



# Annual Shareholders' Meeting

January 21, 2020

# OPENING

**Sophie BELLON**

Chairwoman of the Board of Directors

## MEMBERS OF THE BUREAU

- **Sophie BELLON**  
Chairwoman of the Board of Directors  
**Chairwoman of the Meeting**
- **François-Xavier BELLON**  
Chairman of the Management Board of Bellon SA  
**Scrutineer**
- **Wieslawa GASCHET**  
representing the FCP *Groupe Sodexo Peps*  
for Sodexo employees  
**Scrutineer**
- **Cindy CARIO**  
Board Secretary  
**Secretary of the Meeting**

### ON THE STAGE:

- **Denis MACHUEL**  
Chief Executive Officer
- **Marc ROLLAND**  
Chief Financial Officer

### IN THE ROOM:

- **Caroline BRUNO-DIAZ**  
KPMG – Statutory Auditor
- **Jean-Christophe GEORGHIOU**  
PWC – Statutory Auditor

# AGENDA

**Cindy CARIO**  
Board Secretary

# AGENDA

- Members of the Bureau
- Message from the Chairwoman
- Presentation of Fiscal 2019 Results
- Message from the Chief Executive Officer
- Corporate governance
- Introducing 2 new Directors
- Activity of the Compensation Committee
- Presentation of the resolutions
- Auditors' Reports
- Questions / Answers
- Vote on the resolutions

## MESSAGE FROM THE CHAIRWOMAN

**Sophie BELLON**

Chairwoman of the Board of Directors

# PRESENTATION OF FISCAL 2019 RESULTS

**Marc ROLLAND**  
Chief Financial Officer

# FISCAL 2019 IN LINE WITH OBJECTIVES

## Fiscal 2019 Financial Performance

### Objectives

Organic revenue growth\*  
between **2** and **3%**

excluding the 53<sup>rd</sup> week



Underlying operating profit margin  
between **5.5%** and **5.7%**

(excluding currency effects)

### Fiscal 2019 results

Organic revenue growth at  
**3.6%**



Underlying operating profit margin at

**5.5%**

(excluding currency effects)

\* Alternative performance indicators



# ORGANIC GROWTH SLIGHTLY ABOVE EXPECTATIONS

Fiscal 2019 Financial Performance

REVENUE AT €22 bn

TOTAL GROWTH  
+7.6%

Currency effect  
+1.5%

Scope change  
+2.6%

ORGANIC GROWTH  
+3.6%

of which:

On-site Services  
+3.3%

Benefits and Rewards Services  
+8.5%

# REVITALIZED GROWTH ON-SITE SERVICES

## Fiscal 2019 Financial Performance

### ON-SITE SERVICES

**+3.3%**



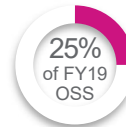
### BUSINESS & ADMINISTRATIONS

**+3.5%**



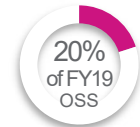
### HEALTHCARE & SENIORS

**+2.1%**



### EDUCATION

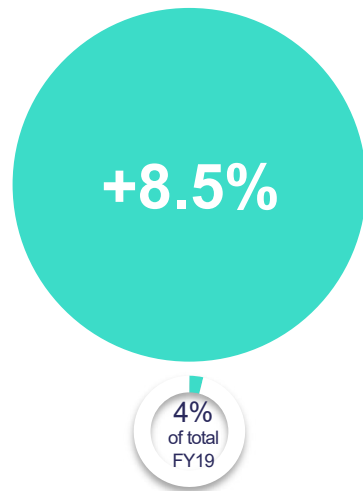
**+4.7%**



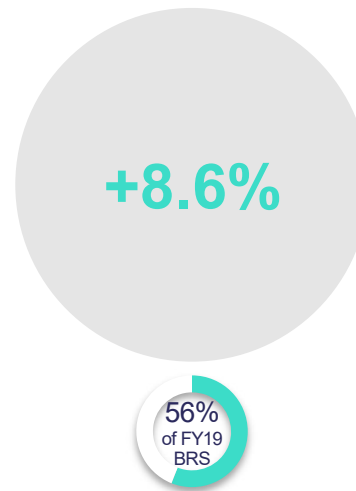
# ROBUST ORGANIC GROWTH IN BENEFITS AND REWARDS SERVICES

