 fiscal years	Shareholders Meeting to adopt the financial statements for Fiscal 2022
KPMG Audit Département de KPMG SA Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles Tour Eqho – 2, avenue Gambetta 92066 Paris-La Défense Cedex, France Represented by Caroline Bruno-Diaz	February 4, 2003	6 fiscal years	Shareholders Meeting to be held in 2021 to adopt the financial statements for Fiscal 2020
DEPUTY STATUTORY AUDITORS			
M. Jean-Baptiste Deschryver Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles 63, rue de Villiers 92208 Neuilly-sur-Seine, France	January 21, 2017	6 fiscal years	Shareholders Meeting to adopt the financial statements for Fiscal 2022
Salustro Reydel Member of the Compagnie Régionale des Commissaires aux Comptes de Versailles Tour Eqho – 2, avenue Gambetta 92066 Paris-La Défense Cedex, France	January 19, 2015	6 fiscal years	Shareholders Meeting to be held in 2021 to adopt the financial statements for Fiscal 2020

8.3 RECONCILIATION TABLES

To facilitate the reading of this document, the reconciliation tables below identify:

- the main headings required by Appendix 1 & Appendix 2 of the Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017;
- the information that constitutes the Annual Financial Report provided for under articles L.451-1-2 of the Monetary and Financial Code and 222-3 of the General Regulation of the French securities regulator (*Autorité des marchés financiers* – AMF);
- the information that constitutes the Management Report of the Board of Directors as defined by the French Commercial Code;
- the information that constitutes the extra-financial performance declaration as defined by the French Commercial Code.

8.3.1 Universal Registration Document

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Information incorporated by reference:
Pursuant to article 19 of Regulation (UE) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference into this Universal Registration Document:

- for Fiscal 2019: Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 2019, individual Company financial statements and Statutory Auditors' Report on the individual Company financial statements for the year ended August 31, 2019, as well as the financial information included in Management Report, as presented in the Registration document filed with the *Autorité des marchés financiers* (French financial markets authority) on November 20, 2019, under number D.19-0967.
- for Fiscal 2018: Group consolidated financial statements and Statutory Auditors' Report on the consolidated financial statements for the year ended August 31, 2018, individual Company financial statements and Statutory Auditors' Report on the individual Company financial statements for the year ended August 31, 2018, as well as the financial information included in Management Report, as presented in the Registration document filed with the *Autorité des marchés financiers* (French financial markets authority) on November 22, 2018, under number D.18-0937;

Parts of the Registration documents D.18-0937 and D.17-1057 which are not referred to above are either not relevant for the investor, or are included elsewhere in this Universal Registration Document.

8.3.2 Annual Financial Report

INFORMATION CONCERNING THE ANNUAL FINANCIAL REPORT – ARTICLES L.451-1-2 OF THE MONETARY AND FINANCIAL CODE AND 222-3 OF THE GENERAL REGULATION OF THE FRENCH SECURITIES REGULATOR (*AUTORITÉ DES MARCHÉS FINANCIERS,* AMF)	PAGES
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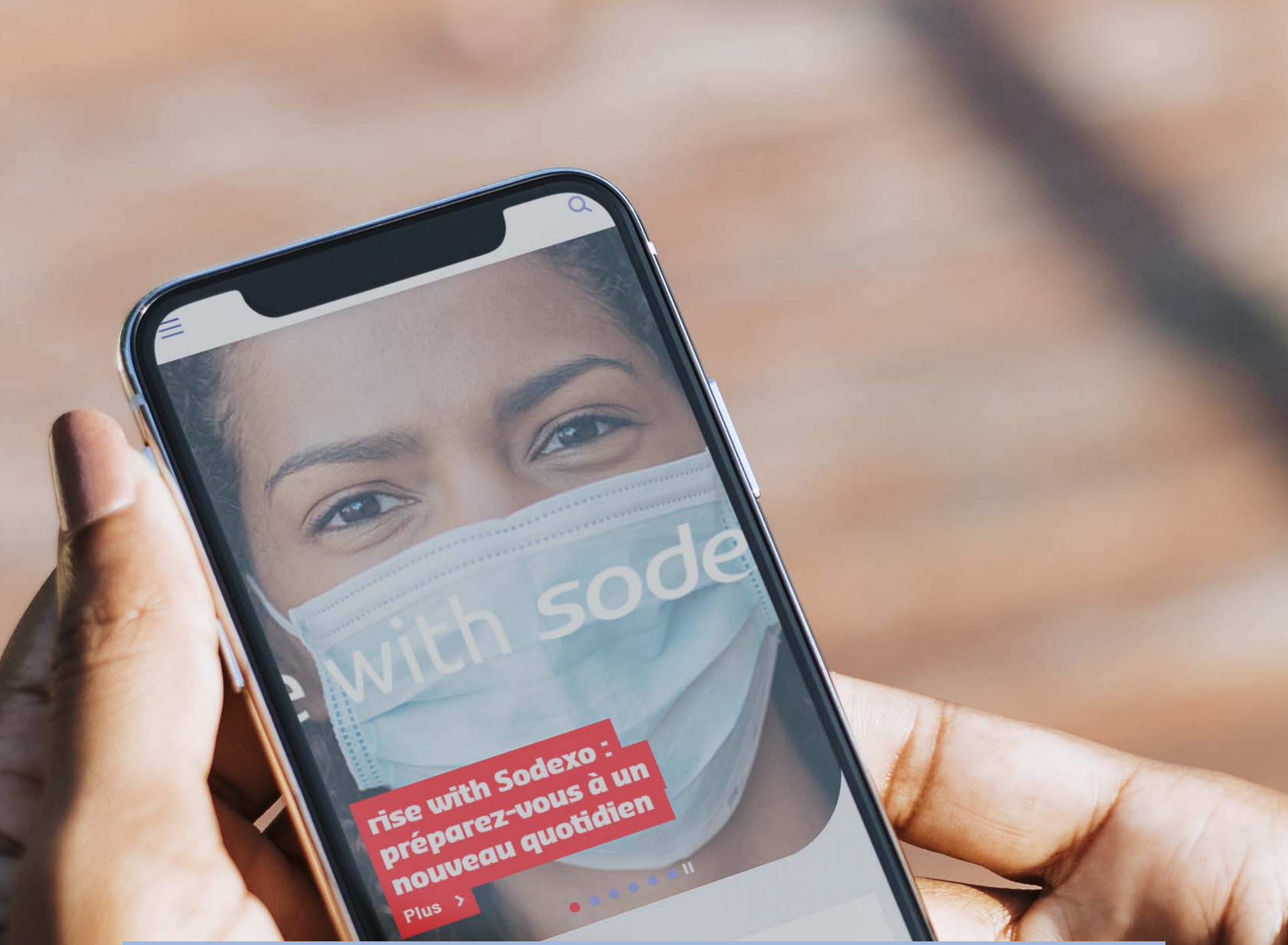

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