## Fiscal 2019 Financial Performance

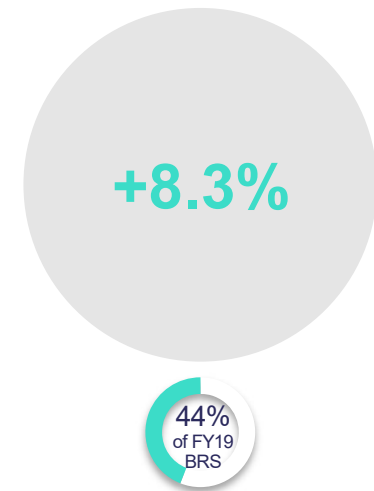
### BENEFITS AND REWARDS SERVICES



### EUROPE, ASIA, USA

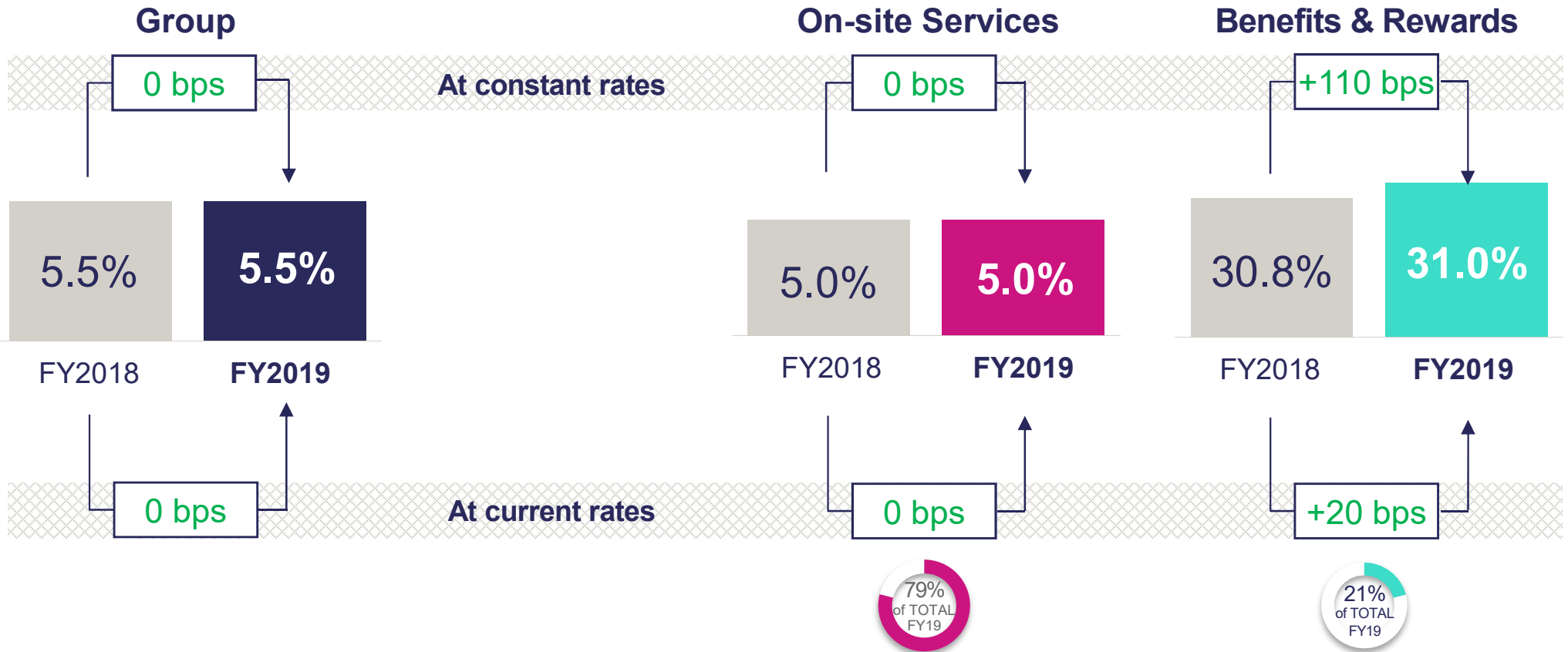


### LATIN AMERICA



# UOP MARGIN IN LINE WITH EXPECTATIONS

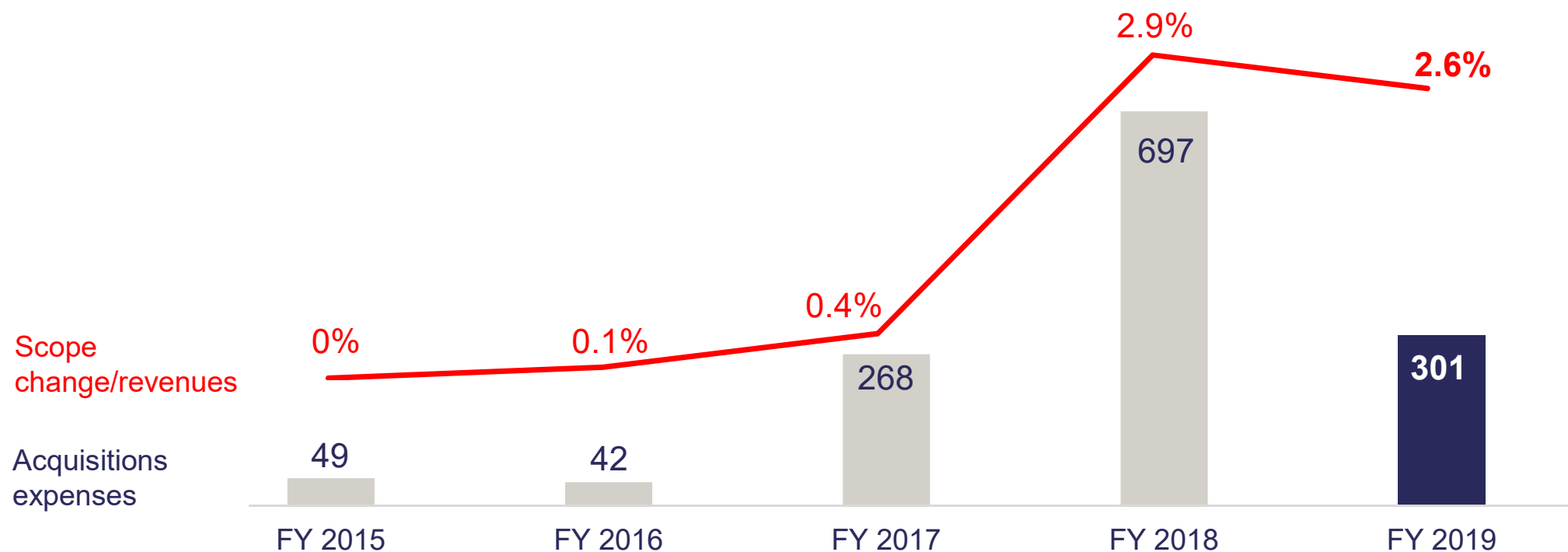
## Fiscal 2019 Financial Performance



# CONTRIBUTION OF NET ACQUISITIONS OVER 5 YEARS

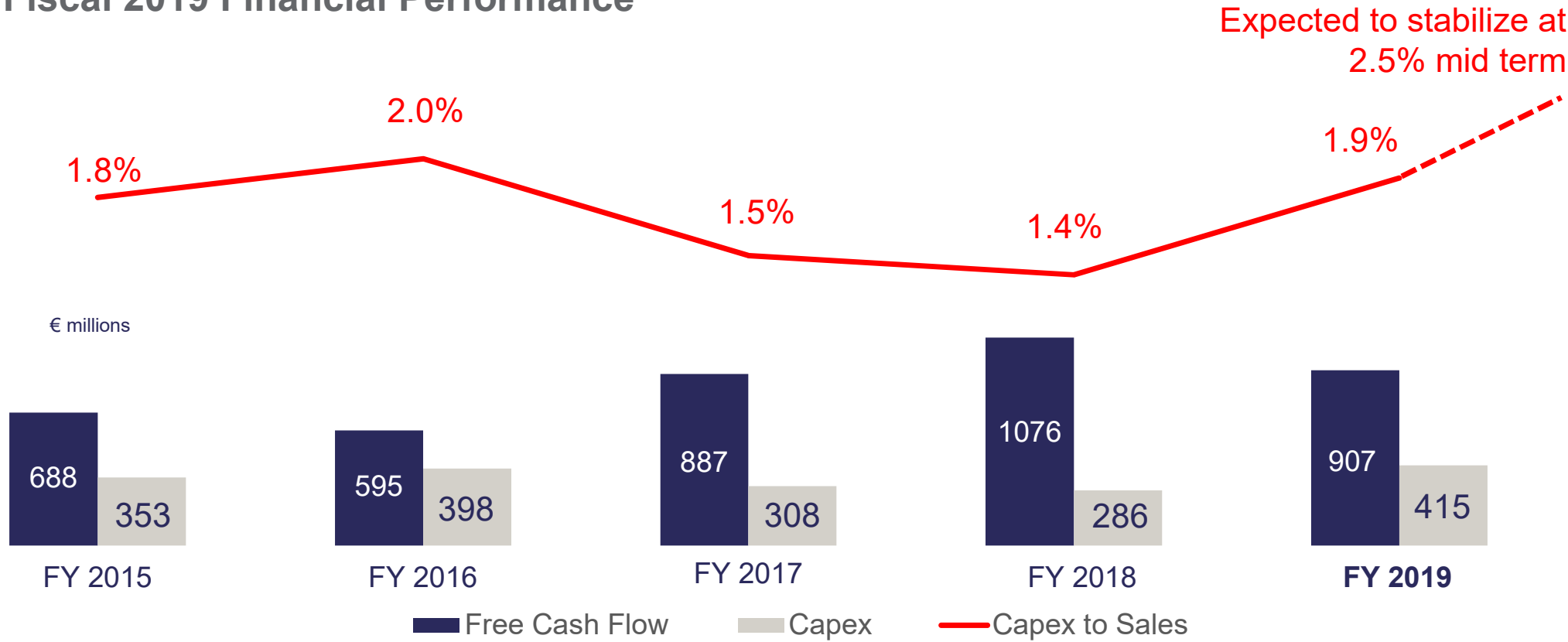
## Fiscal 2019 Financial Performance

€ millions



# A STRONG CASH GENERATION DESPITE AN INCREASING CAPEX

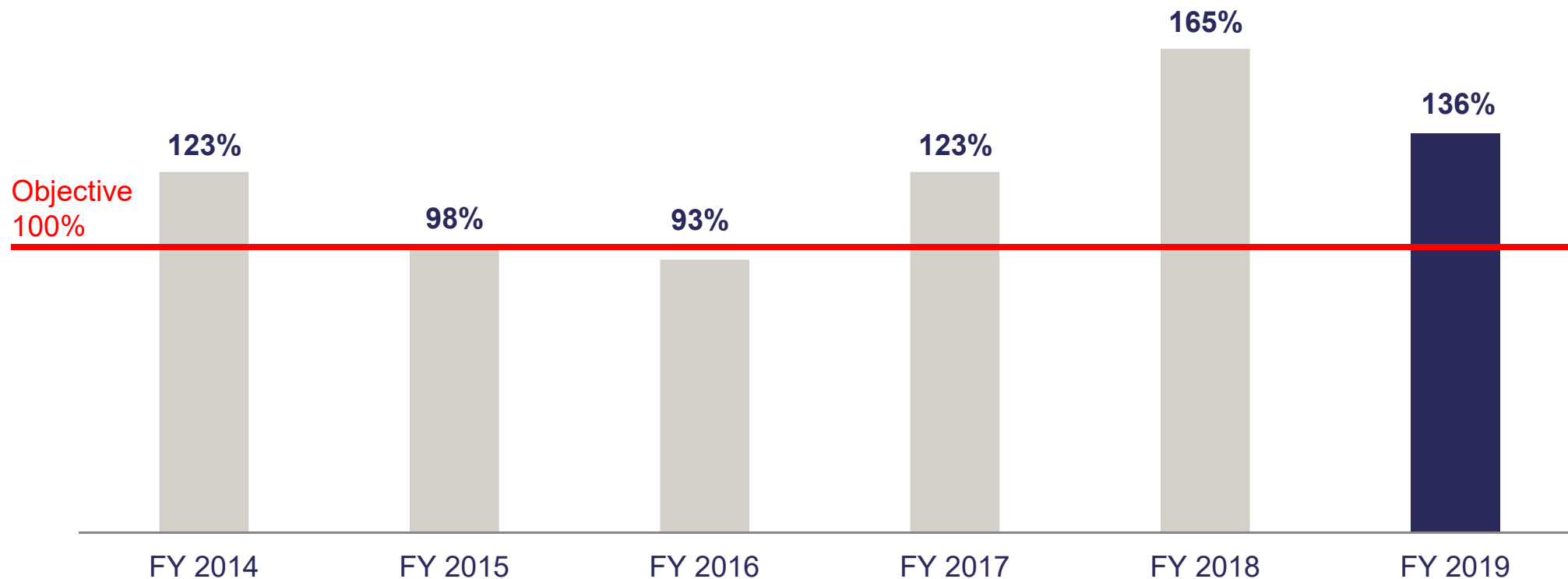
## Fiscal 2019 Financial Performance



# STRONG CASH CONVERSION

## Fiscal 2019 Financial Performance

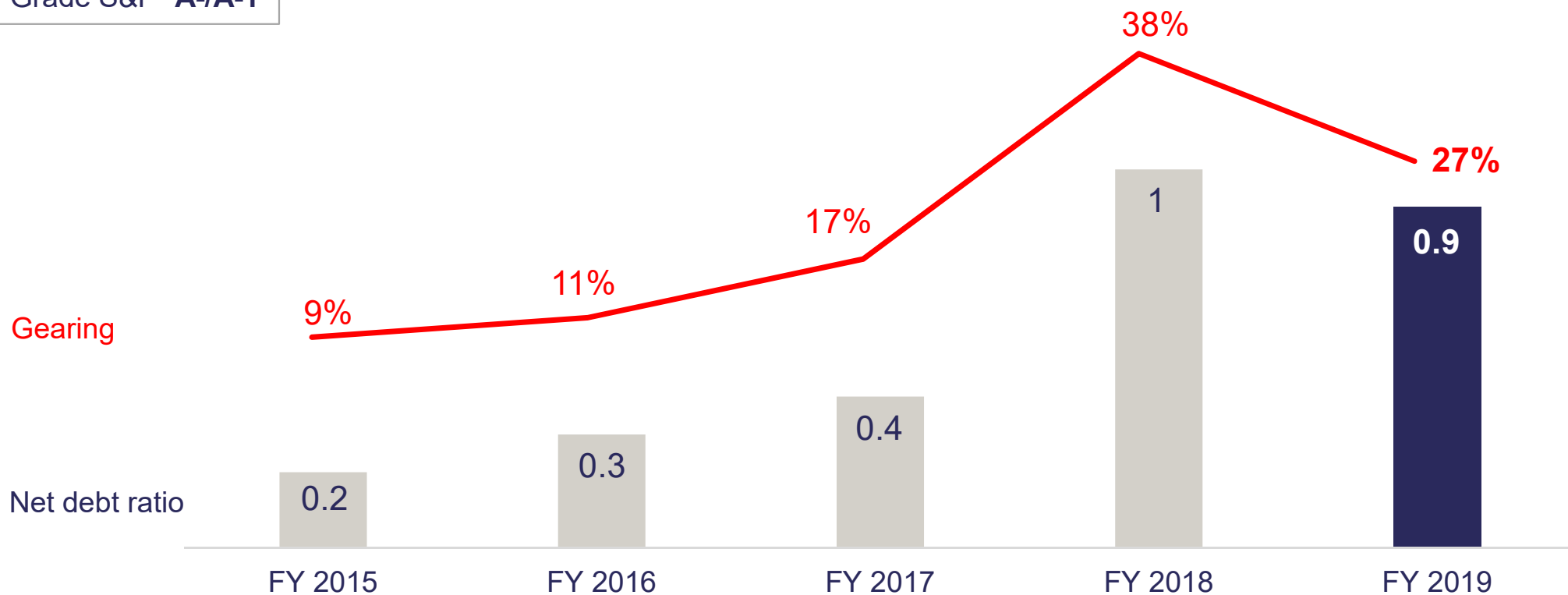
Cash conversion (Free cash flow/Group net profit)



# A SOLID BALANCE SHEET

## Fiscal 2019 Financial Performance

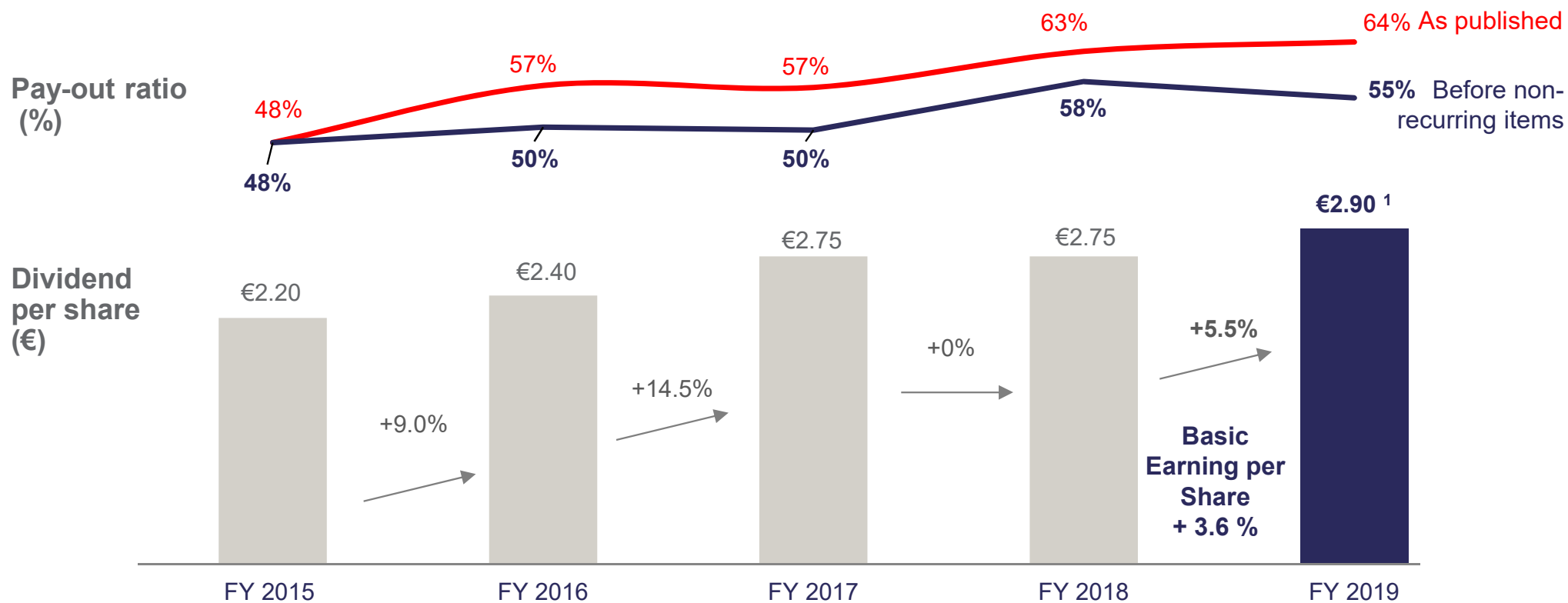
Strong Investment  
Grade S&P "A-/A-1"





# INCREASED DIVIDEND

## Shareholders and Stock Market Performance

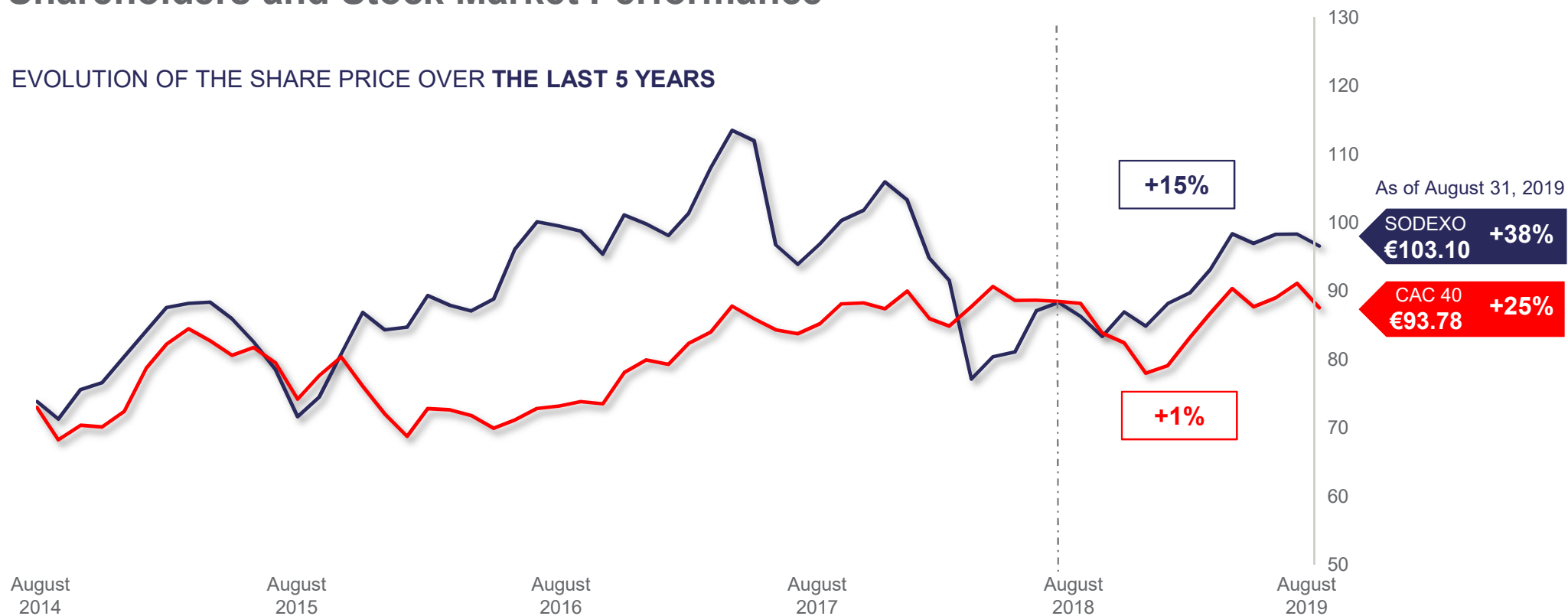


<sup>1</sup> To be proposed at the AGM on January 21, 2020

# STOCK MARKET PERFORMANCE

## Shareholders and Stock Market Performance

EVOLUTION OF THE SHARE PRICE OVER THE LAST 5 YEARS



# STOCK MARKET PERFORMANCE

## Shareholders and Stock Market Performance

As of August 31, 2019

Since its first listing in 1983

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**SHARE PRICE x 67\***

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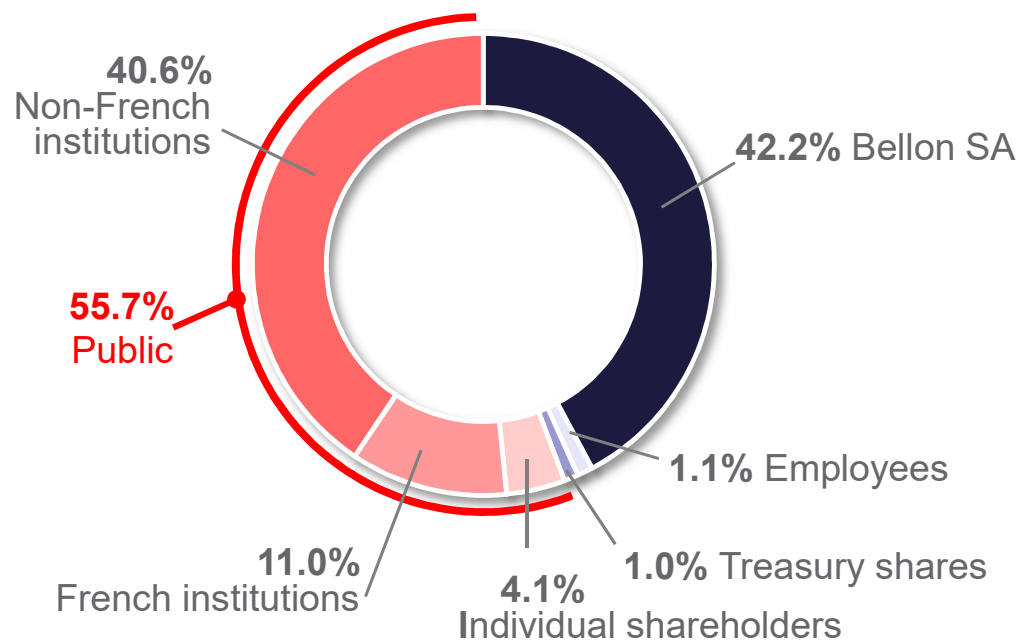
**4.5 times higher growth than  
the CAC 40**

\* Alternative performance indicators

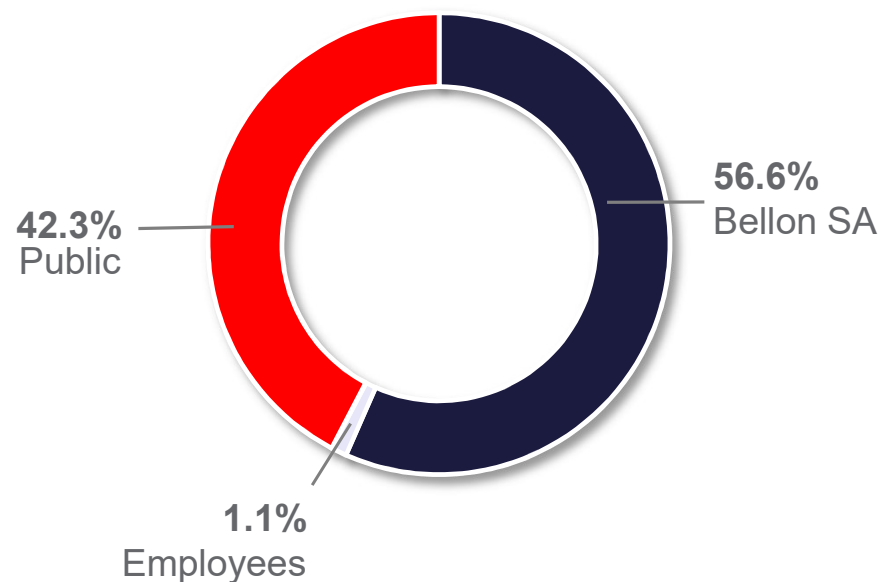
# DIVISION OF CAPITAL AND VOTING RIGHTS

## Shareholders and Stock Market Performance

### SHAREHOLDER BREAKDOWN AS OF 08/31/2019



### VOTING RIGHTS BREAKDOWN



# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

**Denis MACHUEL**  
Chief Executive Officer

# FOCUS ON GROWTH



**+3.6%**  
**HIGHEST**  
**ORGANIC**  
**GROWTH**  
**SINCE 2012**

# ENHANCED DISCIPLINE

**-11.1%**

IMPROVEMENT  
OF LOST-TIME  
INJURY RATE<sup>1</sup>

**95%**

GROSS PROFIT  
RETENTION  
RATE

**+20** pbs

**NEW**  
SIGNATURES  
MARGINS

**80%**

**LOCAL**  
CONTRACTS  
CORPORATE  
SERVICES  
PIPELINE

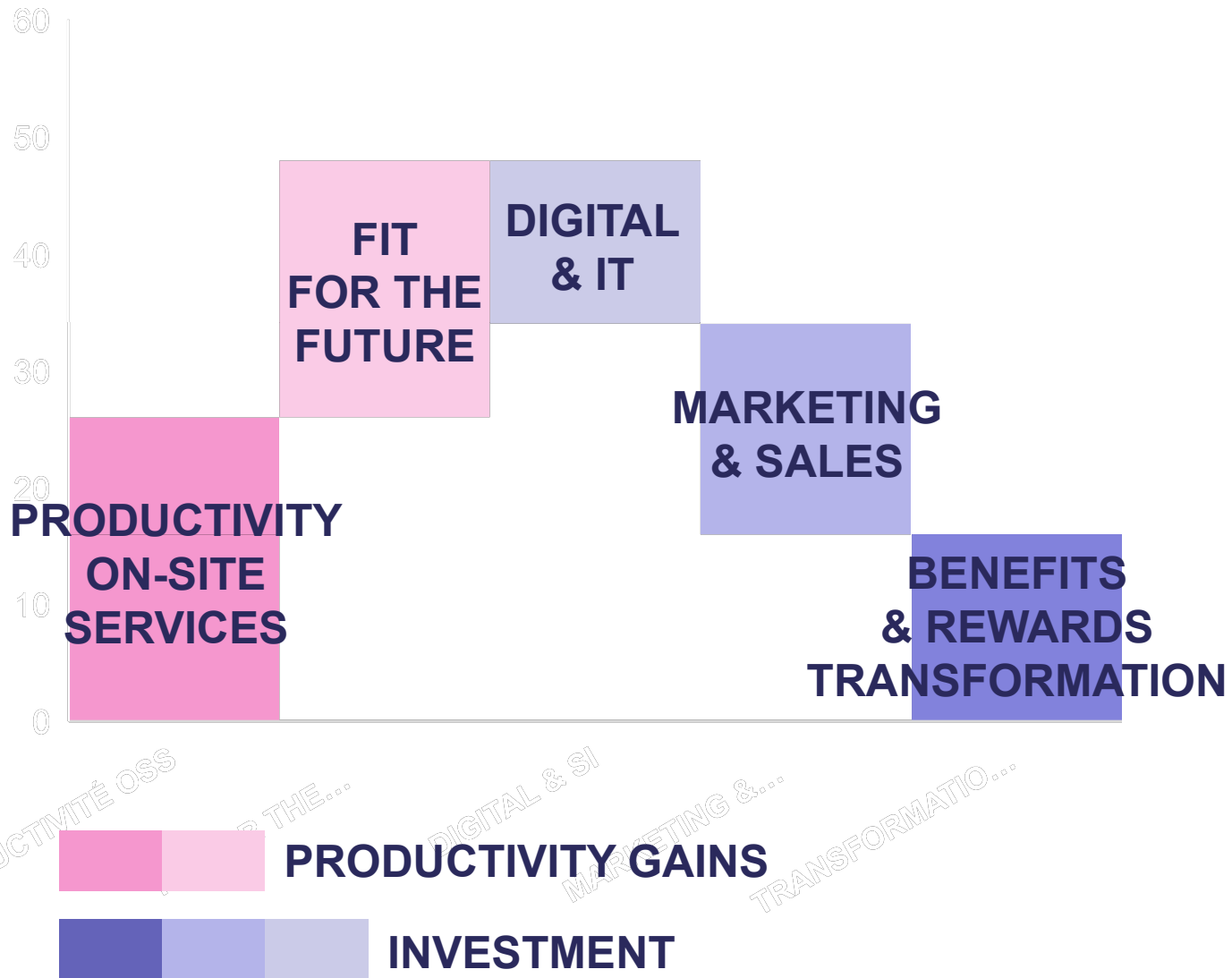
<sup>1</sup> NUMBER OF LOST-TIME CASES X 200,000 / NUMBER OF HOURS WORKED



**5.5%**

**UNDERLYING  
OPERATING  
MARGIN**

# GROWTH INVESTMENTS FINANCED BY PRODUCTIVITY





# PERSONAL & HOME SERVICES SERVICES

**pronep**  
life care

*the Good*  
**Care** *group*

*Crèches*  
de France ● ● ●

**INNOVATIVE  
FRAMEWORK  
FOR TALENT &  
PERFORMANCE  
DEVELOPMENT**



**GROWTH:**  
**SOLID**  
**PROFITABLE**  
**RESPONSIBLE**

**UNDERSTANDING  
OF CLIENTS &  
CONSUMERS  
EXPECTATIONS**



**HUMAN-  
CENTERED  
DIGITALIZATION**



**RESPONSIBLE  
BUSINESS  
DNA**



FUTURE

50

FOODS



**INDITEX**

# CIRCULAR FOOD SERVICES





Proveedor oficial



Lima  
2019



sodexo

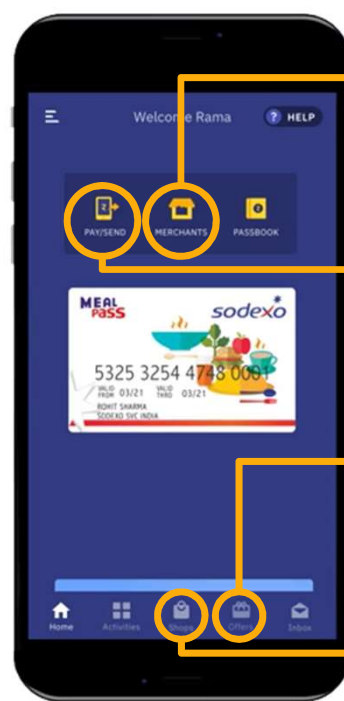
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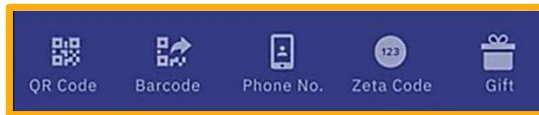
# zeta



**MERCHANT  
LOCATOR**



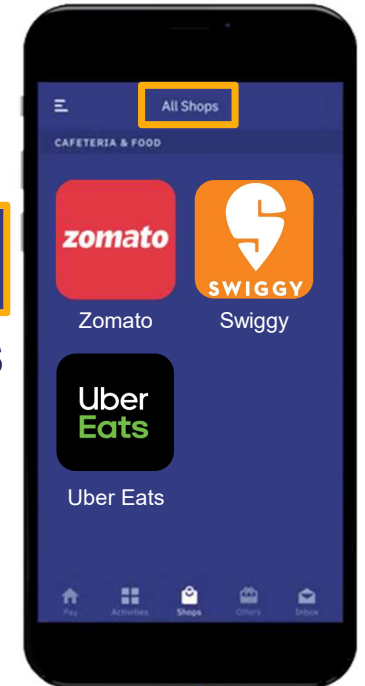
**MULTIPLE PAYMENT MODES**



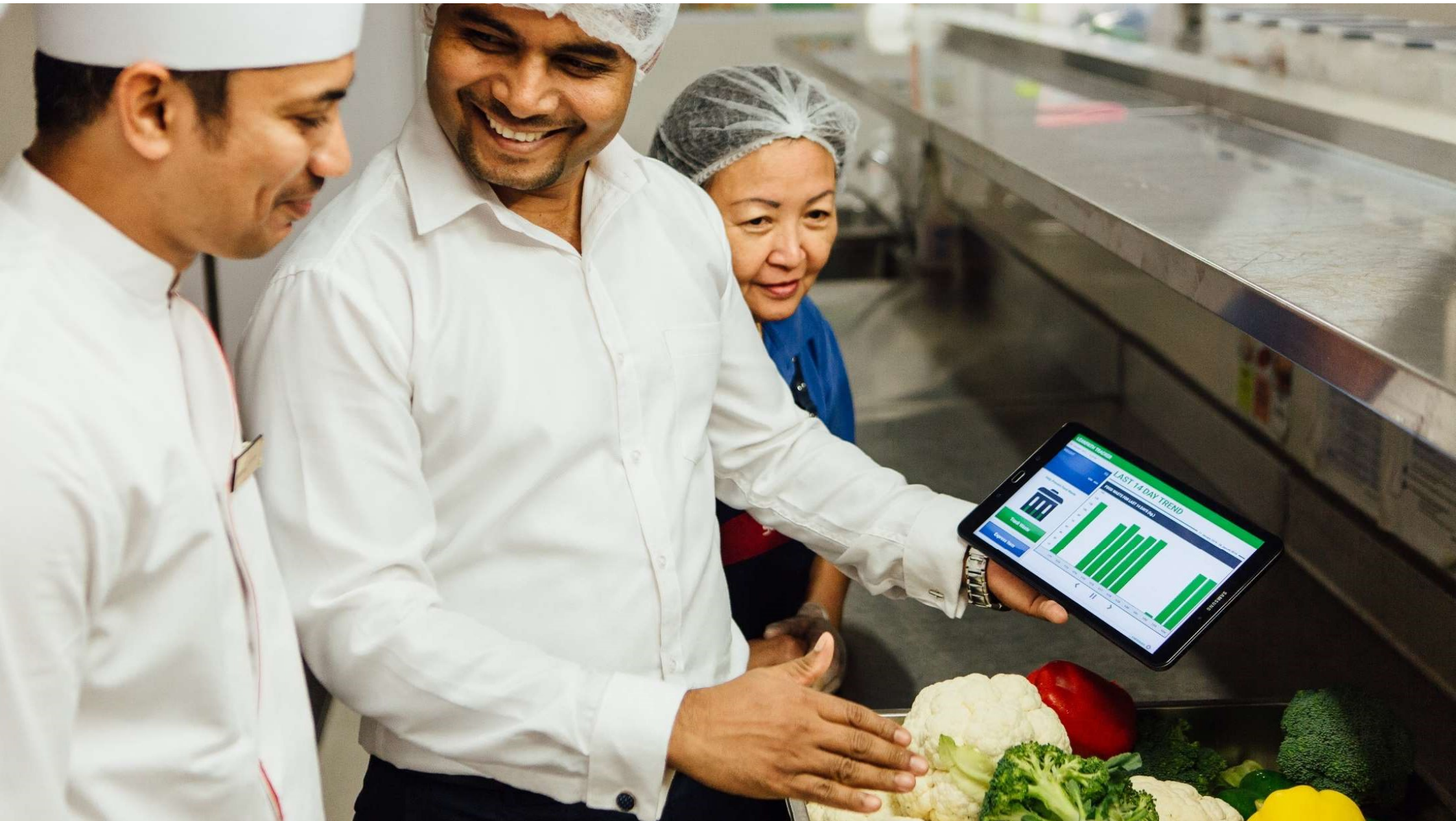
**CUSTOMIZED  
OFFERS**



**MARKET PLACE  
WITH THE MOST  
DEMANDED SHOPS**



**GROWTH:  
SOLID  
PROFITABLE  
RESPONSIBLE**

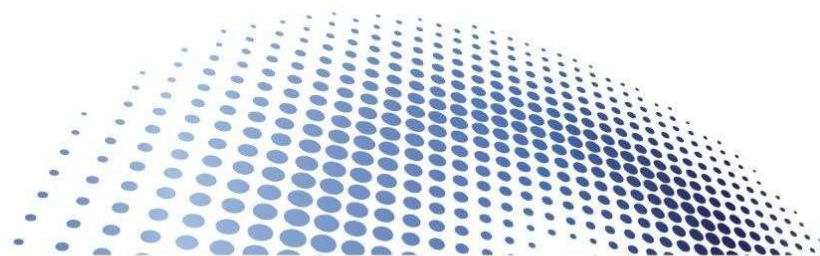


WASTE  
WATCH

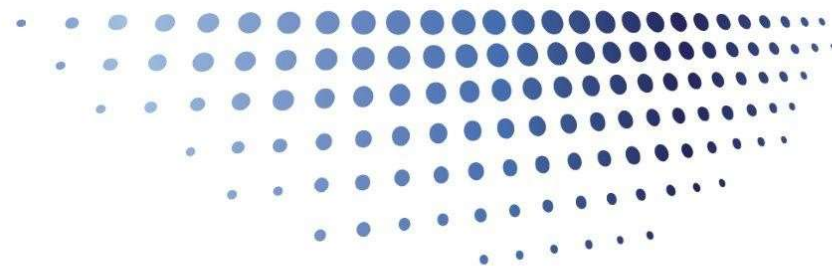


3,000

SITES IN ONE YEAR



TROPHÉES du  
©CAC40



**GROWTH:**  
**SOLID**  
**PROFITABLE**  
**RESPONSIBLE**

# 2020 OUTLOOK

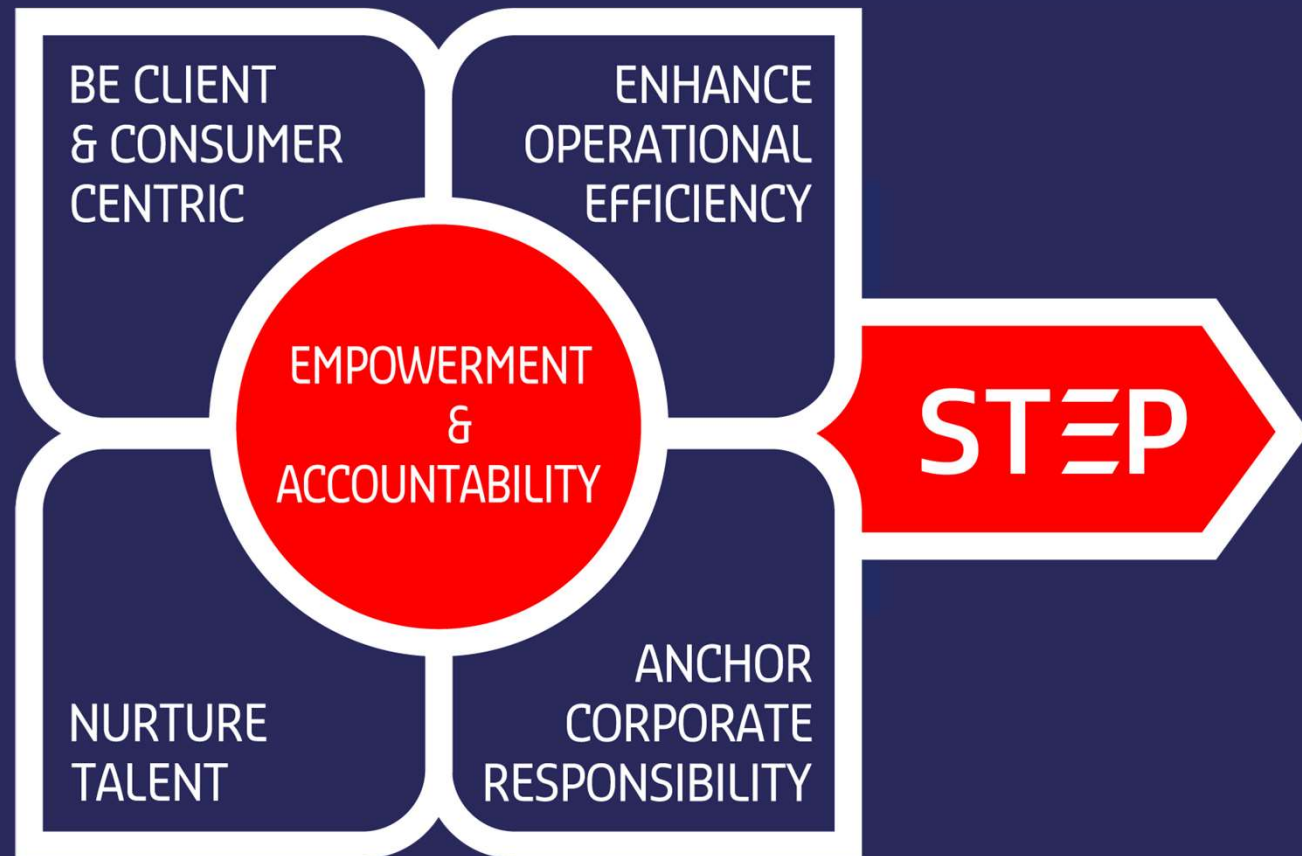
Organic revenue **growth**  
around **4%**

(including major sports events)

**Stable** underlying  
operating profit margin

(excluding currency effects  
and pre-IFRS 16)

# FOCUS ON GROWTH





# CORPORATE GOVERNANCE

**Sophie BELLON**

Chairwoman of the Board of Directors

# **INTRODUCING 2 NEW DIRECTORS**

PROPOSED FOR APPOINTMENT AT THE AGM



**VÉRONIQUE LAURY**



**LUC MESSIER**

# INTRODUCING A NEW DIRECTOR

**Véronique LAURY**

# INTRODUCING A NEW DIRECTOR

**Luc MESSIER**

## ACTIVITY OF THE COMPENSATION COMMITTEE

**Cécile TANDEAU DE MARSAC**

Chairwoman of the Compensation Committee

# CORPORATE OFFICERS' COMPENSATION POLICY

## General principles

FISCAL 2020

<b>Compliance</b>	Recommendations of the Afep-Medef Code
<b>Competitiveness</b>	<ul style="list-style-type: none"><li>▪ With the French market (CAC-40)</li><li>▪ With the international market (main competitors)</li></ul>
<b>Balance</b>	<ul style="list-style-type: none"><li>▪ Between fixed and variable components</li><li>▪ Between financial and non-financial objectives</li><li>▪ Between short- and long-term</li></ul>
<b>Alignment of interests</b>	Employees, shareholders and other stakeholders
<b>Performance</b>	Rigorous performance conditions, profitable and sustainable growth, alignment with published objectives
<b>Transparency</b>	Clear, straightforward and communicated externally

# COMPENSATION POLICY

## Chairwoman of the Board of Directors

FISCAL 2020

<b>Components</b>	<ul style="list-style-type: none"><li>▪ Fixed compensation</li><li>▪ Company car</li><li>▪ Collective health and benefit plan</li></ul>
<b>Does not include any</b>	<ul style="list-style-type: none"><li>▪ Variable compensation (neither annual nor multi-year)</li><li>▪ Exceptional compensation</li><li>▪ Long-term incentive compensation (performance shares)</li><li>▪ Directors' fees for attending Board or specialized Committee meetings</li><li>▪ Indemnity in the event of termination of her corporate office</li><li>▪ Supplemental pension plan</li></ul>
<b>Proposed fixed compensation</b>	<ul style="list-style-type: none"><li>▪ €675,000 per year, unchanged from Fiscal 2019 and applicable for the entire remaining duration of her term of office</li></ul>

# COMPENSATION POLICY

## Chief Executive Officer

FISCAL 2020

### Evolutions Fiscal 2019

- Maximum amount of annual variable compensation reduced from 200% to 150%
- Compensation for a full fiscal year (appointed in January 2018)
- Performance shares: TSR compared exclusively with a peer group
- Non-compete agreement (maximum of 24 months of fixed compensation only)

### Evolutions Fiscal 2020

- Removal of the possibility to receive exceptional compensation
- Performance shares:
  - Reduction of the vesting period from 4 to 3 years
  - No grant of performance shares during Fiscal 2020
  - Next grant in November 2020
  - If non-vested shares are exceptionally maintained their number will be prorated to take into account effective presence
- New supplemental pension plan



# COMPENSATION POLICY

## Chief Executive Officer

FISCAL 2020

### Includes

- Fixed compensation
- Annual variable compensation
- Long-term compensation
- Non-compete agreement (maximum of 24 months of fixed compensation only)
- Supplemental pension plan
- Fringe benefits : Company car and unemployment insurance policy
- Collective health and benefit plan

### Does not include any

- Multi-year compensation
- Indemnity in the event of termination of office
- Exceptional compensation

# COMPENSATION POLICY OF THE CHIEF EXECUTIVE OFFICER

## Fixed compensation

FISCAL 2020

**Denis MACHUEL**

€900,000 (unchanged from Fiscal 2019)

# COMPENSATION POLICY OF THE CHIEF EXECUTIVE OFFICER

## Annual variable compensation (bonus)

FISCAL 2020

<b>70%</b>	<b>Financial targets:</b> <ul style="list-style-type: none"><li>• Organic growth</li><li>• Underlying operating profit margin</li><li>• Growth in Group net income</li><li>• Free cash flow</li></ul>
<b>30%</b>	<b>Non-financial objectives:</b> <ul style="list-style-type: none"><li>• Health and safety</li><li>• Talent management</li><li>• Dow Jones Sustainability Index ranking</li></ul>
<b>Fiscal 2020</b>	<ul style="list-style-type: none"><li>▪ 100% of the bonus <u>when</u> the objective is achieved</li><li>▪ 150% of the bonus <u>when</u> the objective is exceeded</li></ul>
<b>Cap</b>	<ul style="list-style-type: none"><li>▪ 150% of fixed compensation</li></ul>

# COMPENSATION POLICY OF THE CHIEF EXECUTIVE OFFICER

## Long-term compensation

FISCAL 2020

<b>Exclusively</b>	<b>Performance shares</b>
<b>Continued presence and performance conditions</b>	For a <b>three-year</b> period
<b>NO GRANT OF PERFORMANCE SHARES DURING FISCAL 2020</b>	
<b>Performance conditions directly related to the Group strategic priorities</b>	For <b>November 2020</b> plan: <ul style="list-style-type: none"><li>▪ <b>Financial</b> performance: <b>50%</b> of the shares</li><li>▪ <b>Stock Market</b> performance: <b>30%</b> of the shares</li><li>▪ <b>Corporate responsibility</b> performance: <b>20%</b> of the shares</li></ul>
<b>Caps</b>	<ul style="list-style-type: none"><li>▪ <b>150% of total annual compensation</b> (fixed and variable at target)</li><li>▪ <b>5% of the total number of the restricted shares granted during the fiscal year</b></li></ul>

# COMPENSATION OF SOPHIE BELLON

FISCAL 2019

**Sophie BELLON**

**€676,739**

**Chairwoman of the Board of Directors**

- Fixed compensation paid by Sodexo €675,000
- Fringe benefits (company car) €1,739

# COMPENSATION OF DENIS MACHUEL

FISCAL 2019

<b>Denis MACHUEL</b> Chief Executive Officer	<b>€1,807,730</b>
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of which:

- |   |                 |
|---|-----------------|
| ▪ Fixed compensation  | <b>€900,000</b> |
| ▪ Variable compensation (detail of variable compensation on next slide) | <b>€892,800</b> |
| ▪ Fringe benefits (company car, unemployment insurance policy)          | <b>€14,930</b>  |

# DETAIL OF DENIS MACHUEL'S VARIABLE COMPENSATION

FISCAL 2019

		Weighting of targets	Achievement level	Amount in €
<b>70% based on financial targets</b>	Organic growth	20%	Capped at 100% by the Board	180,000
	Underlying operating profit margin	20%	86%	154,800
	Growth in Group net income	10%	0%	0
	Free cash flow	20%	175%	315,000
	<b>Total financial targets</b>	<b>70%</b>	<b>103%</b>	<b>649,800</b>
<b>30% based on non-financial targets</b>	Health and safety target	10%	100%	90,000
	Talent management	10%	70%	63,000
	DJSI leader position	10%	100%	90,000
	<b>Total non-financial targets</b>	<b>30%</b>	<b>90%</b>	<b>243,000</b>
<b>Total variable compensation for Fiscal 2019</b>		<b>100%</b>	<b>99%</b>	<b>892,800</b>

# PERFORMANCE SHARES GRANTED TO DENIS MACHUEL ON JUNE 19, 2019

FISCAL 2019

Number of shares	22,000
Value (IFRS)	€1,836,252
<b>100% are subject to performance conditions:</b>	
• 25% of the shares	<b>Average organic revenue growth</b>
• 25% of the shares	<b>Growth in underlying operating profit margin</b>
• 30% of the shares	<b>TSR compared with a peer group</b> comprising 12 companies (ABM Industries, Aramark, CBRE, Compass, Edenred, Elixor, Elis/Berendsen, G4S, ISS, Jones Lang Lasalle, Rentokil and Securitas)
• 20% of the shares	<b>Diversity and inclusion target</b> to encourage the promotion of women to top management positions

Representing 0.01% of the share capital as of August 31, 2019 and 2.71% of all grants of June 19, 2019.



## **SUPPLEMENTAL PENSION PLAN COMMITMENT IN FAVOR OF DENIS MACHUEL**

### **Supplemental pension plan in place until December 31, 2019:**

- Defined benefit pension plan governed by articles 39 of the French General Tax Code and L. 137-11-1 of the French Social Security Code
- **Compliant with the Afep-Medef Code:** new rights are subject to a performance condition
- **This plan was closed on December 31, 2019** and acquired rights as of that date were frozen in order to comply with the **PACTE Act**
- **Provided that he is still employed by the Group at the time of his retirement**

# **SUPPLEMENTAL PENSION PLAN COMMITMENT IN FAVOR OF DENIS MACHUEL SUBMITTED TO YOUR APPROVAL**

## **New supplemental pension plan :**

- **Defined benefit pension plan governed by articles 39 of the French General Tax Code and L. 137-11-2 of the French Social Security Code**
- **Grant of annual rights amounting to:**
  - **0.5% of his fixed and variable compensation for the first five years**
  - **1% beyond thereafter**
  - **Up to a total of 10%**
- **Compliant with PACTE Act and Afep-Medef Code**
  - **Portable plan**
  - **New rights are subject to a performance condition**

# PRESENTATION OF THE RESOLUTIONS

**Cindy CARIO**  
Secretary of the Meeting

## 1<sup>st</sup> TO 3<sup>rd</sup> RESOLUTIONS:

- **Adoption of the individual company Financial Statements for Fiscal 2019**
  - Net income of €597,146,224
- **Adoption of the Consolidated Financial Statements for Fiscal 2019**
  - Group net profit of €665 millions
- **Appropriation of net income for Fiscal 2019 and determination of the dividend at €2.90 per share**
  - **10% dividend premium** for registered shares held for at least 4 years, **i.e. €0.29** (limited to 0.5% of the share capital per shareholder)
  - **CALENDAR:**
    - **Ex-divide date:** January 30, 2020
    - **Record date:** January 31, 2020
    - **Dividend payment date:** February 3, 2020

## 4<sup>th</sup> TO 7<sup>th</sup> RESOLUTIONS

### ■ Appointment of two new Directors:

- Véronique LAURY
- Luc MESSIER

### ■ Reappointment of:

- Sophie STABILE
- Cécile TANDEAU DE MARSAC

- The appointments and reappointments are proposed for **a three year term**
- **End of mandate: Annual Shareholders Meeting held to adopt the financial statements for Fiscal 2022**

## 8<sup>th</sup> TO 11<sup>th</sup> RESOLUTIONS



Pages 240-250  
of the URD

- **Approval of the compensation paid or awarded for Fiscal 2019 to :**
  - Sophie BELLON, Chairwoman of the Board of Directors
  - Denis MACHUEL, Chief Executive Officer
  
- **Approval of the compensation policy for Fiscal 2020 to:**
  - Sophie BELLON, Chairwoman of the Board of Directors
  - Denis MACHUEL, Chief Executive Officer
  
- **Information provided by the Chairwoman of the Compensation Committee during this AGM also available in the Universal Registration Document (Pages 240 to 250)**

## 12<sup>th</sup> RESOLUTION



Pages 183-184,  
219 and 244-245  
and following  
of the URD

- **Approval of a regulated commitment benefiting Denis MACHUEL, Chief Executive Officer related to the new supplemental pension plan**
  - In order to comply with the PACTE Act
  - Information provided by the Chairwoman of the Compensation Committee during the AGM
  - Information also available in the Special Report of the Auditors

## 13<sup>th</sup> RESOLUTION

- **Authorization for the Board to purchase shares of the Company**
  - **Purpose:**
    - **Covering restricted share plans**
    - **Capital reduction through cancellation of shares**
    - **To sustain market-making in Sodexo shares**
  - **Maximum purchase price: €120 per share**
  - **Limit: 5% of the issued share capital as of January 21, 2020**
  - **Term of the authorization: 18 months**
  - **Cancels and replaces the authorization approved by the shareholders on January 22, 2019**



## **14<sup>th</sup> RESOLUTION**

- **Amendment to the Company's bylaws**
  - **Deletion of article relating to capital contributions (article 6)**

# 15<sup>th</sup> RESOLUTION

## ■ Amendment to the Company's bylaws

- **Disclosure thresholds for ownership interest (article 9.4)**
  - Reduce the disclosure threshold from 2.5% to **1% of the Company's voting rights** and any multiple thereof
  - Change the disclosure deadline to **5 trading days** (instead of 15 days)
  - Extend the disclosure requirements to registered intermediaries acting for shareholders that are not domiciled in France
  - Extend the **disclosure requirements to equity-settled arrangements and derivative instruments**

# 16<sup>th</sup> RESOLUTION

## ■ Amendment to the Company's bylaws

### • Appointment of directors representing employees (article 11.4)

➤ In order to comply with PACTE Act: obligation to appoint two directors representing employees when the Board comprises 8 directors (instead of 12)

➤ Sodexo is already compliant with this requirement:

> **Two directors** representing employees have been members of the Board of Directors since 2015:

› **Philippe BESSON** is a member of the **Compensation Committee**

› **Cathy MARTIN** is a member of the **Audit Committee**

# 17<sup>th</sup> RESOLUTION

## ■ Amendment to the Company's bylaws

### • Written consultation of directors (article 12)

- Possibility introduced by France's new law on the simplification, clarification and modernization of French business law dated July 19, 2019
- For certain Board decisions:
  - > **Appointment of directors** in the event that a seat becomes vacant (due to a director's death or resignation)
  - > Authorizations for granting **security interests, endorsements and guarantees**
  - > **Amendment to the Company bylaws to ensure compliance with applicable laws and regulations** (subject to ratification by an Extraordinary Shareholders Meeting)
  - > **Calling the Shareholders Meeting**

# 18<sup>th</sup> RESOLUTION

## ■ Amendment to the Company's bylaws

- **Removal of the obligation to appoint a deputy Statutory Auditor (article 15)**

- In order to comply with the French Act of December 9, 2016, **the Sapin II Act**

- Removal of the obligation to appoint a deputy Statutory Auditor when the principal Statutory Auditor:

- Is not an individual, or

- One-person firm

# 19<sup>th</sup> RESOLUTION

- **Amendment to the Company's bylaws**
  - **Removal of the transitional provisions relating to the introduction of the dividend premium (article 18.3)**
    - Dividend premium introduced in 2011
    - Transitional provisions are no longer applicable since 2014

## 20<sup>th</sup> RESOLUTION

### ■ Increase in the share capital with preferential subscription rights

- **Purpose:** ensure the financing of the Group's growth
- Same conditions as the authorization granted by the Annual Shareholders Meeting of January 23, 2018, which is cancelled and replaced by this resolution
- **Maximum nominal amount:** €85 million\*  
(representing approximately 14% of the share capital and constituting the maximum nominal amount of all the financial authorizations)
- **Maximum nominal amount of any debt securities issued:** €1 billion
- **Term of authorization:** 26 months

\* The nominal value of Sodexo's share is 4 euro.

## 21<sup>th</sup> RESOLUTION

- **Increase in the share capital by capitalizing premiums, reserves or profits**
  - **Purpose:** to capitalize eligible amounts pursuant to applicable laws and the Company's bylaws
  - Same conditions as the authorization granted by the Annual Shareholders Meeting of January 23, 2018, which is cancelled and replaced by this resolution
  - **Maximum nominal amount:** €85 million  
(subject to the same ceiling as that provided for in the 20<sup>th</sup> resolution)
  - **Term of authorization:** 26 months



## 22<sup>th</sup> RESOLUTION

- **Capital increase reserved for members of employee share purchase plans**
  - Purpose: to align employees' interests with those of shareholders
  - Same conditions as the authorization granted by the Annual Shareholders Meeting of January 23, 2018, which is cancelled and replaced by this resolution
  - Total number of shares: 1.5% of the share capital  
(subject to the same ceiling as that provided for in the 20<sup>th</sup> resolution)
  - Term of authorization: 26 months

## 23<sup>th</sup> RESOLUTION

- **Reduction of the share capital through the cancellation of treasury shares**
  - Same conditions as the authorization granted by the Annual Shareholders Meeting of January 23, 2018, which is cancelled and replaced by this resolution
  - **Total number of shares:** 5% of the share capital in any 24-month period (in compliance with the law)
  - **Term of authorization:** 26 months

## **24<sup>th</sup> RESOLUTION**

- **Powers to perform legal formalities**

**E-CONVOCATION AND E-VOTING  
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# AUDITORS' REPORTS

Jean-Christophe GEORGHIOU  
PWC

# REPORTS ON THE CONSOLIDATED AND INDIVIDUAL COMPANY FINANCIAL STATEMENTS



Pages 144-149  
and 179-182  
of the URD

## Unqualified opinion

**Purpose of our engagement:** obtain reasonable assurance:

- that the financial statements are free of material misstatement
- comply with the applicable accounting standards, and
- give a true and fair view of the assets and liabilities and of the financial position of the Group at August 31, 2019 and of the results of the Group's / Company's operations for the year then ended

## Accounting policies applied

- Consolidated financial statements: IFRS as adopted by the European Union
  - Emphasis of matter in our report on the first implementation of IFRS 9 and IFRS 15 as of September 1<sup>st</sup>, 2018.
- Individual Company financial statements: French GAAP

# REPORTS ON THE CONSOLIDATED AND INDIVIDUAL COMPANY FINANCIAL STATEMENTS



Pages 144-149  
and 179-182  
of the URD

## Key audit matters

Matters disclosed to the Audit Committee requiring particular attention during our audit and which we consider to be the most significant:

- Consolidated financial statements:
    - Measurement of the recoverable amount of goodwill
    - Suppliers' discount allowances
    - Post-employment benefits
    - Tax risks
    - Measurement of the fair value of the Group's interest in Bellon SA.
  - Individual company financial statements:
    - Valuation of equity investments.
- A detailed description of the risks and our responses thereto can be found in our reports.

# REPORTS ON THE CONSOLIDATED AND INDIVIDUAL COMPANY FINANCIAL STATEMENTS



Pages 144-149  
and 179-182  
of the URD

## Specific Verifications

Information	Scope of work	Conclusion
Management Report	Fair presentation and consistency with the financial statements	We have no matters to report
Consolidated non-financial statement*	Statement included in the management report*	We have no matters to report
Informations required by articles L.225-37-3 and L.225-37-4 of the French Commercial Code	Information included in the report on corporate governance	We have no matters to report
Information relating to compensation and benefits received by corporate officers and any other commitments made in their favor	Accuracy and fair presentation	We have verified its accuracy and fair presentation
Information on those items your Company has deemed liable to have an impact in the event of a takeover bid or exchange offer	Compliance with the underlying documents	We have no matters to report
Information about payment terms referred to in article D.441-4 of the French Commercial Code	Fair presentation and consistency with the financial statements	We have verified the consistency and fair presentation of these information

\* Informations in this statement have been verified by KPMG as Independent Third Party (see pages 81 to 83 in the URD).



# SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS



Pages 183-186  
of the URD

**No new agreements and commitments authorized by the Board of Directors during the fiscal year 2019**

**A new commitment authorized by the Board of Directors since the closing the fiscal year 2019 subject to the approval of the Shareholders' Meeting**

- Following the publication of France's new law on Business Growth and Transformation dated May 22, 2019 (known as the "PACTE Act") and the Government order dated July 3, 2019 on supplemental occupational pension plans transposing the pension portability directive, the Company decided to close, with effect from December 31, 2019, the supplemental defined benefit pension plan of which Denis MACHUEL is currently a beneficiary and to set up, with effect from January 1, 2020, a new supplemental defined benefit pension plan regardless of whether or not the beneficiaries are employed by the Company at the time of their retirement.
- On November 6, 2019, the Board of Directors, on the recommendation of the Compensation Committee, decided to authorize Denis MACHUEL to benefit from this new pension plan, replacing the previous plan.
- The main characteristics of the new pension plan, notably the performance conditions applicable to Denis MACHUEL, are described in our special report on related-party agreements and commitments.

# SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS



Pages 183-186  
of the URD

## Agreements and commitments already approved by the Shareholders' Meeting in the prior years

### ■ **Related-party agreements and commitments implemented during the year**

- Service agreement between Sodexo and Bellon SA
- Supplemental health and benefit plans for Sophie BELLON, Chairwoman of the Board of Directors, and Denis MACHUEL, Group Chief Executive Officer
- Supplemental pension plan for Denis MACHUEL, Group Chief Executive Officer, to be closed as of December 31, 2019 as described previously.

### ■ **Related-party agreements and commitments not implemented during the year**

- Non-compete agreement entered into with Denis MACHUEL, Group Chief Executive Officer

# SPECIAL REPORTS ON THE RESOLUTIONS SUBMITTED FOR APPROVAL AT THE EXTRAORDINARY SHAREHOLDERS' MEETING



Pages 294-296  
of the URD

- **Report on the issuance of ordinary shares and/or any other securities of the company with preferential subscription rights (20<sup>th</sup> resolution)**
  - The Board of Directors' report does not include the terms and conditions for setting the issue price provided for by regulation.
  - We do not express an opinion on the final terms and conditions of the issue, as they have not yet been set.
- **Report on the issuance of ordinary shares and/or other securities of the company reserved for members of an employee share purchase plan (22<sup>nd</sup> resolution)**
  - We have no matters to report as regards the methods used to set the issue price as provided in the Board of Directors' report.
  - We do not express an opinion on the final terms and conditions of the issue, as they have not been set, or consequently on the proposed cancellation of the shareholders' preferential subscription rights.
- **Report on the capital reduction (23<sup>rd</sup> resolution)**
  - We have no matters to report on the reasons for and terms and conditions of the proposed capital reduction.

We will prepare additional reports in the event that the Board of Directors uses these delegations of powers.

## QUESTIONS / ANSWERS

**Sophie BELLON**

Chairwoman of the Board of Directors

Q&A

# **VOTE ON THE RESOLUTIONS COMBINED SHAREHOLDERS MEETING**

**Cindy CARIO**  
Secretary of the Meeting

# 1<sup>st</sup> RESOLUTION

## Vote on ordinary resolutions

### **Adoption of the individual company Financial Statements for Fiscal 2019, ended on August 31, 2019**

- Net income of €597,146,224 million

## **2<sup>nd</sup> RESOLUTION**

### **Vote on ordinary resolutions**

#### **Adoption of the Consolidated Financial Statements for Fiscal 2019, ended on August 31, 2019**

- Group net profit of €665 million



## 3<sup>rd</sup> RESOLUTION

### Vote on ordinary resolutions

#### Appropriation of net income for Fiscal 2019 and determination of the dividend at €2.90 per share

- **a 10% dividend premium** for registered shares held for at least 4 years, **i.e. €0,29** (limited to 0.5% of the share capital per shareholder)
- **CALENDAR**
  - **Ex-divide date:** January 30, 2020
  - **Record date:** January 31, 2020
  - **Dividend payment date:** February 3, 2020

## **4<sup>th</sup> RESOLUTION**

**Vote on ordinary resolutions**

**Appointment of Véronique LAURY as Director**

For a period of **three years**

**Term of office: Annual Shareholders Meeting held to approve the financial statements for the fiscal year ending August 31, 2022**

## **5<sup>th</sup> RESOLUTION**

**Vote on ordinary resolutions**

**Appointment of Luc MESSIER as Director**

For a period of **three years**

**Term of office: Annual Shareholders Meeting held to approve the financial statements for the fiscal year ending August 31, 2022**

## **6<sup>th</sup> RESOLUTION**

**Vote on ordinary resolutions**

**Reappointment of Sophie STABILE as Director**

For a period of **three years**

**Term of office: Annual Shareholders Meeting held to approve the financial statements for the fiscal year ending August 31, 2022**

## **7<sup>th</sup> RESOLUTION**

### **Vote on ordinary resolutions**

**Reappointment of Cécile TANDEAU DE MARSAC as Director**

For a period of **three years**

**Term of office: Annual Shareholders Meeting held to approve the financial statements for the fiscal year ending August 31, 2022**

## 8<sup>th</sup> RESOLUTION

### Vote on ordinary resolutions



Pages 246  
and 249  
of the URD

### Approval of the components of compensation paid or awarded for Fiscal 2019 to Sophie BELLON, Chairwoman of the Board

Compensation	Gross amount paid for Fiscal 2019
Fixed compensation	€675,000
Fringe benefits (company car)	€1,739

## 9<sup>th</sup> RESOLUTION

### Vote on ordinary resolutions



Pages 247-249  
and 250  
of the URD

### Approval of the components of the compensation paid or awarded for Fiscal 2019 to Denis MACHUEL, Chief Executive Officer

Compensation	Gross amounts paid or awarded for Fiscal 2019
Fixed compensation	€900,000
Variable Compensation	€892,800
Performance share grant	22,000 performance shares valued €1,836,252
Fringe benefits (company car, unemployment insurance policy)	€14,930

# 10<sup>th</sup> RESOLUTION

## Vote on ordinary resolutions



Pages 240-241  
of the URD

## Approval of the compensation policy for the Chairwoman of the Board for Fiscal 2020

Principles and criteria used to determine, allocate and award the components of the compensation and benefits



# 11<sup>th</sup> RESOLUTION

## Vote on ordinary resolutions

### Approval of the compensation policy for the Chief Executive Officer for Fiscal 2020

Principles and criteria used to determine, allocate and award the components of the compensation and benefits



Pages 240  
and 242-245  
of the URD

## 12<sup>th</sup> RESOLUTION

### Vote on ordinary resolutions



Pages 183-184,  
219 and 244-245  
of the URD

### Approval of a regulated commitment related to the implementation of a supplemental pension plan benefiting Denis MACHUEL, Chief Executive Officer

- In order to comply with the PACTE Act
- Information previously provided by the Chairwoman of the Compensation Committee
- Information available in the Special Report of the Auditors

# 13<sup>th</sup> RESOLUTION

## Vote on ordinary resolutions

### Authorization for the Board to purchase shares of the Company

- **Purposes:**
  - Covering restricted share plans
  - Capital reduction through cancellation of shares
  - To sustain market-making in Sodexo shares
- **Maximum purchase price:** €120 per share
- **Limit:** 5% of the issued share capital as of January 21, 2020
- **Term of the authorization:** 18 months
- **Cancels and replaces the authorization approved by the shareholders on January 22, 2019**

## **14<sup>th</sup> RESOLUTION**

**Vote on extraordinary resolutions**

### **Amendment to the Company's bylaws**

- **Deletion of article relating to capital contributions (article 6)**

# 15<sup>th</sup> RESOLUTION

## Vote on extraordinary resolutions

### Amendment to the Company's bylaws

- **Disclosure thresholds for ownership interest** (article 9.4)
  - Reduce the disclosure threshold from 2.5% to **1% of the Company's voting rights** and any multiple thereof
  - Change the disclosure deadline to **five trading days** (instead of 15 days)
  - Extend the disclosure **requirements to registered intermediaries acting for shareholders** that are not domiciled in France
  - Extend the disclosure requirements to equity-settled arrangements and derivative instruments

# 16<sup>th</sup> RESOLUTION

## Vote on extraordinary resolutions

### Amendment to the Company's bylaws

- **Appointment of directors representing employees** (article 11.4)
  - In order to comply with **PACTE Act**: obligation to appoint two directors representing employees when the Board comprises 8 directors (instead of 12)
  - Sodexo is already compliant with this requirement:
    - **Two directors** representing employees have been members of the Board since 2015:
      - > **Philippe BESSON** is a member of the **Compensation Committee**
      - > **Cathy MARTIN** is a member of the **Audit Committee**

# 17<sup>th</sup> RESOLUTION

## Vote on extraordinary resolutions

### Amendment to the Company's bylaws

- **Written consultation of directors** (article 12)
  - Possibility introduced by France's new law on the simplification, clarification and modernization of French business law dated July 19, 2019
  - For certain Board decisions:
    - **Appointment of directors** in the event that a seat becomes vacant (due to a director's death or resignation)
    - Authorizations for granting security interests, endorsements and guarantees
    - **Amendment to the Company's bylaws to ensure compliance** with applicable laws and regulations (subject to ratification by an Extraordinary Shareholders Meeting)
    - **Calling the Shareholders Meeting**

# 18<sup>th</sup> RESOLUTION

## Vote on extraordinary resolutions

### Amendment to the Company's bylaws

- **Removal of the obligation to appoint a deputy Statutory Auditor** (article 15)
  - In order to comply with the French Act of December 9, 2016, the **Sapin II Act**
  - Removal of the obligation to appoint a deputy Statutory Auditor when the principal Statutory Auditor:
    - Is not an individual, or
    - One-person firm



# 19<sup>th</sup> RESOLUTION

## Vote on extraordinary resolutions

### Amendment to the Company's bylaws

- **Removal of the transitional provisions relating to the introduction of the dividend premium (article 18.3)**
  - Dividend premium introduced in 2011
  - Transitional provisions are no longer applicable since 2014

# 20<sup>th</sup> RESOLUTION

## Vote on extraordinary resolutions

### Increase in the share capital with preferential subscription rights

- **Purpose:** ensure the financing of the Group's growth
- Same conditions as the authorization granted by the Annual Shareholders Meeting of January 23, 2018, which is cancelled and replaced by this resolution
- **Maximum nominal amount:** €85 million\* (representing approximately 14% of the share capital and constituting the maximum nominal amount of all the financial authorizations)
- Maximum nominal amount of any debt securities issued: €1 billion
- **Term of authorization:** 26 months

\* The nominal value of Sodexo's share is 4 euro.

## 21<sup>th</sup> RESOLUTION

### Vote on extraordinary resolutions

(same quorum and majority conditions as the Ordinary Shareholders Meeting)

### Increase in the share capital by capitalizing premiums, reserves or profit

- **Purpose:** to capitalize eligible amounts as provided for in the applicable laws and the Company's bylaw
- Same conditions as the authorization granted by the Annual Shareholders Meeting of January 23, 2018, which is cancelled and replaced by this resolution
- **Maximum nominal amount:** €85 million  
(subject to the same ceiling as that provided for in the 20<sup>th</sup> resolution)
- **Term of authorization:** 26 months

## 22<sup>th</sup> RESOLUTION

### Vote on extraordinary resolutions

#### Capital increase reserved for members of employee share purchase plans

- **Purpose:** to align employees' interests with those of shareholders
- Same conditions as the authorization granted by the Annual Shareholders Meeting of January 23, 2018, which is cancelled and replaced by this resolution
- **Total number of shares:** 1.5% of the share capital  
(subject to the same ceiling as that provided for in the 20<sup>th</sup> resolution)
- **Term of authorization:** 26 months

## 23<sup>th</sup> RESOLUTION

### Vote on extraordinary resolutions

#### Reduction of the share capital through the cancellation of treasury shares

- Same conditions as the authorization granted by the Annual Shareholders Meeting of January 23, 2018, which is cancelled and replaced by this resolution
- **Total number of shares:** 5% of the share capital in any 24-month period (in compliance with the law)
- **Term of authorization:** 26 months

## **24<sup>th</sup> RESOLUTION**

**Vote on ordinary resolutions**

**Powers to perform legal formalities**

# CLOSING OF THE SHAREHOLDERS MEETING

**Sophie BELLON**

Chairwoman of the Board of Directors



# Annual Shareholders' Meeting

January 21, 2020